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Congressional Record

SEVENTY-THIRD CONGRESS, FIRST SESSION

SENATE

FRIDAY, MAY 26, 1933

(Legislative day of Monday, May 15, 1933)

The Senate met at 12 o'clock m., on the expiration of the recess.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego; and

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 22, 23, 24, and 25 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. DILL obtained the floor.

Mr. NORRIS. Mr. President——

Mr. DILL. I yield to the Senator from Nebraska.

Mr. NORRIS. I do not know whether the Senator from Washington is going to suggest the absence of a quorum. I have a privileged matter which I desire to present.

Mr. DILL. If the Senator desires a quorum, I shall be glad to make the point of no quorum, and I make that point.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ark.
Ashurst	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	King	Russell
Bachman	Dale	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bratton	George	McKellar	Townsend
Brown	Glass	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Murphy	Vandenberg
Byrd	Hale	Neely	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walsh
Caraway	Hatfield	Overton	Wheeler
Carey	Hayden	Patterson	White
Clark	Hebert	Pope	
Connally	Johnson	Reed	
Coolidge	Kean	Reynolds	

Mr. LA FOLLETTE. I desire to announce that the Senator from New Mexico [Mr. CUTTING] is detained from the Chamber because of a temporary indisposition.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

SENATOR FROM NEBRASKA

Mr. NORRIS. I present, Mr. President, the credentials of Hon. WILLIAM H. THOMPSON, appointed by the Governor of Nebraska as a Senator from Nebraska to fill the vacancy caused by the death of my late colleague.

The VICE PRESIDENT. The credentials will be read.

The Chief Clerk read as follows:

Know all men by these presents:

That, whereas a vacancy has occurred in the representation of the State of Nebraska in the Senate of the United States by the death of the late Honorable R. B. Howell; and

Whereas WILLIAM H. THOMPSON is a suitable person to fill such vacancy and possesses the qualifications necessary for Senator:

Now, therefore, I, Charles W. Bryan, Governor of the State of Nebraska, do hereby appoint the said WILLIAM H. THOMPSON, of Grand Island, Nebr., to fill said vacancy and to do and perform all the duties of said office of United States Senator, this appointment to take effect on and after May 24, 1933, and to continue until the next regular election of State officers and until a successor is elected and qualified.

In testimony whereof I have hereunto subscribed my name and caused to be affixed the great seal of the State.

Done at Lincoln this 24th day of May A.D. 1933.

CHARLES W. BRYAN.

By the Governor:

[SEAL]

HARRY R. SWANSON,
Secretary of State.

The VICE PRESIDENT. The credentials will be placed on file.

Mr. NORRIS. Mr. President, Mr. THOMPSON is present in the Chamber, and I ask that the oath of office may be administered to him.

The VICE PRESIDENT. The Senator designate will come forward and take the oath of office.

Mr. THOMPSON, escorted by Mr. NORRIS, advanced to the Vice President's desk; and the oath having been administered to him by the Vice President, he took his seat in the Senate.

MEMORANDUM OPINIONS FILED IN THE LOUDERBACK IMPEACHMENT CASE

Pursuant to the order entered on the calendar day of May 24, 1933, allowing each Senator 2 days after the final vote on the articles of impeachment against Harold Louderback, United States district judge for the northern district of California, within which to file his individual opinion, the following opinions by Mr. BAILEY and Mr. THOMAS of Utah, respectively, were filed and ordered to be printed in the RECORD:

OPINION FILED BY SENATOR BAILEY

In this proceeding, I conceive that Senators are divested, for its purposes, of their character of Senators and become jurors as to the evidence, its probative force or weight, and judges as to procedure, the admissibility of evidence, and as to the law. We are judges and jurors in this trial, not Senators. We are not representatives either of our States or the Union. We take a new oath and assume a new relationship. No personal or political consideration may be entertained. We are the constitutional triers of the impeachment proceeding—no more, no less.

Whether or not the proceeding of impeachment is of a criminal or civil character is a debated question. It is conceivable as probably partaking of both. The respondent is accused in the articles of impeachment of high crimes and misdemeanors in office, and his removal upon conviction, notwithstanding his constitutional life tenure, for these causes is demanded. But his life tenure, however, is conditioned upon "good behavior", and the want of good behavior is not necessarily criminal. A judge might be held worthy of impeachment and removed from office for want of good behavior, notwithstanding he had committed neither "high crimes nor misdemeanors in office." The demand of "good behavior" is affirmative, not negative. It is not enough that a

judge of a United States court should not have committed high crimes and misdemeanors in office, but he is held affirmatively to the duty of "good behavior."

It is quite within reason that the Constitution contemplates and the proceeding is predicated upon the view that the mere want of good behavior in one occupying a position so important and exalted, is itself in the nature of high crime and misdemeanor—not precisely in the generally accepted sense but not less really in a descriptive sense, and not less in the sense of the Government's demand upon those who occupy high office. Certainly the want of good behavior on the part of a judge is an offense against the Government, which looks to him not only to administer justice, but so to administer it and so to conduct himself that its people's sense of their own security and their trust in their Government may not be impaired—the rather may be augmented. For it is the duty of the public servant always to augment the popular confidence in the Government—its justice, its capacity for security, and in its disposition to serve the ends for which it was formed and in pursuit of which it must exist.

What has been said in the foregoing indicates the import of "good behavior." It is such a course of conduct as a judge as will not impair respect for and confidence in the office and the Government of which it is a manifestation. Affirmatively it is such behavior as is good. And the word "good" is a word of rare and emphatic import. To be good is more than to be right or correct or kind; one may be neither right, correct, nor kind, and yet be good. It carries the substantial sense of integrity—of wholeness of purpose. It is not that a judge shall be learned or great, not that he shall be of a judicial temperament; he must be a man of good behavior in the conduct of his office. This is the sole and significant condition of his tenure.

The question here is simply the question whether the evidence shows, to the satisfaction of two thirds of the jurors present, that the behavior of the judge in his office—and in a very significant sense the office and the man are inseparable—has been good; whether there is evidence satisfying us that his conduct in office has been such as to maintain the confidence of the people in the court, in him as the court, in his purpose to do justice. If he has not been of good behavior, that being the condition of his tenure, we may find against him and remove him.

This, it is true, interprets the terms "good behavior" and "high crimes and misdemeanors in office", with great emphasis upon "good behavior." It interprets "high crimes and misdemeanors" in terms of "good behavior." It is not conceivable that we should countenance less in a judge or any high servant of the Government. This interpretation demands much of judges; but they could not have been appointed upon less high considerations, and they hold their offices for life only upon the express condition of good behavior.

It is my view that the evidence here is not sufficient to justify a verdict adverse to the respondent. The presumption of innocence attends him. He was duly appointed by the President and confirmed by the Senate. His character and other qualifications were tested then. He was adjudged by the President and Senate to be fit. He has served 8 years. What has been shown here to rebut this presumption?

We have a veritable mass of matter admitted as evidence. It fills large volumes. It will be admitted by those who have examined it that at least three fourths of it is of no probative value whatever, and that the larger portion of it is irrelevant and immaterial. It was necessarily disregarded by counsel on either side for the most part; and some day the investigator may comment on the patience and the wastefulness of a court that took the time to hear it and put the public to the expense to pay for the printing of it. The evidence having legitimate claim to consideration might readily have been produced in 2 days, and with more effect.

There is testimony tending to raise suspicion in more than one instance; but impeachments are not to be tried upon suspicion. It is rather the duty of a juror in any case, where there are evidences of a bad import, to weigh them in view of the presumption of innocence; and it is not only a sound rule of law, but also of morals, where evidence is susceptible of reconciliation with innocence, notwithstanding it may be given an import otherwise, to prefer the reconciliation with innocence. We cannot assemble a collection of suspicious evidence and therefrom draw a conclusion of guilt. In this case, every item of testimony tending to create or suggest suspicion was frankly met by the respondent, and in each instance his testimony, if believed, was sufficient to allay the suspicion. His testimony, making due allowance for interest, is as worthy of belief as that of those who testified against him, and perhaps more so.

Moreover, in most instances it was clear that the witnesses were not without bias. Some of them, indeed the principal witnesses, had been personally disappointed in the orders of the court. In the matter of the first article, which was dwelt upon at great length, it appeared that the respondent had removed a receiver who had refused to appoint an attorney of the court's selection and had chosen to appoint as attorney one who represented the same interest that the receiver represented. The court was imposed upon in the appointment of the receiver. It was then further proposed to impose upon him. In removing the receiver under the circumstances the respondent did his duty—no less. Courts must control their receivers and their attorneys. Their power to do so may be questioned only in most unusual circumstances. The witnesses here were the victims of respondent's just conduct, of which they should not have complained.

It seems to me that the action of the court in this matter is the root of this proceeding, and that we would never have heard of it had the court failed to do its manifest duty and remove the receiver. All the complaint about fees and allowances, all the suspicions grouped about Mr. Leake, took their origin here. The complaint is rather that the receiver and his attorneys did not get the fees, than that the fees were too high. It is unnecessary to say that a removed receiver is a very questionable witness in such a matter.

Judges ought not to be drawn into an impeachment by such witnesses; and they ought to have assurance from the Senate that their action in removing receivers or refusing to permit them to select their attorneys, will not expose them to impeachment, without evidence of fraud or corruption. The judicial branch of the Government is not less important than the legislative or executive. They are regarded as equal as well as separate. The preservation of the independence of the judiciary is of the utmost importance, being of the essence of our system.

I hope that this unfortunate instance will serve rather to discourage impeachments founded upon such testimony from such witnesses than to encourage them. If Federal judges are to be called to account and threatened with disgrace because they remove receivers or refuse to let receivers select their own attorneys, we may prepare for very serious consequences. The Senate, sitting as a Court of Impeachment, is not a tribunal for the review of the exercise of judicial discretion at the will of disappointed receivers or candidates for appointment as attorneys in receivership and bankruptcy cases. It is not a court of review under any circumstances. It is a court of inquiry.

That such men may gather up a variety of accusations and produce instances calculated to arouse suspicion against any judge or any man is a matter of common observation. That in this instance they failed to produce more against a judge whose services extend over 8 years rather tends to his credit. There are few of us against whom animus may not raise as much—if allowed.

As a manifestation of the character of this proceeding, we have but to read the record to perceive that it centers upon the respondent's dismissal of a receiver, his allowance of fees, his association with a friend, and his residence in a hotel without registration, and an error in a decree. These do not of themselves fall below the standard of good behavior.

The respondent's residence in the hotel was no secret. Registration is not required except for the hotel bookkeeping account. Residents of hotels are not expected to register, the registration being for transients. But it is said that the respondent changed his residence in order to change the venue of an anticipated action. His denial and explanation were quite sufficient.

The fees and allowances are alleged to have been exorbitant, and there is insinuation that there was with respect to them corruption by means of Mr. Leake. The fees and allowances may or may not have been high or too high. But certainly nothing was produced to justify the conclusion. We cannot undertake to review every large fee or allowance. Nor may we sustain impeachments founded on the exercise of judicial discretion, in the absence of evidence of corruption, fraud, or oppression. Here we have none of a substantial character. The friendly association of Mr. Leake was brought into the case with the view to suggestion of corruption. But nothing was shown beyond the usual incidents of friendship. It is true, considerable sums deposited to the credit of Mr. Leake were not explained. But it was not respondent's duty to explain them. The respondent had perfect right to associate with Mr. Leake, to live in a room in his apartments, and not be held to account for Mr. Leake's conduct or finances. If Mr. Leake was a man of bad character, it was the duty of the managers to show it. They did not do so. His character was not impeached.

It is admitted that respondent attached a condition to a decree which he had no power to attach. But respondent explained this. And he had the error corrected by stipulation. The Court of Impeachment does not review errors of law. Judges are not presumed to be infallible, nor is infallibility implied in good behavior. The higher courts are open for the correction of error.

The final article of the articles of impeachment, in my judgment, ought not to have been considered. It was a summary of the four preceding articles, a sort of catchall designed to collect all the votes of "guilty" on the preceding four articles, and so by accumulation to gather two thirds of the Senate to sustain the impeachment, which could not be sustained on any of the articles or on all four considered separately. In other words, two thirds of the Senate might have voted "not guilty" on each of the four articles, as was done—these containing the entire case—and yet two thirds might have voted "guilty" on the fifth article, which was no stronger than the four upon which he had been found not guilty, which fortunately did not happen. This course is prejudiced, and it is to be hoped that it will not be repeated. A respondent ought to be tried upon the articles, and, if acquitted on each, he ought not to be convicted on all of them assembled in one article.

In this proceeding the effect of this method is made manifest. A majority of the Senate declared him "not guilty" on each of the four specific articles, but on the fifth, which was only a collection of the four, a majority declared him "guilty." Whereas some voted guilty on one article and not guilty on others, it appears that all who voted guilty on any article were combined by the fifth. This unsound procedure ought not to be countenanced.

The Senate's power to try impeachments is predicated not only upon protection of the courts, the Government, and the people, but also upon the capacity of the Senate to do justice to respondents.

It is not intended to give us control over the judiciary, but only in proper cases to inquire, upon specific articles presented, into accusations sufficiently framed and sufficiently founded to justify trial of a public servant as to whether his conduct has disqualified him for the trust reposed in him. It must be so exercised as to avoid any appearance of effort to control the judiciary so as affirmatively to avoid the impression of supervision or control of the judiciary branch of the Government.

In such a trial, since the penalty, actual and moral, is very great, it is a Senator's duty to be at least as fair of mind as a petty juror and as indifferent as a judge. He can consider only the evidence, and whatever he finds he must find upon the evidence and by at least its greater weight. He must not tolerate suggestions from his fellow jurors. Whether he must be satisfied of guilt beyond a reasonable doubt in order to render a verdict of guilty is a debated question. But assuredly he must be satisfied of guilt by the greater weight of the evidence; otherwise he must vote "not guilty." The burden of proof is upon those who maintain the proceeding, and the only source of a verdict of guilty must be the evidence and its probative force in satisfying the judgment of the juror. Any other rule would destroy the independence of the judiciary and place judges at the mercy of the Senate.

JOSIAH W. BAILEY.

OPINION FILED BY SENATOR THOMAS OF UTAH

A fundamental purpose of our governmental scheme as set out in the preamble of the Constitution is "to establish justice." This is a right inherent in government itself. The establishment of justice considered as a primary purpose of government may be interpreted in two ways. The first is narrowly and formatively, through the establishment of courts and the development of the judicial branch of our Government along organic lines. The second is the broader, and relates to the administration of justice, and refers to ideals of justice and their maintenance. In this broad sense the expression "to establish justice" takes on a new meaning, far more comprehensive than the strictly legal aspects, and includes the moral, ethical, social, and behavioristic attributes.

It is a common concept of constitutional government that justice should be established through the medium of law and the interpretation and enforcement of law, that rights of persons and States are best maintained through a government of law. It must, therefore, logically follow that those individuals who interpret the law and thereby dispense justice must, of necessity, be men of the highest character if our people are to have faith in their Government and in their Government's administration of justice. It is the sacred duty of a member of the bar thus chosen to such high calling at all times to keep his name and his character inviolate.

That the position of judge of the United States courts was assumed by the framers of our Constitution to require a man of the highest character must be implied from the fact that judges are appointed to "hold their offices during good behavior." This, of course, means a life term during "good behavior." Life tenure of office restricted solely by competency and good behavior is denied all persons in the executive branch of our Government. It is denied all persons in the legislative branch of our Government. Therefore the Constitution not only implies that Federal judges should be of the highest character but, in granting them unlimited tenure during good behavior, it singles them out distinctly as a class of public servants who must and shall scrupulously keep their acts above reproach. Judges may be removed only through recourse to impeachment. This provision itself emphasizes the comparatively high importance which our Constitution places upon the judicial branch. A judge, therefore, must in reality be a paragon of official virtue. His life should be moral, his acts ethical, and his demeanor irreproachable. Singled out as one given position during "good behavior", a judge is definitely a marked person. His actions should be above the average actions of members of the legislative and executive branches of our Government. All American traditions of respect for our Federal courts support this conclusion. A judge is even protected by a limitation put upon the verdict after impeachment. Impeachment merely removes him from office and disqualifies him from holding further office.

In this spirit my votes in the impeachment trial are based upon the spirit of the constitutional provision, "good behavior", rather than the spirit of "high crimes and misdemeanors." This may be interpreted as seeking a level of behavior that is too high, but the lives and the actions of the judges and justices who are responsible for the high place of our Federal courts support this stand. The best ideals and the best traditions of our constitutional judicial system also support this stand.

ELBERT D. THOMAS.

BANKING REGULATIONS—MEMORANDUM ON VANDENBERG AMENDMENT

Mr. VANDENBERG. Mr. President, on yesterday when the Senate adopted my amendment to the banking bill, with the approval of the Banking and Currency Committee, I did not speak at length upon the amendment because I shared the anxiety of the able senior Senator from Virginia [Mr. GLASS] for speediest possible action. I refer to my amendment providing an immediate bank-deposit insurance formula applicable alike to member and nonmember banks in the Federal Reserve System. I proceeded upon the theory that the proposition is amply known to all Senators.

But certain comments and deductions which I believe to have been entirely erroneous were injected into the debate, and these misconstructions promptly crept into certain public prints. I refer to the mistaken notion that there is any sound analogy between the emergency insurance formula embraced within my amendment and previous failures of totally different State guaranty experiments. I refer also to the mistaken notion that there is anything inimical to State banks in my amendment; the fact being exactly contrary, namely, that one purpose of my amendment has been to protect State banks.

The whole proposition is desperately important not only to millions of bank depositors who have a right to a new deposit safety, but also to the fundamental economic recuperation of the Nation. It is too important to be left to the hazard of prejudice. At least it must have the benefit of every favorable consideration. It is particularly necessary that the conference between the House and the Senate, where the final fate of the amendment will be determined, should be fully advised.

Therefore, for the benefit of the conference and for the information of the country I have prepared an explanatory memorandum which I ask unanimous consent to have printed in the RECORD and referred to the committee of conference.

The VICE PRESIDENT. Is there objection?

There being no objection, the memorandum was ordered to be printed in the RECORD and referred to the committee of conference, as follows:

The purpose of the so-called "Vandenberg amendment" is to provide an immediate limited bank-deposit insurance for solvent banks, regardless of whether they are in the Federal Reserve System or not.

The permanent deposit-insurance structure provided in the new bank bill as reported by the Committee on Banking and Currency does not become effective until July 1, 1934, and then only in respect to member banks in the Federal Reserve System.

The theory of the Vandenberg amendment is: (1) That the primary need of the moment is immediate Federal protection for bank deposits, so that mass confidence may be immediately restored; (2) that we dare not wait 1 year before thus effectually combating the continued seepage of bank deposits and the continued and progressive hoarding; (3) that we must have immediate relief and that this relief must be extended alike to Federal Reserve banks licensed by the Treasury and to nonmember State banks which are licensed by their own State authorities and certified as solvent in respect to their deposits; (4) that there must be adequate provision for this immediate insurance on a safe and appropriate basis pending the time when the permanent structure shall become effective on July 1, 1934; (5) that the experience gained by the operation of this temporary insurance formula during the ensuing year will provide Congress with a body of experience which will permit it to intelligently remodel the permanent structure before it actually becomes effective in the next session of the Congress, if deemed advisable.

The special subcommittee of the Senate Banking and Currency Committee unanimously approved the Vandenberg amendment. This subcommittee consisted of Senators GLASS, BULKLEY, MCADOO, WALCOTT, and TOWNSEND. The Senate approved the amendment on May 25. It is now in conference between the two Houses.

It has been urged that the amendment should be rejected because previous State guaranty schemes have been a failure. It is respectfully submitted that there is no analogy between this formula and these admitted State failures. In the first place, these State guaranties were confined to relatively localized sections of the country, and thus violated the primary insurance tenet that risks must be decentralized and sufficiently spread so as to avoid concentrated losses. Federal insurance, embraced in the Vandenberg amendment, is Nation-wide and avoids this indicated hazard. In the second place, these State guaranties had to collect all of their extraordinary revenues, in the event of extraordinary loss, by immediate assessments on member banks, because the credit of the State could not fund the loss. Federal insurance, embraced in the Vandenberg amendment, avoids this hazard: (a) Because the Federal credit is sufficiently powerful to pay concentrated losses and reimburse itself through reasonable subsequent assessments spread over the subsequent years; (b) because these subsequent assessments, if necessary, are restricted within entirely rational and livable limits. In the third place, these State guaranties failed because they covered all deposits, thus putting all banking on a dead level. The Vandenberg amendment applies only to deposits up to $2,500. According to best available esti-

mates, these deposits will not exceed 25 percent of the total deposits. Therefore, bankers and depositors are left responsible for 75 percent of their deposits; and there remains no analogy whatever between the State guaranty failures and this proposed Federal insurance innovation.

It should be said in this connection that the protection of deposits up to $2,500 provides comparable protection to the limits of deposit in the Postal Savings System. Thus it meets Postal Savings competition. It covers the typical deposits, whether savings or commercial, of the typical average citizen. It protects bank deposits as represented by the great mass of depositors. Thus it fully meets the protective needs of the hour in that great group of our citizens among whom runs are generated, and among whom the greatest social tragedies occur when banks fail. It should end the possibility of bank runs. It should end mass hoarding, a perfectly understandable phenomenon, without the presence in the law of some such protection as is provided immediately by the Vandenberg amendment. It may be said to make the savings of America safe. Yet it does not go so far in respect to larger accounts as to relieve the bank and the depositor of responsibility for wise decisions. It strikes the happy medium, achieving depositor protection without involving an invitation to lax banking. Indeed, as Senator GLASS has well said, the cooperative phases of the entire deposit-insurance program are calculated to make banks and bankers more critical of each other than ever before, and thus to increase rather than diminish the inherent stimulus to wise and safe banking.

It was erroneously stated by one press association that the Vandenberg amendment is open to attack because it would "massacre thousands of State banks" by attempting to force them into the Federal Reserve System in order to be insured. Whether this criticism applies to the permanent insurance structure proposed in the main body of the bank bill, effective July 1, 1934, is a matter of argument. No such criticism can attach to the Vandenberg amendment, because the amendment specifically gets away from this alleged jeopardy, and one of its main objectives is thus to escape from any such jeopardy. The Vandenberg amendment opens this emergency insurance for the next year to "any State bank which is not a member of the Federal Reserve System but which is certified by the State's chief banking authority as solvent in respect to its unrestricted deposits."

As a result it is believed that this amendment will encourage and facilitate many reopenings of banks, including nonmember State banks, which are still closed. They can reopen by State license on a 100-percent basis or on a restricted basis. But so long as they are solvent in respect to that portion of their deposits which are unrestricted, these deposits can have the benefit of this immediate Federal insurance. The certificate of the State authority is the final and conclusive authority.

The blunt truth is that there continues to be persistent withdrawals from licensed banks. The trend is sufficiently obvious to discourage reopenings for other banks until the trend is checked. The trend must be checked. It cannot be allowed to run its disastrous course. It must be checked for the sake of banks that are open as well as for the sake of those that are yet to be reopened. It is the confirmed opinion of most authorities intimately in touch with the situation that nothing short of a basic Federal warrant behind deposits will suffice to stop the trend. Until solid and justified banking confidence is restored, all other contributions to the economic restoration are transient and ultimately futile. Inflated currency, if that be the reliance, is powerless to cope with deflated bank credit and bank-credit currency. We continue to suffer from the latter. The Vandenberg amendment is an immediate frontal attack upon it. Nothing less will succeed. If there be hazard in trying it, the hazard is nothing compared with a refusal to try it. Those who regard it as an evil must, upon mature reflection, regard it as the lesser of evils. To wait until 1934 for the application of this tonic may be to wait until the patient is dead. For example, as against those New Jersey bankers who have resolved against this idea, I respectfully commend the statement of Frank C. Ferguson, president of the Hudson County National Bank, of Jersey City. He says: "I am satisfied that the only thing that will reestablish public confidence in banks is some sort of guaranty. The public's confidence has been so shaken that the only thing that remains is its confidence in the Government." I could multiply that testimony 10,000 times. The fear of losses as a result of deposit insurance were best tempered with a frank assessment of what the larger losses may be without deposit insurance.

It is argued against the Vandenberg amendment that strong banks suffer for the sins of weak banks. The truth of the matter is that strong banks are right now jeopardized by weak banks. Strong banks do not escape this exposure by simply ignoring it. The menace is constant and is inherent in the common situation. One bank failure shatters banking confidence in the entire community. To save all solvent banks is as important to the strong as to those that are not so strong. This may prove to be a situation in which the chain is no stronger than its weakest link. Under this amendment the so-called "strong" bank is protected against the relative weakness of the less strong bank because the latter is immunized against mass runs which usually are as unjustified as they are fatal. Thus both the strong and the less strong are saved.

George E. Anderson, writing in the New York Herald Tribune of May 21, said that 27 percent of all our banking institutions are still closed; that this has locked up between $4,000,000,000 and $6,000,000,000 of buying power; that "bank openings are essential to the United States plan"; that the "success of the Federal finance program depends on rehabilitation of these units." In other words, the weaker institutions ultimately govern the general situation to a substantial degree. Therefore the "strong banks" have a definite and specific stake in the fruits of the Vandenberg amendment.

Meanwhile the depositor has rights that are paramount to all others. I respectfully submit that it is untenable to argue that the only "safe banking" is banking at the risk and at the expense of the depositor. When those who oppose this deposit insurance refer to the "losses" incurred in the State insurance experiments, I am moved to inquire whether there have not been infinitely greater "losses" entirely outside and beyond these State insurance experiments. The difference is that without insurance, the "losses" fall upon the individual depositor. With insurance, the "losses" are assimilated by banking as an institution and, if necessary, by the Public Treasury as a matter of sound public policy. The "losses" are constant. It is just a question of who pays them, so far as this phase of the argument is concerned, and I respectfully submit that it is more tenable for Congress to insure these "losses" than to dump them upon the depositor who is in no sense responsible for what happens to his bank.

It is argued that the Vandenberg amendment may put a strain upon the public credit. A frank study of the fiscal probabilities denies this thesis. The Vandenberg amendment creates an insurance fund, under the management of the Federal Reserve Board, which gets its first contribution from the depositor himself. Banks cannot pay in excess of 2½ percent interest on insured deposits. This is usually one half of 1 percent less than normal. The depositor will be glad to buy absolute security throughout this next year at this cheap price. The bank remits one half of 1 percent on its insured deposits to the fund. Figuring the total bank deposits in the country to 40 billions and the deposits under $2,500 at 25 percent of the total, we shall have 10 billions of insured deposits. The initial fee will produce 50 million dollars. There can be one similar assessment of the same amount against the bank during the emergency year if required. This will produce another 50 millions. Meanwhile the Government has contributed an initial capital of 10 millions. Thus the normal revenue of the insurance fund for this emergency year will be 110 millions. If this is insufficient to pay the losses, the Federal treasury advances the balance so that there is no delay in paying the depositor. But it reimburses itself by a subsequent annual tax of one fourth of 1 percent per annum for as many years as necessary up to 10. This can ultimately produce another 250 millions. If there is still a deficit, it is paid by the Federal Treasury. But 360 millions must be first exhausted.

What are the prospective liabilities? The total deposits in all closed banks (members of the Federal Reserve and nonmembers) in the worst year ever suffered (last year) were approximately $1,500,000,000. If 25 percent of these deposits were under $2,500, the insured loss under the Vandenberg amendment would have been 375 millions. The average recovery on liquidation is between 55 percent and 60 percent. The former percentage would produce a recovery of 206 millions. Thus the net loss to the fund would have been 169 millions—or less than half of the total resources of the insurance fund before the fund would charge its final losses to the Treasury.

It is respectfully argued that there is no probability of anything like this recurrent record of closed banks. In the first place, the very fact that so much banking loss already has been assimilated means that the remaining hazard is proportionately reduced. In the second place, countless numbers of these closings were caused by needless runs born of mass suspicions which never would have occurred if deposit insurance had been in existence. In the third place, there is a new and worthy emphasis all over the land upon closer scrutiny of banking—upon better, safer banking—and public authority, whether National or State, is bound to be more vigilant than ever before. Meanwhile the very existence of this deposit insurance will reduce the exposure. It is inconceivable that the situation in 1933–34, covered by the Vandenberg amendment, can be as costly as in 1931–32. Yet it can be twice as costly under the available computations before the deposit insurance will involve the Treasury in a loss. But if finally there shall be a Treasury loss, it will be a far cheaper investment than to let the bank depositors of the Nation suffer a recurrence of their recent experiences. Again the wise man chooses the lesser of evils. The United States could not survive another deflationary experience in respect to bank deposits which would duplicate the experience of the last 18 months. The Vandenberg amendment is as conservative as any answer dares to be to this challenge. As a financial measure, it is indispensable. As a social and humanitarian measure, it is the price of progress and of social justice. It is fair to all depositors in all solvent banks, whether they be Federal Reserve members or nonmembers.

The country cannot afford to wait until July 1934 for this deposit insurance. It cannot afford to penalize nonmember State banks in the inception of an insurance formula. The bank bill is incomplete without this Vandenberg amendment. Its trial during the next emergency year will provide Congress with a laboratory experience in respect to deposit insurance. Congress then can determine next spring whether the permanent insurance structure, provided in the banking bill, is adequate and advisable. It can make whatever changes experience may recommend.

I submit the opinion of Dr. Warren M. Persons, prominent economist, whose view of contemporary needs was recently solicited by the Finance Committee of the Senate. I quote an Associated Press dispatch:

"As a preliminary to his plan or the adoption of any other plan for stopping continued deflation, Dr. Persons is of the opinion that it may be necessary to "take definite action for preventing runs on banks." In this respect he holds "it may be necessary for the Government and the banks to guarantee temporarily the deposits of those banks which are allowed to open."

I also submit the opinion of Thomas Nixon Carter, professor of political economy at Harvard University, as follows:

"Credit will not expand again until confidence is restored. Confidence will not return until people believe that their money is safe when in a bank or when invested. They will not have confidence in banks until the Government guarantees bank deposits. That is a drastic measure, but nothing short of that will do. * * * If the Government would do these two obviously right things—namely, guarantee bank deposits and subsidize gold production—it would not be necessary to do the many futile things they are now trying to do. The depression will end when we have a banking system in which depositors cannot lose their savings and when there is gold enough on the market to make it cheaper and the prices of other things higher in terms of gold."

I also submit a cogent editorial on this general subject from the Detroit News entitled "The Passage of This Act Is Vital." The editorial follows:

"President Roosevelt is said to be desirous that the special session of Congress end about June 1.

"We believe there is one measure whose passage would more than justify holding Congress in session beyond June 1, if more time is necessary to attain that object. The enactment of that bill would do more to restore public confidence and stimulate business than any other piece of legislation that could be devised. We refer to the bank-deposit guaranty which it is proposed to incorporate in the Glass banking bill.

"Banking is a highly technical business. All the average man knows about it is that in good times he put his money into the bank, without any qualms as to its security, and paid no attention whatever to what the bank did with it, as long as his withdrawal checks were honored. He knows little more about the technical side of banking today; he has learned, however, that banks in which he had complete confidence were pronounced sound one day and closed on the next, or within a very short time thereafter. That experience has shaken the faith of many people.

"The improvement in business during the past 2 months has been marked. Everybody hopes that the upward movement will continue until normal conditions have been reinstated. But banks still feel the need of maintaining extraordinary precautions to preserve a high state of liquidity. They are not making loans they would unquestionably make if they did not have to fear a sudden loss of confidence, which would cause an enormous demand on them for the immediate payment of deposits. Therefore business is retarded and new and promising ventures are held up indefinitely. Meanwhile millions of people are keeping their money in strong boxes and paying it out of pocket instead of entrusting it to the banks.

"The cure of this situation would come immediately by the guaranty of bank deposits. Money would flow from private hoards to the banks. There would be no runs, for even if a bank should fail the depositors would know they would be paid in full. Thus the guaranty would be a good thing for the depositors and a good thing for the banks as well.

"The whole question of bank security is now, we believe, psychological. After all the banks were closed those who could demonstrate their soundness were permitted to reopen. If the people still withhold their confidence, it is because they have received a scare so great than an extraordinary measure is needed to dissipate it. The guaranty of deposits would restore their confidence at once. Moreover, they are entitled to more from the Government than mere supervision of the banks in the Federal Reserve System. They are entitled to assurance that their money is safe, especially if they are willing—and who is not?—to pay the insignificant amount which would give them complete security.

"Congress should not adjourn until it has made this provision."

THE LATE THEODORE F. SHUEY

Mr. ASHURST. I ask unanimous consent to have printed in the RECORD at this point an editorial from the Evening Star on the character and public service of Theodore F. Shuey, late Official Reporter of this body.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The editorial referred to is as follows:

[From the Washington Evening Star, May 20, 1933]

THEODORE F. SHUEY

So much an institution that his friends considered him an almost permanent fixture in the Senate Chamber, Theodore F. Shuey nevertheless was a distinct personality, richly endowed with his own peculiar qualities of unpretending integrity and dignity. He was a quiet man, self-possessed, at once a proper trifle remote and detached, but always generously helpful. As an official reporter of debates, he was a shadow of the statesmanship of the upper House of the National Legislature. Never in his own capacity was he entitled to rise and speak. Instead, for 65 years he gave his time and energy to the preservation of other men's judgments, other men's opinions. In the truest sense of the phrase he wrote his country's annals during those six and a half decades, and not once, it is said, was his accuracy ever challenged.

The Senate reporters are a distinguished group of writers. That has been noticed on many occasions. But among them Mr. Shuey easily held first place. He was their dean, their father. They loved him, and the affection which they entertained was mirrored by the Senate personnel and by the press gallery and all those other newspaper people who, while not assigned to that post, are in more or less constant contact with it.

"The nimblest fingers and the quickest brain" were his possessions, the constituent elements of his genius. Even the most rapid and temperamentally exuberant speakers were not beyond his powers. When discussion reached its most violent apex, he would sit unperturbed in the center of the storm calmly recording every syllable of the oratorical tempest, and when Senators came to read over their utterances they sometimes marveled at their own ability, their own mastery of English, and their own forensic capacity, dimly conscious of the debt in which they stood to their stenographer. But it was part of his function to be unobtrusive, and he was incapable of presumption. He symbolized the good manners, the judgment, and the modesty, as well as the skill, of the group to which he belonged.

Mr. Shuey surely deserves mention in one of those footnotes to history which often enough are more interesting than the formal text. All the historians of the period between 1868 and the present year must be aware of their obligation to him. He was the beau ideal of a legislative amanuensis. Those who knew him well will miss him, those who knew him not at all will salute his memory with appreciation.

PROPOSED INCREASED GASOLINE TAX

Mr. ASHURST. Mr. President, I have received, as doubtless other Senators have received, an enormous number of telegrams regarding the proposed increase of the tax on gasoline. If I were to reply to these telegrams at public expense, it would exhaust the contingent fund of the Senate; and if I should reply at my own expense, it would exhaust the microscopically small contingent funds that I still possess. I therefore ask unanimous consent to have printed in the RECORD a sample of the telegrams received on this subject, together with the names of the senders.

I trust that those of my constituents who read the RECORD will realize that it is impossible for me to reply to these hundreds of telegraphic dispatches that come daily, and I further trust that those of my constituents who telegraph to me will not deem it amiss in me or discourteous if I reply by sending the answer marked "collect."

The VICE PRESIDENT. Is there objection?

There being no objection, the telegram, with the signatures, was ordered to be printed in the RECORD, as follows:

TUCSON, ARIZ., *May 26, 1933.*

Hon. HENRY F. ASHURST,
United States Senator, Washington, D.C.:

We feel that proposed increase of Federal gasoline tax by three-fourths cent per gallon is entirely unjust and represents further imposition upon the motoring public. Therefore we appeal to you to vote against this unjust proposal.

Hubert Hokanson, Eugene Adams, P. Kusionovish, J. E. Dyer, G. H. Sawyer, L. Jo. Hall, Henry Peterson, Paul E. Fernald, J. E. Walden, H. F. Hauswald, A. A. King, F. B. Kendall, H. R. Talmadge, G. J. Vasey, J. A. Van Hardeveld, Charles Watts, Alfred Donau, Carl Hero, Lavinia F. Tippin, James B. Reidy, D. S. Stevenson, C. W. Wooden, George E. Smalley, Rudolph Zepeda, B. F. Hanna, V. H. Lusk, Pete Howell, M. W. Johnston, C. W. Webber, W. Holloway, L. H. Hofmeister, C. B. Gardner, John F. Mitchel, O. Pillhotsch, Henry Jacome, Alfred J. Reidy, Patsy Sutton, G. W. Henderson, John Etchels, A. C. Knowles, G. V. Covington, Jack Newman, A. J. McKelvey, Elmer Oppedal, Roy R. Stewart, W. Bookman, Nicolas Martinez, F. Ronstadt, C. W. Early, Gilbert Watkins, T. M. Livingston, Hart Bros., Samuel D. Forbes, W. B. Cross, J. P. Dearing, Ray Appel, Lloyd H. Meenan, Tam Wanslee, T. DeWitt Talmadge, Tony S. Gradillas, L. Moreno, H. O. Nelson, O. F. Hopper, D. P. Karr, E. V. Fox, Jack Ross, E. G. Weil, Earl O. Watkins, Roy Probasco, J. T. Sykes, Angel Tellez, M. N. Latham, P. A. Brothers.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Georgia-Florida Pecan Growers Association, in annual convention at Albany, Ga., favoring continuation of the activities of the Bureaus of Plant Industry, Entomology, Chemistry and Soils, and Agricultural Engineering at the Albany (Ga.) Pecan Research Laboratory and other laboratories in connection with the fostering

and protection of the pecan industry, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a letter in the nature of a petition from Mrs. Betty W. Carter, of Hammond, La., praying for a continuation of the investigation of the senatorial election in Louisiana in 1932, and also an investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a letter in the nature of a petition from Mrs. H. C. Homeyer, of Covington, La., praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by members of the Federation of Jewish Junicr Associations, Philadelphia, Pa., condemning and protesting against the treatment of and alleged outrages committed against members of the Jewish faith in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the thirty-seventh annual meeting of the General Court of the Order of the Founders and Patriots of America, at New York City, N.Y., protesting against recognition of the Soviet Government of Russia, under its present communistic regime, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Forty-fourth Annual Congress of the National Society of the Sons of the American Revolution, at Cincinnati, Ohio, protesting against the recognition of the Soviet Government of Russia, and favoring the passage of legislation excluding alien communists from admission to the United States and providing for the expulsion of aliens who engage in communistic activities aimed at the overthrow of the Government or the destruction of political institutions by other than peaceful and constitutional methods, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the common council of the city of Worcester, Mass., favoring the passage of legislation providing for the issuance of special series of postage stamps commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 and appointment as brevet brigadier general of Thaddeus Kosciusko, a hero of the Revolutionary War, which was referred to the Committee on Post Offices and Post Roads.

Mr. KEAN presented a telegram in the nature of a memorial from Stephen K. Little, Mercer County chairman Young Republicans of New Jersey, Princeton, N.J., remonstrating against proposed increased income taxes and dividend tax, and favoring instead the imposition, if necessary, of a small manufacturers' sales tax, which was referred to the Committee on Finance.

Mr. COPELAND presented a resolution adopted by Charles E. Wescott Post, No. 173, the American Legion, of Bath, N.Y., protesting against the passage of the bill (S. 583) relating to the classified Civil Service, which was referred to the Committee on Civil Service.

He also presented a resolution adopted by the World Trade League two-way trade dinner at New York City, N.Y., favoring the delegation to the President of full powers to negotiate and conclude reciprocal tariff agreements with foreign nations, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Oelbaum Family Society, Inc., New York City, N.Y., protesting against the treatment of, and alleged outrages committed against, members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Naomi Council, No. 31, Sons and Daughters of Liberty, Suffern, N.Y., favoring the passage of the so-called " Dies bill ", providing a fixed quota for the admission of alien immigrants to the United States, which was referred to the Committee on Immigration.

EMERGENCY RELIEF OF RAILROADS—MEMORIAL

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have printed in the RECORD and lie on the table a memorial signed by a number of persons in the State of Indiana, protesting against the passage of Senate bill 1580, the pending railroad emergency relief bill.

There being no objection, the memorial was ordered to lie on the table and to be printed in the RECORD without the signatures, as follows:

EVANSVILLE, IND., *May 15, 1933.*

HON. ARTHUR E. ROBINSON,
HON. FREDERICK VAN NUYS,
Senate Office Building, Washington, D.C.:

Your petitioners, all of whom are engaged in the transportation industry in the city of Evansville and the State of Indiana, being fully cognizant of the provisions of Senate bill S. 1580, introduced May 4 by the honorable Mr. ROBINSON, of the Commonwealth of Arkansas, do hereby represent that such proposed legislation is not in the public interest, in that its adoption will retard economic recovery by throwing at least 100,000 of those now employed out of employment, and this number may eventually be doubled. Then, too, the proposed legislation will result in the abandonment of certain lines of railroads, terminals, and other facilities, which will seriously depreciate property values in communities where railroad facilities will be abandoned.

Your petitioners, the undersigned, therefore urgently request that you oppose passage of said bill in its present form, and further request that you support amendments to the bill which are introduced at the request of the railway labor executives' committee.

PROPOSED RECOGNITION OF SOVIET GOVERNMENT OF RUSSIA—THE RUSSIAN-POLISH SITUATION

Mr. WALSH. Mr. President, I present and ask that there may be printed in full in the CONGRESSIONAL RECORD a letter from Bainbridge Colby, former Secretary of State, to Louis A. Johnson, national commander of the American Legion, in opposition to the recognition by the United States of the Union of Soviet Socialist Republics. This letter was read at a mass meeting held in the Washington Auditorium April 18, 1933.

Also, I present and request to have printed in full in the RECORD a formal reply from Mr. Colby to the Ambassador of Italy as to the stand of the United States on the same matter in reference to the Russian-Polish situation. I ask that the communications be referred to the Committee on Foreign Relations.

There being no objection, the communications were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

APRIL 15, 1933.

LOUIS A. JOHNSON, Esq.,
National Commander the American Legion,
Washington, D.C.

DEAR COMMANDER JOHNSON: For the reason here stated I reach with regret the decision that I should not take an active part in the great meeting to be held in Washington under the auspices of the American Legion to record the strong opposition which prevails in the United States to the recognition of the present Soviet regime.

You are doubtless aware that it devolved upon me during the administration of Woodrow Wilson to make the official declaration of this country's refusal to accord such recognition.

Having spoken officially, it has seemed the part of good taste, as well as correct procedure, to leave the further discussion of that policy to others.

I am, however, in complete sympathy with the purposes of your meeting, and believe the position of the organization which you have the honor to head is sound from every viewpoint and truly expresses the judgment of the American people.

As happens frequently to a controversial question, much has been said that is well calculated, if not intended, to confuse the issue. It is important that such confusion should be brushed aside and the real issue clearly understood.

The original refusal of the United States to recognize Russia had nothing to do with the acknowledgment or repudiation of its debt to this country.

It had nothing to do with the type of government Russia saw fit to adopt, its communism, or other theories of economic and social relations.

It was not prompted by any desire to influence the internal administration of Russia, or to express an opinion, either favorable or adverse, upon her institutions. This was expressly disclaimed by the United States.

It was on an entirely different ground that American recognition was denied. Our refusal was predicated upon the fact that Russia was an enemy state.

Despite denial and the concealments and disguises employed by as subtle a propaganda as the world has ever seen, this enmity continues to be the foundation of Soviet foreign policy. Its government is organically linked with and controlled by the Communist Internationale, whose central purpose is the fomenting of revolution in every non-Bolshevist state.

If this is the fact—and no responsible Russian dares disaffirm it—the tests established for recognition under normal conditions have no application.

It is entirely beside the point that the Government of Russia may be, as the propagandists for recognition maintain, a de facto government, able to impose its authority and maintain order, although by cruel repression, within its territorial confines.

To concede recognition as a friend to a nation that protests she is not a friend, but on the contrary is dedicated to the overthrow of our institutions and sworn to conspire against our peace and security is unthinkable—"a solemn lie," to use the words of Secretary of State Elihu Root. He was speaking at a dinner given in honor of Chief Justice Hughes on the completion of the latter's term as Secretary of State.

"He knew," said Mr. Root, referring to Secretary Hughes, "that the act of recognition would be a false pretense of accepting the obligations of the Bolshevik rulers of Russia to observe friendship to the Government and the people of the United States; that they did not intend friendship, but intended enmity and destruction to the Government of the United States and the institutions of the American people; and he knew that to recognize the Russian Government would be to open the doors to them to carry out their purpose of destructive enmity, and would be a stupid and idiotic yielding to mere momentary expediency in order to make future disaster certain."

It should be added at this point that Secretary of State Kellogg and Secretary of State Stimson, as well as Mr. Hughes, adhered undeviatingly to the policy of nonrecognition.

It is the basis of Russia's theory that our so-called "capitalist civilization" is incapable of solving in an evolutionary and constitutional way the problems which besiege it.

The world revolution, therefore, is assumed to be inevitable and the Russian revolution is looked upon by the present Russian leaders as a prelude to the overthrow of capitalist and democratic civilizations throughout the world.

Let a revolutionary situation develop in any country, especially in a country of strategic importance in the economic and political system of the world, and the resources of the Russian State, already pledged to its support, will be immediately placed behind the revolutionary forces.

As recently as January 10 of this year an Associated Press dispatch from Moscow, appearing in the New York Times, quoted Dictator Stalin as saying:

"Our own camp is being increased throughout the world by the successes of the 5-year plan. This means that proletarian revolutions are threatening the capitalist world and that these successes are mobilizing revolutionary forces of all countries against capitalism."

The progress of communism in the United States is continually remarked with satisfaction and boasting in the Government press of Russia. Credit is claimed by Moscow as the organizer and director of all movements of unrest in this country, such as the veterans' march on Washington, the disturbances among the Pennsylvania miners, the Scottsboro trial, and the agitation among our negro population against "white chauvinism", to use the expression current in Russia.

In a recent issue of Pravda, Stalin is quoted as having said:

"The Communist Internationale has created possibilities for the Communist Party in the United States to reach the stage where it is able to prepare the masses for the coming revolution."

Russia's present concentration upon her internal development and particularly the sacrifices which she is calling upon her oppressed people to endure, are explained by the desire to increase her power and make it more effective when this final—and from Russia's point of view inevitable—combat between capitalism and communism arrives.

The evidence on this point is inexhaustible. The proof is overwhelming.

I am gratified to think that these vital matters will be examined fully and methodically before the present administration allows its mind to crystallize on this subject.

The resolution recently introduced in the Senate by Senator KING calling upon the State Department for all the information in its possession bearing upon these matters is a step in the right direction. This information is doubtless complete and well arranged. It is indispensable to any rational approach to the question.

You will observe that I have not referred to the so-called "business argument" for recognition.

The contention that vast opportunities for profitable trade would be opened up if our policy of nonrecognition were abandoned has been used effectively by the Soviet Government.

The argument has little if any merit. The evidence is conclusive that our present policy has afforded ample facility for all the trade with Russia that is economically possible.

The unhappy experience of Great Britain and Italy, each of whom has decided to cancel its trade agreements with Russia, and the equally unsatisfactory experience of France, should silence the clamor of selfish traders who would barter American principles for commercial profit—and a dubious profit, at that.

Soviet foreign trade is a function of the Government. As such, it is absolutely subject to soviet policy. It is turned on or off like a tap, to serve soviet political ends. No nation has materially increased its trade with Russia as a result of recognition; nor has the United States suffered in the least by withholding it. The traders' argument has no place among the considerations which should actuate or deter the United States on this question.

As the late President Calvin Coolidge said, with his forceful directness:

"I do not propose to barter away for the privilege of trade any of the cherished rights of humanity; I do not propose to make merchandise of American principles."

There has been no alteration in the basic hostility of the Soviet regime to all non-Bolshevik governments. This fundamental enmity has always been, and still is, the central and basic fact of its philosophy and foreign policy.

At times it has suited Russia's purposes to deny this fact; at other times to conceal it, but never to abandon it. When conditions in any part of the world appear inviting or propitious it flares forth with intensity and malignity, as has been shown in China and more recently in Moscow's call to the German proletariat to rise in revolt, despite the technical friendliness of the diplomatic relations between Russia and Germany and the volume to which the strictly controlled trade of Russia with Germany has been allowed to expand for the time being by the Soviet Union.

In the light of known facts, it must be manifest to every unprejudiced mind that in all essential particulars the theory and practice of the Soviet regime remain precisely as they were when this country reached the decision that it could not recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained.

Sincerely yours,

BAINBRIDGE COLBY.

DEPARTMENT OF STATE,
August 10, 1920.

AMERICAN NOTE ON POLISH SITUATION—BEING A FORMAL REPLY FROM THE SECRETARY OF STATE TO THE AMBASSADOR OF ITALY IN ANSWER TO THE AMBASSADOR'S INQUIRY AS TO THE POSITION OF THE UNITED STATES REGARDING THE RUSSIAN-POLISH SITUATION

His Excellency Baron CAMILLO ROMANO AVEZZANA,
Ambassador of Italy.

EXCELLENCY: The agreeable intimation, which you have conveyed to the State Department that the Italian Government would welcome a statement of the views of this Government on the situation presented by the Russian advance into Poland deserves a prompt response, and I will attempt without delay a definition of this Government's position not only as to the situation arising from Russian military pressure upon Poland but also as to certain cognate and inseparable phases of the Russian question viewed more broadly.

This Government believes in a united, free, and autonomous Polish state, and the people of the United States are earnestly solicitous for the maintenance of Poland's political independence and territorial integrity. From this attitude we will not depart, and the policy of this Government will be directed to the employment of all available means to render it effectual. The Government therefore takes no exception to the effort apparently being made in some quarters to arrange an armistice between Poland and Russia, but it would not, at least for the present, participate in any plan for the expansion of the armistice negotiations into a general European conference which would in all probability involve two results, from both of which this country strongly recoils, viz, the recognition of the Bolshevist regime and a settlement of Russian problems almost inevitably upon the basis of a dismemberment of Russia.

From the beginning of the Russian Revolution, in March 1917, to the present moment, the Government and the people of the United States have followed its development with friendly solicitude and with profound sympathy for the efforts of the Russian people to reconstruct their national life upon the broad basis of popular self-government. The Government of the United States, reflecting the spirit of its people, has at all times desired to help the Russian people. In that spirit all its relations with Russia, and with other nations in matters affecting the latter's interests, have been conceived and governed.

The Government of the United States was the first government to acknowledge the validity of the revolution and to give recognition to the provisional government of Russia. Almost immediately thereafter it became necessary for the United States to enter the war against Germany, and in that undertaking to become closely associated with the allied nations, including, of course, Russia. The war weariness of the masses of the Russian people was fully known to this Government and sympathetically comprehended. Prudence, self-interest, and loyalty to our associates made it desirable that we should give moral and material support to the provisional government, which was struggling to accomplish a twofold task, to carry on the war with vigor and, at the same time, to reorganize the life of the nation and establish a stable government based on popular sovereignty.

Quite independent of these motives, however, was the sincere friendship of the Government and the people of the United States for the great Russian Nation. The friendship manifested by Russia toward this Nation in a time of trial and distress has left with us an imperishable sense of gratitude. It was as a grateful friend that we sent to Russia an expert commission to aid in

bringing about such a reorganization of the railroad transportation system of the country as would reinvigorate the whole of its economic life and so add to the well-being of the Russian people.

While deeply regretting the withdrawal of Russia from the war at a critical time and the disastrous surrender at Brest-Litovsk, the United States has fully understood that the people of Russia were in no wise responsible.

The United States maintains unimpaired its faith in the Russian people, in their high character and their future. That they will overcome the existing anarchy, suffering, and destitution we do not entertain the slightest doubt. The distressing character of Russia's transition has many historical parallels, and the United States is confident that restored, free, and united Russia will again take a leading place in the world, joining with the other free nations in upholding peace and orderly justice.

Until that time shall arrive the United States feels that friendship and honor require that Russia's interests must be generously protected, and that, as far as possible, all decisions of vital importance to it, and especially those concerning its sovereignty over the territory of the former Russian Empire be held in abeyance. By this feeling of friendship and honorable obligation to the great nation whose brave and heroic self-sacrifice contributed so much to the successful termination of the war, the Government of the United States was guided in its reply to the Lithuanian National Council on October 15, 1919, and in its persistent refusal to recognize the Baltic States as separate nations independent of Russia. The same spirit was manifested in the note of this Government of March 24, 1920, in which it was stated, with reference to certain proposed settlements in the Near East, that "no final decision should or can be made without the consent of Russia."

In line with these important declarations of policy, the United States withheld its approval from the decision of the supreme council at Paris recognizing the independence of the so-called "Republics" of Georgia and Azerbaijan, and so instructed its representative in southern Russia, Rear Admiral Newton A. McCully. Finally, while gladly giving recognition to the independence of Armenia, the Government of the United States has taken the position that the final determination of its boundaries must not be made without Russia's cooperation and agreement. Not only is Russia concerned because a considerable part of the territory of the new state of Armenia, when it shall be defined, formerly belonged to the Russian Empire; equally important is the fact that Armenia must have the good will and the protective friendship of Russia if it is to remain independent and free.

These illustrations show with what consistency the Government of the United States has been guided in its foreign policy by a loyal friendship for Russia. We are unwilling that while it is helpless in the grip of a nonrepresentative government, whose only sanction is brutal force, Russia shall be weakened still further by a policy of dismemberment, conceived in other than Russian interests.

With the desire of the Allied Powers to bring about a peaceful solution of the existing difficulties in Europe, this Government is, of course, in hearty accord, and will support any justifiable steps to that end. It is unable to perceive, however, that a recognition of the Soviet regime would promote, much less accomplish, this object, and it is therefore averse to any dealings with the Soviet regime beyond the most narrow boundaries to which a discussion of an armistice can be confined.

That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. Although nearly 2½ years have passed since they seized the machinery of government, promising to protect the constituent assembly against alleged conspiracies against it, they have not yet permitted anything in the nature of a popular election. At the moment when the work of creating a popular representative government based upon universal suffrage was nearing completion the Bolsheviki, although, in number, an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government and have continued to use them with savage oppression to maintain themselves in power.

Without any desire to interfere in the internal affairs of the Russian people, or to suggest what kind of government they should have, the Government of the United States does express the hope that they will soon find a way to set up a government representing their free will and purpose. When that time comes, the United States will consider the measures of practical assistance which can be taken to promote the restoration of Russia, provided Russia has not taken itself wholly out of the pale of the friendly interest of other nations by the pillage and oppression of the Poles.

It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none disputes, have convinced the Government of the United States, against its will, that the existing regime in Russia is based upon the negation of every principle of honor and good faith, and every usage and convention underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals. The responsible leaders of the regime have frequently and openly boasted that they are willing to sign agreements and undertakings with foreign powers while not having the slightest intention of observing such undertakings or carrying out such agreements. This attitude of disregard of obligations voluntarily entered into, they base upon the theory that no compact or agreement made with a non-Bolshevist government can have any moral force for them. They have not only avowed this as a doctrine but have exemplified it in practice. Indeed, upon numerous occasions the responsible spokesmen of this power, and its official agencies, have declared that it is their understanding that the very existence of Bolshevism in Russia, the maintenance of their own rule, depends, and must continue to depend, upon the occurrence of revolutions in all other great civilized nations, including the United States, which will overthrow and destroy their Governments and set up Bolshevist rule in their stead. They have made it quite plain that they intend to use every means, including, of course, diplomatic agencies, to promote such revolutionary movements in other countries.

It is true that they have in various ways expressed their willingness to give "assurances" and "guarantees" that they will not abuse the privileges and immunities of diplomatic agencies by using them for this purpose. In view of their own declarations, already referred to, such assurances and guaranties cannot be very seriously regarded. Moreover, it is within the knowledge of the Government of the United States that the Bolshevist Government is itself subject to the control of a political faction, with extensive international ramifications through the Third Internationale, and that this body, which is heavily subsidized by the Bolshevist Government from the public revenues of Russia, has for its openly avowed aim the promotion of Bolshevist revolutions throughout the world. The leaders of the Bolsheviki have boasted that their promises of noninterference with other nations would in no wise bind the agents of this body. There is no room for reasonable doubt that such agents would receive the support and protection of any diplomatic agencies the Bolsheviki might have in other countries. Inevitably, therefore, the diplomatic service of the Bolshevist Government would become a channel for intrigues and the propaganda of revolt against the institutions and laws of countries with whom it was at peace, which would be an abuse of friendship to which enlightened governments cannot subject themselves.

In the view of this Government there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the mind of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be the agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them.

To summarize the position of this Government I would say, therefore, in response to Your Excellency's inquiry, that it would regard with satisfaction a declaration by the Allied and Associated Powers that the territorial integrity and true boundaries of Russia shall be respected. These boundaries should properly include the whole of the former Russian Empire, with the exception of Finland proper, ethnic Poland, and such territory as may by agreement form a part of the Armenian State. The aspirations of these nations for independence are legitimate. Each was forcibly annexed and their liberation from oppressive alien rule involves no aggressions against Russia's territorial rights and has received the sanction of the public opinion of all free peoples.[1] Such a declaration presupposes the withdrawal of all foreign troops from the territory embraced by those boundaries and, in the opinion of this Government, should be accompanied by the announcement that no transgression by Poland, Finland, or any other power of the line so drawn and proclaimed will be permitted.

Thus only can the Bolshevist regime be deprived of its false but effective appeal to Russian nationalism and compelled to meet the inevitable challenge of reason and self-respect which the Russian people, secure from invasion and territorial violation, are sure to address to a social philosophy that degrades them and a tyranny that oppresses them.

The policy herein outlined will command the support of this Government.

Accept, Excellency, the renewed assurance of my highest consideration.

BAINBRIDGE COLBY.

ALLEGED CONSPIRACY RELATIVE TO SMUGGLING OF WATCHES

Mr. COSTIGAN. Mr. President, on May 11, 1933, the Senator from Massachusetts [Mr. WALSH] caused to be inserted in the CONGRESSIONAL RECORD a letter from the president of the Waltham Watch Co., of Waltham, Mass., with respect to the occasional unlawful importation of foreign watches into the United States. The letter contained references to smuggling and other illegal practices, and perhaps unintentionally was so phrased as to be regarded in some places as unjustly reflecting on honest importers doing business in this country.

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[1] And also the consent of Russia.—E. B. C.

By request, also by way of correction, and in order that the position of law-abiding importers may be publicly known, I ask leave, as part of my remarks, to have printed in the CONGRESSIONAL RECORD, and appropriately referred to the Committee on Finance, a letter addressed to me by the Swiss group of the National Council of American Importers & Traders of New York City, protesting against wrong implications in the earlier letter, and stating definitely the position of the members of that organization, including references to their past cooperation in law enforcement.

There being no objection, the letter was ordered to be printed in the RECORD and referred to the Committee of Finance, as follows:

NEW YORK CITY, *May 22, 1933.*

Hon. EDWARD P. COSTIGAN,
Senate Office Building, Washington, D.C.

SIR: We wish to protest with reference to the general indictment of the Swiss watch manufacturing and importing industry as being in conspiracy with smugglers of watches, as contained in a most misleading letter addressed to Senator David I. Walsh by F. C. Dumaine, president of the Waltham Watch Co., and published in the CONGRESSIONAL RECORD of May 11, 1933, page 3258.

Honest and reputable importers of watches court the fullest investigation, as it is they that come in direct competition with smuggled watches; if smuggling continues, it will manifestly put them completely out of business.

You will agree that importers paying the duties prescribed by law are entitled to protection by the United States from smugglers. However, to the end of protecting their own interests, they have expended within the last few years about $20,000 in an effort to prevent smuggling.

It was through their efforts, and with the cooperation of Swiss manufacturers, that the first large smugglers of watches were indicted and convicted (see case 33-1757-2 Superfine Watch Co. and Federal Mail Order Co.), and since then many others have been apprehended and convicted.

Unfortunately, the present tariff law provides such a tremendous incentive for smuggling and racketeering that to eliminate smuggling entirely is a most difficult task in the face of an average and valorem rate of duty on medium-priced watch of 187 percent.

The same condition existed in the diamond-importing business as now exists with reference to watches, until the 1930 Tariff Act, recognizing the incentive high rates afford to smuggling and the impossibility of the United States Government to entirely eliminate it on goods of this character, reduced the rates on diamonds.

Only a lower tariff will bring the watch trade back to its normal channels, and we trust that this will be kept under consideration when the State Department enters tariff negotiations with Switzerland under the anticipated reciprocal tariff treaties.

Yours respectfully,

SWISS WATCH GROUP,
NATIONAL COUNCIL OF AMERICAN IMPORTERS & TRADERS, INC.,
By ROLAND GSELL.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1536) giving credit for water charges paid on damaged land, reported it with amendments and submitted a report (No. 95) thereon.

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which was referred the bill (H.R. 4494) authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, reported it without amendment and submitted a report (No. 96) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, reported it with an amendment.

REPORT OF JOINT COMMITTEE TO INVESTIGATE OPERATION OF LAWS AND REGULATIONS RELATING TO RELIEF OF VETERANS

Mr. WALSH, from the Joint Committee to Investigate Operation of Laws and Regulations Relating to Relief of Veterans, submitted, pursuant to law, a report, which was ordered to be printed, and to be printed in the RECORD, as follows:

Your committee appointed pursuant to title VII, Public Law No. 212, Seventy-second Congress, approved June 30, 1932, and in conformity with the provisions of Senate Joint Resolution 262, Seventy-second Congress, approved March 3, 1933, submit the following:

1. The question of a definite policy with reference to pensions and emoluments of all kinds for veterans and their dependents is now an Executive function under the provisions of Public Law No. 2, Seventy-third Congress, approved March 20, 1933.

2. Your committee devoted several weeks to public hearings and endeavored to secure the views of interested parties from every angle touching upon the subject of veterans' affairs. The hearings have been printed in four volumes and are available in limited numbers. Your committee also begs to report that this joint-committee work was completed without additional cost to the Public Treasury other than the cost of printing the hearings.

All of which is respectfully submitted by:

JOHN McDUFFIE, *Chairman,*
Representative from Alabama.
DAVID I. WALSH, *Vice Chairman,*
Senator from Massachusetts.
WALTER F. GEORGE,
Senator from Georgia.
JACOB L. MILLIGAN,
Representative from Missouri.
JOHN W. BOEHNE, JR.,
Representative from Indiana.
JOHN TABER,
Representative from New York.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HAYDEN:

A bill (S. 1774) to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; to the Committee on Public Lands and Surveys.

By Mr. SHIPSTEAD:

A bill (S. 1775) to promote employment of adult labor by preventing interstate commerce in the products of child labor, and for other purposes; to the Committee on Education and Labor.

By Mr. HALE:

A bill (S. 1776) granting a pension to Rachel A. Bosworth (with accompanying papers); to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 1777) providing for an additional justice of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 1778) for the relief of David Francis Bradley; to the Committee on Military Affairs.

By Mr. LONERGAN:

A bill (S. 1779) authorizing the issuance of a special postage stamp in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut; to the Committee on Post Offices and Post Roads.

By Mr. CAPPER:

A bill (S. 1780) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

By Mr. HEBERT:

A bill (S. 1781) to limit the reduction that may be made in the compensation of certain postmasters and postal employees; to the Committee on Post Offices and Post Roads.

By Mr. GOLDSBOROUGH:

A bill (S. 1782) for the relief of the B. & O. Manufacturing Co.; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 1783) granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key; to the Committee on Commerce.

By Mr. THOMAS of Utah:

A bill (S. 1784) to amend sections 4, 5, and 6 of the act entitled "An act creating a United States Court for China, and prescribing the jurisdiction thereof", approved June 30, 1906; to the Committee on Foreign Relations.

By Mr. COPELAND:

A bill (S. 1786) for the relief of Lucille A. Abbey; to the Committee on Claims.

By Mr. FLETCHER:

A joint resolution (S.J.Res. 56) to assure uniform value to the coins and currencies of the United States; to the Committee on Banking and Currency.

HOSPITALIZATION OF PEACE-TIME VETERANS

Mr. GEORGE. Mr. President, I desire to introduce a bill designed to provide for hospital treatment for men who are termed "peace-time veterans." Under the Economy Act no veteran is entitled to hospital treatment or domiciliary care unless his disability is directly connected with the service and unless that disability was suffered during a war period.

I am offering this bill, which will give to the peace-time veteran whose disability is directly connected with the service the benefit of hospital treatment; and I ask that it be referred to the Committee on Finance.

The bill (S. 1785) to amend section 6 of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, with respect to domiciliary care and hospital treatment, was read twice by its title.

The PRESIDING OFFICER. The bill will be referred to the Committee on Finance.

Mr. BLACK. Mr. President, I should like to ask the Senator from Georgia a question. I offered an amendment to the original economy bill which was agreed to, which we construed as authorizing the President to provide by rules and regulations for utilizing the hospitals for soldiers whether their disabilities were service connected or not. I should like to state to the Senator that I have just taken that matter up with the administration, because it is my judgment that the economy bill does authorize the promulgation of rules for the hospitalization of veterans, whether their injuries were service connected or not.

Mr. GEORGE. Whether they are service connected or not?

Mr. BLACK. Whether service connected or not, and whether peace time or not.

Mr. GEORGE. I will say to the Senator that I had the impression also that a different rule or order might and should have been promulgated, but the order in actual effect now is confining hospital treatment to those veterans who suffered a disability not only in line of duty, but during the war period. I do not think Congress ever intended that, and I am offering this bill, and offer it in the form of a bill so that it may be brought to the attention of the President, and with the expectation, frankly, that the President himself will modify his orders respecting the service-connected disability cases.

Mr. BLACK. Mr. President, I am in full sympathy with the Senator's idea, but I wanted it understood that it was my construction of the economy bill that the President now has that right, which fact I called to his attention this afternoon, and also called attention to the fact that there are 15,000 vacant hospital beds now.

Mr. GEORGE. That is true. I do not controvert the position the Senator takes.

Mr. TRAMMELL. Mr. President, will the Senator yield to me for a question?

Mr. GEORGE. I yield.

Mr. TRAMMELL. I think this is a very timely proposal. Does the Senator know that hospital patients who happen to be in a particular hospital in a location probably 500 or 1,000 miles away from their homes, if they are discharged, are not furnished transportation to their homes?

I have had a case of that character brought to my attention, and the authorities told me that they could not defray the expenses of the veteran back to his home because he had gone there of his own volition. I investigated the matter, and he sent me his certificate, showing that he had been ordered from another hospital 800 miles away from the one where he was discharged, and then they would not pay his transportation back to the hospital from which he came, or back to his home, and he is walking as a tramp upon the streets of Johnson City, Tenn., today, after being expelled from the hospital.

Mr. GEORGE. I do not know precisely what the rule adopted is with reference to the case referred to by the Senator from Florida.

Mr. REED. Mr. President, I should like to ask the Senator from Alabama whether he realizes that the United States is paying carfare and subsistance for all these men who are going to forestry camps for an average distance of 2,200 miles at the very time when it is denying carfare to these hospitalized veterans who are being turned out into the streets? To my mind, it is a most shocking contrast, a most shocking situation.

Mr. BLACK. Mr. President, I desire to state to the Senator that I personally do not believe that the President is aware of the effect of the rule which has been promulgated. It was for that reason that I called it to his attention this afternoon. I offered an amendment to the economy bill, which gave the President power to utilize the hospitals. They are not being utilized. Fifteen thousand beds are vacant today, and about a thousand nurses and other employees have been discharged who could be utilized in taking care of sick veterans.

Mr. LONG. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. LONG. I should like to ask of the Senator from Alabama and, if I may, of the Senator from Pennsylvania, whether they do not think, in view of what has happened in this regard, that it would be better to try to get the President to undo this whole Economy Act, rather than go along as we have been going since it was enacted?

Mr. REED. Mr. President, if the Senator from Alabama will permit me to answer, I think I am within the bounds of the truth when I say that I doubt whether there would have been a corporal's guard to vote for the economy bill had we had any idea of the nature of the regulations that were to be made under it. Most shocking injustices come to the attention of all of us. All of us, I think, regardless of party, are heartsick at the way it has worked out.

Mr. CLARK. Mr. President, if the Senator from Alabama will yield to me, does not the Senator think that the exhibition we have seen of the regulations promulgated by administrative officers under the Economy Act shows the vice of these broad, sweeping grants of power to administrative officers, instead of Congress passing the necessary legislation?

Mr. REED. I do, indeed, and in saying that I make no complaint whatever of President Roosevelt. I do not believe the man walks this earth who could accept such a dictatorship and have the omniscience to administer it wisely.

Mr. CLARK. I entirely agree with the Senator. In the very nature of things the President cannot possibly be familiar with the details of these various orders. The matters must necessarily be turned over to administrative officers.

Mr. REED. I agree with the Senator.

HOUSE BILL REFERRED

The bill (H.R. 1767) to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego was read twice by its title and referred to the Committee on Naval Affairs.

EMERGENCY RELIEF OF RAILROADS—AMENDMENTS

Mr. DUFFY submitted two amendments intended to be proposed by him to Senate bill 1580, the railroad emergency relief bill, which were ordered to lie on the table and to be printed.

AMENDMENTS TO INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. SHEPPARD submitted an amendment intended to be proposed by him to Senate bill 1712, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

Mr. CAPPER submitted an amendment providing for supplement of the State regulation of petroleum, intended to be

proposed by him to Senate bill 1712, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

USE IN MOTOR FUEL OF ALCOHOL PRODUCED FROM FARM COMMODITIES

Mr. CLARK submitted the following concurrent resolution (S.Con.Res. 4), which was referred to the Committee on Finance:

Resolved by the Senate (the House of Representatives concurring), That there is hereby established a joint committee to be composed of 3 Senators to be appointed by the President of the Senate, and 3 Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The committee is authorized and directed to make a general study and investigation of the practicability of the use in motor fuel of alcohol produced from domestic agricultural commodities, and the advantages of such use to agriculture, industry, and the public. The committee shall report to the Congress not later than the commencement of the second session of the Seventy-third Congress the results of such study and investigation, together with its recommendations for legislation, through the exercise of the taxing power or otherwise, to encourage the use of motor fuel containing such alcohol, and the effects of any such legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings in the District of Columbia and elsewhere, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to employ such clerical, stenographic, and other assistants, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not exceed 25 cents per hundred words.

INVESTIGATION OF PURCHASES OF MATERIAL OR EQUIPMENT FOR CIVILIAN CONSERVATION CORPS

Mr. CAREY submitted the following resolution (S.Res. 88), which was referred to the Committee on Military Affairs:

Resolved, That the Committee on Military Affairs, or any duly authorized subcommittee thereof, is authorized and directed to investigate the negotiations between the Director of Emergency Conservation Work and the BeVier Corporation, a corporation organized under the laws of the State of New York, with respect to a contract proposed to be entered into between the Director and such corporation for the purchase of toilet kits to be furnished as part of the equipment of members of the Civilian Conservation Corps. The committee is also authorized in its discretion to investigate reports of irregularities in connection with any other purchases or proposed purchases of materials or equipment for the use of the Civilian Conservation Corps by any department, agency, or officer of the United States Government.

The committee shall report to the Senate as soon as practicable the results of its investigations together with its recommendations.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

THE RADIO IN EDUCATION—ADDRESS BY COMMISSIONER LAFOUNT

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD excerpts from an address delivered by Commissioner Harold A. Lafount, of the Federal Radio Commission, at the annual assembly of the National Advisory Council on Radio in Education, held in New York City on May 19. It is an able and illuminating address on the importance of radio from the educational standpoint.

There being no objection, the excerpts from the address were ordered to be printed in the RECORD, as follows:

I am not one who believes that radio programs in this country are deteriorating. Economic conditions have necessitated less expensive, but not necessarily poorer programs. The National Broadcasting Co. and the Columbia Broadcasting System are to be congratulated for maintaining a high standard of programs during this depression period. I recognize the fact, however, that many of the 450 stations not affiliated with these chains, and 50 others who broadcast chain programs only a small portion of their time, are having difficulty in providing worth-while sustaining programs.

A recent study made in our office shows that there are approximately 25,000 hours per week of unsold time now being used for sustaining programs. This time is often used to broadcast material of little entertainment and, perhaps, of no educational value. I say, generally speaking, this sustaining time is not used as intelligently as it should be.

Just think of the contributions to the happiness and welfare of the American people that could be made with 25,000 hours of broadcasting time per week! On a basis of 320 words per page to be broadcast at an average rate of 160 words per minute, 720,000 pages could be put on the air each week. If bound into books, this would make two thousand 360-page books a week, or 104,000 volumes a year.

I am not criticizing broadcasters for their failure to make better use of this sustaining time; neither am I criticizing the American public. The responsibility for the intelligent use of these 25,000 hours must be jointly shared. Sometimes I think that we, as part of the public, do not fully appreciate the broadcasters' problems, particularly his efforts to provide satisfactory programs. With limited incomes and rather high operating costs many stations have maintained high-quality programs even when almost superhuman effort was necessary to do so. These are the real radio heroes of this economic emergency.

There are, however, some short-sighted, selfish station managers who are failing to measure up to reasonable standards of public service. They have not only failed to build up strong programs from local talent, but sometimes have actually offended the public by their cheap, tawdry programs and blatant ballyhoo over the air.

The public must assume part of the responsibility for the colossal waste of time and energy occasioned by the broadcasting of so many hours per week of unimportant and uninteresting programs. If radio is to be used more fully in the public interest, the public must interest itself in its use, because in the final analysis radio is a joint venture in which the public and the broadcaster must share responsibility. I believe that we, the public, fail to appreciate fully the potential value of the sustaining time which is now available and free to governmental, educational, and cultural agencies.

During the years of prosperity we led the world in radio entertainment, but gave little thought to the use of radio as a national mouthpiece; however, conditions have changed. We still enjoy the world's finest entertainment, but we are now also confronted with many serious national, local, and personal problems. Thus, in my opinion, a portion of our radio broadcasts should be devoted to a consideration of their solution and to keeping us informed on these important matters, thus beneficially using the broadcast hours and our leisure time. Millions of people, who because of unemployment and/or fewer working hours, now have more leisure time than that to which they are accustomed.

As I have said, I greatly appreciate the splendid programs, both educational and entertaining, presented by our two major chain broadcasting companies, as well as by many independent broadcasters. However, I remind you of the fact that we have 605 licensed broadcasting stations in this country. A study of the published programs of each of the major chains reveals the fact that of that number from 26 to 132, or an average of 79 stations, broadcast network programs. Dividing a day of a typical week into three parts, the published programs indicate that an average of 58 stations are on the three networks between 6:45 a.m. and noon, 88 stations between noon and 6 p.m., and 86 stations between 6 p.m. and midnight. The number of hours per week when there are 100 or more stations on the three networks combined are as follows: 2½ hours before noon, 11 hours between noon and 6 p.m., 6 hours between 6 and 10 p.m., and 9 hours between 10 and 12 p.m.

The object of presenting these figures of chain broadcasting is to show that on an average we have over 500 stations broadcasting local programs whose unsold, or sustaining, programs I seek to improve, and by so doing put to beneficial use already existing facilities, thus eliminating waste and providing educational programs to all our people.

Believing this is a time for action and that further delay in assisting broadcasters to provide additional educational programs over existing facilities would be detrimental to the best interests of this country, I suggest an inexpensive but effective plan, a portion of which could be put into operation almost immediately.

Educational programs could, and I believe in the near future will, be broadcast by the Government itself over a few powerful short-wave stations and rebroadcast by existing stations. This would not interfere with local educational programs and would provide all broadcasters with the finest possible sustaining programs. The whole Nation would be taught by one teacher instead of hundreds, and would be thinking together on one subject of national importance. Personally I believe such a plan would be more effective than a standing army. I shall not undertake a description of the mechanics of this proposed plan other than to say it would be very flexible and inexpensive. I do not consider this a step toward Government ownership or operation of radio-broadcasting stations. The Government's activities would be confined to the transmission and wholesale distribution of educational material and discussions of subjects of national importance to all the stations in the United States, and not to the maintenance of any particular station.

EMERGENCY RELIEF OF RAILROADS

The Senate resumed consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Mr. DILL. Mr. President, before I discuss the pending bill I desire to refer to a news despatch which has been called to my attention commenting upon the introduction of this bill by the Senator from Arkansas [Mr. ROBINSON], the Democratic leader. I will read just a few words from this clipping:

When the railroad bill came from the White House it was addressed to Senator DILL. He sat in the conference with Roper, Woodin, Moley, et al., when it was drafted. Also he is chairman of the Interstate Commerce Committee, which has the bill in charge.

DILL passed one of the confidential copies to ROBINSON, thinking ROBINSON would read it. Instead, ROBINSON introduced it.

Mr. President, there is not any foundation whatsoever for that statement. I do not know who wrote it, nor do I know where he got the information. The facts are these: Before the bill was sent to the Senate I talked with the Senator from Arkansas and told him that I would be glad if he would introduce the bill. He rather insisted, at least he urged, that, as chairman of the committee, I should introduce it. I told him that he had been introducing the administration bills and I would rather he would introduce it. He said, "Well, if you want me to do it, if you wish that I shall do it, I shall be glad to do so."

When the bill came to the Senate it was delivered to me and I took it to him and showed him the arrangement of the different sections, because it was rather crudely put together. He introduced it at my request. I desire to correct the newspaper report in justice to the Senator from Arkansas.

Mr. President, I shall first discuss the bill in a general way and then take up the different sections. I begin by inviting attention to the fact that the last major transportation legislation enacted by the Congress was in 1920 known as the "Esch-Cummins Law." That law has been in effect now for more than 12 years. Some parts of it have been quite unpopular. I think the so-called "guarantee provision" of the law has been most criticized. That is the provision which directs the Interstate Commerce Commission to fix rates high enough to provide a 5¾-percent return upon the value of the railroads.

In the campaign of 1932 President Roosevelt, then a candidate, called attention to the fact that the Republican administration had had no remedy for the railroad situation except to pour more money into the railroads through the Reconstruction Finance Corporation in the hope that conditions would get better. In his message to the Congress regarding the bill the President stated that he was not ready to recommend a comprehensive plan of railroad legislation, but he does recommend this legislation. This legislation is under two titles, title I being the emergency legislation and title II being that part which might be called permanent legislation.

There are many questions in the minds of Senators and Representatives and in the minds of the thinking people of the country as to what we shall do with the railroads. Many are saying, "Must the Government take over and run the railroads?"

Many others are saying, "Can the railroads ever repay the loans obtained from the Reconstruction Finance Corporation?" Most people think they will never be able to do so. Many others blame the railroad management for the present condition of the railroads. It is claimed that the railroads have been terribly mismanaged. Particularly the banking influence in railroading has been subject to attack. I want to invite attention to just a few statistics, however, that I think will show that the railroad managers are not entirely to blame for the present situation.

Claude R. Porter, of the Interstate Commerce Commission, has recently set out in an article some very interesting statistics, to which I wish to invite the attention of Senators in connection with the pending legislation.

In 1910 there was 1,850,000,000 tons of freight hauled by the railroads of the United States. In 1932 there was 1,230,000,000 tons of freight hauled on the railroads of the United States, a decrease of 620,000,000 tons of freight hauled on the railroads in the past 22 years.

In 1920 our water-borne commerce at our coast ports was 47,000,000 tons. In 1930 it was 117,000,000 tons, an increase of 149 percent in 10 years.

Our inland-waterway traffic has increased in a similar proportion. On the Ohio River, for instance, in 1920 the traffic was 9,000,000 tons, while in 1930 it was 22,000,000 tons, an increase of 138 percent in 10 years. On the Warrior and Tombigbee Rivers in 1920 it was 600,000 tons, and in 1930, 10 years later, 1,500,000 tons, an increase of 164 percent. On the Mississippi River from Vicksburg to New Orleans in 1920 there was 2,800,000 tons of freight and in 1930 there was 9,100,000 tons, an increase of 219 percent.

I invite attention to these figures to impress upon you, Mr. President, that while the railroads have been losing freight to the extent of more than 600,000,000 tons, the waterways have been increasing their freight by tremendous amounts, and I have not yet, of course, discussed the question of automobile trucks on the highways.

There are some other figures that are quite interesting in this connection. In 1910 the revenue from freight was $1,925,000,000. In 1932 it was $2,500,000,000 in round figures. Thus it cost us more than $500,000,000 more to carry 630,000,000 tons less of freight. That was the return to the railroads. The operating costs of the railroads in 1910 were $1,820,000,000, while in 1932 the costs were $2,430,000,000, or an increase of $600,000,000.

The explanation of these increased operating costs is found in the rate increases of 83 percent in those 22 years and the wage increases of 146 percent in the same 22 years. It may be said that the wages on railroads constitute 63 percent of the operating expenses.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. DILL. I yield.

Mr. NORRIS. I want to ask the Senator right in that connection if he has the statistics showing the number of men employed in those years?

Mr. DILL. Yes; I will come to that a little later, though I am not sure that I have it for those years.

Mr. WHEELER. Mr. President, will the Senator yield in that connection?

Mr. DILL. I yield.

Mr. WHEELER. I have here the figures. In the year ending December 31, 1920, there were 2,076,000 men employed. On December 31, 1931, there were 1,283,000 men employed. In other words, the number of men working on the railroads had been reduced in that period of time something like 800,000.

In this same connection the compensation of employees in 1920 was $3,000,754,000, while in 1931 the compensation was $2,000,124,000. For that same period of time the interest on the funded debt in 1920 was $500,000, while in the year ending December 31, 1931, it was $592,000, showing that the interest on the funded debt had increased from 1920 to 1931, but the wages paid to employees and the number of employees had been reduced.

Mr. DILL. The figures I was giving related to 1910 and 1930, although the Senator's figures are very valuable.

The difference in the number of passengers on the railroads between 1910 and 1932 is even more striking. In 1910 there were 971,000,000 passengers carried on the railroads. In 1932 there were 483,000,000 passengers carried, a decrease of 50 percent.

Mr. NORRIS. Mr. President, may I ask the Senator a question at that point?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. DILL. Certainly.

Mr. NORRIS. I notice the years are just a little bit different. That confuses me.

Mr. DILL. No; they are 1910 and 1932.

Mr. NORRIS. I thought the Senator had been giving figures from 1910 to 1930.

Mr. DILL. There were two or three figures that I did not have up to the year 1932. Some of the statistics are not quite up to date, but the rest of them are.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. DILL. Certainly.

Mr. ROBINSON of Arkansas. Does the Senator interpret the figures just quoted as indicating a decline in passenger travel?

Mr. DILL. Not at all.

Mr. ROBINSON of Arkansas. Or has it been due to diversion of travel from railroads to other agencies?

Mr. DILL. Yes; and I will explain that in just a moment.

In 1910 there were 240,000 miles of railroads and in 1932 there were 260,000 miles, a gain of 20,000 miles. In other words, there has been very little increase in the amount of railroad mileage in the United States in the last 22 years. But in the matter of hard-surfaced roads, in 1910 we had 200,000 miles and in 1932 we had 700,000 miles, an increase of 250 percent in the hard-surfaced roads.

In 1910 we had 458,500 automobiles—that was before automobiles were very common—and 6,000 trucks. In 1932 we had 23,000,000 automobiles and 3,480,000 trucks.

In 1930 the railroads carried 60 percent as many people as they carried in 1920, while the automobiles and busses are carrying 3 times as many people as they were carrying even in 1920. Of course we had no airplane traffic in 1920, but last year nearly 1,800,000 people rode in airplanes.

I think that instead of a decrease in passenger travel, there has been a great increase, but the railroads have lost a great amount of the passenger travel they formerly had; in fact, they have lost practically 50 percent.

There are certain other figures that are of importance from the financial standpoint of the railroads. In the last 20 years the railroad taxes have increased 211 percent. The bonded debt, as the Senator from Montana [Mr. WHEELER] referred to it a moment ago, has increased in the last 20 years from $10,000,000,000 to $14,000,000,000. The railroad finances are in very bad shape. Last year the deficits of the class 1 railroads amounted to $153,000,000, and the reports to the Interstate Commerce Commission for the first 3 months of this year indicate a still greater deficit for the proportionate time than for the same period of last year.

The Reconstruction Finance Corporation, under the authority of the Congress, has authorized loans to the railroads to the amount of $366,000,000, and $336,000,000 of it has actually been disbursed through the railroads. The railroads have repaid $20,000,000.

I have here a list of the railroads that are in the hands of receivers. It is rather interesting. Most of them are small roads, but some of them are substantial railroads.

The Central of Georgia Railway, with 1,900 miles of railroad, is in the hands of receivers.

The Seaboard Air Line, with 4,400 miles, has been in the hands of receivers since December 23, 1930.

The Wabash Railway, with 2,500 miles of railroad, is in the hands of receivers.

The St. Louis & San Francisco Railway, with 5,200 miles, has been in the hands of receivers since November 1, 1932.

On March 3 we passed a law that authorized the railroads to go into the bankruptcy courts and revise their capital structures, and a number of them have taken advantage of it already. The roads of any particular mileage are the Gulf Coast lines, having five affiliates, with 1,285 miles; the Chicago & Eastern Illinois, with 938 miles; the International Great Northern, with 1,100 miles.

The St. Louis & San Francisco Railway were in the hands of receivers. They secured an order from the Federal judge permitting them to transfer that receivership to the bankruptcy court, and they have 5,200 miles of mileage.

The Missouri Pacific, which is the largest railroad that has gone into the bankruptcy court or into receivership, has 7,400 miles.

Mr. President, at this point I ask to have printed in the RECORD this table of the 14 class I railways that are in the hands of receivers.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Fourteen class I railways in the hands of receivers as of May 25, 1933

Name of steam railway and district to which assigned	Miles of road		Date of appointment of receiver
	Owned	Operated	
Eastern district:			
Ann Arbor R.R. Co.	293.78	293.86	Dec. 4, 1931
Pittsburg, Shawmut & Northern R.R.	160.27	197.83	Aug. 1, 1905
Wabash Ry. Co.	2,032.43	2,523.85	Dec. 1, 1931
Southern district:			
Florida East Coast Ry. Co.	858.89	864.51	Sept. 1, 1931
Georgia & Florida R.R.	420.56	463.61	Oct. 20, 1929
Mobile & Ohio R.R. Co.	913.41	1,152.50	June 3, 1932
Norfolk Southern R.R. Co.	789.83	932.66	July 27, 1932
Seaboard Air Line Ry. Co.	3,433.33	−4,469.38	Dec. 23, 1930
New Orleans Great Northern R.R. Co.	227.54	264.67	Nov. 7, 1932
Central of Georgia Ry.	1,477.31	−1,944.40	Dec. 19, 1932
Western district:			
Fort Smith & Western Ry. Co.	197.16	249.75	June 1, 1931
Minneapolis & St. Louis R.R. Co.	1,514.99	1,627.80	July 26, 1923
Missouri & North Arkansas Ry. Co.	335.20	364.92	May 5, 1927
St. Louis-San Francisco Ry. Co.	5,095.89	−5,266.93	Nov. 1, 1932

Five class I railways in the hands of trustees as of May 25, 1933, under section 77 of the new bankruptcy amendment

Name of steam railway and district to which assigned	Miles of road		Date of approval of petition for trustee
	Owned	Operated	
Eastern district:			
Akron, Canton & Youngstown Ry. Co.	18.98	171.31	Apr. 7, 1933
Chicago & Eastern Illinois Ry. Co.	820.22	938.89	Apr. 25, 1933
Western district:			
Missouri Pacific Ry. Co. (and 2 subsidiaries)	6,510.35	−7,412.45	Mar. 31, 1933
Gulf Coast Lines (New Orleans, Texas & Mexico and 5 affiliates)	1,183.50	−1,285.14	Do.
International Great Northern R.R. Co.	1,106.19	1,159.81	Do.
St. Louis-San Francisco Ry. Co.[1]	5,095.89	−5,266.93	May 17, 1933

[1] The Federal court ruled that a road might change from receivership to trusteeship under sec. 77 of the Bankruptcy Act, and this road has done this, so its classification is changed.

Mr. DILL. Barron's Weekly for February 29, 1932, states that the class I railroads have over $12,000,000,000 of funded debt, and that $6,600,000,000 of that is held by the banks, the insurance companies, the educational, philanthropic, hospital, and religious organizations. I thought Senators would be interested in those figures, because there is so much comment about the percentage of the railway bonds that is held by those organizations.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Montana?

Mr. DILL. I do.

Mr. WHEELER. My understanding is that the amount of railroad bonds held by insurance companies and others is only 3 percent of the bonds and securities held by these companies.

Mr. DILL. I think the Senator's report is in error, because these figures are from Barron's Weekly; and Mr. Eastman gave us a report that showed over four billions of them being held by insurance companies and mutual savings banks.

Mr. WHEELER. All right; but let me say to the Senator that my figures come to me from the experts of the railroad brotherhoods. They reported to me just the other day that the total holding of insurance companies of bonds and other securities was only 3 percent. We have heard so much about the effect of the depreciation of railroad bonds upon insurance companies, savings banks, and so forth, that I felt that that matter should be called to the attention of the Senate.

Mr. DILL. Since the Senator raises that question, I have here, in the House hearings on the companion bill, figures which show that the insurance companies have $2,600,000,000 of the twelve billions, which is far more than 3 percent.

Mr. WHEELER. But the Senator misunderstood me. Possibly I did not make myself clear. I am not disputing the Senator's figures on the amount of bonds that the in-

surance companies hold, but of the total holdings of the insurance companies only 3 percent are railroad bonds. In other words, if they have 100 percent of securities, 3 percent of that 100 percent are railroad bonds.

Mr. DILL. I do not know about that.

Mr. WHEELER. So that when we speak about the effect that the depreciation of railroad bonds will have upon wrecking the insurance companies, if only 3 percent of their entire holdings of bonds, and so forth, are railroad bonds, it could not have very much effect upon the savings banks and insurance companies.

Mr. DILL. Since the Senator has brought up this subject, I ask leave to have printed in the RECORD a detailed list of the amount of bonds held by each of the organizations to which I refer.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Life-insurance companies	$2,600,000,000
Mutual savings banks	1,700,000,000
Commercial banks	1,016,000,000
Educational organizations	176,000,000
Philanthropic foundations	200,000,000
Hospitals	157,000,000
Religious institutions	64,000,000
Other public or semipublic agencies	687,000,000
Total	6,600,000,000

Mr. DILL. Mr. President, this legislation is not presented as a cure-all for all transportation troubles. It is believed that through this legislation some relief may be secured, and particularly that much information and some valuable recommendations may result that will be quite helpful to the Congress in regular session next January for the passage of a more comprehensive railroad bill.

At this point, Mr. President, I desire to have printed in the RECORD the report on this bill, for the reason that it analyzes the bill section by section.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The report submitted by Mr. DILL on the calendar day of May 22, 1933, is as follows:

[Senate Report No. 87, Seventy-third Congress, first session]

EMERGENCY RAILROAD TRANSPORTATION ACT, 1933

Mr. DILL, from the Committee on Interstate Commerce, submitted the following report (to accompany S. 1580):

The Committee on Interstate Commerce, to whom was referred the bill (S. 1580) to relieve the existing national emergency in railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, and for other purposes, having considered the same and adopted certain amendments, report the same back favorably to the Senate with the recommendation that it be passed.

This bill covers three subjects. Title I includes the emergency powers to be exercised through a railroad coordinator. This legislation is to be limited to a period not longer than 2 years.

Title II proposes certain amendments to the Interstate Commerce Act as permanent legislation. First, the amendments of the consolidation provisions of the act give the Commission control over holding companies that acquire stocks of railroads, and thereby effect consolidations without approval of the Commission. Second, the amendment of the recapture provisions of the Interstate Commerce Act repeal those sections and set up a new rule for rate making.

The necessity for emergency legislation is found in the desperate financial condition of the railroads. Last year's deficits amounted to $153,000,000. Reports for the first 3 months of this year as compared with a like period for 1932 showed even greater deficits. Loans exceeding $360,000,000 by the Reconstruction Finance Corporation were made during the past year. Some were to pay banks and some to prevent receiverships.

Certain carriers already have gone into the bankruptcy courts under provisions of the Bankruptcy Act of March 3, 1933. They propose to reduce their capital structures and completely reorganize. Unless business conditions improve rapidly the Reconstruction Finance Corporation must continue to loan large sums in addition to present loans or many more carriers will probably be forced into the bankruptcy courts during the coming year.

One of the results hoped for from this legislation is that a coordinator with emergency powers to compel the elimination of unnecessary expenses and the duplication of services and other economy measures can protect the net earnings of the carriers so as to stabilize the value of railroad securities and make unnecessary a continued drain on the Reconstruction Finance Corporation funds. This is extremely important to banks and insurance companies holding such securities, as well as to the individual owners of railroad securities.

Section 14 provides that the Commission hereafter must determine whether or not a carrier asking for a loan is in need of financial reorganization. The policy of making loans to pay interest on railroad bonds that are selling at extremely low prices, without those railroads being compelled to reduce their capital structures and protect their net earnings is so indefensible that your committee believes this policy should be stopped at once.

In addition to these pressing financial conditions is the general need for some one authority to compel the carriers to unify their services and operate the railroads on a more economical plan. Too many of the railroads have been run in the interests of bankers and interlocking directorates of railroads and other corporations. Some railroad managers would gladly free their properties from such control but have been unable to do so.

It is hoped the coordinator to be appointed under this legislation may be able to standardize equipment, cut off unnecessary and fabulously high paid executives, and bring about a better relation between the carriers and their employees, and provide better service for the public.

While this bill gives no control over rates, economies that will result and the new standard for rate-making to be established by this bill must eventually result in lower rates.

While this act grants the coordinator extremely broad powers, his orders are not final. Any interested party, including States and political subdivisions, may appeal to the Interstate Commerce Commission, which is given power to approve, modify, or set aside his orders. Because of this provision, the coordinator can in no sense of the word become a railroad czar.

Your committee gave most careful consideration to the proposal of the railroad labor executives. They insisted that economies to be secured should not result in additional dismissals of large numbers of railroad employees. More than 750,000 railroad employees have been dropped from the pay rolls during the hard-times period. There are approximately 1,000,000 men left in service. Your committee believes that the people as a whole and particularly the railroad employees still in service, should be assured by the terms of the law itself that there will be no wholesale dismissals by the coordinator or the regional committees. For these reasons your committee amended the bill so the coordinator cannot dismiss employees, but his orders may result in reducing the number of employees each year by making it unnecessary to fill vacancies caused by death, retirement, or resignation. In case business improves and more employees are needed, the coordinator can make orders to absorb that additional number so long as the present number of employees is reduced.

Your committee believes also that where transfers of employees are made to bring about economies, the employees affected should have compensation for property losses.

The suspension of the operation of the antitrust law and all other Federal and State laws must be justified by the economies to be secured and the public interest to be served.

Some witnesses at the hearings protested against that part of title I which provides that orders made under it shall continue in effect after the emergency period has ended, but your committee decided not to change that provision, because Congress will be in session and can pass any necessary legislation to meet the situation with the approach of the end of the period of emergency control.

No opposition was expressed to the committee regarding the proposal under title II that holding companies should be under the control of the Commission insofar as purchase of stock resulted in consolidation of railroad properties. Without such control the Commission's power over consolidations is rendered practically worthless through the activities of holding companies already in existence, and others that will almost certainly be formed unless legislation of this kind is enacted.

The Interstate Commerce Commission for the past 3 years has been recommending the repeal of the recapture provision of the Interstate Commerce Act. The theory behind this legislation was undoubtedly well intended, but in practical operation that provision of the law has proved extremely expensive and has failed to provide the funds for recapture that had been expected.

The fact that the Commission is required not only to make valuations of all the railroads, but that it must bring those valuations up to date every year, has proved a most serious financial burden on the Government. The principle upon which valuation shall be based has also changed from time to time. The decision of the Supreme Court in the O'Fallon case overturned the principle on which the Commission had based its valuations. The recent decision in the Los Angeles Gas & Electric case by the Supreme Court has changed the rule in the O'Fallon case. Another case, the Richmond, Fredericksburg, and Potomac case, is now pending on appeal from the Commission before the Supreme Court. The net result has been to bring but little money into the recapture fund and to encourage a tremendous number of lawsuits over valuations.

At present approximately $10,000,000 has been paid into the fund and $3,000,000 has been earned as interest. The Commission estimates that possibly $342,000,000 more might be collected, all of which the railroads dispute. These facts make certain long years of protracted litigation with doubtful results.

Your committee believes the whole principle underlying section 15a is wrong. It has brought forth more criticism than any provision ever written into transportation legislation. It was never recommended by the Commission. The railroads never asked for it. There was no public demand for it previous to its adoption. Certain railroad security holders believing it would stabilize the

value of railroad securities urged its adoption, but after 12 years of operation they are no longer demanding it.

There has been some opposition to returning the $13,000,000 already paid into the Commission to the carriers that paid it. Yet if the law is to be repealed, the retention of this fund presents a confusing problem. What shall be done with that money? It is not the property of the other carriers. It does not belong to the Government. If the law is bad, then it should never have been collected. Considering all these facts, your committee believes the money should be repaid as provided by this bill.

The new basis of rate-making proposed has many advantages. Instead of a fixed return on a valuation that must be determined year by year, and readjusted every time the changing personnel of the Supreme Court changes the principle of valuation, the Commission is allowed a much broader discretion and is directed to consider a number of important factors in arriving at just and reasonable rates.

Under this bill the Commission is directed to consider the effect of rates on the movement of traffic, the public interest in adequate railway service at the lowest cost consistent with such service, and the need of the carriers for sufficient revenue to provide such service under honest, economic, and efficient management. It is directed to revise and correct its inventories, classifications, and valuations of property from time to time and give due consideration to the value of extensions and improvements of railway property from time to time.

Analysis of bill

SECTION 1

Section 1 of the original bill defines the terms "Commission", "coordinator", "committee", and "carrier." The committee amendment adds definitions of "subsidiary", "employee", and "State commission." By the definition of the term "subsidiary" and the insertion thereof in various indicated portions of the amended bill the Senate committee thereby would extend the authority of the coordinator over every company of whatsoever character which is controlled by or affiliated with a carrier by railroad.

SECTION 2

Section 2 contains a declaration of the intent of Congress to prevent burdens on interstate commerce resulting from the present acute economic emergency and creates the office of Federal coordinator of transportation. The committee amendment provides that his appointment, whether from the membership of the Commission or otherwise, shall be by and with the consent of the Senate and that if appointed from the Commission, he shall not sit as a member thereof in the consideration of matters arising from his acts as coordinator.

SECTION 3

Section 3 provides that the coordinator shall divide the carriers into three regional groups and that the carriers in each of such groups shall designate five members to constitute a regional committee to assist the coordinator in achieving certain purposes of the act set forth below. The committee amendment provides for two special members on each committee, the one to represent the short lines and the other the electric lines. These special members are to be consulted whenever the committees consider any matters that affect any such lines.

SECTION 4

Section 4 sets forth the purposes of the act. Three main purposes are stated. The first to promote economies, particularly the avoidance of unnecessary waste resulting from competition; the second to promote financial reorganization of the carriers; and the third to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor. The first purpose, encouragement of economies, is stated under three headings: (a) To avoid unnecessary duplication of services and facilities and to provide for joint use of terminals; (b) to control allowances and accessorial services, and the charges therefor, and other practices affecting service or operation to the end that undue impairment of net earnings may be prevented; and (c) to avoid other waste and preventable expense. No substantial changes were made by the Senate committee in these purposes as set forth.

SECTION 5

Section 5 provides that the regional committees of carriers shall carry out the purposes set forth in subdivision 1 of section 4 so far as such action can be voluntarily accomplished by the carriers. A committee amendment provides that the railroads through the regional committees shall not undertake any action now forbidden by any State or Federal law except when specifically authorized by the coordinator. As amended, these regional committees are given no power whatsoever that such committees, voluntarily established without the proposed legislation, would not have.

SECTION 6

Section 6 provides that the coordinator shall confer freely with the committees and give them the benefit of his advice and assistance, and that they shall furnish him with such information and reports as he may desire. Where a committee fails to act, the coordinator may act upon his own initiative. The committee amendment gives the coordinator access to all accounts, records, and memoranda of the carriers and their subsidiaries and provides that the Commission may have the power to administer oaths and require by subpena the attendance and testimony of witnesses.

SECTION 7

Section 7 of the original bill is stricken out and the Senate committee has proposed a substitute for that section.

Section 7 (a) of the committee substitute provides that the coordinator shall provide means whereby labor committees for each regional group of carriers shall be selected by the railway labor organizations which entered into the wage agreements July 31, 1932, and December 21, 1932. These committees shall be given reasonable notice and conferred with by the regional coordinating committees of management and the coordinator with respect to any action or order which will affect the interest of the employees.

Section 7 (b) is intended to prevent any reduction in the number of employees now in the railroad service, or reductions in pay by the coordinator or the regional committees. The exceptions provided mean that vacancies created by death, normal retirement, or resignation of employees, need not be filled to the limit of 5 percent in any one year. In other words, the total reduction in employees during the coming year could not exceed 5 percent of the 1,000,000 men now employed.

Under section 7 (c) the coordinator is to establish regional boards of adjustment where necessary to settle controversies arising out of actions taken by him or the regional committees. Carriers and employees are to have equal representation on these boards and they are to function as provided for in the Railway Labor Act.

Section 7 (d) is intended to require the carriers to pay for any property losses and expenses imposed upon employees by reason of transfers of work from one locality to another.

Section 7 (e) requires the carriers, whether under private management or receivership, to comply with the provisions of the Railway Labor Act and paragraphs (o), (p), and (q) of section 77 of the recently enacted amendment to the Bankruptcy Act. Paragraph (o) provides that no judge or trustee shall change the wages or working conditions set forth in the memorandum of agreement entered into in Chicago on January 31, 1932, between the executives of 21 standard labor organizations and the committee of 9 authorized to represent class I railroads. Paragraph (p) provides that no judge or trustee shall deny the right of employees to join the labor organization of their choice or to interfere in any way with the organizations of employees, or to enforce or coerce employees in an effort to induce them to join or remain members of so-called "company unions." Paragraph (q) prohibits any judge, trustee, or receiver from requiring any applicant for employment to sign a "yellow dog" contract.

SECTION 8

The Senate committee's substitute for section 8 merely clarifies the language of the original bill and provides for publication of orders of the coordinator and an interval of 20 days after such publication before they become effective. This is to give ample opportunity for appeals to the Commission.

SECTION 9

The committee substitute for section 9 enlarges the list of those who may appeal from the orders of the coordinator. As amended it includes carriers, shippers, employees, State commissions, or States. It limits the time within which an appeal may be made to any time prior to the effective date of the order. If the Commission grants such review it may suspend the order if it finds immediate enforcement would result in irreparable damage to the petitioner or work grave injury to the public interest. If it suspends the order, the Commission is required to expedite the hearings.

SECTION 10

Section 10 provides for the suspension of the antitrust laws and of all other restraints or prohibitions by State or Federal law except laws for the protection of public health or safety and requirements of the Railway Labor Act.

Section 10 (b) is added by the Senate committee. It provides that the coordinator shall not issue any order relieving any carrier from the operation of the law of any State until he has advised the State commission or the Governor that such order is in contemplation.

SECTION 11

Section 11 contains the penal provisions of this title. The committee proviso declares that no employee or officer shall be required to work without his consent. In other words, the coordinator cannot interfere with the right to strike.

SECTION 12

Section 12 is drawn to carry out the third purpose of the act as set out in section 4. It makes it the duty of the coordinator to make a study of means not provided in this bill for improving transportation conditions. The committee amendment requires that he study and report on means for cost finding in railroad transportation.

SECTION 13

Section 13 provides for the expenses of the coordinator. It is provided in section 2 that the Commission shall provide such office space, facilities, and assistance as he may request, and it is able to furnish. Section 13 provides that the other expenses are to be paid out of a fund which it is made the duty of each carrier to contribute $1 per annum for every mile of road operated on December 31, 1932. This fund is to be assessed and collected by the Secretary of the Treasury. The carriers and the Pullman Co. are permitted to provide free transportation to the coordinator and

his assistants and agents. The Senate committee amendments are designed to clarify the section. It was submitted to the Secretary of the Treasury who expressed the opinion that it was appropriately drawn to carry out its intent.

SECTION 14

The committee substitute for section 14 provides that the Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest. It is provided that the term "carrier" as used in this section shall not include a receiver or trustee. Your committee believed the requirement as to the issuance of new bonds was unnecessary.

SECTION 15

Section 15 was inserted by your committee to insure the right of appeal to the courts. It provides that any final order made under this title shall be subject to the same right of relief in court by any party in interest as is now made in respect to orders of the Commission. The provisions of the Urgent Deficiency Appropriation Act of 1913 provide for an expedited hearing before a three-judge court, at least one of whom shall be a circuit judge, and for direct appeal from the decision of the three-judge Federal court to the United States Supreme Court.

SECTION 16

Section 16 is merely a renumbering of section 15 of the original bill. It provides that this title shall cease to have effect at the end of 1 year after the effective date unless extended by proclamation of the President for 1 year or any part thereof, but that the orders of the coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority.

Title II. Amendments to Interstate Commerce Act

This title embodies legislation which has for 3 years past been recommended by the Interstate Commerce Commission. In this part of the report, sections 5, 15 (a), and 19 (a) of the Interstate Commerce Act and the proposed changes therein, are explained.

SECTIONS 201 AND 202

Sections 201 and 202 propose a substitute for paragraphs (2) to (8), inclusive, of section 5 of the present Interstate Commerce Act. These paragraphs relate to railroad consolidations. These provisions direct the Commission to prepare and adopt a plan for railway consolidation. Paragraph (6) requires that the Commission must find any consolidation to be in harmony with and in furtherance of the consolidation plan. Paragraph (2) gives authority for one carrier to acquire control (in any manner not involving consolidation) of another carrier or carriers with the approval of the Commission. Such acquisition need not be in harmony with the consolidation plan, but must be in the public interest. Paragraph (8) relieves such carriers and any corporation organized to effect an authorized consolidation from the operation of antitrust laws and other laws, Federal or State, so far as that acquisition of control or consolidation makes it necessary.

Since the Commission has adopted a plan for the consolidation of railway properties, no reason is apparent for hereafter permitting the acquisition by one carrier of control of another carrier or carriers without regard to such plan, as is the case under the present paragraph (2). Therefore it is proposed to combine such paragraph (2) with the present paragraph (6), which relates to consolidations and requires conformity with the consolidation plan. These two paragraphs are, in substance, incorporated in the proposed new paragraph (4).

The provisions of the present paragraph (3) appear in the bill in paragraph (14). By reason of these changes, the present paragraphs (4) and (5) are renumbered as (2) and (3), respectively, and the last sentence of the present paragraph (5) is stricken out because of the other changes proposed by the bill. The present paragraph (7) is omitted entirely, since it was temporary legislation and has served its purpose. The provisions of the present paragraph (8) appear in the proposed paragraph (15).

Paragraph (4): This paragraph, while it includes substantially the provisions of the present paragraphs (2) and (6), is more comprehensive in its scope and corrects certain ambiguities and omissions. It is intended to authorize every form of unification of railroad properties which may conceivably be in the public interest and to bring all such forms, including holding companies, under the complete supervision of the Commission, which must find them to be in harmony with the consolidation plan and the public interest. It also specifically authorizes control of two or more carriers by a single holding company if the Commission finds such control to be consonant with the consolidation plan and the public interest.

Paragraph (5): This paragraph supplements paragraph (4) by providing that if a single holding company is permitted by the Commission to acquire control of carriers as provided in paragraph (4), such holding company shall be subject to complete supervision by the Commission of its reports and accounts and the issuance of its securities.

Paragraph (6): A means having been furnished under paragraph (4) by which all legitimate and desirable forms of unification may be effected, it is intended by this paragraph to prevent all other forms, direct or indirect. The intent is to make impossible the bringing of carriers under common control through complicated schemes involving numerous interrelated holding companies and like ingenious devices which are now possible under the existing law and which thereby nullify the intent of Congress to subject such unifications to an orderly plan and complete supervision by the Commission. Illustrations of such common control willfully set up to frustrate the intent of Congress are found in the Allegheny Co. and its maze of interrelated holding companies, and in the Pennroad Corporation, dominated by the Pennsylvania Railroad, which in like manner has evaded the intent of Congress through an ingenious corporate device.

It will be noted that paragraph (6) contains a provision that it shall be unlawful to maintain control or management accomplished or effectuated in violation of its provisions. Since the bill does not provide for a criminal penalty for violations of paragraph (6), but merely provides for the Commission securing equitable relief to compel obedience to the provisions of paragraph (6) and of orders of the Commission enforcing such paragraph, it was deemed necessary to include this provision in order that an equity court would have a subject with respect to which it could act.

Your committee has amplified the definition of the words "control" and "management", and has added a provision making it clear that this paragraph shall not be construed as a ratification or validation of any acts already accomplished, which would otherwise be invalid under existing law.

Paragraphs (7), (8), and (9) have been designed to spell out and make clear the various possible forms of indirect control of railroad companies which paragraph (6) is intended to prohibit. These paragraphs have been planned in the light of what has already been done through myriad devices without Commission supervision and in defiance of the will of Congress. They are necessary because of the difficulty in establishing as a matter of law in many cases where as a matter of fact it is known that control or management in a common interest of two or more carriers is effectuated or actually exists. The provisions of paragraph (6) would be of little effect unless the language contained therein were construed to include control or management effectuated or exercised indirectly through the use of legal devices such as holding companies, voting trusts, and combinations of affiliated interests. It is therefore intended by the provisions of paragraphs (7), (8), and (9) to make sure that paragraph (6) covers such types of control and management.

Paragraph (8) contains a definition of an affiliated person for the purposes of paragraph (7).

Paragraph (9) provides that where reference is made in paragraphs (6), (7), (8), and (11) to control it is immaterial whether such control is direct or indirect.

Paragraph (10): By this paragraph the Commission is authorized to investigate and determine whether any person is violating the provisions of paragraph (6), or, in other words, whether any person is maintaining control or management accomplished or effectuated in violation of such paragraph. If the Commission finds such violation, it is authorized by order to require the violator to take such action as may be necessary to prevent continuance of such violation.

Paragraph (11) is designed to prevent the continuance of any control which has hitherto been accomplished without Commission supervision and which may operate to bar or interfere with the accomplishment of the plan of consolidation promulgated by the Commission at the direction of Congress. It authorizes the Commission to determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect of subjecting the carrier to the control of another carrier or to common control with another carrier, and also has the effect of preventing or hindering the carrying out of any part of the consolidation plan or of impairing the independence of the systems provided for in such plan. If the Commission finds that the holding (and this, of course, includes the manner in which the voting power is being exercised) has these effects, it is to provide by order for restricting the exercise of voting power with respect to such stock or other share capital to the extent necessary to prevent such holding from continuing to have such effects.

Paragraph (12): This paragraph is included to make sure that authority may be had for suspending any proceeding the decision in which is dependent upon the then existing consolidation plan, if the plan has been reopened in some respect which may affect the decision under the proceeding in question.

Paragraph (13): Since the bill makes no provision for criminal penalties in case of violation of the before-mentioned provisions, this paragraph furnishes a means for the enforcement of such provisions and of orders of the Commission in cases where the Commission finds that the provisions are being violated or that its orders are being disobeyed. It authorizes the district courts of the United States to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain violations or to compel obedience to orders.

Paragraph (14): This paragraph authorizes the making of supplemental orders, and includes the provisions of the present paragraph (3).

Paragraph (15): This paragraph corresponds to the present paragraph (8) and provides for relief from the antitrust laws and other Federal and State laws insofar as necessary to permit carriers and corporations to do anything authorized or required by orders issued under the preceding paragraphs.

Paragraph (16): This is a provision providing for separability of the provisions of the preceding paragraphs in case any part thereof may be held invalid.

Paragraph (17): This is a definition of the term "person" for the purposes of paragraphs (4) to (16), inclusive. The Senate committee has included within this definition "joint-stock company."

SECTION 203

Section 203 of the bill merely provides for necessary renumbering of the remaining paragraphs of section 5 which are not changed by the bill.

SECTION 204

Section 204 is intended to preserve the existing provisions of the Interstate Commerce Act and of all other applicable Federal statutes with respect to the acquisition by any carrier, prior to the enactment of the proposed legislation, of the control of any other carrier or carriers. This is deemed desirable in order that any penalties applicable to past acquisitions may still be enforced, and in order to save, to carriers which have acquired controls under the present paragraph (2), the benefits of the exemption in paragraph (8) from antitrust and other laws.

SECTION 205

Section 205 repeals section 15 (a) of the Interstate Commerce Act and provides a substitute therefor. Section 15 (a) of the Interstate Commerce Act contains the so-called "recapture" provisions of such act, and rule of rate making. It modified the fundamental rule with respect to rate making contained in paragraph (5) of section 1 of that act by providing in paragraph (2) thereof that "in the exercise of its power to prescribe just and reasonable rates" the Commission shall so adjust rates that "the carriers as a whole (or as a whole in each of such rate groups or territories as the Commission may from time to time designate) will, under honest, efficient, and economical management * * * earn an aggregate annual net railway operating income equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation." Provision is made for determining such value and for determining what percentage of the value will constitute a fair return. The statute declares in effect that since it is impossible to establish uniform rates which will adequately sustain all carriers without enabling some to receive an income in excess of a fair return upon the value of their railway property, therefore, so much of the income of any carrier which in any year is in excess of 6 percent of the value of its railway property shall be held in trust, one half of such excess to be placed by the carrier in a reserve fund and the other half to be payable to the Commission for deposit in a revolving fund. It is provided that this fund shall be used for making loans to carriers and for buying facilities and equipment and leasing the same to carriers.

Section 205 of this bill proposes to strike out the whole of section 15 (a) and substitute therefor what may be termed a rule of rate making, indicating certain factors which, among others, the Commission, in the exercise of its power to prescribe just and reasonable rates, must take into consideration.

This new rule of rate making directs the Commission to give due consideration among other factors to the effect of rates on the movement of traffic; to the need, in the public interest of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.

SECTION 206

Section 206 provides for the return to carriers of amounts which they have heretofore paid to the Commission under the provisions of section 15 (a). Such amounts placed in the railroad contingent fund have been invested in obligations of the United States, in accordance with the provisions of section 15 (a). It is expected that upon liquidation of the fund, amounts earned will bring the fund up to a point where it is in excess of the total amounts paid in by carriers, and the provisions of the bill are so written as to provide for distribution among the carriers of the earnings of the fund, making allowance for the differences in periods of time that payments of different carriers have been made into the fund.

Section 206 (b) was added by the Senate committee at the suggestion of the Secretary of the Treasury. It covers the effect of the repeal of "recapture" on the income and profits taxes of the carriers affected. The paragraph in the opinion of the Secretary of the Treasury is appropriate to carry out this purpose. It provides that the tax liabilities for any taxable period ending after February 28, 1920 (which is the date when the present section 15 (a) became effective), shall be computed as if such section had never been enacted, except that where carriers have made payments under the section to the Government, such payments shall be excluded from gross income for the taxable periods with respect to which they were made. It further provides that any distributions made to carriers under this section shall be included in the gross income of such carriers for the period in which this proposed act is enacted. It further provides that the provisions of this paragraph shall not be held to affect (1) the statute of limitation with respect to the assessment, collection, refund, or credit of taxes, or (2) the liabilities for such taxes if such taxes were determined prior to the enactment of this proposed act in accordance with the provisions of the Revenue Acts of 1926 and 1928 or final judgments of a court, or the Board of Tax Appeals, or an offer in compromise duly accepted in accordance with the law.

SECTIONS 207 AND 208

Sections 207 and 208 amend section 19 (a) of the Interstate Commerce Act, the valuation provisions of the act.

Section 207 provides a substitute for paragraph (a) of section 19 (a) of that act. It relieves the Commission of the duty which it now has under section 19 (a) of making valuations of street, suburban, or interurban electric railways when they are not a part of a general steam-railroad system of transportation, but gives the Commission authority to make such valuations when, in its judgment, such action is desirable in the public interest.

Section 208 provides a substitute for paragraphs (f) and (g) of section 19 (a), under which the Commission, after the completion of the original valuation of railroad properties is under the duty of revising and correcting its valuations, and of making a report to Congress at each regular session of such corrected valuations. As proposed to be amended by the bill, these provisions will no longer require the Commission to revise and correct its valuations and to report them to Congress but will make it the duty of the Commission to keep itself informed as to new construction, extensions, improvements, retirements, and other changes, will authorize the Commission to keep itself informed of current changes in costs and values of railroad properties, and will further give the Commission authority whenever it deems necessary to revise, correct, and supplement any of its inventories and valuations.

The proposed new paragraph (g) of section 19 (a) makes it the duty of every common carrier to make such reports and furnish such information as the Commission may require to carry out the provisions of the new paragraph (f) of that section.

Mr. DILL. I desire now, if I may, to discuss the important parts of this bill.

The most outstanding feature of it is the creation of a coordinator, to be appointed by the President and confirmed by the Senate. This coordinator is the official who is to carry out, so far as he can, the purposes of the bill. He is given extremely broad power; but every act which he is authorized to perform is subject to appeal to the Interstate Commerce Commission by almost any possible person who would have any interest whatsoever. We have included in the list of those who may appeal not only the employees and the shippers and the railroads, but the governors of States and State commissions and representatives of political subdivisions that might be affected by any of his actions.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Idaho?

Mr. DILL. I do.

Mr. BORAH. Under what conditions may they take appeals?

Mr. DILL. Simply on giving notice, within 20 days. The least time for publication of an order before it goes into effect is 20 days; and so long as they give notice within the 20-day period, or before the order goes into effect, the appeal may be taken.

Mr. BORAH. Would the appeal be expensive for an ordinary citizen to take?

Mr. DILL. I should not think so. I see no reason why it would be particularly expensive. The Interstate Commerce Commission are authorized, under an amendment to the bill, to hold hearings on these appeals in the same manner that they hold hearings on the cases that come before them; so I do not see any great expense that would be necessitated.

These orders of the coordinator are to go into effect not less than 20 days after publication. If an appeal is taken, the Commission may suspend the operation of the order if the Commission believes that its continuation during the hearing of an appeal will result in irreparable damage or injury to the public interest. It was believed that not every appeal that might be taken would be such that it should hold up every order, so we have left the matter within the discretion of the Commission with those limitations. If the Commission suspends an order of the coordinator, then it is directed to expedite the hearings so that a decision may be had at the earliest possible date.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. DILL. I yield to the Senator.

Mr. NORRIS. I take it, then, that in order to appeal, the first thing to be done would be to give notice to the Interstate Commerce Commission.

Mr. DILL. Yes.

The second feature I want to discuss is the authorization of what are known as regional committees to assist the co-

ordinator. These regional committees are to be selected by the railroads, and the bill lays down the mileage basis as the basis of voting for the members of these committees. The bill provides that the country shall be divided into three different sections—an eastern group, a southern group, and a western group.

Mr. BORAH. Mr. President——

Mr. DILL. I yield to the Senator from Idaho.

Mr. BORAH. Before the Senator leaves the question of coordinator, permit me to say that from my reading of the bill it has seemed to me that the Interstate Commerce Commission could have been authorized to do the things which are supposed to be done by the coordinator. I have not seen the necessity, therefore, of creating the coordinator; and I should be glad if the Senator would explain wherein it seems necessary to create a coordinator, when authority to the well-informed and well-advised Interstate Commerce Commission, it seems to me, should accomplish everything.

Mr. DILL. That question has arisen a number of times. It arose in the preliminary discussions of the legislation before it was sent to the Senate. It arose in the committee, but not to such a great extent.

The railroads themselves might be authorized to do the things that the coordinator is authorized to order them to do; but everybody who knows anything about how the railroads of this country are organized and operated knows that every railroad has in its board of directors certain men who have interlocking connections with other organizations and with the banks that finance railroads, and in attempting to do many of the things that would be authorized to be done the railroads would not voluntarily do them. The representatives of the railroads themselves have said that an official such as a coordinator would be a central authority whom they could readily obey and whom they would be glad to obey if he would direct these things to be done, but that they could not voluntarily induce their own boards of directors, their own organization control, to agree to take the action voluntarily or on their own initiative. I may say to the Senator that that argument appealed to me more and more as I listened to the testimony in the hearings and as I studied this measure.

For instance, take the matter of the joint use of terminals: It is difficult for a railroad voluntarily to give up its exclusive use of a terminal; but under this bill the coordinator has the power, if he finds it in the public interest, to order the joint use of a terminal in the public interest and for the reduction of expenses and the economies that will result.

For instance, take the elimination of wastes—and I think now particularly of some of the highly paid officials and of the useless and, as I think, needless executives of the railroads: It would be impossible to have those executives dropped or their fabulously high salaries cut by the organization in the form of the directors who control the railroads; but if a coordinator ordered it to be done, they probably would accede to the order rather than to appeal to the Commission or even go to the courts.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington further yield to the Senator from Idaho?

Mr. DILL. I yield to the Senator.

Mr. BORAH. I appreciate the logic of the Senator's contention; but the question in my mind was, Why the Interstate Commerce Commission could not direct to be done these things which the coordinator is authorized to do?

Mr. DILL. That goes a step further. There are 11 men in the Interstate Commerce Commission. I am sure the Senator is familiar with the multitudinous duties of the members of the Commission. The ramifications of their work are almost too numerous to attempt to describe or enumerate here. These men are all engaged in literally dozens of cases. None of them is free from the onerous duties upon him so that he can sit down and look at this whole transportation picture, and, as a single official, decide what is best in the public interest, because of the duties that bind him. The bill provides that the coordinator may be selected from the Interstate Commerce Commission; and, while he will not lose his position, he no longer will perform his duties on the Commission while holding the office of coordinator.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator.

Mr. ROBINSON of Arkansas. As a matter of fact, one man may constitute a better executive agency than a dozen men.

Mr. DILL. I think there is no doubt about that.

Mr. ROBINSON of Arkansas. That is a principle that necessarily is involved in the subject the Senator is discussing.

Mr. DILL. That is what I was trying to say.

Mr. ROBINSON of Arkansas. It is rather difficult to get prompt executive action from a dozen men who, as the Senator has said, have a multiplicity of other duties.

Mr. DILL. Yes; I was leading up to that.

Mr. BORAH. That is true also; but the investigation which this coordinator will have to make, on information which he will have to gather, will be based on information which the Interstate Commerce Commission would almost inevitably have.

Mr. DILL. I may say to the Senator that under the plan of the bill it is intended that these regional committees will gather this information, and make recommendations, and even take action where they may do so without being in violation of any Federal or State law; so that does not need to be required by the coordinator. The coordinator may also call their attention to other things that he thinks should be done, and if they fail to act he may then proceed to act on his own initiative and his authority.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Michigan.

Mr. VANDENBERG. Does the proposal undertake at any point to permit the coordinator to suspend the operation of State laws?

Mr. DILL. Yes; the bill contains, in section 10, language that is at present in the Interstate Commerce Act. The law of 1920 authorized the Interstate Commerce Commission to suspend Federal and State laws, if it was found in the public interest to do so, in the consolidations that were authorized. The pending bill carries practically the same language, except that it has the reservation of protection to the public health and the public safety, and of the Railway Labor Act, which the interstate commerce law today does not have. They cannot be suspended under the provisions of this bill.

Coming back to the question of the Senator from Idaho, let me take up the matter of making a study of the things which should be done to unify the services of the railways and bring about economies. Again the Interstate Commerce Commission, with 11 members, finds it difficult, because of the other duties of the members, and one man, with the whole picture in his mind, would probably be able to handle it far more effectively.

Take the matter of promoting the financial reorganization of these railroads through the bankruptcy court, as provided in section 77 of the law of March 3, 1933. I doubt very much whether the Commission as a whole could do that very well, but one man, studying these financial organizations, probably would be able to make most valuable suggestions. While I recognize that the Interstate Commerce Commission might do many of these things, it seems to me that, as a piece of emergency legislation to continue for 1 year, and for 1 year more if the President shall so decide and announce by proclamation, it is an experiment worth trying.

Mr. BRATTON. Mr. President, does the limitation as to time apply to all the provisions of the bill?

Mr. DILL. No; it applies only to title I; that is, the emergency provision and the coordinator provision.

Mr. BRATTON. The other parts are permanent legislation?

Mr. DILL. Yes; I am going to discuss those later.

Now I want to call attention particularly to section 4.

Mr. KING. Mr. President, before the Senator leaves the point involved in the question propounded by the Senator from Idaho will he yield to me?

Mr. DILL. I yield.

Mr. KING. I share the views expressed by the Senator from Idaho. It seems to me that any coordinator who is appointed would enter upon very dangerous ground if he should attempt the exercise of the tremendous powers hereby granted, without contacts with and in complete cooperation with the Interstate Commerce Commission. It seems to me that a member of the Interstate Commerce Commission, one who has demonstrated, perhaps, greater executive ability, if that is possible, than others, might be designated by the President to act as coordinator and exercise the powers as coordinator in conference with his associates. At any rate, he could confer with them, and he would have all of the knowledge which they possess, and it would be an admirable and, indeed, a vital background to enable him successfully to carry out the responsibilities devolving upon him.

Mr. DILL. The trouble with the Senator's proposal of having the coordinator who would confer with them, it seems to me, is that he begs the whole situation. Either we should have a coordinator or we should not. If we should have a coordinator, then he ought to be freed from the Commission to do his work. If he is going to be in the Commission, it seems to me there is no need of that provision.

Mr. BORAH. Mr. President, the provision in the bill that the President may select a member of the Interstate Commerce Commission remains?

Mr. DILL. Yes; that is in the bill.

Mr. ROBINSON of Arkansas. He is, however, to be relieved from the ordinary duties of a member of the Commission.

Mr. DILL. Yes; and he is prohibited, by the amendment of the Senate, from sitting in on any case on which he has acted which might be appealed.

I want to call attention to the purposes of the bill as set out in section 4. Briefly, they are to avoid duplication of services and facilities and eliminate wastes. Second, to promote financial reorganization.

Personally, I look on that second section as of great importance, and I call attention to the remarks of the President at Salt Lake in his campaign, when, in discussing the railroad bill, he used this language, after explaining the situation, and in summing up his recommendations:

> Concretely, I advocate, first, that the Government announce its intention to stand back of the railroads for a specified period, its assistance being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust topheavy financial structures through scaling down fixed charges.

I submit that the policy of the lending of Government funds to railroads to pay the interest on their funded debt, without any attempt to cut down their capital charges, is an indefensible thing. In the past year the Reconstruction Finance Corporation has made loans to railroads to pay 4½ or 5 percent interest on their bonds, which were selling for $21 or $22, making a total interest payment of over 20 percent on the cost of those bonds, and within 3 days after the payment was made the bonds have gone down to below 20. This bill contains section 14, which specifically directs the Interstate Commerce Commission not to approve any loans hereafter unless the financial structure of the railroad is such that it can continue without reorganization.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. LOGAN. How would it adjust its financial structure? It has outstanding bonds which are selling at a very low price. How is it going to get rid of them?

Mr. DILL. Under section 77 of the Bankruptcy Act, they can go into court and present their petition; and if a certain percentage, more than a majority, as I recall, of the bondholders and stockholders agree, they may reduce the outstanding bonds and outstanding stocks, and the holders of those securities will be confronted then with two alternatives, either doing that or the road being forced into receivership.

I submit to the Senator that the holder of securities selling far below par, as they now are, with a fluctuating value that nobody can determine from day to day, would be far better off if the amount of those securities were reduced to a point where the railroads could pay their capital charges and thereby make the securities stable in value.

Mr. LOGAN. It means reorganization.

Mr. DILL. It does; and it is intended to bring about a reorganization or to force a reorganization.

Mr. BORAH. Mr. President, I think that a very excellent provision of the bill. But, referring to section 14, to which the Senator referred, it provides:

> SEC. 14. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest.

I can understand why we should except a receiver, but why should we except a trustee?

Mr. DILL. Because under section 77 of the Bankruptcy Act the financial reorganization must be approved by the Interstate Commerce Commission anyway. They have to approve it in any case.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. WHEELER. I want to correct a statement I made a moment ago. I stated something to the effect that 3 percent of the bonds and other securities held by insurance companies were railroad bonds. I was incorrect in that. I should say the income from railroad bonds on the part of insurance companies, on the part of 342 American life-insurance companies, amounted to only 3 percent. I read a statement given to me by a statistician. He said:

> In 1931 the total income of 342 American life-insurance companies was $4,850,375,950 (Table B). Their income from railway bonds was consequently only 3 percent of the total income.

Then he stated:

> The total disbursements to policyholders of life-insurance companies in 1931 were $2,606,551,153. Income, therefore, even had there been not 1 cent received from railroad bonds, would have been 80 percent greater than disbursements to policyholders.

The general impression seems to have been created throughout the Senate that if we did not do something to bolster up these railroad companies, all the insurance companies and savings banks would crash. The figures which have been given to me have been furnished me by an economist who has made a very thorough study of the subject, and he sets forth that only 3 percent of the total income comes from railroad bonds.

Mr. DILL. I may say that I do not think this bill could be passed on the basis merely of the bonds insurance companies and banks may hold, but I think it is a factor to be considered.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. VANDENBERG. May I revert to the question I asked the Senator a moment ago? Do I understand the Senator to say that the existing law permits the Interstate Commerce Commission to suspend any State law it may see fit to in respect to its operations?

Mr. DILL. For the purpose of bringing about the pooling agreements and the consolidations authorized in the law of 1920.

Mr. VANDENBERG. Is there any such broad authority as contained in subsection (b) on page 14 which undertakes to permit the coordinator to issue orders that shall have the effect of relieving carriers from the operation of the law of any State or of any order of any State commission?

Mr. DILL. For the purposes mentioned there.

Mr. VANDENBERG. There is no limitation in the language on page 14.

Mr. DILL. Of course, he cannot do anything beyond the purposes of the act, and it is subject to revision by the

Interstate Commerce Commission. I will read the Senator the language from the Interstate Commerce Act.

Mr. VANDENBERG. I should be happy if the Senator would.

Mr. DILL. The act of 1920 provides:

> The carriers affected by any order made under the foregoing provisions of this section and any corporation organized to effect a consolidation approved and authorized in such order shall be, and they are hereby, relieved from the operation of the "anti-trust laws", as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, insofar as may be necessary to enable them to do anything authorized or required by any order made under and pursuant to the foregoing provisions of this section.

So the language, as I say, is copied from the existing interstate commerce law.

Mr. VANDENBERG. That language, which the Senator has just been reading, does not relate exclusively to consolidations.

Mr. DILL. No; it relates to the provisions of the Interstate Commerce Act, the law of 1920.

The third purpose, as I have already stated, is that there shall be a study of conditions, with the purpose of making recommendations as to what should be done in connection with the present railroad situation.

The next important features of this bill, which I want to discuss, are the labor provisions. They are found in section 7, as amended.

The representatives of the standard labor unions came before the committee and objected very strenuously to this legislation unless there were some protection given them against wholesale dismissals of the employees. The committee considered with great care their arguments, and finally amended the bill by writing a new section, with subsections, as will be found in the bill itself.

In a word, these amendments as a whole propose to prohibit the dismissal of the employees now in the service. There shall be no reductions in the number of employees by order of the coordinator below the number of employees in service as of May 1933.

It does permit the orders of the coordinator to absorb the places of the men who will die, retire, or resign during any one year, but not to exceed 5 percent. In other words, about a million men are still working on the railroads. About 50,000 men will die, retire, or resign, probably, during the coming year. At least, that has been the experience of the country in the past few years.

The railroad employees' situation is this: Before the hard-times period began there were employed on the railroads about 1,750,000 men; today there are employed about 1,000,000 men; in other words, 750,000 men have been dropped from the rolls.

I may say that this amendment to the bill is satisfactory to the President. It has been referred to him for his consideration and he has no objection to it.

I may say further that, with the amendment in section 7 to which I have referred, the railroad employees are satisfied with the bill and have no objection to it but are really in favor of its passage.

Mr. BORAH. Mr. President, the effect of this amendment, if adopted, will be that there are to be no discharges whatever of employees?

Mr. DILL. There will be no dismissals in the sense of reducing the number of employees, but the railroads will be permitted to drop them in one place and to use them somewhere else.

Mr. LONG rose.

Mr. DILL. Just a moment until the Senator from Idaho shall have concluded.

Mr. BORAH. While they may be transferred from one point to another, there is to be no reduction in the number of employees except that which takes place naturally by reason of death, resignation, or otherwise?

Mr. DILL. Yes; but I want to call the attention of the Senator to the fact that there is now a gradual increase in the carloadings; it is believed that that increase in business will continue, and it is thought that there will be a demand for a considerable additional number of employees during the coming year. Of course, there is no certainty about that, but, with 750,000 men having been dropped, the Senator can readily see that any particular increase in business will necessitate the hiring of additional employees, and when that point is reached the orders of the coordinator may absorb the additional employees that would be needed.

Mr. HASTINGS rose.

Mr. DILL. Does the Senator from Delaware want to ask me a question?

Mr. HASTINGS. Before the Senator leaves that particular paragraph of the section I wanted to get his opinion upon this point, reading from page 9, line 17, section (b):

> (b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority conferred by this title beyond the number as shown by the pay rolls—

And so on.

It is perfectly possible, as I understand the situation, for the number of employees to be reduced by the railroad companies without any reference to this title?

Mr. DILL. Oh, yes; they might continue to reduce them under the existing law if they did not need them.

Mr. HASTINGS. Suppose under existing law they should reduce the number, we will say, by 20,000 between the month of May 1933 and the end of the year; how would it be possible to calculate under this section the 5 percent, and so on?

Mr. DILL. It is based upon the number in service during the month of May 1933, and the Interstate Commerce Commission reports show that very definitely and concretely.

Mr. HASTINGS. Yes; but suppose that number be a million and without reference to this act the railroads should themselves reduce it by 20,000?

Mr. DILL. It would have no effect upon the 5 percent provided for here, because it would not come under this title.

Mr. HASTINGS. The question in my mind is whether this provision is quite as clear as it might be upon that point, and I merely want to call the Senator's attention to it.

Mr. DILL. I do not think there is any mistaking the meaning of it if it be carefully studied.

Mr. LONG. Mr. President, will the Senator from Washington yield to me?

The PRESIDING OFFICER (Mr. NYE in the chair). Does the Senator from Washington yield to the Senator from Louisiana?

Mr. DILL. I yield.

Mr. LONG. I understood the Senator to state that the railroad employees were in favor of this bill.

Mr. DILL. I made that statement on the authority of the chairman of the legislative committee of the railroad labor organizations, who came to see me yesterday and said that if these amendments were retained in the bill they were in favor of its passage.

Mr. LONG. I did not receive that impression. Their attorney, Mr. Richberg, said in the committee hearings, in answering a question which I asked him, that he thought the entire philosophy of the bill was radically wrong. He did not think any good could come from it, but that they were undertaking to patch it up with such amendments as that it would do the least possible harm.

Mr. DILL. That is true, and I want to say to the Senator that not until yesterday, after repeated conferences, did they make the announcement I have indicated.

Mr. KING. Mr. President——

Mr. DILL. I yield to the Senator from Utah.

Mr. KING. I was called from the Chamber and did not hear the full explanation of the Senator, but if I correctly interpret subdivision (b) of section 7, page 9, it prohibits a reduction of the number of employees in the service of the carriers below the number carried upon the rolls in May 1933.

Mr. DILL. That is true.

Mr. KING. Suppose two roads were consolidated under the direction of the coordinator or suppose a road goes into

bankruptcy and is compelled to reduce a large part of its force?

Mr. DILL. There is a difference. If a road goes into bankruptcy that is by its own act; if it is consolidated by order of the coordinator, that comes under this title. In the first case, the carrier could not reduce the number of employees below those on its rolls in May 1933, and in the second case, of course, going into bankruptcy is not under this proposed law, and therefore, if enacted, it would have no effect.

Mr. KING. That is to say, if a road went into bankruptcy and it became necessary to reduce the number of employees it could be done?

Mr. DILL. Oh, yes.

Mr. KING. But if, in the interest of economy and efficiency, two roads were consolidated under direction of the coordinator, then, all of the employees must be retained.

Mr. DILL. They must be kept on the rolls; they may be given different positions; but their compensation must not be reduced and they must not be dropped.

Mr. KING. For how long must they be retained—indefinitely?

Mr. DILL. They must be retained during the period of this emergency act.

Mr. KING. There is another section in the bill which provides, if I understand the measure, that employees are to be indemnified for any damage which they may sustain by reason of being transferred from one place to another.

Mr. DILL. Yes; for the loss they might sustain because of having to give up their homes and being unable to sell them. That is not entirely new in the railroad negotiations between carriers and the employees. Such damage has been allowed in many cases and has been very urgently insisted upon by the employees' organizations.

Mr. BONE. Mr. President——

Mr. DILL. I yield to my colleague.

Mr. BONE. Does the bill in the shape that it now lies on our desks contain all the committee amendments?

Mr. DILL. Yes; they are all in the bill.

Mr. BONE. Are they printed in italics?

Mr. DILL. They are printed in italics.

Now, Mr. President, I want to refer to another branch of the subject. The railroads of the United States have had a great history. It seems to me their greatest handicap has been their own standpatism, as exercised by their managers and their directors. They have clung to the old equipment and the old methods of railroading in the face of all the developments and inventions around them that have resulted in business being taken away from them. I repeat that a large part of their failure to meet the new conditions is due to the management and the connection that those in charge of the management have had with other industrial and financial organizations throughout the country. There are, however, some signs that they are beginning to wake up and to take the American attitude on this question. Senators know, if they are familiar with the European transportation situation, that during the last 2 or 3 years European railroads have been quite active in developing new and lighter equipment for their railroads. The Germans have only recently put on a 2-car train from Berlin to Hamburg with Diesel engines, the whole train being one car connected together, with the engine in the car, and that train runs an average of over 90 miles an hour. The French have developed light coaches with rubber-tired wheels that prevent noise and avoid the jarring effect of the ordinary railway truck, and those coaches will seat 40 people.

In this country our railroads are beginning to experiment. The Pennsylvania has built one of the aluminum coaches. The Budd Wheel Co. and the Goodyear Co. are building rubber-tired coaches. I want to call attention particularly to an announcement in the New York Tribune of Wednesday of this week of the new streamline train that it is proposed to build for the Union Pacific. It is a 3-car train. It is announced by W. A. Harriman, the chairman of the board of directors, and I made some notes of the things that will result from the kind of train this will be.

It will have an electric drive, with a 660-horsepower internal-combustion engine, connected to electric generators and motors in the cars. It will have three cars all hooked together and all enclosed together. There will be a 30-foot railway post office and baggage compartment on it. It will carry 60 people on the second car and 56 people on the third car. It will have a kitchen at the rear and will serve meals by a new arrangement in the seats of the car. It will be air cooled and air conditioned all through. It will weigh 80 tons. That is the weight of one Pullman car today. The ordinary passenger train of 10 passenger cars weighs a thousand tons. This is to my mind the beginning of the railroad managers' using the genius and the inventive skill of our own people to meet the competition of other forms of transportation.

I should like to have printed in the RECORD at this point the article from the New York Tribune describing this new train.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the New York Herald Tribune, May 24, 1933]

STREAM-LINED TRAIN TO REACH 110 MILES SPEED—UNION PACIFIC ORDERS MOTOR-DRIVEN CARS OF ALUMINUM OR LIGHT STAINLESS STEEL

W. A. Harriman, chairman of the board of the Union Pacific Railroad, announced yesterday that its executive committee had authorized the immediate placing of an order for the first streamlined, articulated, motor-driven train to be built in the United States. It will be ready in about 6 months and will be capable of a maximum speed of 110 miles an hour and a sustained speed of 90 miles an hour on level straightaway stretches.

It will be an all-metal, light-weight train of three closely jointed units or cars, whose tubular construction will give them such strength as to obviate the necessity for the heavy undercarriages which support ordinary passenger coaches. The new 3-car train will not weigh more than 80 tons. That is the weight of one modern Pullman sleeper. A modern 10-car passenger train, including the locomotive, weights about 1,000 tons.

The Union Pacific, of whose board of directors Mr. Harriman became chairman July 14, 1932, has been considering for several months making radical changes in passenger equipment to meet existing conditions. E. E. Adams, vice president, in charge of engineering, who conducted the research and development work on the new train, said only last Friday that the road had a light-weight, high-speed train under consideration, but added that the project was "still in the dream stage."

An order for a demonstration train of three cars will be placed immediately, Mr. Harriman announced yesterday. This train will be operated at first on special runs between the larger cities on the Union Pacific system to test its practicability for regular main line, through passenger service, including transcontinental runs.

The train, drawings of which somewhat resemble a gigantic tri-segmented inchworm with the rudder-like tail of the green moray, will attain lightness not only through the elimination of cumbersome underbodies but through its construction material. It will be built either of an aluminum alloy which has the strength of steel with one third the weight, or of stainless steel, which has three times the strength of ordinary steel and, therefore, requires the use of only one third as much metal.

AIRPLANE INVENTIONS UTILIZED

The design utilizes discoveries in the automotive and aeronautic fields and the streamlining will be carried to a finer point than has been attempted either in this country or abroad. The middle car shares its trucks with the car ahead and the car behind and the vestibuled joint is flush with the sides of the cars, as are the windows, which are of shatterproof glass. Headlights, tail lights, whistles, bells, and similar appurtenances are to be recessed into the car body. When the doors are opened by an automatic device steps are let down to the level of a station platform.

To obtain the highest possible refinement of streamlining models will be built with varying end tapers which will be tested in a wind tunnel to see which is the most efficient. Proper streamlining, it is said, will enable a train so designed to attain a speed of 100 miles an hour with 50 percent of the power used to drive an ordinary train at that pace.

The train is to be fully air conditioned. The windows will be sealed and forced ventilation will keep the cars warm in cold weather and cool in hot weather, filter out all dust, and maintain a pressure which will prevent cinders or other matter from gaining entrance.

The first car carries a 600-horsepower internal-combustion engine burning a distillate, a nonexplosive fuel, and connected directly with an electric generator and motors on the wheels of the forward truck.

MEALS SERVED IN SEATS

The motor car will have a 30-foot railway post-office and a baggage compartment. The second car is a coach seating 60 passengers. The third car, also a coach, has seats for 56 passengers and a buffet kitchen in the rear from which light meals may be served to passengers in their seats. There will be no sleeping accommodations on the first train, but a sleeper has been designed and will be built when the adaptability of the train to long runs has been demonstrated.

Mr. Harriman, under chairmanship directors of the Union Pacific authorized trial of this radical experiment to meet a situation caused by steady decline in railroad passenger traffic since 1920, is the son of the late Edward H. Harriman.

Mr. DILL. The principal thing that the railroads must do if they are to get back their passenger traffic, of course, is to reduce rates in order to meet bus competition; and, of course, they can do it.

Unless there are other questions as to this title, I am not going to take any further time on it.

Title 2 proposes permanent legislation. The first part of title 2 amends the section that relates to consolidation and gives the Interstate Commerce Commission control over holding companies. Holding companies have been created in this country—there are two of them particularly, the Allegheny Corporation and the Penn Road Corporation—to go out and buy up railroad stocks. There is no law by which they can be reached. They issue their securities without the control of the Interstate Commerce Commission and they actually bring about consolidations of railroads over which the Commission has no control whatsoever. This amendment proposes to place them under the control of the Commission, and not only to place the holding companies under the control of the commission but the bill goes further and provides that the Commission shall have control of any other device that the lawyers may invent to circumvent the control of the Commission of the present methods of consolidation. Such a provision has been recommended by the Commission ever since 1926.

The other part of title 2 that is of a permanent nature is the repeal of section 15a, which is what is known as the "recapture clause" of the Transportation Act. The Commission has recommended its repeal for the past 3 years, and briefly I want to explain why section 15a has been so extremely unsatisfactory and why nobody today is advocating its retention.

Under section 15a the Interstate Commerce Commission must determine the valuation of every railroad in the United States for rate-making purposes and then renew that valuation or bring it up to date every year. That sounds as though it were a comparatively easy matter, but in actual operation it has been found to be almost impossible. The principal reason is that the commission has been compelled to give continual attention to court decisions; in fact, it must value according to the principles of valuation which the Supreme Court of the United States establishes; and the principles and rules of valuation of the Supreme Court of the United States change with the changing personnel of that tribunal. The commission thought it understood the rules of valuation, but in the *O'Fallon case* an appeal was taken and the Supreme Court changed the rule and said that the Commission had not attached sufficient importance to the reproduction cost of the railroad. So the Commissioners had to revise not only that value but all the other values.

A few days ago the *Los Angeles Gas & Electric case* came before the Supreme Court of the United States and a majority of that court held that there should not be placed so much weight on reproduction cost, because reproduction cost now would make the valuation go down much further. So again the Commission must change its entire valuation system because the court has laid down a new rule of valuation.

The railroads have appealed the *Richmond, Fredericksburg & Potomac case* on the valuation question, and by the time it reaches the Supreme Court they may lay down a different rule if we have some new judges. In practical operation it has been found almost impossible to fix the valuations for the purpose of having the Commission recapture one half of the excess over and above 5½ percent.

In the 12 years the law has been in operation a little over $10,000,000 has has been paid in to the Interstate Commerce Commission. With interest, it amounts to about $13,000,000. The estimates of the engineers and valuation experts of the Interstate Commerce Commission show that about $342,000,000, in their judgment, is still due, but those estimates were made on the valuation of the *O'Fallon case*, and now they must be reduced according to the valuation of the *Los Angeles Gas & Electric case*, and before they get that done they may change it again, the railroads, naturally, fighting every step of the way. There will be years of further valuation studies, and then the railroads, following the practice they have been pursuing, will go into court and years more of litigation in the Supreme Court of the United States will follow. The fact of the matter is that the whole principle underlying the recapture provisions of section 15a is a wrong principle. There has been more criticism directed against the guaranty provision than any other part of any Interstate Commerce Act that was ever written.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Nevada?

Mr. DILL. I yield.

Mr. McCARRAN. Is it not true that under section 15a the rates were fixed and paid by the shippers and moneys collected, and those moneys have been impounded, presumably impounded by the railroads, and are now being held, which in reality belong to and should be returned to the shippers if section 15a is to be abrogated?

Mr. DILL. That is a contention that has been made. In the first place, there is about $10,000,000 that has been paid in. In the second place, it would be extremely difficult to tell to what shippers it belonged, where those shippers are, and just how to figure it all out.

Mr. McCARRAN. I do not think we will have any trouble with it. I think I can give the information to the Senator in a few minutes. I have it in my office and have just sent for it.

Mr. DILL. If the Senator can name the shippers and determine the particular amount that goes to the different shippers, he is a better expert than I have ever heard of.

Mr. WHEELER. Mr. President, may I suggest to the Senator from Washington that the money was collected for the Government.

Mr. DILL. No; for the Interstate Commerce Commission, to be used for helping the weak roads. The money does not belong to the Government. It does not belong to the other railroads. It does not belong to the Interstate Commerce Commission. It is a part of a fund to be placed in the hands of the Interstate Commerce Commission to be used by that Commission in such manner as they shall decide to help strengthen the weak railroads of the country.

Mr. McCARRAN. Is it not true the money was collected by way of imposition of tariffs upon shippers, which imposition of tariffs would not have been sanctioned had it not been for section 15a?

Mr. DILL. These tariffs were general tariffs, and comparatively few roads found those tariffs brought to them an excess over 5½ percent. The striking thing about it is that many of the strongest roads financially had no excess and have paid in no excess, while a number of the weakest roads financially have paid in this money.

Mr. McCARRAN. That is exactly what I had in mind, that those who collected it by reason of legislative sanction under 15a have retained it to their benefit, and it belongs in fact to the shippers, because it is an excess charge and never would have been imposed in the first instance except by sanction of section 15a.

Mr. DILL. But the Senator does not get out of the maresnest by having the $10,000,000 returned, because there is $343,000,000 in dispute, and they must fight the thing through the courts for the next 10 years. I do not believe the American people want us to go on spending millions of dollars over this proposition.

Mr. McCARRAN. If the Senator's argument, as last expressed, is based on the theory that we can defeat justice

by a continued course of litigation, I must, of course, yield; but I am not ready to yield that either to the American court or to the law of the country.

Mr. DILL. I recognize that the theory of the Senator may be justified, but in actual practice the more we study the situation the more convinced we will become—at least, that has been my experience—that the only thing to do is to repeal the law, get rid of this problem, quit spending money, put the Interstate Commerce Commission upon a different basis of rate making for railroads, and forget the whole thing as a colossal mistake. During the past 2 years I have been opposed to such a provision as this, but the reason was that I had not given it the study and learned the facts as I have in the past few weeks. I have been convinced against my will that the only wise thing to do under all the circumstances is to wipe this matter off the books and go on our way and let it be marked down as one of the colossal mistakes we have made in relation to our railroad transportation.

Mr. BONE. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to his colleague?

Mr. DILL. Certainly.

Mr. BONE. I gather from the Senator's statement that we are now teetering back and forth between two conflicting theories of law with respect to rate making, one the doctrine of prudent investment and the other the doctrine of reproduction costs.

Mr. DILL. We are, and we will continue to do that with the changing personnel of the Supreme Court of the United States.

Mr. BONE. My only worry is whether there is anything in the bill—I have not had an opportunity to examine it carefully—that attempts to define what shall be the theory of value.

Mr. DILL. There is, and I shall discuss it later. I only want to say this further about the principle underlying section 15a. The railroads never asked for this provision in the law. The Interstate Commerce Commission never recommended it. There was never any public demand for it. It was written into the statute largely at the suggestion and request of a representative of the securityholders. I think it was done in good faith. He conceived the idea that by a fixed rate of return the value of securities would be stabilized, and that by the surplus earnings over and above the fixed rate being used in the way provided for, there would be a fund created to help hold up the weak roads. In theory it sounded attractive, but in practice it has proved almost impossible of administration. In fact, I believe that the principle was presented largely as a result of the fact that the Government during the war proceeded on that theory. We paid the railroads a certain fixed amount for the use of the roads, and we, of course, stabilized railroad securities. I think it was largely as the result of that action that the proposition was conceived and presented. It may have had much influence in bringing about its adoption.

The Senator from Nevada [Mr. McCARRAN] has brought up another matter which I intended to discuss in connection with the return of the $13,000,000. If we do not return it, what are we going to do with it? It does not belong to the Government. It does not belong to the other carriers. The Senator suggests that it may be returned to the shippers, but to pick out the individual shipper who was overcharged on one part of the system as against another one is an impractical and impossible task.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. LONG. Inasmuch as we seem to have these million dollars that we hardly know what to do with, I am in some way reminded of the colored brother who saw a chicken out in the road all alone, and said he did not feel like leaving it there subject to the ravages of the elements.

Mr. DILL. Mr. President, I believe that this money never should have been collected. In the light of all the confusion and all the difficulties of dealing with it, it seems to me that the least wrong and the least injury and the least trouble will result if we turn it back and wipe the whole thing off the statute books and cut down the tremendous expense of the Interstate Commerce Commission that has been imposed by this particular statute.

Mr. McCARRAN. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Nevada?

Mr. DILL. I yield.

Mr. McCARRAN. I trust the Senator will pardon my further interruption. My thoughts may ramble a little astray in following his suggestion that there is nothing to do with this money and that we cannot do anything with it. The same proposition will come before this body within the next 12 months.

Mr. DILL. Mr. President, I would rather not be diverted, though if it is something relating to the bill, of course, I am perfectly willing to have the Senator proceed.

Mr. McCARRAN. I am just using it as an analogy. At the conclusion of the Senator's remarks on this particular phase, if he will yield——

Mr. DILL. I shall conclude in a moment and the Senator can take the floor in his own right then.

Mr. McCARRAN. Very well; I shall wait.

Mr. DILL. I thank the Senator.

My colleague [Mr. BONE] asked whether or not we set up a new basis of rate making in the bill. On page 27 of the bill, in subsection 2, under section 205, we have attempted to set up a basis of rate making. It is a broad basis. The basis under section 15a has been a rigid rule depending on the fixed valuation each year which in turn was dependent upon the changing principles of the Supreme Court that would be changed by the changing personnel from time to time. The provision in the pending bill attempts to set up a basis for making rates that will consider the effect rates will have on the movement of traffic, rates consistent with furnishing adequate and efficient railroad service, and the amount of revenue needed to provide such service under an honest, economic, and efficient management. It is a very broad basis, it is a very general basis, and yet I do not believe that we can set up a rate-making basis and leave out these considerations. I believe in the consideration of these bases it will be found to be a much more nearly just and reasonable system of rates that will result than under the policies which we have been pursuing.

Mr. President, I think I have discussed the bill in a general way so far as I care to do. If there are any questions Senators want to ask as to any part I have not discussed I shall be glad to answer them. Generally speaking, I would rather discuss the amendments as we shall reach them in the consideration of the bill.

Mr. President, I ask that the formal reading of the bill may be dispensed with, and that the bill may be read for amendment, committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

OUR CONSTANT RULERS

Mr. LONG. Mr. President, I had not intended to say anything about the publicity that is being given in the papers and in the congressional committees to the investigation of the House of Morgan; but such statements have gone into the papers, one of which I am going to refer to, that it seems as if someone from this side of the Chamber should say something on the subject.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from North Dakota.

Mr. FRAZIER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Byrnes	Costigan
Ashurst	Bone	Capper	Couzens
Austin	Borah	Caraway	Dale
Bachman	Bratton	Carey	Dickinson
Bailey	Brown	Clark	Dieterich
Bankhead	Bulkley	Connally	Dill
Barbour	Bulow	Coolidge	Duffy
Barkley	Byrd	Copeland	Erickson

Fletcher	Keyes	Norris	Stephens
Frazier	King	Nye	Thomas, Okla.
George	La Follette	Overton	Thomas, Utah
Glass	Lewis	Patterson	Thompson
Goldsborough	Logan	Pope	Townsend
Gore	Lonergan	Reed	Trammell
Hale	Long	Reynolds	Tydings
Harrison	McAdoo	Robinson, Ark.	Vandenberg
Hastings	McCarran	Robinson, Ind.	Van Nuys
Hatfield	McGill	Russell	Wagner
Hayden	McKellar	Schall	Walsh
Hebert	McNary	Sheppard	Wheeler
Johnson	Metcalf	Shipstead	White
Kean	Murphy	Smith	
Kendrick	Neely	Steiwer	

The PRESIDING OFFICER. Ninety Senators have answered to their names. A quorum is present.

Mr. LONG. Mr. President, I desire to send to the desk, with other exhibits, a clipping of which I ask the clerk to read the headline and the first paragraph only.

The VICE PRESIDENT. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

ROOSEVELT SON BACKS MORGAN

BOSTON, May 25.—Beginning his address with the history of the Morgan family and its close relation with Boston and New England, James Roosevelt, son of the President, defended "the unquestioned honesty and integrity of the House of Morgan and its head" over the radio tonight.

Mr. LONG. At the conclusion of my remarks I shall ask that the entire article may be included in the RECORD, but I desire to have it back at this time in order to be able to refer to it.

Mr. President, I had not intended, and I had hoped that I would not, and that none of us on this side of the Chamber would be called on, to say anything with regard to the unsavory disclosures going on in the investigation of the House of Morgan. They were a source of considerable humiliation to the members of our party who fought for the success of the ticket in the last campaign. They were a source of even more humiliation to many of us who were actively engaged in the preconvention work of nominating President Roosevelt. I feel that the publication of these disclosures is not only doing the party harm but it is unjustly reflecting upon the man who sits at the head of the executive department of this country.

The disclosure relative to the participation on the part of a Cabinet member; the disclosure of the participation on the part of the former chairman of the National Democratic Committee, Mr. Raskob, and his apparent desire to "reciprocate" for the favors which he has received, followed by the very unfortunate statement, which I have sent to the desk, from the President's son that he considers the reputation and integrity of the House of Morgan and of Mr. J. P. Morgan to be above question, without some explanation from this side of the Chamber, we would leave it to be understood that the President of the United States feels that he can rely upon the course of conduct of the House of Morgan for the care and protection of the people of this country.

Mr. President, the condition in which the Democrats of this country find themselves is a very unfortunate one. They are almost locked up in the same house with the recent administration of the Republican Party that was voted out of existence by the people of this country in November. After having pledged the people to drive the money changers from the temple, after having given the people to understand that there would be a turn to the right, a turn to give the people of this country control of the Government, we find lists flaunted in our faces where stocks being marketed on the exchange at $37 a share were being supplied to people high up in the councils of both of the great parties at $20 a share, with the right to have them immediately sold and the profit, as shown by the difference between the purchase price and the market price, immediately to be transmitted to the beneficiary of such practices.

Why? I have heard of several religions whose advocates say that the only way to be certain of inculcating certain religious beliefs in the minds of people is to get them when they are young; that a child taught along certain lines until he is 5 or 6 or maybe 10 years of age becomes of a certain religious leaning and belief, from which he will never depart, regardless of what he learns in the course of his future life.

Mr. President, this disclosure as to the House of Morgan, and as to the financial market-rigging set-up of this country and of the whole world, shows that they have taken the prospective persons of influence, the great and the near-great and the maybe-to-be great, and have absorbed them in the incubator. They have reached them in their days of youth and in their days of growing promise. They have bandaged them and they have banded them. They have given them the balm of Gilead that the House of Morgan gives only to the select, and those whose services may be of some benefit to the country, so that when the fateful hour may have arrived no man will have escaped the confidence of the house through which he has been a recipient of the blessings of this kind of conduct, assuming, therefore, that he will be in no position to do anything to upset it if he reaches a place of power in the life of the Government where he might be of service to the people.

Mr. Morgan says that he has paid no income tax; and this brings me to say to the Senate and to the country that when we were in the convention in Chicago, undertaking to nominate Franklin Roosevelt, President, the one thing that was brought to the ears of men like the Senator from Montana [Mr. WHEELER] and myself was that unless an assurance could be given that the Secretary of the Treasury and the Attorney General were not going to be inimical to Wall Street certain influences were not going to allow Roosevelt to be nominated President of the United States.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I recall, in the President's inaugural address, a very strong statement something to this effect, which I think impressed the country:

The money changers must be driven from the temple.

I am glad the Senator from Louisiana has the courage with reference to these matters to point out some of the facts in connection with the money changers. I am sure all of us will be glad to help the President drive the money changers out of the temple.

Mr. LONG. I thank the Senator. I want to undertake, in the few moments at my command here now, not only to help drive the money changers out of the temple but to impress this country with the fact that President Roosevelt is not responsible for what apparently is a policy by which today the money changers have been put in the pulpit instead of being driven out of the temple. I do not want the country to think that we have reached back on the back seats and hauled up the Wall Street element and put them in the choir to sing songs, which apparently the kind of publicity that the party is getting at this time would lead us to believe, if we did not know to the contrary.

Now, Mr. President, I want to review just what is the policy of the Treasury Department, not only now but formerly; and I do not blame our present policy, except for having continued what has been, and rather seems, according to the old song, destined to continue indefinitely:

What has been is to be, and forever will be; world without end. Amen.

[Laughter.]

I want to review what cropped out in this matter. Under the Treasury Department's ruling of past years, when anything came in there, anything from Morgan and from Morgan's partners, or from Morgan's clients, or even vouched for by Morgan, there was a notation made that there was to be no investigation made of the return made by J. P. Morgan, or by his partners, or by one for whom Morgan's house stood sponsor, regardless of what income he reported. That went into the record of this investigation. That was not anything we did not know. We did not have the proof of

it, as this hearing has developed, but we knew they were doing that all the time.

We have been talking about the honor of men. A man has been chosen to go into the Treasury Department of the United States whom we find mired all over with the mud of Wall Street interests, but it is said, and we believe, he is an honest man; he is a bright and capable man, and will do nothing dishonest. Then a man is chosen to be his assistant, and we find he is mired up with the House of Morgan, and it is said that he is an honest, capable man, and that he will do nothing except what is fair and honorable in his administration. Then a lawyer for the same Department is chosen, and we find that he is messed up with the House of Morgan, and we come in and chant the blessed song that he is a fair and honorable and righteous man, and that he will do nothing except what is right in the department.

Men of the Senate, you do not have to eat a whole beef to tell it is tainted. Do you think you are going to be able to pull men out of that environment and make them Secretary of the Treasury and Assistant Secretary and Solicitor of the Treasury Department, men who have come out of the House of Morgan, mired with him, and a part of the market-rigging practices in which he has been indulging in this country under the Republican Party and under the Democratic Party for the last 20 years, and let them run the Treasury Department, and expect them to reverse a policy that has always been the policy of that Department? There is not as much chance of the people of the United States getting relief at the hands of that kind of an administration as there is for a snowball to stay in existence going through hell. [Laughter.]

Mr. President, what do we find? I speak nothing except what is in writing. Some of us asked our President to declare himself, and he was ready and willing to do it. I believe he is ready and willing to do it now. I think we will hear encouraging declarations coming from the White House with regard to this matter, if they are not already on their way even while I am speaking here in the Senate.

Some of us went to the President. I went to him after his nomination. I received a letter asking me to make certain speeches in the West and in the Northwest. Newspapers had printed reports that men of my kind, who had been necessary to the nomination of President Roosevelt, would probably do harm in his campaign for election after his nomination. In other words, according to newspapers and magazines, most of which were not friendly, statements were made that men of the type of HUEY LONG, Senator WHEELER, Senator NORRIS, and others, who had been of great help to President Roosevelt in securing the nomination, because of their liberal, or revolutionary, or radical tendencies would be a great drawback in the campaign for election against Mr. Hoover.

Mr. President, I made no effort to embarrass the man whose nomination I had helped to secure.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. I yield.

Mr. McCARRAN. May I amend by striking out the names of Senator WHEELER and Senator NORRIS?

Mr. LONG. If those gentlemen want their names stricken out, I will be glad to strike them out.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. I have now the exact words of the President which were so effective with the country in his inaugural address. I quote:

> Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men.
>
> True they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to follow their false leadership, they have resorted to exhortations, pleading tearfully for restored confidence. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish.
>
> The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.

Mr. LONG. Mr. President, I not only heard those words and read them, but I wish to say to my friend from Indiana that I believe that our President is undertaking today to carry out those pronouncements, and I hope to help him. I hope later to relieve him from hampering influences which seem to be gathering about to prevent the fulfillment of that promise.

I want to go back to the point where I was. When I had seen in the public press that the so-called "liberal" or radical element that was necessary to the nomination of President Roosevelt would be a handicap in his campaign, I considered it better that I remain caring for my own political fences in other places and not inject myself into the campaign between Mr. Roosevelt and Mr. Hoover in the fall.

Later I received a letter or letters calling upon me to go to this place and to that place, none of which invitations did I accept. Later I received a letter or letters from the national organization asking me to make certain speeches in the West and in the North.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. McCARRAN. I desire to explain the remarks I made just a moment ago, whereby I offered an amendment to the remarks of the Senator from Louisiana, eliminating the Senator from Nebraska and the Senator from Montana. It was simply because I wanted the Senator from Louisiana to stand out alone.

Mr. LONG. Unfortunately for my friend from Nevada, I cannot let the Senator from Nebraska [Mr. NORRIS] and the Senator from Montana [Mr. WHEELER] stand out alone, because they put me in the Roosevelt bandwagon, when I was trying to take them out of it. [Laughter.]

I received a letter or letters, Mr. President, asking me to go to the North and to the West. I did not want anyone to entertain any doubt about my position in that campaign, so I wrote a letter back to the National Democratic Committee in New York City, and I sent President Roosevelt a copy of that letter, in which I said:

> If the public press is to be believed—

And I did not want to charge them with the responsibility of believing them—

> If the public press is to be believed, the policy for which I stood in the nomination of the candidate for President—that is, the scaling down of the fortunes and the influence of the power of finance in the controlling of this Government—would be hampering to the ambitions of the party at this time, and therefore entertaining the view which I entertained in the preconvention days, I do not want to go out on the stump in the campaign between Hoover and Roosevelt, because such doctrine is the only thing that I can preach; it is the only thing that called me to support Roosevelt for the nomination, and therefore I will not embarrass the party, and I will not go out at all, and I hope you will see that someone is sent who can do better service, if the reports in the public press are anything like true as to what is going to be the attitude in this campaign.

I received back a letter from the Democratic National Committee telling me that I was wholly mistaken in accepting for a moment any such reports as had been printed; that, on the contrary, our candidate stood as he stood before the nomination. A few days later I received a letter from the candidate himself, our present President, stating that within a few days he would set at rest any such idle and infamous gossip, by restating his position in favor of taking the power of finance out of the control of this Government, and of curbing the big fortunes down to a size that would let the country live and the people survive.

Mr. President, it was after receipt of that letter that I took the train and went to New York City and went on up to the home of our candidate, at Hyde Park, and there I had a conversation with the Presidential candidate. The only thing that I ever asked the candidate before his elec-

tion was that in the Attorney General's Department, and in the Treasury of the United States, the men in charge would not be people other than those satisfactory to the progressive element which had caused his nomination in Chicago. The President assured me that that was his object, and from that day on I went out and did everything I could. I went where the party sent me, and, for the information of my friends and of the people of this country, I want to say that I let the party send me where it wished, and it did not cost the party a dime to send me; the people of Louisiana contributed their quota more than once to the cause of nominating and electing the candidate of the Democratic Party, and paid my expenses, and some other expenses, in the States through which I campaigned for the ticket.

Now, Mr. President, we face the humiliating fact that, after having succeeded, after the candidate's platform has been endorsed, and after an inaugural address was delivered pledging to the people of this country that the money changers were going to be driven out of the temple, we see today, instead of being out of the temple, they not only inject themselves in the temple but they sit in the seats of the mighty and pass judgment on the balance of us who waged that fight to deliver this country back to the American people.

They tell us that this is a question of unquestioned honor. Yes; how unquestioned is the honor? I want to say, Mr. President, that I was never more disgusted with political life than I am now, and I never realized how difficult it was to do a little good in public affairs until I reflected upon the result after we went out bowing and raking and scraping and scrimping and begging the washerwoman and begging the laboring man and begging every man in the country to give his dime, his quarter, or his dollar, or whatever he could give, in order that we might carry on a campaign throughout this country to liberate the people from the bondage of the power and the control of financiers over this Government and their illegal and unscrupulous practices that have brought the people almost down to the point of serfdom. What brigands we seem when we consider how we went into the plowed field, into the factory, out on the roadside and begged money from the people—fifty cents, a dollar, two dollars—for which I have been criticized—and now see those people facing a spectacle where the empire of the whole country is to be concentrated apparently into the hands of the favored clients of J. P. Morgan, passing judgment upon the lives and fortunes of those people.

It may be the right thing to do, but I refuse to believe it is not condoned by the President of the United States. I resent the insinuations that have appeared in the newspapers; I resent the quotations that have gone into the press. I do not care if they are from the President's son, I do not care who they are from; I say that the President of the United States does not condone, in any manner or form, any such rulership as has been shown to exist, and that the help of this Congress must be not only given but its action must be independently asserted, with the President's help back of it, to bring about relief from this situation.

Mr. Hearst comes out with an editorial in this morning's newspapers. I am going to read part of the editorial.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. I yield to my friend from Nevada.

Mr. McCARRAN. I should like to know if the Senator in his remarks is waiving senatorial immunity?

Mr. LONG. For what? The Senator being a judge, I might state that the courts hold that cannot be waived. Does the Senator have in mind something I am saying that he does not know about?

Mr. McCARRAN. Nothing that I do not know about, no; but that the Senator does not know about, yes.

Mr. LONG. May I inquire of the Senator what it is that he has in mind? I hope that I am speaking only from the record. What is it the Senator has in mind, for instance?

Mr. McCARRAN. The subject under consideration, the unfinished business.

Mr. LONG. I do not understand the Senator to disagree that there is anything that I have stated that is not a matter of record, except one conversation, and I do not think that that will ever be disputed. I only speak from the record, Mr. President. It is true we have under consideration a railroad bill, and there is a great deal about railroading that I do not know.

Mr. President, as I was about to say, Mr. Hearst has an editorial in his newspapers this morning. I do not care to put myself in opposition to Mr. Hearst, but what Mr. Hearst says is this:

> DEAR READER: If the House of Morgan wrote you a friendly letter and said: "The so-and-so stock is now selling at $37 a share. We lately issued this stock at $20 a share, and we are holding a thousand shares for you at the price of issue—namely, $20.
>
> What, dear reader, would you say?
>
> You would perhaps say: "Thanks, Messrs. Morgan & Co. Kindly sell the stock at the market price for $37,000 and send me the difference between the $20,000 at which you are holding it for me at the price of issue and the $37,000 it is selling for on the stock exchange."

In other words, according to Mr. Hearst's view, which I propose to criticize in a moment, if the House of Morgan wrote me a letter and said, "We want to give you some $37 stock, send us $20 for the $37 stock," I should say, "Go ahead and sell it for $37 and send me the $17 extra." That is how Mr. Hearst analyzes this matter. I am going to show in a moment that that is not exactly correct, but for the present I am going to read on a little further. Mr. Hearst says that a man to whom such a letter was written would reply and say this:

> "Thanks, Messrs. Morgan & Co. Kindly sell the stock at the market price for $37,000 and send me the difference between the $20,000 at which you are holding it for me at the price of issue and the $37,000 it is selling for on the stock exchange."

Says Mr. Hearst:

> You would then smilingly pocket $17,000 which did not cost you a nickel, and you would doubtless add to your letter the significant phrase which John J. Raskob added to his letter of thanks to Morgan:
>
> "I hope I will be able to reciprocate."

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield further to the Senator from Nevada?

Mr. LONG. Yes; I yield.

Mr. McCARRAN. Would the Senator from Louisiana kindly correlate the editorial published in the Hearst newspaper with section 15a of the bill under consideration?

Mr. LONG. I am doing that.

According to Mr. Hearst, Mr. President, every one would have done as Raskob did. I concede that for some that would be a natural answer. In other words, if I were going to be the Secretary of the Treasury of the United States and Mr. Morgan were to write me a letter and say, "Now, Mr. LONG, you are a friend of mine; I am thinking about you, and I am going to prove to you that I am thinking of you, not in a matter where absence makes the heart grow fonder, but to show you that my heart is with you because I have in mind putting treasure in your hands." According to the philosophy of Mr. Hearst, which I intend to dispute, when Mr. Morgan writes me such a letter, saying, "I have got the public out there baited to the hook; I have them leaning over the plate to strike at a bad ball; I have these suckers all through the United States, 120,000,000 of them, that will give you $37 a share for the stock; and I am going to keep this market rigged up and pyramided and hocus-pocused in such a condition that you can take this stock that I am going to give you today for $20 and get $17 profit on it before nightfall. I will do it for you if you want me to; I am thinking of you." According to Mr. Hearst had I received such a letter I would have written back and said, "Thank you, sir, for the $17 profit

that is coming out of the American people that you have got biting at the hook that is not even baited; thank you, sir, and whenever I can reciprocate call on me and I will be glad to do it." That is the answer Mr. Hearst tells the American people they would probably make.

Mr. President, I contend that that is not the answer that men sitting in the Senate should have made. It is not the kind of principle which is in accord with party fealty and loyalty to the Government one is serving; but if the facts are to be believed, if we are to believe what we see, it is becoming a matter of practical and political impossibility to get anybody in the office of Secretary of the Treasury unless he has in some manner been proved financially proficient by reason of some training in or with or under the House of Morgan.

Mr. Woodin was appointed to that position because the President of the United States thought that he had to have somebody of ability in charge of the Treasury Department and the finances and the money matters of this country. I want to say from my own knowledge that Mr. Woodin was appointed to that position by the President of the United States because the President honestly and truly believed that Mr. Woodin represented a theory and was for an ideal in government contrary to that of the financiers who had been running the country during past administrations. I know from my own knowledge that the President of the United States in appointing Mr. Woodin as Secretary of the Treasury did not consider that he was placing the Treasury Department in the hands of anybody who felt that he was under obligations to the House of Morgan to administer the affairs of the Treasury Department in any manner except in accordance with the declarations made to the people of this country that he was going to drive the money changers out of the temple. The President of the United States, regardless of the harmful statements that may have been issued by those who are close to him, has now, in my opinion, no object in mind except to carry out his party's platform, and in no sense of the word does he intend to have the financial affairs of the people of the United States administered by anyone who, as Mr. Hearst says, feels under an obligation to reciprocate past courtesies in the discharge of official duty.

The Democratic Party has only been in office, Mr. President, for about 3 months. We entered into office under very striking circumstances. We not only found the house in disorder; but whenever we took up a utensil to apply it to its nominal and normal use, we found that it had been allowed to canker and to corrode or that it had been subjected to some kind of abuse that had made it wholly unacceptable for use in the present day and under the present circumstances.

The President of the United States, Mr. President, went into a house not only disarranged, not only in disorder, but he found the necessities of the Government taken out of the house he had entered, and he has hastily been required to assemble whatever government he can from the four corners of the earth and to patch it together with such haste and speed as the circumstances apparently require. In so doing it is only natural that some mistakes should have been made, and we have made some mistakes. I have undertaken to advise against some of those mistakes, but now with Mr. Hearst condemning the practices of Morgan, and Mr. Morgan displaying his list, and with all the supposed animosities that they tell us exist between the House of Rockefeller and the House of Morgan and the condemnations of Mr. Hearst, what do we find the three of them doing? Do we find Mr. Hearst trying to put the House of Morgan out of influence? Do we find the House of Morgan and the House of Rockefeller and the condemnatory articles urging the extermination of one another? No. What do they urge? Mr. Morgan tells us to get rid of the income tax and put in a sales tax; Mr. Hearst tells us to get rid of the income tax and put in a sales tax, and Mr. Rockefeller tells us to get rid of the income tax and put in a sales tax.

When they had Charles E. Mitchell on the witness stand before the same Finance Committee, Mr. Charles E. Mitchell testified that we had to get rid of the inheritance and income taxes and institute a sales tax. I wonder if they are going to be able to pull the wool over the eyes of the Congress of the United States? When Morgan has come here with his perfidy shown to the world, when Mr. Hearst has shown it up as well, when they say the Rockefellers condemn the Morgans and the Morgans condemn the Rockefellers, are we going to let them line me up under the Rockefeller banner, the Senator from Idaho under the Morgan banner, the Senator from Nevada under the banner of Mr. Hearst, and then march us all down one common lane, undertaking to do away with income taxes and put the taxes on the people in the form of a sales tax?

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nevada?

Mr. LONG. I yield.

Mr. McCARRAN. I desire to state that when I select my banner I will select it myself, and I will not ask the Senator from Louisiana to select it for me.

Mr. LONG. My reference was to the senior Senator from Nevada [Mr. PITTMAN]. [Laughter.]

Mr. McCARRAN. Without delegation of any kind of authority coming to me from the senior Senator from Nevada [Mr. PITTMAN], my colleague, who will soon go to represent the greatest republic in the world in the greatest economic conference that has ever taken place, I think I have a right to say that he, too, will select his own banner without the intervention of the learned Senator from Louisiana.

Mr. LONG. I had assumed that, Mr. President. I had asked the question. I will state it again for the benefit of the Senator from Nevada, who wishes to be understood on the matter. Are we going to let them line up the American Congress, one under the Hearst banner, another under the Morgan banner, another under the Rockefeller banner, when they are supposed to be at odds amongst themselves, and march us all down to a common point, the sales tax, instead of the income tax and the inheritance tax, which those interests would have to pay if they followed the proper conception of the law?

Mr. President, we promised the American people relief, not from the Morgan practices so much, not from the Rockefeller practices so much, but we promised the American people deliverance from a system. We promised the American people—the Democratic Party and the Republican Party too, almost—a better enforcement of the antitrust law. That is one thing we promised them. We promised through the words of our candidate that we were going to decentralize wealth. We promised that we were going to drive the money changers from the temple. We promised these people that if they would elect the Democratic ticket we were going to deliver the country in such a way and into such hands that the burdens of government would be borne by those who were able to bear them, that the right to labor would not be denied one able to perform it, and that the chance of an occupation and the chance of a livelihood would be guaranteed in this country as long as we had plenty to eat and plenty to wear and work to do. That was our promise.

It does not make any difference, Mr. President, what kind of law we enact to curb these interests so long as they are made the masters of the law. We can enact all the laws we wish to regulate the conduct of the financiers, the bloated masters of fortune and power, but it does not make any difference what kind of a law we write on the books so long as we make them the masters of the law. Remember that, Mr. President. It does not make a bit of difference what kind of law we write. I say it again; I say to all the Senators here from Rhode Island and Tennessee and all the other States that it does not make any difference what kind of income tax law we write, it does not make any difference what kind of inheritance tax law we write, if we are going to put the administration of that law into the hands of those whom we are trying to regulate we might as well never have written the law; we might as well say that we are going to put the gangsters out of this country

and that we are going to make Capone the coordinating chief in order to put the gangsters out of America.

In other words, suppose we wrote a law appointing a supreme chief to oust the practice of gangsterism from the United States and appointed Capone to be the chief. I am putting the case rather extreme. Manifestly nobody would expect Mr. Capone to do anything. Mr. Capone would come right here before the Senate and hold up his hand and take the oath of office to support the Constitution and laws of the United States, just the same as anybody else would do, but we would all know that the minute he went away he was not going to do anything about it.

Yet we come here promising we are going to deliver the country from the money changers, and we hear presented to a senatorial committee the proof that these people have not only controlled legislation, have not only controlled parties, but they have so rigged up the Government of this country that there is not a chance under the ordinary course of things to relieve ourselves of their masterful influence in the course of two generations. We have no chance at all. We may go down the road in the nighttime. There is a house on one side of the road and one off on the other side. We go into the house on the left and we find it is full of bandits and brigands, and we manage to flee from it after 4 years of punishment. Then we go into a house on the right side of the road and we find the same set or something just like them inside of that house, too. In other words, we got ourselves loose from the set in the house on the left that has been in control of the Government for 12 years, and we prayed to the Lord for deliverance and we got it; but lo and behold, we stepped into the house on the other side of the road, and there was Mr. Raskob, who wrote a man a letter on the other side that he "hoped to be able to reciprocate for the favors received"; and here is another man who said, "I am grateful for what you did for me, old boy. What do you want me to do with this stranger I got in here last night?" [Laughter.]

I know it is easy enough to go over the country and paint some of us as radicals. That is awfully easy to do. All anyone has to say is that "they are radicals and a bad set of men." But, Mr. President, there is one thing we have not done. We have not told the American people one thing and done the other. There is another thing we have not done. We have not supported any candidate on any set of principles until that candidate came out and stated them to the American people just as he stated them to us.

There is another thing we have not done. We have not sat here and seen the Democratic Party murdered in the house of its enemy, and we are not going to do it. That is another thing we have not done. We promised the people a change. I was one of the men who promised them, though I might not have been one whose word was accepted, but at least every State which I entered turned out a handsome majority for the Democratic Party in spite of anything I might have done in the State, and the State from which I hail was a banner Democratic State in the last election, I believe, or one of them. But in spite of that, we told the people in the last campaign that if this party of ours began to manipulate the affairs of the Government with that same old type of chicanery that had dominated the last 12 years of this Government, we were going to speak aloud and undertake to see that it was put on the proper keel and directed on the proper course.

Here now comes a man into the house of this country, almost under the dome of the Capitol itself, and what does he say? "I have a list. It does not make any difference who you name. You can name the Republican politicians living in this country today and some who are not alive; you can name the Democratic politicians who are alive, and I will give you a card index whenever you get one of them named."

Here we searched the country with a fine-tooth comb trying to find someone upon whom we could depend to give relief and deliverance to the people of the country, to give us a chance to breathe the breath of new life, and yet after we have combed the country from Dan to Beersheba and got hold of one, we find out that he was a bed mate of the man we had put out! [Laughter.]

Mr. President, I am told that this thing was not only so manipulated, but I am actually told that the influences which had caused one man to accept one of these good offices were the same influences that told our man to take the same office. Here we have today painted before us this sign. Here is a masterful organization. I do not blame them for using the Government as they have used it, because they have been told they could use it. I am blaming the system that permits it. I would not vote to impeach the judge from the northern district of California for the same practices for which the Federal judiciary has been famous for a hundred years. I would not pick out one little judge and vote to impeach him when he has been doing just those things the whole Federal judiciary has been doing for the last 100 years.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. LONG. No; I will not yield.

The PRESIDING OFFICER. The Senator from Louisiana declines to yield.

Mr. LONG. And so now I will not today personally condemn anyone who is a product of this system. I condemn the system which permits it to continue in this day and time.

Now they come here, all of them telling us that we must relieve ourselves of these conditions; and how do they tell us to relieve ourselves of them? They tell us to vote for a sales tax. In other words, Mr. Morgan has shown us that as a result of keeping those whom he wants to keep in the Treasury Department, we are not going to collect any tax from him anyway. Therefore, he says, "Amend the law, and put a sales tax on the little man at the fork of the creek and the little man in the field, so he will have to pay the tax, and you will not be looking to me for anything that you are not going to get anyway, whether you like it or not." [Laughter.] In other words, he offers us relief.

We have been looking around here trying to get something out of Morgan, a man worth some three or four or five or six or seven hundred million dollars, maybe a few billions, and he has shown us that we cannot collect it, for a number of reasons: First, because he has a way of writing it off in losses. Second, because there has been an order given there in the Treasury Department that the income-tax returns he makes are not to be investigated anyway.

So he has shown us that we cannot collect anything from the bloated financiers of the House of Morgan anyway. Therefore he says, "Now, stop looking under my coat for anything, because you are not going to get it if you find it. Put on a sales tax and collect it out of 120,000,000 American people if you expect to get anything."

Then we see coming along the Rockefeller House. The Rockefeller House, they tell us, is against affiliates with banks, and that the Morgans were wanting to keep the bank affiliates in existence. The facts of the case are that they both would want to keep them in existence; but when we got to investigating them all down here, we investigated the National City Bank, and that looked pretty bad, and the Rockefeller House was about next on the list to be investigated; so about that time it threw up its hands and created one of these smokescreens, something like the poker game I got into when I first went West. There were two men sitting on opposite sides of the table, and it looked as if one of them was going to throw the lamp at the other one every minute, and I sat there gambling with them, trying to keep them from fighting, and when we wound up there was not any fight, but I lost my $20. [Laughter.]

They are sitting around here, pulling off that old skin-game trick again, trying to make it look as though there is some difference between the House of Morgan and the House of Rockefeller, and what are they all trying to do? Why, the whole gang of them are going down here telling us that the thing for us to do is to put on a sales tax and to repeal the income tax, and then Mr. Morgan and Mr. Rockefeller and all the balance of them will get out of it, and we will never have to call them before another Senatorial commit-

tee, because by law we will have exempted them even from the right to look into them to see whether we ought to have gotten anything or not.

This is a wonderful system of government we are experiencing. Come, holy blessings that we have prayed for and apparently got in the form of a consistent rulership that we thought we were voting out of existence here on the 8th day of last November.

Mr. President, why all this? We have a bill in the other House known as the public works bill. There has to be some money raised in order to carry it out, some three or four billion dollars. It is necessary to raise that money. This gang, though, or somebody, will have to pay it. How do they propose to pay it? The worst thing they could have done was to put on a sales tax. That is the worst thing that could be done. That would be the most inhumane way possible of raising the money.

The second worst thing that could be done would be to put it on the lower incomes of the country. The way it ought to have been raised, and the way the Democrats of this country promised it would be raised, was by putting it on the powers that were able to pay it at the top.

The House apparently has rejected the sales tax. So far, so good. Now they are undertaking to have the fight between whether we will adopt the sales tax or whether we will adopt the tax on incomes at the lower brackets and the middle brackets. What we ought to do—and I mean to say this more by way of warning than by way of advice—what proves to us that the money changers have not been driven out of the temple, what proves to us that they have not been scaled down in their influence and in the power of being the mighty, is that today, when people are starving and in need of work and are naked, we are talking about raising the money from the starving, instead of going right ahead and putting the tax where the Government has promised it would be put. What we ought to have done, Mr. President, was never to have hesitated for a moment in scaling up the inheritance- and income-taxes, and scaling down the sizes of fortunes in this country.

So I say to the Senate that it is needless to condemn individuals. As long as we allow the few to control the wealth of the country, we cannot expect anything but such examples as we have here now.

I pause here just to make a statement. I think it was very unfair that a Member of this body was included in a list of what were supposed to be preferred customers. It has been shown to my satisfaction that that Member of this body had been a friend to a certain young man, and that that friend, in apparently reciprocating, had written him, and a mere interchange between two personal friends took on the aspect of influence from the House of Morgan, when the facts show that the contrary was the case. I want to say further that in all the national conventions I have ever attended or watched the only name that has been looked upon as anathema to Wall Street, and that promises have almost been exacted from those of us working in the convention that they would keep from ever again adorning the Treasury Department, was the Member of this body whose name was mentioned.

I feel that I know enough, Mr. President, to say that we ought not to feel influenced but that we should feel every sympathy in the world for that unfortunate circumstance caused by a matter of personal relations and to one who felt obligated to our colleague.

In conclusion, Mr. President, let me say that if the Democratic Party is going to succeed it will have to get its house in order, and we will have to help the President get its house in order. We will have to drive from the seats of the mighty whoever may be found there under the domination of the same power that we alleged to be in control of the party that we voted out of existence in the last campaign.

(At this point Mr. LONG yielded to Mr. ROBINSON of Indiana, who inserted in the RECORD sundry newspaper clippings relative to disabled veterans, which appear at a later point in today's RECORD.)

Mr. LONG. Mr. President, the Senator reminds me of something. I was almost ready to close. I want to mention the economy bill while I am on the floor.

Our President has made some mistakes, and so have some of us. They came in here with the economy bill, pleading that something had to be done as a result of the pleas of the Economy League. We have developed the contributors to the Economy League, and we find that nearly every one of them—I do not know how accurate this is, but I think almost to the point of complete accuracy—we find that nearly every one of those who have admitted that they have been paying the Government nothing whatever were the leaders in this movement to throw the soldiers out of the hospitals and take them off the compensation lists. They come along here today, shown up as having avoided paying the taxes that they say they paid in other countries. They come along here, showing that they rigged the market, making the poor, unsuspecting public pay $37 for something they sold to a favored few for $20. They come here showing that they have been able to keep this thing in their own hands; and when they wanted to decide upon a method of relief they said, "Get the soldiers off the pay roll of the Government to relieve the condition of financial distress in which the country now finds itself." They relieved us by taking the soldiers off the roll, throwing them out of the hospitals, and now they come here, and we find that they are entrenched in the place of the mighty.

I want to conclude my remarks with an editorial from the Philadelphia Record, an administration paper, supporting the administration now and in the election and in the nomination. I send it to the desk and ask that it may be read by the clerk.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

[From the Philadelphia Record of May 26, 1933]

FRIENDS OF THE HOUSE OF MORGAN

"Bet you a hundred dollars you can't jump over this."

The old grad holds his cane a foot from the ground in front of the star fullback.

That's the way they subsidize football players without making them professionals.

"We'll let you buy $35 stock for $20."

That's the way the House of Morgan subsidizes key men in private and public life, without breaking the letter of the law.

It is all part of a sinister system to rule the United States.

The public has sensed the tremendous power which private bankers are wielding the destinies of our so-called "democracy."

But the private bankers have been fairly successful in keeping under cover. While Government regulation was becoming more and more general for every other business, private bankers managed to remain immune. They successfully evaded every attempt to place them under even the mildest Government surveillance.

While we regulate everything from barber shops to brokers, the one business which more directly affects every other business, by controlling credit, hides behind the thin subterfuge of its name, private banking.

A few weeks ago we had the spectacle of members of Drexel & Co. rushing to Harrisburg at the last moment to amend the new banking code so that it should not include them. A few months ago Secretary of the Treasury Woodin issued a Sunday-night order that private banks did not have to answer to the rules laid down for all other banks throughout the country.

Now the private bankers earn the reward of this too clever policy. If, years ago, they had submitted to even mild regulation, and done business in the open as all other business men are now compelled to do, the present revelations would not have caused such a shock to the public.

The game is out of the bag. The issue is clear-cut. It is up to the Roosevelt administration.

It is all too evident that the House of Morgan has been trying to sabotage Roosevelt's liberal policies, to nullify all his attempts to raise prices, wages, and increase employment by continuing the deflationary policy which concentrates more and more monetary power in their hands.

There will now be general suspicion of big-banker influence in the deflationary policies so far pursued by the Treasury under Woodin, in the appointment of former Morgan associates to subordinate positions in the Treasury, and in the character of the new revenue proposals now before Congress.

Those proposals restore war-time income-tax rates on incomes of $4,000 or less, more than war-time rates on incomes between $4,000 and $8,000, but leave incomes above that amount to be taxed at far less than they were during the war.

A net income of $6,000 will pay $600 instead of the $360 paid during the war, while a million-dollar income (for married man,

with no dependents) will pay only $591,050, as compared with $703,030 in 1918.

The revelations of how easily the great fortunes of Morgan and his partners can avoid payment of any income taxes are bad enough. These new tax proposals will add to indignation, and increase suspicion of the Secretary of the Treasury who helped frame them.

A complete clean-up is called for in the Treasury, and with it the ousting of Prof. O. M. Sprague, Woodin's new assistant.

The fact that Professor Sprague comes from the Bank of England, the revelation of the bank's connection with the House of Morgan, and the anti-inflationary policy pursued by the bank while Sprague was its adviser breed grave distrust of his appointment.

Roosevelt's one success in fighting deflation came when he overrode his banker-minded Treasury and ordered all exports of gold stopped, leaving the dollar to find its own level on foreign markets.

Removal of Norman H. Davis is advisable if the Roosevelt administration is to retain popular approval of its foreign policy.

Davis, a holdover from the Hoover Administration, is exercising great power, committing the American people to intervention in Europe and the Far East, drawing us into the League, pledging blood and money for future combat.

His long association with the House of Morgan, brought to light by the Pecora probe, makes his present position embarrassing to the administration.

A man is needed at Geneva who will not be under the slightest suspicion of serving two masters. Rightly or wrongly, Davis will be suspected.

In his inaugural address President Roosevelt promised to drive the "unscrupulous money changers out of the temple."

It is now all too evident that his administration can succeed only insofar as it carries out that pledge.

DISABLED VETERANS

Mr. ROBINSON of Indiana. Mr. President, I have in my hand an article published in the Kansas City Times of May 12 with reference to veterans' hospitals. It is as follows:

THIN OUT THE VETERANS—"NEW DEAL" IS EMPTYING SOLDIERS' HOME BARRACKS—RIGID RULES FORCING HUNDREDS TO PACK UP AND LEAVE—PUTS HEAVY LOAD ON CITY OF LEAVENWORTH

By the Star's Own Service

LEAVENWORTH, KANS., May 11.—Sherman's army marched to the sea and the boys in khaki went "Over There" with a song on their lips, but veterans now are marching out of the military home here with a shrug and the destination of nowhere. The home rapidly is being emptied of its occupants by the new Government economy move and barracks and streets are empty where veterans formerly grouped themselves in the day.

A staff of 14 doctors is working speedily to examine all the men in the home, in order to complete the work in accordance with the new-deal regulations. Since they started some 2 weeks ago, approximately 500 out of the 2,300 men normally in the home have packed their few possessions and joined the army of the unemployed.

When the examinations are completed it is expected that more than 1,000 men will have gone. The new orders are severe and far-reaching. Thus far only one man has made an official objection to being ejected from the home, but left after he was informed that if he refused to give up his bed it would be necessary to call the sheriff.

RULES ARE NOT ELASTIC

In order to remain, the veteran must have 75 percent or more disabilities. He also must have suffered these disabilities in actual war-time service. By this ruling there were 230 peace-time soldiers who automatically were turned out. Of this number 75 were ambulatory cases, needing hospitalization, suffering from tuberculosis or other ailments making it impossible for them to obtain employment.

In order for a man to have domiciliary care he must have had 90 days' active war-time service and be almost totally disabled. Many men are going out under this ruling.

The majority of the men are penniless that are affected by this order and as a result constitute a serious problem for the local community. Red Cross officials, the American Legion, and the local chamber of commerce are trying to find means to provide for them temporarily but lack funds. It is estimated that between $4,000 and $5,000 would be necessary to purchase tickets on half-fare rates to get these men to their local home area.

MANY ARE HOMELESS

Only 4 percent of the peace-time men being let out draw pensions, thus aggravating the condition. Many of them are cases of epilepsy and tuberculosis that need immediate care. Many have no homes to go to and are taking to the open road.

With the proposed opening of the new million-dollar hospital and the arrival yesterday of 5 doctors and 14 nurses transferred here from Kansas City the situation becomes even more acute. This increased the Government pay roll there some $42,480 and there is some doubt expressed that even if the new hospital opens there will be enough men to fill it to its 754-bed capacity.

There are many isolated cases showing the seriousness of the situation. One man, 78 years old, who served two enlistments, but both in peace time and who had been a resident of the home 15 years, was let out by this order. His buddies tried to raise enough money to send him to the national home in Washington, D.C., but expressed doubt he would be admitted.

The local post of the Legion held a burlesque show at the home Monday night. Chorus girls, who had been playing in Kansas City, came here and put on the show on a 25-percent basis to raise money to help the stranded men on their way. Now police are seeking two men who are said to have left with the receipts, $200.

I ask that there may be printed in the RECORD, without reading, an article from the Washington Evening Star under the headline "Hurls Brick Through Window So He Can Go to Jail and Eat", the story of a veteran who did that very thing, who was in such a hopeless situation that he threw a brick through a window just so he would be arrested and sent to jail in order that he might get fed; also, an article by Nelson Pombles, of 1408 Fairmount, Middletown, Ohio, with reference to war-incurred injuries; an article with reference to the suicide of a veteran in Jackson, Ky., 60 years of age; another pathetic incident of the same kind, the suicide of a 42-year-old veteran, who was ill, living in Hicksville, Ohio; and then, finally, an article under the heading "Government to Withdraw Help. Ohio Soldier's Home Must Get $40,000 Elsewhere or Reduce Population."

There being no objection, the articles referred to were ordered to be printed in the RECORD, as follows:

[From the Evening Star, Washington, D.C., May 20, 1933]

HURLS BRICK THROUGH WINDOW SO HE CAN GO TO JAIL AND EAT—CLAUDE M. NIELSON, HUNGRY VETERAN, ARRESTED FOR DESTROYING GLASS IN NATIONAL GUARD ARMORY

The prospect of eating regularly caused Claude M. Nielson, 36, of Dayton, Ohio, to go into police court today with the fervent wish that he would be sentenced to jail.

Nielson, a World War veteran, was so anxious to go to jail, according to police, that he tossed a brick through a window yesterday in order to force an officer on duty nearby to place him under arrest.

The policeman, F. E. Kenney, sixth precinct, reported he was standing on the corner of Sixth Street and Pennsylvania Avenue "covering" the bonus parade when Nielson walked up and asked:

"How much time would I get if I smacked you on the nose?"

"You wouldn't go to jail if you smacked me", Kenney replied, "you'd go to a hospital."

Nielson hesitated a moment, then said:

"Well, that's out. How much time would I get if I broke a window?"

"Well, that all depends", was the answer.

Then, according to information given Capt. William E. Holmes, first precinct commander, Nielson picked up a brick and threw it through a window of the National Guard Armory, on the corner.

"O.K.", he said, smiling. "Go ahead and arrest me."

Col. Peyton G. Nevitt, of the National Guard, who had witnessed the brick-tossing, charged Nielson with destroying private property, and the veteran was taken to the first precinct.

"What would you do if I should refuse to file a complaint against you?" Colonel Nevitt inquired as Nielson was being booked.

"Why, I'd just go out and break a bigger window", was the answer. "I'm hungry and broke, and I want to go to jail."

Nielson told the police, they said, that he recently was dismissed from a veterans' hospital in Dayton, in accordance with the new Economy Act, restricting hospitalization to ex-service men disabled in active service.

In police court today the judge asked Nielson whether he wanted 30 or 60 days. He replied, "30 days", and got 30.

WAR-INCURRED INJURIES

To the EDITOR OF TIMES-STAR:

During the past several months I have read numerous items appearing in the public press and various magazines concerning veterans' legislation. It was my impression that the drive of the National Economy League was for the purpose of discontinuing payments of benefits to those veterans who acquired disabilities subsequent to discharge from the World War. The numerous articles on this subject specifically state that it was not desired to reduce benefits that were being paid to veterans on account of combat wounds received on the firing line. With the approval of the recent economy bill, further press items indicated that it would also be necessary to reduce payments for combat wounds approximately 20 percent as an emergency measure in order to maintain the credit of the United States.

When I volunteered and enlisted in the military service, January 18, 1918, I was married; consequently sacrificed my home to serve the Nation in time of stress. I was assigned to Company F of the Sixteenth Infantry as sergeant, and served overseas in engagements at Soissons and St. Mihiel. On September 12, 1918, I was severely wounded in the arm, resulting in a compound fracture and atrophy, and was also wounded in both legs and severely gassed. It was necessary that I remain under constant treatment in the hospital for more than 3 months. I was honorably dis-

charged January 22, 1919, and since that time have been a patient in numerous hospitals on account of my war-incurred disabilities.

The Veterans' Administration has considered me to be permanently and totally disabled on account of such combat wounds, partial blindness, and resulting shock to my nervous system; and at this time I am receiving an allowance of $100 per month. The recent press notice indicating that claims of this type were to be reduced 20 percent was evidently misunderstood by me, as the letter I have just received from the Veterans' Administration states that I will no longer receive the $100 per month after July 1 but will be reduced to $20. It therefore appears that the reduction was reversed and the 20 percent is to go to the veteran and the 80 percent retained by the Government. The new rating of $20 is based on the same medical data as the former rating and includes only combat impairment.

With the former allowance my family has been able to exist without the aid of charity, but with the pittance now awarded me it will be necessary that I seek aid from local charity for existence. I am, of course, unemployable for any purpose, and it does not seem fair to me to place the responsibility of my support on the local community, when my service was rendered in protecting the entire Nation. I am not asking remuneration for any social loss or for the physical suffering my wounds have caused me; but I do feel that the Nation is obligated to me for an existence.

Would any of the proponents of such legislation desire to exchange their lot for mine?

NELSON POMBLES,
1408 Fairmount, Middletown, Ohio.

WAR VETERAN, 60, ENDS LIFE

JACKSON, KY., May 11.—Funeral services were held today for Andrew J. Powell, 60 years old, Spanish-American War veteran, who ended his life last night by firing a pistol bullet into his heart. He had been in ill health and despondent over fear of losing his pension.

HICKSVILLE VET KILLS HIMSELF—EARL HENLY, 42, HAD BEEN ILL

HICKSVILLE, OHIO, May 14.—Earl Henly, 42, of Hicksville, committed suicide here this morning by shooting himself through the heart. His body was found next to a tree in the Hicksville fairgrounds by George Getrost. Ill health was given as the reason for his act.

Henly was a World War veteran and had gone to Great Lakes Naval Hospital at Chicago yesterday, where he failed in an attempt to receive Government medical help, according to a report here. He served overseas during the war in the Air Service.

He left a note to his mother, Mrs. Eva Henly, with whom he resided, requesting that no military funeral be held for him. He also informed his mother as to where she could locate his war-service papers. Before the war Henly worked for the Baltimore & Ohio Railroad in Garrett and in Pittsburgh, Pa. His wife died 5 years ago.

Funeral services will be held at the home of the mother Tuesday afternoon at 2:30 o'clock. Burial in Forest Home Cemetery here.

GOVERNMENT TO WITHDRAW HELP—OHIO SOLDIERS' HOME MUST GET $40,000 ELSEWHERE OR REDUCE POPULATION

Withdrawal of financial support the Federal Government heretofore has extended to the Ohio Soldiers' and Sailors' Home at Sandusky will force the State welfare department to seek $40,000 from some other source, according to Welfare Director John McSweeney.

The Federal Government order suspending payments to the home is effective July 1. For a number of years the Government contributed $10 a month for each inmate in the institution. Records of the welfare department show that in 1931, the latest year for which figures are available, the Government contributed $43,000 to the home, instead of the expected $90,000.

The State legislature has been asked for an appropriation of $218,000 for the institution for 1933 and a similar amount in 1934. If additional funds are not forthcoming, McSweeney asserted, it will be necessary to reduce the population of the institution.

EMERGENCY RELIEF OF RAILROADS

The Senate resumed the consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Mr. WHEELER. Mr. President, I want to put into the RECORD some statements with reference to the general railroad situation. I am opposed to the passage of this so-called "railroad bill", and I am opposed to it because of the fact that I think the approach to the subject of railroad legislation is entirely wrong.

I was very much surprised to hear the statement made by the Senator from Washington to the effect that the railroad men themselves were in favor of it. I am sure that the railroad men of my State and of the Northwest generally are not in favor of it, notwithstanding the fact that there may be some of the heads of the railroad organizations who do favor it.

I want to read portions of a statement made before the Committee on Interstate Commerce by Donald Richberg, who is recognized as one of the leading authorities upon the subject of railroad legislation, and, in my judgment, is one of the ablest lawyers in the United States. He made the following statement:

> The organized railway employees oppose the program embodied in S. 1580 and H.R. 5500, because it provides a mechanism of false economy which will seriously reduce transportation service for the public, will deprive from 50,000 to 300,000 employees of work, will not permanently improve railroad operations or railroad credit, will retard economic recovery, and will promote policies that will work infinite harm to the public interest. The fact is now made plain in the testimony of the sponsors of the bill that substantially all of the powers conferred in this bill that can be practically exercised are to be exercised either directly by or under the control of the coordinating committees selected by railroad management. The bill, therefore, enthrones only an infant czar under the regency of railroad managers.
>
> The railway labor organizations during the period of the development of this legislation protested in vain against the theories which seem to underlie it. They pointed out that a choice must be made at the outset between preserving a generally competitive system or establishing a monopoly system. They insisted, and now insist, that if we can no longer pay the price of competitive waste in order to obtain the benefits of competitive initiative and efficiency, then we should face the fact that we cannot compromise with partial competition and partial monopoly; that a private monopoly of a public service is intolerable; and that when we accept the necessity of monopolizing transportation we are accepting the ultimate necessity of an ultimate governmental transportation service.
>
> In the proposed bill the Congress is considering an effort to accomplish the impossible—to bring about a consolidation of railroad operations whereby less transportation service will be furnished but more money will be made.

That is exactly what is being sought in this particular bill.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BORAH. Would it interrupt the Senator if I asked him a question?

Mr. WHEELER. Not at all.

Mr. BORAH. The thought which I entertain at present in regard to the pending bill is that there is no economy to be secured by the passage of the bill unless it is to be secured by withdrawing from the public certain railroad advantages through consolidation, and so forth. What I would like to have the Senator explain, and what I would like to have the Senator who is in charge of the bill explain, is what is expected to be gained by the passage of this bill.

So far as the saving which was anticipated from the dismissal of employees is concerned, that is not to take place, and I think that is correct; but if it is true that no saving is to be secured or had by reason of employing a lesser number of people, then I can see no benefit to be derived from the bill, unless it be through a reduction of facilities of railroad transportation in certain parts of the country, especially of the West.

Mr. WHEELER. Mr. President, let me say this to the Senator: When the question of the consolidation of the railroads of the Northwest came up before the Committee on Interstate Commerce, I opposed it, and, speaking to one of the officials of one of the great railroads of that section, I said to him: "How much money do you expect to save?"

He said, "We expect to save about $10,000,000 a year."

I said, "How do you expect to save it? Is it not a fact that you will have to make that saving in two ways, one by cutting down the service rendered to the people of the Northwest, and by dispensing with certain trains, and not only by dispensing with certain trains, but by eliminating practically entirely some of the communities out there, and keeping a great many of the communities from receiving practically any service whatsoever from the railroads? And, in the second place, do you not expect to make the saving by laying off a large number of employees?"

He said to me, "That is correct."

I said to him, "Can you promise me that if you make those savings, that $10,000,000, by laying off employees, and by cutting out the service now rendered to the people of

that Northwest section, you will give any lower freight rates or passenger rates to the people?"

He said, "Of course not."

I propose to show, Mr. President, by figures just exactly what it would mean to the Northwest, and how it would mean that the railroads are going to lay off employees. While this bill on the face of it proposes to leave the employees in substantially the status in which they are at the present time, or somewhat in that status, nevertheless it means cutting down or laying off employees, even under the bill as amended by the Committee on Interstate Commerce.

Mr. BORAH. Is there any effective provision in the bill by which we could deal with the question of the capital structure of a railroad?

Mr. WHEELER. I do not think there is a thing in it by which we could deal with the capital structure of a railroad. If there is, the chairman of the committee will correct me.

Mr. BORAH. Whatever saving would be had, then, would be by reason of the reduction of the number of employees, or by curtailing transportation facilities to different parts of the country?

Mr. WHEELER. That is all.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. DILL. The Senator referred to me, and I want to say that I think there are a great many savings which could be made by the standardization of equipment. One man stated $100,000,000 a year could be saved through the standardization of equipment of these railroads, which could be enforced by the coordinator, which would never be agreed to by voluntary action on the part of the railroads themselves.

Mr. WHEELER. That is not the question.

Mr. DILL. The Senator from Idaho was asking whether there was any other saving from any other source which could be effected, and I say I think there is along the line I have suggested.

Mr. WHEELER. There is no saving that can be made, under the terms of the pending bill, by having them cut down their capital structure.

Mr. DILL. The bill provides that the Interstate Commerce Commission shall not approve a loan unless it finds that the financial structure of the railroad is such that it can continue.

Mr. WHEELER. Of course, but that is not any cutting down of the capital structure.

Mr. DILL. That will result in cutting it down. They must cut it down.

Mr. WHEELER. Not at all. There is no provision in the bill that cuts down the capital structure, or gives anyone power to cut down the capital structure, or authorizes the coordinator to ask them to try to cut down the capital structure.

Mr. DILL. Mr. President, will the Senator yield again?

Mr. WHEELER. I yield.

Mr. DILL. I call the Senator's attention to the fact that there is no power under the Constitution for a coordinator, an official of this Government, to compel a railroad, just because he does not approve its structure, to cut it down; but if they come to borrow money the Government agency can make that as a requirement. We cannot give anybody power under the Constitution to compel a railroad to cut down its capital structure.

Mr. WHEELER. Of course not. In answer to the Senator from Idaho, let me say to him that there are possible ways in which the railroads can make some savings without laying off any considerable number of men; but there is no question at all, because the coordinator himself made the statement before the committee, that the principal way in which they intend to make the saving is by laying off men.

Mr. DILL. There is no coordinator now.

Mr. WHEELER. The man whom we expect to be appointed coordinator, let me say. I think everybody concedes that he will be the man who will be named. I will say Mr. Eastman, then, made the statement; and of course the railroad officials all make the statement that the principal way they expect to make savings is by eventually laying off men, and if they cannot do that, then they cannot make any considerable savings.

Mr. DILL. Mr. President, will the Senator yield again?

Mr. WHEELER. I yield.

Mr. DILL. I remind the Senator that Mr. Gray, of the Union Pacific, said that he did not think the coordinator could cut more than 10,000 men from the rolls, even if he had the power; and we have taken away the power.

Mr. WHEELER. I will show what they will lay off on the Northwestern Railroad.

Mr. President, before taking up some of the statistics I have here, I want to read further from the statement of Mr. Richberg. He said:

> In the proposed bill the Congress is considering an effort to accomplish the impossible; to bring about a consolidation of railroad operation whereby less transportation service will be furnished but more money will be made; to bring about greater concentration of private control, fostering monopoly, while at the same time attempting to increase public control; to deflate capital and labor drastically in a great essential industry, while at the same time promoting a program of inflation and economic recovery.

On the one hand, we are talking about putting men to work, giving employment to a large number of people, and are also talking about deflating our currency and bringing back the prices of commodities, and, on the other hand, we are talking about deflating the railroad employees in this particular bill.

Mr. Richberg says:

> We do not believe that such an effort can succeed. We believe that such a legislative measure is fundamentally unsound, but we will not content ourselves with a general opposition to this proposal, recognizing that it has behind it the encouragement of the administration and believing that its political sponsorship is well-intentioned but ill-advised; that it is actuated by high purposes which, however, cannot be realized through this legislation.

Let me say to the Senate that I think I know the feeling of the railroad brotherhoods with reference to this bill. I think I am safe in saying that they have felt that they possibly had to take this bill, because they thought it was going to be passed, regardless of whether they wanted it or not, and consequently they asked for some amendments. They are now put in the position, of course, of having to take it or perhaps get something worse. I do not believe that is the correct position for labor to take, because I think that not only should we protect labor in the bill but that we should protect the general public in the measure, those who are at present being served by the railroads of the country.

Mr. Richberg further said:

> Therefore, we shall seek to point out inadequacies in the bill as drafted to carry out the purposes of the bill as they have been defined. We will present our comments in the form of proposed amendments, and, in explaining the need for such amendments, it may be possible not only to demonstrate the weaknesses in the bill as drafted but perhaps we may also be able to demonstrate the fundamental unsoundness of this method of attacking the railroad problem. Before presenting these amendments in detail it may be well to summarize them in order that the committee may understand that all our amendments fit into certain principles and policies which we believe should be written into any legislation of this character. We propose amendments largely to express clearly our ideas, without any assumption that these are expressed in the best form for legislative use.

Mr. President, this morning I called attention to some of the facts and figures with reference to what has been going on in the railroad world since 1920 and I particularly want to call attention to this fact.

> Perusal of the table on page 5, entitled "Fixed charges and dividends, class I railways" reveals how the railway bondholders and stockholders have been faring ever since 1920, and especially since the crash of 1929. Fixed charges (interest on funded and unfunded debts and rents for leased roads) increased by over $105,000,000, from 1920 to 1931, and dividends increased by over $58,000,000. Both items together increased by approximately $164,000,000, 1920 to 1931.
>
> The greatest amount—

I should like to have the Senate realize the significance of these figures—

> The greatest amount ever disbursed in the form of fixed charges was in 1929, totaling a little less than $689,000,000, while the largest sum ever disbursed in dividends was in 1930, amounting to nearly $510,000,000.

The largest sum that was ever disbursed by the railroads of this country in dividends, I repeat, was in the year 1930, after the crash, when they paid out $510,000,000.

Mr. SHIPSTEAD. Mr. President——

Mr. WHEELER. Just a moment and I will yield to the Senator. Let me call attention to this fact, because statistics bear it out, that in the years 1927, 1928, 1929, and 1930 some of the railroads of this country, in order to boost the prices of their stocks upon the stock market, in order to unload their stocks, got into the hands of certain speculators. The management were speculating with the roads. What did they do? They reached in and took out of the surplus money with which to pay dividends in order that they could boost the stock by making a good dividend showing, and unload them upon the public. So after the crash came, even in 1930, they paid the greatest amount of dividends that they had ever paid in the history of the United States. Then on their knees they came down here to the Reconstruction Finance Corporation and said to the people of the United States, "We have got to have money; if you do not give us money, the banks and the insurance companies of the country will all go broke."

Mr. President, I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The amount the Senator has mentioned as having been paid out in 1930 was in dividends on stock and did not include interest on the bonds?

Mr. WHEELER. That is correct.

Both items combined, fixed charges and dividends, were the largest in the history of the railways in 1930. By 1931, the year of growing uneasiness over the financial stability of the railways, the curtailment in dividends and fixed charges only amounted to $187,000,000, or 15.7 percent. Against this it will be noted from the following table on page 6 that total railway income (out of which dividends and fixed charges are ultimately met) declined from 1920 to 1931 by approximately $397,000,000, or 30.9 percent, which is twice as much as the decline in fixed charges and dividends.

(4) The next table on page 6, entitled "Selected income items and ratio of total dividends declared to net income, class I railways, etc.", tells an even more striking story. It will be seen from this table that, with the exception of 1921, the total amount of dividends declared each year from 1920 to 1930, inclusive, was less than the net income.

I want to emphasize that statement, and will read it again:

It will be seen from this table that, with the exception of 1921, the total amount of dividends declared each year from 1920 to 1930, inclusive, was less than the net income.

I quote further:

The largest amount in dividends since 1920, namely $506,625,000, was declared in 1930, the year immediately following the crash of 1929, and this despite the fact that the net income for 1930 fell by $372,900,000 from the 1929 figure.

In other words, Mr. President, notwithstanding the fact that their net income fell off $372,000,000, they paid in 1930 the largest dividends that were ever paid in the history of the railroad business in this country.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WHEELER. Yes.

Mr. ROBINSON of Arkansas. To what may be attributed the marked decline in railway operating income for the period to which the Senator has just referred?

Mr. WHEELER. It was the general crash and the general collapse of business throughout the country, because a similar condition occurred after 1920; the railroad business declined at that time with every other class of business in the United States. I think that the railroad business, as a matter of fact, has stood up better than most other industries throughout the country, because, as we all know, in many of the large industries there has been an almost total shut-down, with a complete loss of earning power.

But I return to the document from which I was quoting:

Thus during 1930, and in face of the decline in net, the total dividends declared actually increased over the 1929 figure by $16,500,000, and approximated the net income for 1930 by 97 percent.

It next appears that the net income for 1931 again fell from the preceding year (1930) by $389,146,000. This decline is even larger than the decline from 1929 to 1930. But no corresponding reductions in dividend disbursements took place. Dividends merely declined from the high of 1930 by $176,474,000 or less than one half the corresponding decline in net income. As a result it now develops that the total amount of dividends paid out in 1931 were almost 2½ times as great as the net income for that year. In other words, the amount of dividend disbursements for 1931 actually exceeded the net income for 1931 by almost $200,000,000.

To be accurate, the amount was $195,389,000 in actual cash.

That shows, Mr. President, it seems to me, quite clearly what has been wrong with the railroads of this country. They have actually been paying out of their capital during these years in some instances almost twice as much as they were actually earning. Now they are coming to the Congress of the United States, or, rather, some of the bondholders are coming to the Congress of the United States, and, in order to make up to their depleted treasuries the amount which they have paid out in dividends during these years, when they ought to have been conserving their resources in order to keep the roads going and to keep their men employed, are asking us to throw out of employment—for that is what they want, and if they have their own way they will throw them out of employment—anywhere from 50,000 to 300,000 men from one end of this country to the other, and thereby further add to the great number of unemployed and further add to the deflationary movement that has been going on in this country since 1929.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. I yield.

Mr. DILL. I should like to remind the Senator that there is not anything at all to prevent them from throwing men out of work if they desire to do so right now. If we shall not pass this bill, there will be nothing to prevent their going ahead and throwing out of employment all the men they want to discharge.

Mr. WHEELER. Of course not, but if we pass this bill, Mr. President, and take out the labor provisions—and that is what the railroads want—there will be many men added to the ranks of the unemployed; and let me remind the Senator that when this bill shall pass and the consolidations and combinations of the great railroads in his State take place, he will find as a reaction that the small merchant and the little home-owner in all the cities of the State of Washington, as well as from one end of the country to the other, will demand that the Government of the United States maintain a transportation system as it was prior to the passage of this measure.

I want to say that I am not going to vote for this bill, because I know what it means. I know, Mr. President, it means that the service of the railroads in the Northwest is going to be cut down, and I know what it is going to mean to the railroad men of the country. I say this is the very worst time to throw men out of work; it is the very worst time to cut down the service; and there is not any necessity for it. If the railroads had not paid out unjustifiable sums in dividends in order to maintain the prices of their stocks upon the stock market, there would not have been any necessity to throw railroad workers out of employment and cut down on the service rendered the people. The trouble has been not with the management of the railroads so far as the actual managing of the roads is concerned, not in the wages that have been paid as a great many people say, but it has been the fact that the railroads of the country have been the football of Wall Street speculators who have actually boosted and lowered the stocks of the railroads on the stock markets for their own gain.

By whom are the railroads controlled? Does anybody think they are controlled by a few stockholders? Does anybody think the railroads today are controlled by any one except two or three large banking houses? Who controls them? The house of Morgan controls a large portion of the railroads. Kuhn-Loeb & Co. and other brokers and bankers in the city of New York are today the dominating

factors in the railroad business. They move the railroad presidents around just like so many men upon a chessboard. That is what is happening. The railroads are not being managed by their managers. They are not being managed by the presidents of the railroads. They are being run in the interest of speculators who have controlled them for their own selfish interests and because of the fact that they were making money out of managing and running the railroads, the only means of transportation that we have had until recently.

The railroads complain of the competition of motor trucks. They complain because they have lost freight and passenger business. The reason why they have lost it is not just because of the fact that they have had this competition, but they have been guilty of letting the competition grow because of the high freight rates asked. Those high freight rates have let the motor trucks come in and take the freight business away from the railroads. The railroads have maintained their rates too high. They have not given the people the kind of service that they were entitled to have.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Colorado?

Mr. WHEELER. I yield.

Mr. COSTIGAN. Has the Senator from Montana placed in the RECORD statistics showing the discharges of railroad workers since 1920?

Mr. WHEELER. I have them here and intend to do so before I conclude.

Mr. COSTIGAN. I was going to request the Senator to do so if he had not already given the figures.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. McCARRAN. Will the Senator from Montana indicate if there is anything in the pending bill by way of economy except the discharge of labor and the turning out of labor so that they must of necessity find other avenues by which and through which they may sustain themselves? That is one question. I want to propound another, because I do not care to interrupt the Senator from Montana again. I am entirely in accord with his views. Is there anything in this measure that even indicates that those who have in the past received and who now receive the higher emoluments coming from the public will be at all reduced in that respect?

Mr. WHEELER. I am very glad to answer the Senator's question. In the first place, I will give the Senator the estimates of savings to result from unification of the Great Northern and Northern Pacific systems. Under this bill, if a coordinator is appointed, we will have unification of the Great Northern and Northern Pacific Railroad Cos. I understand that these estimates were given by the railroads themselves. I ask that these tabulations may be inserted in the RECORD at this point without reading.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Estimate of savings to result from Great Northern-Northern Pacific unification

[From pp. 47 and 48 of Interstate Commerce Commission Finance Docket No. 6409]

Many of the economies here mentioned are thought by the protestants to be possible without unification of the carriers (p. 49).

Change proposed:	Expected annual saving
Rerouting of traffic by shorter lines	$1,536,328
Use of Rosebud coal on Great Northern between Casselton, N. Dak., and Spokane, Wash	2,282,157
Diversion of passenger trains from Prairie to Port Defiance line (one example of possible savings in routing passenger trains)	27,300
Transportation of ballast (one example of possible savings in hauling material)	20,409
Hauling treated ties between Spokane and Ellensburg, Wash	6,950

Estimate of savings to result from Great Northern-Northern Pacific unification—Continued

Change proposed:	Expected annual saving
Treating ties in Minnesota	$95,000
Unification of facilities at Breckenridge, Minn., and Wahpeton, N.Dak	19,945
Proposed changes at head of lakes and Hinckley and Sandstone, Minn	548,302
Proposed changes at Sand Point, Idaho, and Spokane, Wash	300,547
Rerouting freight at Auburn yard, Washington	81,480
Unification of facilities at the Twin Cities	705,320
Unification of facilities at points on the Dakota division	366,963
Unification of facilities at 10 common points, St. Cloud, Minn., to Butte, Mont., inclusive	196,516
Unification of facilities at Seattle, Tacoma, Portland, etc., including rearrangement of train service	868,779
Rearrangement of shops	536,403
Accounting economies	669,399
Purchasing and stores departments	1,063,571
Traffic expenses	817,437
Total	10,142,811

Details of typical economies to be effected in Great Northern-Northern Pacific unification

[From brief and exhibits filed by railway managements with Interstate Commerce Commission, Finance Docket No. 6409]

1. ACCOUNTING DEPARTMENT

Office	Contemplated force reduction	Annual saving expected
Auditor of disbursements	20	$47,836
Auditor of freight records	19	20,640
Auditor of passenger records	7	8,910
Auditor freight O.C.	4	4,836
Auditor car records	11	14,380
Freight claim agents	10	11,932
Spokane, Portland & Seattle accounting office	175	210,865
15 percent of present pay rolls	249	350,000
Total	446	669,399

2. REARRANGEMENT OF SHOPS

Shop	Present force	Proposed force	Pay-roll saving
St. Paul:			
Dale (Great Northern)	635	None	
Jackson (Great Northern)	90	12	
Brainerd (Northern Pacific)	610	797	
Superior (Great Northern)	220	350	
Livingston (Northern Pacific)	296	515	
South Tacoma (Northern Pacific)	414	537	
Hillyard (Great Northern)	330	355	
Everett (Great Northern)	164	4	
Vancouver (Spokane, Portland & Seattle)	99	21	
St. Paul:			
Como (Northern Pacific)	574	None	
Jackson (Great Northern)	613	965	
St. Cloud (Great Northern)	622	875	
Brainerd (Northern Pacific)	272	39	
Superior (Great Northern)	363	378	
South Tacoma (Northern Pacific)	540	694	
Hillyard (Great Northern)	364	403	
Everett (Great Northern)	134	35	
Vancouver (Spokane, Portland & Seattle)	153	60	
Fridley (freight car shops)	205	377	
Mississippi (locomotive shops)	91	160	
Total	6,786	6,577	$344,908.02
Total saving, labor and supervision			462,977.52
Maintenance of buildings			63,315.00
Total annual saving			536,402.52

3. REROUTING FREIGHT AT AUBURN YARD, WASHINGTON

Facility	Force reduction	Annual saving
Roundhouse and repair track	8	$12,990.24
Yard office	13	22,239.72
Switching	15	27,810.00
Total labor	36	63,039.96
Other saving		18,440.04
Total saving		81,480.00

Details of typical economies to be effected in Great Northern-Northern Pacific unification—Continued

4. UNIFICATION OF FACILITIES AT 10 COMMON POINTS, ST. CLOUD, MINN., TO BUTTE, MONT.

Station	Total annual saving	Force reduction	Pay-roll saving
St. Cloud, Minn.	$8,390	3	$5,868
Sauk Center, Minn.	2,922	2	2,922
Morris, Minn.	6,635	4	5,100
Fergus Falls, Minn.	11,429	4	6,940
Wadena, Minn.	2,657		
New Rockford, N.Dak.	3,539	2	3,160
Leeds, N.Dak.	1,757	1	1,635
Billings, Mont.	9,718	6	9,048
Helena, Mont.	64,859	24	45,995
Butte, Mont.	84,000	31	63,223
Total	195,906	77	143,891

SUMMARY OF SAVINGS IN FOUR TYPICAL CHANGES

Location	Total saving	Labor saving	Force reduction
Accounting department	$669,399	$669,399	446
Shops	536,403	462,978	209
Auburn yard	81,480	63,040	36
10 common points	195,906	143,891	77
Total	1,483,188	1,339,308	768
Relative saving (percent)	100	90.3	

Mr. WHEELER. Mr. President, it will be seen from these records that the largest saving anticipated will have to come out of labor. It will have to come out of the cutting down of service that is rendered at the present time to the people of that section of the country. What is true with reference to that section of the country is bound to be true of practically every other section of the country.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I yield.

Mr. McCARRAN. I interrupt only for this observation. By his last statement the Senator has answered the question I desired to propound, because from the reports from which he has read and from a review of the whole bill, it is entirely comprehensible that the only economy is to come from the turning out of employment of those who are now employed.

While I am on my feet I am going to ask the learned Senator from Montana whether or not in the last few days he has been visited by any of the heads of the four brotherhoods and whether or not they are supporting this measure? In that connection I want to say that today I had a visit from the national heads of the brotherhoods, during which they indicated to me that this bill should be supported. In view of the fact that its enactment into law will mean the turning out of employment of a number of men which has been variously stated to me at from 100,000 to 300,000, I should like to ask the Senator from Montana if he can reconcile that fact with the fact that the national heads of the brotherhoods are supporting such a measure?

Mr. WHEELER. The brotherhoods have not said anything to me about it, but let me say to the Senator that I do not believe they favor the bill, except that they are afraid if they do not take this one they will get something worse. No doubt some of them feel perhaps it is the lesser of two evils. I read a moment ago a statement of Mr. Richberg before the Interstate Commerce Committee, pointing out that it is unsound in principle and that we are going about it absolutely in the wrong way. Some amendments were proposed. One amendment that was proposed is to try as best we may to preserve the status quo of labor at the present time. That was approved by the committee, and they are in hopes that by the adoption of that amendment there will not be from 50,000 to 300,000 men laid off.

My own judgment about the matter, as I pointed out a moment ago, is that the railroads of the country during the past few years, during 1928, 1929, and 1930, paid out in dividends the largest sums that they have ever paid out in dividends, and they paid them out of surplus funds rather than out of earnings. In some of the years previous to that time the railroads actually were paying out these dividends instead of setting aside a reserve to meet conditions such as have arisen. They were actually paying out dividends in order to boost their stocks on the stock market.

Then what happened? After they had nearly wrecked the railroads, they came to Washington and sent out propaganda throughout the United States and pleaded in the name of savings banks and widows and orphans and policyholders. I am going to point out before I get through how that propaganda was without any foundation because of the fact that the earnings of the savings banks and the amount of money they received as earnings on those bonds was a very small percentage of their earnings. The same is true of the earnings of insurance companies from those sources.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I yield.

Mr. BLACK. The Senator is aware that I have an amendment which I am going to propose, which also has the endorsement of all the railroad brotherhoods, and which would, if adopted, actually give a large amount of employment to those who are now out of work.

Mr. WHEELER. I am frank to say to the Senator that if the Senator's amendment is adopted I think it would be the most fundamental thing that could happen in the passage of this bill; and I am heartily in favor of the Senator's amendment.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Nevada?

Mr. WHEELER. I do.

Mr. McCARRAN. I do not know that my question is entirely apropos to the Senator's thought. If it is not, I do not care to urge it; but is it not true that this proposed measure, if it goes through, will set aside the rule of seniority that has prevailed, and likewise the rule of mileage in the way of payment that has prevailed under the rule of seniority?

Mr. WHEELER. I do not so understand it.

Mr. DILL. No, Mr. President; it cannot do that, because under the Railway Labor Act they are protected.

Mr. WHEELER. They are protected. Some of the railroad men have contended that if we should have a 6-hour law it might cut down the wages of some of the engineers; but with reference to that let me call the Senator's attention to this fact:

The philosophy—and I think it is a true philosophy—of labor organizations has always been to shorten the hours, and when the hours are shortened wages take care of themselves, because when there is a large amount of unemployment in the country no organization, however strong it may be, can for a very long period of time keep up wages; but if the hours are shortened and there is more or less of a shortage of labor, wages always go up in proportion and in accordance with the demand for labor, as the Senator knows. Some labor men, however, have erroneously, I think, taken the view that to shorten hours meant to lower their wages, and they were opposed to it for that reason. That is a very short-sighted policy, in my humble judgment.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I yield.

Mr. BLACK. I desire to state to the Senator that they are not opposed to the amendment I am offering. It has the unanimous endorsement of all the railroad brotherhoods,

including the engineers, according to the statement they made to me yesterday afternoon.

Mr. WHEELER. I am very happy, indeed, to learn that they have come together and agreed upon it.

Mr. McCARRAN. Mr. President, I know that to be true.

Mr. WHEELER. I come back now to the question of income and dividends:

The decline in net income for the first 9 months of 1932 continues. In fact, there is no net income at all. Instead there is a net deficit of $167,851,000, which it is estimated will increase to $200,000,000 by the end of 1932. Yet in the face of this deficit, up to the end of September 1932 the railway companies in the aggregate have declared dividends amounting to $67,834,000.

Concurrently with these developments railway employment has been steadily curtailed since 1929, and in 1931 a movement was launched which for the year 1932 provided the railway companies with a financial contribution out of the wages of the employees estimated at $200,000,000 annually. This contribution took the form of a 10 percent pay-roll deduction and went into effect February 1, 1932. According to the railways, this help from their employees was necessary in order to maintain the financial integrity of the companies.

We have been receiving so much misinformation in this body with reference to some of these questions that I felt it was necessary to take up some time in order to get before the Senate of the United States the actual facts concerning the railroads and what they have been doing.

But what in essence this $200,000,000 pay-roll deduction now amounts to, considered in the above light, is a reimbursement of the railway companies for the false optimism and unwarranted extravagance manifested by their boards of directors ever since the crash of 1929.

In other words, Mr. President, by reason of the fact that the railroads paid out in dividends, from their surplus funds, over a half billion dollars when there was actually a deficit, they then asked the railroad employees to take a cut of 10 percent. They laid off, as the figures I showed you this morning demonstrated, about one third of their employees, as I recall the figures given here, in addition to the $200,000,000 cut. Now we are proposing to give them authority to unify the roads, to cut out services, to have an absolute monopoly under Government sanction, and to release them from the operation of section 15a of the Railway Labor Act. If we do that, if we take out the labor provisions that have been put into this bill, particularly, and do these other things, watch the stocks of the railroads of this country jump up on the stock ticker, because then they will have practically an absolute monopoly. They will be able to throw out of employment numerous men. They will be able to cut out the service rendered to the various communities of this country.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. The $555,000,000 dividends on stocks that were paid in 1929 came out of the net operating income, which was $1,322,000,000 more in 1929 than in 1920.

Mr. WHEELER. That is correct.

Mr. SHIPSTEAD. And that increase in net operating income came from $785,235,000 that was saved on pay-roll reductions, due to the laying off of 361,000 employees.

Mr. WHEELER. Yes.

Mr. SHIPSTEAD. So those dividends came out of the funds that were saved by laying off labor.

Mr. WHEELER. Of course; and the bondholders have been down here seeking to get this legislation passed, and they have been doing it in the name of the widows and orphans that have their money in the savings banks. They have been doing it in the name of the insurance companies. Before I get through I am going to take up the insurance companies and show just how much money they have invested in railroad bonds, and how it affects their income, by giving the actual figures to the Senate of the United States.

Instead of husbanding their resources, the railway companies disbursed them with a lavish hand in the form of dividends. Had these disbursements since 1929 been kept in the same relation to net income as prevailed during 1928 and 1929, namely 54.7 percent, then the railways would have saved themselves $476,000,000 up to the end of 1931. Thus it would not have been necessary to come to the employees for a hand-out of $200,000,000 to help keep them solvent during 1932.

A lot of these railroad men, as a matter of fact, when their conferences were going on in Chicago, were looked upon almost as being unpatriotic when they did not want their wages reduced; and yet, Mr. President, the railroads continued to pay dividends when they were running a deficit, and they knew they were running it.

Nor would it have been necessary to neglect maintenance during this same period so that the railways today are in the worst condition physically they have ever been in. And finally the evils of railway employment would have been appreciably mitigated.

(5) How the relative position or share of railway labor in the total proceeds of the railway industry has fared since 1920, is recorded by the next table, page 7, entitled "Relationship between total income, pay roll, and fixed charges and dividends to one another, class I railways, 1920–31." First it will be noted that railway labor's share in the form of total wage payments declines progressively up to 1929, despite the growing prosperity of the industry. Since 1929, owing to falling off in gross revenues and other income the employees' portion of total income tended to rise again. On the whole, however, their share remained constant within fairly narrow limits.

This does not hold true for railway capital's share of the proceeds of the industry. This share has tended to increase steadily, showing the highest percentage in 1931, namely 22.2 percent. Compared with 1920, capital's relative share of the total yearly income has almost doubled. This is a striking fact in itself, but it is even more striking to recognize that ever since 1929 capital's relative share has increased from 17.8 to 22.2 percent. This same story is told in another way by the ratio of fixed charges and dividends to pay rolls. This too shows a steady improvement in railway capital's share of the total income as compared with the returns to railway labor. This tendency is not healthy, nor fair to labor.

(6) The tables on pages 8 and 9 deal with the loans authorized and advances made to the railways by the Interstate Commerce Commission, the Reconstruction Finance Corporation and the Railroad Credit Corporation. By the late fall of this year the railways became indebted to the United States Government to an extent approximating $350,000,000, which, together with the relief granted them over the same period by the Railroad Credit Corporation, totals nearly $400,000,000. Add to this the $200,000,000 pay-roll deduction provided by railway labor and it appears that the railways of the United States will have benefited in the 12 months ending January 1933, at the expense of the public and labor by a sum amounting to nearly $600,000,000. And all this primarily to safeguard interest payments on railway securities. In passing it should be noted that this sum of $600,000,000 is almost equal to the sum total of the fixed charges for which the railway industry stands liable at the moment.

(7) Finally the table on page 10, showing railway securities owned or controlled by all railways of the United States, records that from 1921 to 1930 there has been a steady decline in the percent of these securities pledged for loans and other purposes, thus apparently improving the borrowing capacity of the railways by 1931. In all probability the necessity for borrowing funds from various sources, especially in 1932, has affected this picture materially so that the situation today is substantially different than it was at the end of 1930. Furthermore, the decline in market value of these securities has also been a factor.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LONG. I had been called away from the Chamber, and I wanted to ask the Senator from Montana whether he had referred to the present-day values of the railroads of this country as shown by their market quotations as of this date?

Mr. WHEELER. I have not.

Mr. LONG. Does the Senator intend to refer to them?

Mr. WHEELER. I think I have the figures here, and if I have, I will refer to them. If I do not have them here, they are at my office. But I do want to have inserted in the RECORD, as a part of my remarks, these tables which were furnished me by Mr. Oliver, of the railroad men's organization, showing, first, the investment in road and equipment, material and supplies, and cash, of railways of the United States, class I, from 1920 to 1931.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Investment in road and equipment, material, and supplies and cash, class I railways of the United States, 1920–31, inclusive

[Source: Statistics of Railways in United States; Interstate Commerce Commission]

Year	Road and equipment	Materials and supplies	Cash	Total
1920	$19,342,072,517	$755,563,278	$369,421,765	$20,467,057,560
1921	19,842,575,982	665,147,099	418,265,549	20,925,988,630
1922	20,170,093,285	546,284,853	483,717,274	21,200,095,412
1923	21,114,593,975	682,725,812	407,339,592	22,204,659,379
1924	21,954,425,353	560,048,899	517,387,168	23,031,861,420
1925	22,543,662,925	525,853,107	560,163,699	23,629,679,731
1926	23,204,181,591	551,694,794	535,589,781	24,291,466,166
1927	23,789,732,840	523,650,986	495,845,861	24,809,229,687
1928	24,259,638,945	471,077,760	502,833,359	25,233,550,064
1929	24,884,674,485	470,072,929	515,375,569	25,870,122,983
1930	25,485,622,833	430,989,284	438,074,144	26,354,686,261
1931	25,539,591,290	374,331,572	328,933,358	26,242,856,220

INCREASE IN INVESTMENTS

1930 over 1920	$5,887,628,701
1931 over 1920	5,775,798,660

Mr. WHEELER. Mr. President, then I will ask that a comparison of capitalization of class I railways, 1920 to 1931, and a table showing amounts of and accretions in the corporate surplus of class I roads and their nonoperating subsidiaries, 1920 to 1931, be inserted in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Comparison of capitalization, class I railways, 1920–31, inclusive

[Source: Bureau of Statistics, Interstate Commerce Commission statement no. 3260, etc.]

Year	Capital stock	Long-term debt	Total capital
1920	$7,209,735,328	$9,645,495,181	$16,855,230,509
1921	7,302,689,144	9,739,348,003	17,042,037,147
1922	7,242,119,434	9,773,227,277	17,015,346,711
1923	7,356,946,664	10,234,588,255	17,591,134,919
1924	7,592,987,034	11,115,623,995	18,708,611,029
1925	7,672,161,993	10,964,585,800	18,636,747,793
1926	7,717,150,501	11,015,204,848	18,732,355,349
1927	7,862,789,384	10,852,010,692	18,714,800,076
1928	8,042,310,032	10,887,084,305	18,929,394,337
1929	8,072,251,548	10,756,872,164	18,829,123,712
1930	8,242,200,499	11,042,866,186	19,285,066,685
1931	8,249,308,263	11,046,263,125	19,295,571,388
Increase 1931 over 1920	1,039,572,935	1,400,767,944	2,440,340,879
Percent increase 1931 over 1920	14.4	14.5	14.5

Amounts of and accretions in the corporate surplus of class I roads and their nonoperating subsidiaries, 1920–31[1]

[Source: Statistics of Railways in the United States, Interstate Commerce Commission]

Year as of Dec. 31	Appropriated surplus	Profit-and-loss balance	Total	Accretion	Percent of invested capital, accounts 701, 702-716
					Percent
1920	$1,227,804,351	$1,914,612,520	$3,142,416,871		15.86
1921	1,176,342,318	1,987,688,972	3,164,031,290	$21,614,419	15.63
1922	1,205,118,433	2,144,873,811	3,349,992,244	185,960,954	16.41
1923	1,233,271,166	2,368,366,285	3,601,637,451	251,645,207	16.88
1924	1,253,583,326	2,591,937,167	3,845,520,493	243,883,042	17.46
1925	1,290,615,245	2,898,546,217	4,189,161,462	343,640,969	18.56
1926	1,336,755,505	3,271,803,567	4,608,559,072	419,397,610	20.11
1927	1,325,183,120	3,421,746,929	4,746,930,049	138,370,977	20.30
1928	1,334,989,016	3,773,705,913	5,108,694,929	361,764,880	21.55
1929	1,365,270,261	4,163,739,792	5,529,010,053	420,315,124	22.76
1930	1,378,404,477	4,022,595,954	5,401,000,431	[2] 128,009,622	21.77

[1] Does not include proprietary companies.
[2] Decrease.

Mr. WHEELER. Mr. President, I ask to have printed a table showing the relationship of current assets to current liabilities, class I railroads and their nonoperating subsidiaries, 1920 to 1931, and the fixed charges and dividends, class I railroads, 1920 to 1931.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Relationship of current assets to current liabilities, class I railroads and their nonoperating subsidiaries, 1920–31[1]

[Source: Statistics of Railways in the United States, Interstate Commerce Commission]

Year as of Dec. 31	Current assets	Current liabilities	Ratio of current assets to current liabilities
			Percent
1920	$2,578,197,495	$2,111,516,553	122.10
1921	2,131,161,076	1,797,206,420	118.58
1922	1,976,968,737	1,628,000,898	121.44
1923	1,908,429,983	1,383,659,360	137.93
1924	1,859,208,309	1,239,162,413	150.04
1925	1,886,917,204	1,323,864,940	142.53
1926	1,867,737,616	1,370,297,854	136.30
1927	1,774,835,252	1,382,918,335	128.34
1928	1,838,834,698	1,218,702,841	150.88
1929	1,772,676,438	1,277,239,202	138.79
1930	1,581,797,231	1,240,804,440	127.41

[1] Does not include proprietary companies.

Fixed charges and dividends, class I railways, years 1920–31, inclusive

Year	Fixed charges[1]	Dividends declared		Total dividends	Total fixed charges and dividends
		Out of income	Out of surplus		
1920	$563,205,111	$180,018,747	$91,712,922	$271,731,669	$834,932,780
1921	615,019,958	182,433,297	218,298,581	400,731,878	1,015,751,835
1922	626,958,119	176,858,099	94,715,652	271,573,751	898,531,870
1923	637,640,994	195,029,636	151,514,412	346,544,048	984,185,042
1924	662,045,379	199,605,083	120,824,684	320,429,767	982,475,146
1925	660,419,422	202,453,923	141,666,962	344,120,885	1,004,540,307
1926	675,021,244	224,423,545	180,800,418	405,223,963	1,080,245,207
1927	682,041,920	240,282,406	257,651,335	497,933,741	1,179,975,661
1928	679,011,506	248,139,102	182,538,036	430,677,138	1,109,688,644
1929	688,729,822	261,300,830	228,824,843	490,125,673	1,178,855,495
1930	679,388,784	172,238,375	334,386,537	506,624,912	1,186,013,696
1931	668,616,976	80,036,685	250,114,188	330,150,873	998,767,849

[1] Fixed charges includes: Rents for leased roads, interest on funded and unfunded debts.

Increase fixed charges 1931 over 1920	$105,411,865
Increase in dividends 1931 over 1920	58,419,204
	163,931,069

Mr. WHEELER. I want to call attention to these figures. In the year 1920 the total dividends for the class I railroads were $271,731,669. In 1921 the total dividends jumped from that figure to $400,731,878. In 1922 they went back again to $271,573,751. In 1923 they jumped up again to $346,500,000 in round figures. In 1924 they were $320,000,000. But in 1926, the period when stock prices began to boom, what do we find? We find that they jumped them up from $344,000,000 to $405,000,000. In 1927 they jumped up to $497,933,000, so that they were almost $500,000,000 in 1927. In 1928 they were $430,677,000, and in 1929, when the crash came, they were $490,125,000. In 1930, after the crash, they boosted their dividends to $506,624,000.

The increase in their fixed charges in 1931 over 1920 was $105,000,000, the increase in dividends in 1931 over 1920 was $58,000,000, making a total increase in their fixed charges of $163,931,000.

They paid in 1931 out of their surplus $250,000,000. Out of their surplus in 1930 they paid $334,000,000, and in 1929 they paid $228,000,000, in 1928 they paid $182,000,000, in 1927 they paid $257,000,000, all out of the surplus, in order to pay dividends.

I also ask to have inserted in the RECORD a table showing the fixed charges in dividends of class I railroads in the United States for the calendar years from 1920 to 1931 and the first 9 months of 1931 and 1932.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Fixed charges and dividends of class I railways in the United States (excluding switching and terminal companies) calendar years ended Dec. 31, 1920–31, and first 9 months 1931, 1932

[Source: Statistical Summary No. 14, Bureau of Railway Economics, Washington, D.C. Selected income and balance sheet items of class I steam railways in the United States (including switching and terminal companies), statement M–125, Interstate Commerce Commission]

Year	Net railway operating income	Other income	Total income	Rent, fixed charges and other deductions	Net income	Dividends declared	Percent of net income
1920	$17,226,902	$1,053,807,031	$1,071,033,933	$640,515,977	$430,517,956	$271,731,669	63.1
1921	600,937,356	375,000,544	975,937,900	662,375,138	313,562,762	400,731,878	127.8
1922	760,187,319	265,032,855	1,025,220,174	655,646,742	369,573,432	271,573,751	73.5
1923	961,955,457	260,655,476	1,222,610,933	667,615,629	554,995,304	346,544,448	62.4
1924	973,837,202	269,187,830	1,243,025,032	648,558,676	558,466,356	320,429,767	57.4
1925	1,121,076,341	268,142,018	1,389,218,359	688,386,995	700,831,364	344,120,885	49.1
1926	1,213,089,966	297,929,200	1,511,019,166	701,964,964	809,054,202	405,223,963	50.1
1927	1,067,985,495	311,198,385	1,379,183,880	706,284,071	672,899,809	497,933,741	74.0
1928	1,172,864,100	320,011,315	1,492,875,415	706,051,831	786,823,584	430,677,138	54.7
1929	1,251,697,938	359,746,519	1,611,444,457	714,637,846	896,805,611	490,125,673	54.7
1930	868,878,773	358,893,098	1,227,771,871	703,864,399	523,907,472	506,624,912	96.7
1931	525,627,852	305,596,748	831,224,600	696,462,689	134,761,911	330,150,873	245.0
January to September 1931 [1]	410,858,271	189,497,578	600,355,849	514,765,256	85,590,593	254,417,024	297.2
January to September 1932 [1]	203,835,007	147,530,007	351,365,143	519,216,349	[2] 167,851,206	67,833,565	----------

[1] Switching and terminal companies included. Complete data for the following class I railways not available for inclusion in these totals: Canadian National lines in New England, Canadian Pacific lines in Vermont.
[2] Deficit.

Mr. WHEELER. Mr. President, I also ask to have inserted in the RECORD a table showing the total income pay rolls and fixed charges and dividends of class I railroads in the United States from 1920 to 1931.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Relationship of total income pay rolls, and fixed charges and dividends to one another, class I railways in the United States 1920–31

[Source: Statistics of Railways in the United States, Interstate Commerce Commission]

Year	Total operating revenue	Other income	Total income	Total pay rolls charged to operation	Total fixed charges and dividends	Ratio pay rolls and total income	Ratio fixed charges and dividends to total income	Ratio fixed charges and dividends to pay rolls
1920	$6,178,438,459	$1,053,807,031	$7,232,245,490	$3,424,075,109	$834,932,780	47.3	11.5	24.4
1921	5,516,598,242	375,000,544	5,891,598,786	2,589,716,833	1,015,751,836	44.0	17.2	39.2
1922	5,559,092,708	265,032,855	5,724,125,563	2,468,454,036	898,531,870	43.1	15.7	36.4
1923	6,289,580,027	260,655,476	6,550,235,503	2,785,238,264	984,185,042	42.5	15.0	35.3
1924	5,921,496,325	269,187,830	6,190,684,155	2,624,618,637	982,475,146	42.4	15.9	37.4
1925	6,122,509,856	268,142,018	6,390,651,874	2,645,842,686	1,004,540,307	41.4	15.7	38.0
1926	6,382,939,546	297,929,200	6,680,868,746	2,717,626,924	1,080,245,207	40.7	16.2	39.7
1927	6,136,300,270	311,198,385	6,447,498,655	2,690,537,251	1,179,975,661	41.7	18.3	43.9
1928	6,111,735,511	320,011,315	6,431,746,826	2,630,008,476	1,109,688,644	40.9	17.3	42.2
1929	6,279,520,544	359,746,519	6,639,267,063	2,674,085,556	1,178,855,495	40.3	17.8	44.1
1930	5,281,196,870	358,893,098	5,640,089,968	2,366,594,958	1,186,013,696	42.0	21.0	50.1
1931	4,188,343,244	305,596,748	4,493,939,992	1,965,425,779	998,767,849	43.7	22.2	50.8
Decrease 1931 over 1920:								
Total operating revenues								$1,990,095,215
Other income								748,210,283
Total income								2,738,305,493
Total pay roll								1,458,649,330
Total fixed charges and dividends								[1] 998,767,849

[1] Increase.

Mr. WHEELER. Mr. President, it is an extremely interesting study to notice how the total pay roll charged to operation has increased. For instance, in 1920 the total pay roll charged to operation was $3,424,075,109, and the total fixed charges and dividends for that year were $834,932,000. In other words, the ratio was about 47.3 percent to 11 percent. But in the year 1929, the total pay roll had dropped from the figure I have just given to $2,674,085,566 and the total fixed charges and dividends to $1,178,855,495.

In 1930 it again jumped to $1,186,013,696, while during all that period of time the charges for railroad labor had constantly been going down.

There are some interesting figures given from this source, a statement of amounts allocated to various purposes for which loans to carriers have been approved by the Commission to and including September 30, 1932—loans approved by the Interstate Commerce Commission. They approved bond interest of $65,882,234 and a total of $332,019,194.

I am going to ask that that table be inserted in the RECORD, likewise a table showing the loans made to railways by the Reconstruction Finance Corporation as of October 31, 1932.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Statement of amounts allocated to the various purposes for which loans to carriers have been approved by the Commission to and including Sept. 30, 1932

Purpose for which loans have been approved:	Loans approved by I.C.C.
Bond interest	$65,882,234
Bond maturities, principal	54,144,460

Statement of amounts allocated to the various purposes for which loans to carriers have been approved by the Commission to and including Sept. 30, 1932—Continued

Purpose for which loans have been approved—Con.	Loans approved by I.C.C.
Additions and betterments	53,013,507
Short-term note maturities	40,646,774
Bank loans	39,826,534
Equipment trust maturities, principal	21,118,182
Taxes	15,861,477
Audited vouchers	12,766,631
Preferential claims	6,986,742
Rentals	6,913,059
Equipment trust interest	5,093,804
Restore special fund	2,000,000
Receivers' certificates maturities, principal	1,500,000
Interest on short-term notes	1,230,795
Contracts to purchase property	872,405
Other private loans	840,990
Mortgage bonds sinking fund	801,908
Bills payable	817,103
Bills of contractors for construction	617,408
Repair road and equipment	516,500
Traffic balances	448,884
Real-estate mortgages	39,500
Interest on receivers' certificates	55,860
Current liabilities	16,500
Purchase material and supplies	7,932
Total	332,019,194

Loans made to railways by the Reconstruction Finance Corporation as of Oct. 31, 1932

For new construction	$47,746,843
For construction and repair of equipment and Dotsero Cutoff	10,050,000
To pay interest on funded debt	73,959,547
To pay taxes	19,606,946

Loans made to railways by the Reconstruction Finance Corporation as of Oct. 31, 1932—Continued

To pay past due vouchers for wages, materials, etc	19,630,040
To pay principal of maturing equipment trust notes	19,160,513
To retire maturing bonds and other funded obligations	41,142,618
To pay loans from banks	37,788,900
To pay other loans	15,843,526
Miscellaneous	5,364,629
Total	290,293,202

Loans made to railways by the Railroad Credit Corporation as of Nov. 30, 1932

Amount derived from rate increases	$46,219,630
Amount loaned	39,091,369

Mr. WHEELER. Mr. President, I also ask to have inserted in the RECORD a table appearing on page 10 of this document.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Railway securities owned (or controlled) by railway corporations, carriers of classes I, II, and III and their nonoperating subsidiary companies (not including securities held in sinking, insurance, and other funds)

[Source: Statistics of Railways in the United States, Interstate Commerce Commission]

Year	Stocks (par value)	Bonds (par value)	Miscellaneous securities of other railway companies (par value)	Total (par value)	Pledged[1]		Unpledged[1]	
					Amount	Percent	Amount	Percent
1920	$2,467,932,750	$2,697,743,041	$27,863,300	$5,193,539,091	$3,048,228,055	58.7	$2,145,228,336	41.3
1921	2,504,299,621	3,039,271,714	27,979,858	5,571,551,193	3,512,999,115	63.1	2,057,238,778	36.9
1922	3,456,706,031	2,837,606,250	27,979,858	5,322,292,139	3,219,380,940	60.5	2,101,566,749	39.5
1923	2,453,914,340	2,839,495,593	27,890,316	5,321,300,249	3,244,936,598	61.0	2,075,074,203	39.0
1924	2,729,174,612	2,976,024,317	27,890,316	5,733,089,245	3,529,675,716	61.6	2,202,150,729	38.4
1925	2,712,404,431	2,989,016,749	27,890,316	5,729,311,496	3,447,589,462	60.2	2,280,446,634	39.8
1926	2,725,327,270	3,033,778,774	27,845,544	5,786,951,588	3,311,558,108	57.2	2,474,113,380	42.8
1927	3,032,969,446	2,846,131,431	27,666,461	5,906,767,338	3,112,795,143	52.7	2,792,694,095	47.3
1928	2,815,036,481	2,809,701,367	42,312,690	5,667,050,538	2,890,049,603	51.0	2,775,514,744	49.0
1929	2,802,813,117	2,867,672,371	42,510,525	5,712,996,013	2,850,076,125	49.9	2,861,493,388	50.1
1930	2,881,131,396	2,686,506,749	42,465,754	5,610,103,899	2,841,991,616	50.7	2,768,112,283	49.3

[1] Includes the following unclassified as to pledged or unpledged: 1920, $82,700; 1921, $1,283,300; 1922, $1,344,450; 1923, $1,289,448; 1924, $1,262,800; 1925, $1,275,400; 1926, $1,280,100; 1927, $1,278,100; 1928, $1,486,191; 1929, $1,426,500.

Mr. WHEELER. Mr. President, I want to call attention to these statements, which I feel are very accurate, made by Mr. Oliver, in which he says:

The demand for reductions in railway wages from its very beginning has been based largely upon the claim that unless net railway earnings could be substantially increased, the savings deposits and the life-insurance policies of millions of Americans were endangered. This claim became definite and explicit while the railways were before the Interstate Commerce Commission asking for rate increases, and later, when the campaign shifted to the program for wage reductions, a Nation-wide propaganda was carried on to convince the country that only through railway wage cuts could the safety of life-insurance companies and savings banks be assured. The effectiveness of this propaganda cannot be doubted. The National City Bank of New York, in its December 1931 review of economic conditions, summed up the impression which had been created:

"It has become increasingly clear, as the autumn has come and almost gone without traffic increase or gain in earnings, that reduction of railway wages is inescapable. * * * The savings of the country are more generally invested in railway bonds than in any other bonds except those of the United States Government, and any general impairment of their security through indefinite continuation of present conditions would have serious consequences to society. There is reason to think that the country generally is taking this view."

Mr. President, we all know, of course, that when the Reconstruction Finance Corporation bill was passed here in the Senate, it was whispered around the cloakrooms, and even stated upon the floor of the Senate, that it was necessary for the Government of the United States immediately to come to the rescue, or, if they did not, our savings banks were going to fail and our insurance companies were going broke.

I read further from Mr. Oliver's statement:

In the July 1931 issue of its review the National City Bank had said:

"* * * It appears that institutions which manage funds owned by considerably more than half the population of the country hold between them six and seven billions of dollars of railway securities alone, out of a total of $11,050,000,000, face value, outstanding. It is evident that a decline in the value of these bonds has widespread effects. * * * In the case of bank investments, if market depreciation results in an impairment of the capital of the institution, such impairment must be made good or the institution may be closed."

Whenever the railroad companies of this country have asked for increased freight rates, or increased passenger rates; whenever they have asked for a reduction in the wages of the railway employees; or whenever they have asked for loans from the Government of the United States, the cry has always been the same. They have done it, Mr. President, in the name of the widows and orphans who had their money in the savings banks; they have done it in the name of the poor workingwoman who has put aside her life savings in some form of insurance policy; and then the claim is made that if we do not come to their rescue the poor widows and orphans are going to starve and the orphans will be thrown out on the streets.

During the hearings upon the request of the railways for rate increases, in July 1931, a committee representing life-insurance companies and mutual savings banks intervened in the proceeding, stating that the existing situation, "unless corrected without delay, may lead to losses which would injure the interests of their policyholders and depositors, respectively." The committee, called an "emergency committee"—

The same committee or a similar committee is in operation at the present time—

represented 187 savings banks and insurance companies, holders of $3,498,244,505 of railway bonds. It claimed also that institutions of the character it represented held, in total, $4,700,000,000 of railroad bonds. These are the institutions whose campaign for wage reductions has created the impression that the interests of policyholders and depositors demand that railway labor must accept reductions in wage rates.

It is that same group, that same crowd, that is here at the present time, and are lobbying around here and in the hotels, asking for legislation similar to this, in order that they may make savings, because of the fact that it is claimed that such savings are necessary in order to safeguard the bondholders.

To test the validity of the arguments advanced by these institutions and their advocates, an investigation of the financial condition of the life-insurance companies and savings banks has been made. An answer was sought to the question, "Does the maintenance of railway wage rates threaten the security of life-insurance policies and savings-bank deposits?" An analysis has been made not only of the condition of life-insurance companies and mutual savings banks as a whole, but also of the situation of the largest of the companies individually.

They are contending, Mr. President, that unless they be allowed to lay off something like 250,000 men, and throw them out of employment, the life-insurance companies and the bondholders are going to suffer tremendous losses; but never once have they had in mind the terrible effect of throwing onto the streets 250,000 men, who have followed the same employment for 20 or 25 years, destroying their homes, forcing their wives and children to go without sufficient food, and compelling their children to go without proper schooling.

The only thought is of interest upon bonds and dividends upon stocks. The human element hardly ever, it seems, enters into the breasts of some of these bondholders and stockholders. It seems that the longer we sit here in the Senate the more we are called upon to legislate for that

class of people and that class of people alone. Let me say to you, Mr. President, without fear of contradiction, that the Congress of the United States has got to stop legislating simply for the bondholders and the bankers and the railroads of this country, for if it does not there will be a new group of Representatives in the House and a new group of Senators in this body who will not be thinking of doing anything except to legislate for the people out on the farms and for those who are being thrown out of work.

This study shows clearly and beyond doubt that neither the deposits in mutual savings banks nor the policies of those insured in American life-insurance companies are threatened because of the existing railway situation. The history of both types of institutions shows them to have been growing rapidly and to have been accumulating substantial surpluses, in addition to paying increasing dividends. Current income has been far in excess of the demands made upon it, and not even the possibility of a heavy decline in the value of the railway bonds held by these companies would endanger their depositors or policyholders. Individual companies, perhaps, less wisely managed than the group as a whole, may encounter difficulties because of the general investment situation, but railway bonds have proven themselves to be among the most dependable of the investments of financial institutions, and the decrease in their market value of the high-grade issues has been slight.

The facts upon which these conclusions are based are presented herewith.

LIFE-INSURANCE COMPANIES

Railroad bonds appear in the books of life-insurance companies in two different places. First, they are included among the assets of the companies, and, second, the interest upon them is included in the income received. If it is true that the condition of the railway industry threatens the security of life-insurance policies, it must be in one of two ways; either the actual or possible decrease in market value of the bonds must threaten to reduce those assets below the possible demands of policyholders upon them, or else the possible loss of income upon railway bonds must threaten the companies with lack of current funds to meet current demands. If neither of these calamities is possible, then it cannot truthfully be said that the policyholder is endangered by current low net earnings of the railways. It would follow also that the interests of the policyholder do not demand wage reductions for the purpose of increasing net railway revenues.

Railroad bond holdings represented by the "emergency committee" totaled $3,498,244,505; the 55 insurance companies represented held $2,547,253,047 in railroad bonds. (Table A.) Twelve of the fifty-five companies held $2,390,720,419 of these bonds—93.9 percent of the total of all insurance companies represented. These 12 companies held approximately 80 percent of the total held by all life-insurance companies. An examination of the relation between railroad bonds and total assets, and bond interest and total income has, therefore, been made not only for all life-insurance companies but also for these 12 large companies individually.

THE INCOME OF LIFE-INSURANCE COMPANIES

Total income on railroad bonds held by life-insurance companies is not separately reported. If we assume an average return on railway bonds held of 4.5 percent (analysis of investment returns made by E. T. Halaas indicates this percentage to be accurate), the total income from that source in 1931 for American life-insurance companies would have been $135,000,000. As a test of the statements relative to the security of policyholders, we may put the impossible extreme case; how would the income of insurance companies have been affected if every dollar of this total had been withheld? Would the companies have been able to meet the claims of policyholders in 1931 if they had not received any income from railroad bonds?

How extreme this assumption is can be judged by several letters from the presidents of life-insurance companies, appearing in the December 1932 issue of the Railroad Trainman. These letters, received by the insurance department of the Brotherhood of Railroad Trainmen, show that only a very small percentage of railroad bonds held by the companies—an amount that is really negligible—is in default or arrears. Railway revenues and traffic seem to have hit bottom; they will hardly go below 1932 lows. The assumption of wholesale defaulting, therefore, is wholly outside the range of possibility. The analysis made upon that basis is allowing more than could conceivably be claimed by those who urge railway-wage reductions in the interests of life-insurance policyholders. In 1931 the total income of 342 American life-insurance companies was $4,850,375,950. (Table B.) Their income from railway bonds was consequently only 3 percent of the total income.

Putting the danger far beyond its maximum, therefore, and assuming that the losses to these companies would be $135,000,000, if no railroad bond in 1931 had paid a cent of interest the income of these companies would have been reduced 3 percent to $4,715,375,950. Would this income have met the claims of policyholders in 1931?

The total disbursements to policyholders by life-insurance companies in 1931 were $2,606,551,153. (Table B.) Income therefore, even had there been not one cent received from railroad bonds, would have been 80 percent greater than disbursements to policyholders.

Mr. President, I ask that the remainder of this statement, on pages 45, 46, 47, and 48, may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Total disbursements of life-insurance companies, including all expenses, commissions, etc., as well as payments to policyholders, were $3,537,704,954 in 1931. If the companies had received not one cent of interest on their railroad-bond holdings, their income would still have exceeded total disbursements by $1,200,000,000, a margin of 33 percent.

Total life-insurance premium income in 1931 was $3,661,105,385. If the companies had been deprived of all income other than premium income, they would still have been able to meet all expenses, including death claims, dividends, and all other payments to policyholders.

These figures show the situation for life-insurance companies of the country as a whole. In order to develop the situation of the companies who are represented upon the "emergency committee" the 12 largest of them may be given separate consideration.

The largest of these 12 companies, from the point of view either of assets or holdings of railroad bonds, is the Metropolitan Life Insurance Co. In 1931 the total income of this company was $907,093,871; (table C) its income from railroad bonds is not definitely ascertainable, but can be calculated to be between $31,250,000 and $31,500,000. Taking the latter figure, interest on railroad bonds amounted to 3.5 percent of the total income of this company for 1931.

If the Metropolitan had received not one dollar from its railroad bonds, its income would have been $875,593,871. Payments to policyholders in 1931 totaled $459,680,242. Without any income from railroad bonds, therefore, Metropolitan income would have been $416,000,000 more than was required for all payments to policyholders, including dividends.

Total disbursements of the Metropolitan for 1931 were $630,218,877. With no income from railway bonds, the company would still have had a margin of $245,000,000 after meeting all expenses, as well as all payments to policyholders.

Total premium income of the Metropolitan in 1931 was $722,110,565. If all other sources of income had failed in that year—Government bonds, State and municipal bonds, mortgage loans, railroad bonds, etc.—premium income alone would have been sufficient to pay policyholders' claims, meet all expenses, and leave a margin of nearly $100,000,000.

There is not the slightest foundation for any claim that the income upon railroad bonds was necessary to avoid defaulting upon amounts due to policyholders. Railroad-bond interest is lost in the huge total income of the Metropolitan Insurance Co. In the absolutely impossible contingency of a complete failure of all railroads to pay interest upon their bonds, the policyholders of the Metropolitan would receive a somewhat smaller dividend upon their investment, but the security of their policies would still be impregnable.

What is true of the Metropolitan is true of these other 11 companies individually and of them all collectively. The 12 had annual income in 1931 of $3,160,295,033 (table D). Their income from railroad bonds may be safely calculated at not more than $105,000,000, 3.3 percent of the total.

If the income from railroad bonds had completely failed, therefore, these 12 companies would have still had an income of $3,055,000,000. Payments to policyholders by all 12 companies in 1931 amounted to $1,715,591,293. These companies, with no income from railroad bonds, could have paid all claims of policyholders and had a margin of more than $1,300,000,000. Their total disbursements, including commissions, expenses, etc., were $2,332,132,124. Without railroad-bond interest their income would have exceeded these disbursements by more than $700,000,000. Premium income of the 12 companies in 1931 was $2,398,313,117. If the companies had had no income other than that from premiums in 1931, they would still have been able to cover all disbursements actually incurred, with a margin of over $66,000,000.

The ability of insurance companies to cover all premium and other disbursements from premium income alone is not just a characteristic of the year 1931. Mr. S. H. Nerlove, associate professor of economics of the University of Chicago, in an address before the 1931 annual meeting of the American Economic Association said:

"What is even more striking is that the premium income (i.e., the total income less investment income) for all companies has usually outrun the expenditures. The annual aggregate total expenditures of all companies have varied from 80 percent to 101 percent of the aggregate premium income between 1904 and 1930. * * * Consequently, not only can the value of the securities fluctuate adversely but the amount of income obtained from these investments can vary to some extent without dangerously impairing the ability of the average life office to meet its dollar obligations, if we do not take account of legislative requirements." (See table M.)

The income from railroad bonds held by life-insurance companies, while large in the aggregate, is very small relative to the

total income of those companies. Even a complete failure of the income from such bonds would leave the security of the policyholders unaffected; the huge margin of income over disbursements, even excluding railroad-bond interest, is complete assurance that the demands upon the life-insurance companies from their policyholders will be met whatever may happen in the railway industry.

Objection may be taken to this comparison of current income with outgo on the ground that it makes no allowance for loans to policyholders, which have increased greatly during the last 3 years. Because of the practice of most insurance companies of permitting policyholders to borrow upon their policies, it is necessary that enough cash be available to meet demands for such loans.

In 1931, which may be regarded as an extreme year in respect to policy borrowings, the life-insurance companies licensed to do business in the State of Connecticut (which includes practically all of the larger companies) reported an increase in policy loans and premium notes of $469,318,508 (annual reports of Connecticut insurance commissioner, 1931 to 1932). Funds made available through maturing of investments in real-estate mortgages and bonds of these companies may be estimated at $450,000,000 (estimated on basis of annual maturities of 2 percent of bonds and 5 percent of real-estate loans. See article by S. H. Nerlove, Journal of Business, University of Chicago, December 1932). Income for the year exceeded disbursements by more than $1,000,000,000; with income from railway bonds of these companies totaling not more than $150,000,000, it is clear that the problem of providing funds for premium notes and policy loans in 1931 was by no means difficult.

ASSETS OF LIFE-INSURANCE COMPANIES

Taken alone, the statement that American life-insurance companies hold $3,000,000,000 of railroad bonds seems to indicate that the security of those companies is wholly involved in the security of their railroad investments. As a matter of fact, the total assets of these life-insurance companies are more than $20,000,000,000; investment in railroad bonds, as of December 1931, was only 16.2 percent of assets of such companies (table E).

From a standpoint of the security of their principal, railroad bonds have a very wide range. A large proportion of the bonds are secured by first mortgages upon main lines, or equally dependable prior liens upon other railway facilities. At the other extreme, a considerable proportion of railroad bonds are overlying securities whose value depends much more upon maintenance of railway earnings than does that of the higher grade bonds. The effect of changes in the railway situation upon the insurance companies depends, therefore, upon the type of securities held by the insurance companies.

An analysis made by Mr. E. T. Halaas, of the School of Commerce of the University of Chicago, of the investments of two leading life-insurance companies as of December 31, 1930, show the ratings of their railroad bonds to have been these:

Number of bond issues

Company	Total R.R.	Number rating					
		AAA	AA	A	BAA	BA	B
Mutual Life, New York	234	116	66	30	15	5	2
Equitable	355	182	108	42	18	5	
Both companies	589	298	174	72	33	10	2
Percent of total	100	50.6	29.5	12.2	5.6	1.7	3

The Mutual Life Insurance Co., of New York, has a larger proportion of its investments in the form of railroad bonds than any of the principal life-insurance companies of the country. It may be safely assumed that its selection is fairly representative of the companies as a whole; combined with the Equitable, the distribution may be taken as even more nearly representative of the general condition.

Wholesale receiverships in the railway industry, which are certainly not to be expected, would have a serious effect upon the value of junior railroad securities. The effect upon the high-grade securities would be much less. Considering the character of railroad bonds held by the insurance companies, it would seem that a maximum depreciation of 25 percent in the value of their railroad holdings is the very worst that might be expected to result from any possible contingency.

To what extent will the policyholders be jeopardized if such a shrinkage actually should result?

Estimating the total value of railroad bonds held by the life-insurance companies to be $3,000,000,000, the 25 percent possible loss would be $750,000,000—approximately 4 percent of the total value of their assets. Could the insurance companies survive such a loss in the value of those assets?

As of December 31, 1931, the gross surplus of 342 life-insurance companies totaled $1,972,524,790 (table B). This surplus had grown from $743,027,000 as of December 31, 1920, and from $1,233,933,000 as of December 31, 1925.

If, in 1931, the insurance companies had been compelled to write off the maximum possible loss with which wholesale railroad receivership of the railroads might threaten them, the effect would have been to reduce that surplus to what it was in 1925. This surplus is in addition to all reserves required to meet policy liabilities; it has been accumulated from the excess income of each year after the payment of dividends; its use to meet losses due to shrinkage of value of assets is proper and regular.

During 1931 the assets of the insurance companies increased $1,280,000,000. Since 1920 they have increased $12,200,000,000 (table B). Even in the worst conceivable contingency in the railroad industry, the insurance companies might have increased their assets by half a billion dollars in 1931, and by eleven and a half billion in the last decade, after absorbing whatever loss the railroad industry might have occasioned.

Complete railroad collapse in 1931, therefore, would have meant only a scaling down of the accumulated surplus of the life-insurance companies, possibly a curtailing of the dividends—which amounted to more than half a billion dollars—paid in that year to policyholders.

To give the impression that the railroad situation in any way threatened the security of life-insurance policies is a complete misrepresentation of the facts.

Mr. WHEELER. Mr. President, I now wish to call attention to the facts as to the mutual savings banks. I read as follows:

MUTUAL SAVINGS BANKS

Of the total of railroad bonds listed by the emergency committee as represented by it, $950,991,458 were held by the 187 mutual savings banks included (table A). The committee claimed that the total value of railroad bonds held by mutual savings banks in the country as of June 30, 1931, was $1,700,000,000; however, the report of the Comptroller of the Currenly shows that as of June 30, 1931, the 600 mutual savings banks had total investments in railroad and other public-service corporation bonds of $1,365,324,000. Railroad bond holdings of these banks probably total not more than $1,100,000,000. The income from these bonds is not separately reported; at the rate of 4.5 percent it would amount to $49,500,000.

Assuming the complete failure of this item of income of the mutual savings banks, what would have been the effect upon those banks in 1931? According to the report of the Comptroller of the Currency, the 600 mutual savings banks increased their surplus in 1931 by $69,250,000 (table I). This, of course, was after the payment of all dividends. The increase in surplus during 1930 was over $75,000,000 (table J). The total increase since 1920 has been $635,000,000.

Failure to receive the income from railway bonds—all the railway bonds held by them—would still have left these mutual savings banks in 1931 with a substantial net to close into their surplus account. Such a total failure of the interest on railway bonds is inconceivable, but if it should have happened in 1931 these banks would have been able to pay all interest due depositors and all other expenses and still have increased their surplus by $20,000,000.

Mr. President, what becomes of the argument that it was necessary to pass the Reconstruction Finance Corporation Act and permit the railroads to reach their hands into the Public Treasury of the United States of America in order, as it was said, to save the savings banks and the insurance companies of this country? What becomes of the argument we hear so frequently made upon the floor of the Senate and in the lobbies and the propaganda which is being sent out by the banks and the insurance companies and through the little chambers of commerce to the effect that, first, if the Government of the United States does not increase freight rates for the railroads; secondly, if it does not cut the wages of railway employees; third, if it does not throw a lot of them out of employment and upon the streets, with their wives and children; and, fourth, if it does not open up the Treasury of the United States and let them reach their hands into the public coffers, the widows and orphans of this country are going to suffer, because the money of the savings banks and the insurance companies is in railroad bonds?

Laws regulating mutual savings banks are even more strict than those controlling life-insurance companies; it is certain that the general quality of the railroad bonds held by mutual savings institutions is at least as high as those held by the insurance companies. Assuming, however, that a situation might arise that would result in general railway receiverships, the value of the railway bonds held by these banks might decline in value by 25 percent. The loss sustained might reach $300,000,000 under those circumstances.

The surplus accumulated by mutual savings banks in the United States has increased by $335,000,000 since 1925—and during much of that time depositors were being paid at an increased interest rate. If, then, the banks had been forced to write off $300,000,000 loss upon their railroad bonds, the total surplus for all mutual savings banks would have been cut to $668,000,000—$35,000,000 above the actual 1925 figures and $300,000,000 above the 1921 surplus.

The security of the depositors in these banks would not have been in any way endangered; the margin of safety would still

have been more than ample. And the dimensions of the hypothetical calamity assumed are, of course, far greater than anything that might reasonably have been feared.

The same conclusions hold with respect to the mutual savings banks represented by the "emergency committee." Of the total railroad-bond holdings by those banks, $458,619,184, or 51 percent, were held by 12 banks.

Reports on all of these institutions are not available on the same basis. Ten of them, with railroad-bond holdings of $405,000,000, had total resources on December 31, 1931, of $2,396,000,000 (table K); the bonds were 16.9 percent of their resources. Assuming again an average interest of 4.5 percent on the railroad bonds, the income upon them in 1931 would have been $18,225,000. The gross earnings of these banks were $112,225,000 in 1931 (table L), and their net—after payment of dividends to depositors—was $19,334,523. Even assuming a complete failure of interest payments in 1931, these 10 banks would still have had a surplus on the year's operations.

On December 31, 1931, these 10 banks had an accumulated surplus of $267,031,627 (table K). The wholesale receivership assumed in estimating the worst possible effect of railroad difficulties if it reduced the value of railroad bonds held by these banks by 25 percent would reduce the surplus from $267,000,000 to $165,000,000. If such an outcome resulted in 1931 it would not have imperiled the savings deposits of those having accounts with these 10 banks.

The cry which went up from the "emergency committee", and was echoed from subservient agencies over the country, had as little genuine foundation with reference to mutual savings banks as it had had with reference to life-insurance companies. Neither the depositors in mutual savings banks nor the policyholders of life-insurance companies were, or are, endangered even should the railroad situation have developed the most severe crisis conceivable.

One other factor which deserves consideration in this connection is that the creation of a feeling of insecurity in the minds of depositors and policyholders is not only indefensible from the point of view of the general economic welfare, but that it is also most unprofitable to the financial institutions joining in the production of such a panic. The cost to banks and insurance companies of their propaganda for railway-wage reductions, in terms of policies cashed in and deposits withdrawn, is not determinable, but it must have run into many millions of dollars since the wage-cutting campaign was launched.

GENERAL CONDITION OF FINANCIAL INSTITUTIONS REPRESENTED BY "EMERGENCY COMMITTEE"

The demand of the institutions represented by the "emergency committee" that they should be protected against financial loss even at the expense of railroad workers invites a consideration of their profits and their recent growth.

The demand for a 10-percent deduction from wages of railway workers would have meant, at 1931 pay rolls, $200,000,000; with reduced forces, the effect of the deduction for 1932 will probably be less than $150,000,000.

The surpluses of mutual savings banks and insurance companies realized in the depression year of 1931 were $150,000,000. At a time when they were earning such profits, the largest in their history, these financial institutions were bringing pressure to bear upon railroad managements to reduce pay rolls, and were creating the impression, unjustifiably, that their depositors and policyholders were being jeopardized by railway conditions.

During the 10 years ending December 31, 1931, the wealth controlled by life-insurance companies rose from eight to twenty billions of dollars; in the preceding 10 years their assets had risen only four billions. In terms of percentages, the wealth controlled by these companies increased 100 percent from 1911 to 1921, and 150 percent from 1921 to 1931.

Resources controlled by mutual savings banks grew from $3,650,000,000 in 1910, to $5,619,000,000 in 1920, and $11,191,000,000 in 1931, an increase of less than 60 percent in the first 10 years, and practically 100 percent in the next 11 years.

Together, these banks and insurance companies controlled $7,500,000,000 in 1910, $13,000,000,000 in 1920, and $31,000,000,000 in 1931.

Surplus of mutual savings banks increased at the rate of $8,500,000 per year between 1910 and 1920, and at the rate of $57,000,000 per year between 1920 and 1931.

Life-insurance company surpluses increased at the rate of $25,000,000 per year between 1910 and 1920, and at the rate of $125,000,000 per year between 1920 and 1931.

The increasing control exercised by these and related institutions over the industry of the Nation is indicated by the fact that 52 life-insurance companies, which in 1921 held 17 percent of the bonds of American railways, in 1930 held 23 percent of such bonds. In 1906 these companies held only 12 percent of the bonds of our railways. If to these totals are added the increase in holdings by other insurance companies and by mutual savings banks it will be clear that in a very short time actual domination of the industry will have passed to such interests.

Mr. President, I ask to have placed in the RECORD tables A, B, C, D, E, F, G, H, I, J, K, L, and M.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, it is so ordered.

The tables are as follows:

TABLE A—*Railroad bonds held by mutual savings banks and life-insurance companies, as of Aug. 5, 1931*

[From exhibit no. 20, I.C.C. ex parte 103, filed by "emergency committee" on railroad investments of life-insurance companies and mutual savings banks]

Total holdings of 187 savings banks and 55 insurance companies	$3,498,244,505.22
Total holdings of 55 insurance companies	2,547,253,046.97
Holdings of 12 insurance companies with heaviest holdings reported	2,390,720,419.49
Holdings of—	
Metropolitan Life Insurance Co	709,177,515.16
New York Life Insurance Co	399,575,215.95
Mutual Life Insurance Co	356,505,748.00
Prudential Life Insurance Co	399,000,000.00
Mutual Benefit Life Insurance Co	105,808,139.38
Aetna Life Insurance Co	80,080,300.00
Provident Mutual Life Insurance Co	70,541,200.00
Travelers Insurance Co	59,626,336.00
Penn Mutual Life Insurance Co	54,278,000.00
John Hancock Mutual Life Insurance Co	52,807,800.00
Massachusetts Mutual Life Insurance Co	52,152,500.00
New England Mutual Life Insurance Co	51,167,665.00
Total holdings of 187 savings banks	950,991,458.25
Holdings of 12 savings banks	458,619,184.21
Holdings of—	
Bowery Savings Bank	94,321,000.00
Emigrant Industrial Savings Bank	78,399,476.73
Bank for Savings	49,641,000.00
Greenwich Savings Bank	39,964,000.00
Central Savings Bank	29,910,848.00
Provident Institution for Savings (Boston)	27,402,100.00
Seamen's Bank for Savings	25,816,000.00
Society for Savings in the City of Cleveland	25,157,900.00
Williamsburgh Savings Bank	22,332,968.00
Dollar Savings Bank (N.Y.C.)	21,913,000.00
Dime Savings Bank of Brooklyn	21,908,891.48
Howard Savings Institution	21,852,000.00
Holdings of 24 banks and insurance companies	2,849,339,603.70
Percent of total of 242 companies held by 24	81.5.

TABLE B.—*Growth of life-insurance business in the United States, 1900–1931*

[Data from the Insurance Yearbook of the Spectator Co. For years before 1931, quoted in Statistical Abstract of the United States, 1931, U.S. Department of Commerce]

[000 omitted]

	1900	1915	1920	1925
Total income	$400,603	$1,043,083	$1,764,213	$3,017,800
Premium income	324,724	784,318	1,384,939	2,383,913
Total expenditures	267,580	768,506	1,198,366	1,936,422
Paid to policyholders	168,688	544,705	744,649	1,242,974
Dividends	22,860	111,275	157,547	351,150
Admitted assets, Dec. 31	1,742,414	5,190,310	7,319,997	11,537,615
Total surplus funds	249,035	664,170	743,027	1,233,933

	1928	1929	1931	Increase 1922–31
Total income	$4,087,933	$4,336,738	$4,850,376	$2,898,958
Premium income	3,145,585	3,350,367	3,661,105	2,123,825
Total expenditures	2,547,913	2,882,260	3,537,705	2,248,672
Paid to policyholders	1,698,735	1,961,507	2,606,551	1,768,457
Dividends	465,824	513,205	584,599	394,463
Admitted assets, Dec. 31	15,961,094	17,482,309	20,159,940	12,223,443
Total surplus funds	1,674,264	1,767,040	1,972,525	1,048,823

TABLE C.—*Total admitted assets and railroad bonds owned by 12 life-insurance companies with largest holdings, as of Dec. 31, 1931*

[Source: Reports to Connecticut State Department of Insurance]

Insurance Co.	Total admitted assets	Total bonds and stocks (book value)	Railroad bonds (book value)	Ratio of R.R. bonds to total assets
Aetna Life	$436,893,050	$197,349,322	$70,279,083	16.09
Travelers	661,467,253	274,869,880	54,600,638	8.25
Metropolitan	3,590,115,654	1,470,424,172	699,910,088	19.50
New York Life	1,890,144,881	844,545,988	385,061,262	20.37
Mutual Life	1,106,236,049	545,176,552	346,061,436	31.28
Mutual Benefit Life	593,110,062	169,693,919	99,899,561	16.84
John Hancock	621,279,133	182,937,974	50,534,040	8.13
Massachusetts Mutual	426,899,037	122,919,853	50,830,811	11.91
New England Mutual	267,927,860	123,359,698	49,188,320	18.36
Penn Mutual	496,603,266	150,272,269	50,138,972	10.10
Provident Mutual	256,407,790	91,928,813	64,268,574	25.06
Prudential	2,692,698,221	1,140,790,873	390,039,650	14.49
Total	13,039,782,256	5,314,269,313	2,310,812,435	17.72

TABLE D.—*Income and disbursements of 12 life-insurance companies with largest railroad bond holdings, year ended Dec. 31, 1931*

[Source: Reports to Connecticut State Department of Insurance]

Insurance company	Total income	Total premium income	Total interest and dividend income	Estimated railroad bond income at 4.5 percent	Total disbursements	Disbursements to policyholders	Excess income over disbursements
Aetna Life	$103,527,880	$80,243,646	$9,451,339	$3,162,559	$85,173,717	$62,964,597	$18,354,163
Travelers	142,593,229	109,732,230	12,212,355	2,457,030	108,283,361	76,929,960	34,309,868
Metropolitan	907,093,871	722,110,566	65,675,037	31,495,954	630,218,877	459,680,242	276,874,994
New York Life	429,439,769	290,723,091	37,550,977	17,327,757	316,048,222	227,583,935	113,391,547
Mutual Life	234,925,901	171,679,938	24,554,395	15,572,765	183,272,516	152,677,840	51,653,385
Mutual Benefit Life	115,531,628	77,911,580	8,310,485	4,495,480	99,437,066	80,885,055	16,094,562
John Hancock	159,953,291	126,749,306	8,274,140	2,274,032	124,785,026	87,575,123	35,168,265
Massachusetts Mutual	108,335,640	73,181,916	5,718,944	2,287,386	73,500,252	50,162,229	34,835,388
New England Mutual	56,336,337	39,974,467	5,884,680	2,213,474	42,222,423	33,207,889	14,113,914
Penn Mutual	122,095,107	88,824,099	6,652,864	2,256,254	85,884,190	63,816,645	36,210,917
Provident Mutual	49,917,852	34,786,613	4,747,721	2,892,086	39,406,342	30,758,866	10,511,520
Prudential	730,544,518	582,395,765	50,981,759	17,551,784	543,900,132	389,348,982	186,644,386
Total	3,160,295,033	2,398,313,217	240,014,696	103,986,558	2,332,132,124	1,715,591,293	828,162,909

TABLE E.—*Admitted assets and railroad bond holdings of 12 companies with largest railroad bond holdings, years ending Dec. 31, 1930 and 1931*

[Source: Reports to Connecticut State Department of Insurance]

Insurance company	Railroad bonds (book value)		Total admitted assets		Increase in assets
	1930	1931	1930	1931	
Aetna Life	$69,270,834	$70,279,083	$424,776,176	$436,893,050	$12,116,874
Travelers	55,442,463	54,600,638	632,890,016	661,467,253	28,577,237
Metropolitan	668,232,760	699,910,088	3,310,021,818	3,590,115,654	280,093,836
New York Life	381,749,021	385,061,436	1,789,067,734	1,890,144,881	101,077,147
Mutual Life	350,351,885	346,061,436	1,052,196,494	1,106,236,049	54,039,555
Mutual Benefit Life	101,495,948	99,899,561	574,828,762	593,110,062	18,281,300
John Hancock	49,316,507	50,534,010	584,121,813	621,279,133	37,157,320
Massachusetts Mutual	48,931,922	50,830,811	392,765,509	426,899,037	34,133,528
New England Mutual	48,238,572	49,188,320	253,486,536	267,927,860	14,441,324
Penn Mutual	52,428,790	50,138,972	458,685,982	496,603,266	37,917,284
Provident Mutual	68,570,615	64,268,574	245,650,278	256,407,790	10,757,512
Prudential	391,908,904	390,039,650	2,491,770,133	2,692,698,221	200,928,088
Total	2,285,938,221	2,310,812,435	12,210,261,251	13,039,782,256	829,521,005

TABLE F.—*Dividends and surplus of 12 life-insurance companies with largest holdings of railroad bonds, 1929, 1930, and 1931*

[From Insurance Yearbook of Spectator Co., 1932]

Insurance company	Dividends			Surplus		
	1931	1930	1929	1931	1930	1929
Aetna Life	$3,869,160	$3,785,378	$3,650,793	$42,825,991	$49,854,278	$60,236,405
John Hancock	19,576,429	18,606,102	17,145,899	69,630,028	63,143,144	58,813,505
Massachusetts Mutual	15,797,004	14,755,423	13,440,319	24,873,412	26,671,327	26,768,127
Metropolitan	90,579,257	79,661,470	74,781,480	347,153,414	304,172,976	269,978,375
Mutual Benefit	23,637,227	22,860,863	21,729,945	47,154,547	47,545,499	46,090,592
Mutual Benefit Life	45,961,864	46,856,957	43,361,991	106,602,083	107,726,269	111,271,955
New England Mutual	10,828,068	10,209,777	9,517,528	30,618,594	29,750,257	28,622,328
New York Life	71,468,973	70,437,465	66,000,688	182,992,567	193,658,775	192,293,389
Penn Mutual	17,217,607	16,084,733	14,967,818	43,096,607	45,286,671	45,093,098
Provident Mutual	7,158,754	7,085,951	6,867,717	26,235,981	25,986,427	25,347,670
Prudential	89,498,461	82,845,523	66,962,356	182,178,164	171,415,550	158,727,470
Travelers	1,248,052	(1)	(1)	52,396,478	50,166,606	57,290,802
Total with Travelers	396,840,856			1,155,757,866	1,115,377,779	1,080,533,716
Total without	395,592,804	373,189,642	338,426,540			

[1] Not available under the same method.

TABLE G.—*Railroad bonds and stocks owned by 52 legal-reserve life-insurance companies, 1906–31*

[From paper read by William A. Law, president Penn Mutual Life Insurance Co., Investment Trends and Traditions, before Twenty-fifth Annual Convention of Association of Life Insurance Presidents, Dec. 10 and 11, 1931]

Year	Railroad security investments	Ratio to total assets	Total assets
		Percent	
1906	$1,001,728,000	34.8	$2,876,487,000
1911	1,351,330,000	33.4	4,047,997,000
1916	1,670,486,000	31.3	5,346,606,000
1921	1,718,823,000	22.9	7,498,239,000
1924	2,097,843,000	21.7	9,680,478,000
1925	2,232,288,000	20.8	10,717,107,000
1927	2,561,396,000	19.4	13,185,169,000
1928	2,738,330,000	18.7	14,689,498,000
1929	2,848,610,000	17.7	16,060,597,000
1930	2,947,027,000	17.0	17,304,286,000
Sept. 30, 1931	2,972,544,000	16.3	18,201,634,000
Dec. 31, 1931	2,986,000,000	16.2	18,500,000,000

NOTE.—Railroad stocks held by these companies on Dec. 31, 1906, amounted to $43,095,000; in 1929, to $65,073,000; in 1930, to $84,681,000; and on Sept. 30, 1931, to $93,868,000.

TABLE H.—*Railroad bonds bought by Aetna Life Insurance Co., Aug. 1 to Dec. 31, 1931*

Description	Date of purchase	Cost
Delaware & Hudson, first refunding 4's, 1943	Aug. 5, 1931	$47,875
Pennsylvania, second 6½'s, 1936	Aug. 7, 1931	192,793
Chesapeake & Ohio equity treasury, 4½'s, 1935	Aug. 21, 1931	103,083
Portland Terminal Co., first 5's, 1961	Aug. 26, 1931	101,250
Pittsburgh, Cincinnati, Chicago & St. Louis consolidated A 4½'s, 1940	Oct. 21, 1931	48,213
Oregon Railroad & Navigation Co. consolidated 4's, 1946	do	45,750
Washington Terminal Co. first 3½'s, 1945	do	28,169
Pennsylvania R. R. consolidated 4's, 1948	Oct. 24, 1931	44,813
Lehigh Valley extension first 4's, 1948	Oct. 27, 1931	22,312
Norfolk & Western Ry. Co.'s development first and general 4's, 1944	Oct. 29, 1931	92,500
Chicago, Burlington & Quincy 4's, 1949	Oct. 30, 1931	26,209
Northern Pacific Ry. Co.'s public land railway and land grant 4's, 1997	do	20,125
Chicago, Burlington & Quincy, Illinois division 3½'s, 1949	Oct. 31, 1931	44,688
Chicago, Burlington & Quincy, Illinois division 4's, 1949	do	39,840
Chicago, Burlington & Quincy, Illinois division 3½'s, 1949	Nov. 2, 1931	9,870
Kansas City terminal first 4's, 1960	Oct. 21, 1931	41,527
Total		909,017

TABLE I.—*Resources and liabilities of mutual savings banks in the United States June 30, 1931, compared with June 30, 1930*

[From the report of the Comptroller of the Currency for year ending June 30, 1931, p. 114]

[In thousands of dollars]

	June 30, 1931	June 30, 1930	Increase
Number of banks	600	606	[1] 6
RESOURCES			
Loans and discounts (including rediscounts)	6,051,133	5,896,023	155,110
Overdrafts	2	1 2	
Investments	4,475,169	3,872,417	602,752
Banking house, furniture, and fixtures	123,373	113,162	10,211
Real estate owned other than banking house	65,432	44,243	21,189
Cash in vault	38,229	34,404	3,825
Reserve with reserve agents	33,566	25,856	7,710
Other amounts due from banks	320,619	234,713	85,905
Exchanges for clearing-house and other cash items	1,852	1,779	73
Other resources	82,415	72,709	9,706
Total	11,191,788	10,295,308	896,480
LIABILITIES			
Surplus	968,121	898,871	69,250
Undivided profits (net)	165,417	154,623	10,794
Reserves for dividends, contingencies, etc	7,173	15,157	[1] 7,984
Reserves for interest, taxes, and other expenses accrued and unpaid	1,661	638	1,023
Due to banks	453	173	280
Certified and cashiers' checks and cash letters of credit and travelers' checks outstanding	36	152	[1] 116
Demand deposits	3,718	10,305	[1] 6,587
Time deposits (including postal savings)	10,031,124	9,205,258	825,866
Total deposits	10,035,331	9,215,888	819,443
Bills payable and rediscounts	4,528	673	3,855
Other liabilities	9,557	9,458	99
Total	11,191,788	10,295,308	896,480

[1] Decrease.

TABLE J.—*Resources and surplus of mutual savings banks in the United States, 1910–31*

[Data for 1931 from report of the Comptroller of the Currency for fiscal year ending June 30, 1931. Data for earlier years, reports of the Comptroller of the Currency as shown in Statistical Abstract of the United States for 1931]

Year	Number of banks	Total resources [1]	Surplus	Demand and time deposits
1910	638	3,652.4	249.2	3,360.6
1915	630	4,319.4	289.7	3,950.6
1918	625	4,818.6	315.6	4,422.1
1919	622	5,171.6	333.4	4,751.2
1920	620	5,619.0	334.5	5,186.8
1921	623	6,040.1	366.4	5,575.1
1922	619	6,351.6	468.2	5,778.9
1923	618	6,904.8	496.5	6,288.6
1924	613	7,364.7	558.8	6,693.2
1925	611	7,913.0	633.2	7,147.5
1926	620	8,422.3	703.0	7,577.8
1927	618	9,011.2	782.9	8,076.5
1928	616	9,688.2	851.6	8,672.1
1929	611	10,006.5	823.7	9,003.6
1930	606	10,295.3	898.9	9,215.0
1931	600	11,191.8	968.1	10,035.3

[1] Total resources, surplus, and demand and time deposits in millions of dollars.

TABLE K.—*Total resources, railroad bond holdings and surplus of mutual savings banks with largest holdings, Jan. 1, 1931 and 1932*

[Taken from Moody's Manual of Investments, bank volume, 1932]

Bank	Total resources		Total railroad bonds		Surplus, 1932
	1932	1931	1932	1931	
Bowery Savings Bank	$534,851,794	$444,860,448	$94,480,212	$79,170,409	$49,412,499
Emigrant	447,288,570	414,305,474	78,399,477		52,532,378
Bank for Savings	223,726,789	201,490,150	48,245,038	49,217,336	30,004,184
Greenwich	170,485,630	154,754,787	39,526,193	34,533,000	19,956,972
Central	229,595,246	210,481,407	30,682,966	30,036,972	26,316,035
Providend Institute for Savings	102,906,150	97,355,601	27,310,543	22,847,639	8,329,611
Seamen's	133,723,691	123,652,627	23,008,290	22,097,435	14,697,545
Society for Savings	120,015,920	118,034,528			
Williamsburgh	269,310,291	242,818,645	22,346,516	15,452,312	29,540,809
Dollar	93,262,426	86,172,877	20,671,413	19,052,648	10,743,514
Dime	190,915,470	171,656,544	21,185,153	19,771,874	25,498,080
Howard	88,398,576	79,610,045	20,427,038	21,229,725	
Total	2,604,483,553	2,345,193,133	426,342,889	313,409,350	267,031,627

TABLE L.—*Earnings of savings banks with largest holdings of railroad bonds, 1930 and 1931*

[Taken from Moody's Manual of Investments, bank volume, 1932]

Bank	Gross earnings		Net earnings		Dividends	
	1931	1930	1931	1930	1931	1930
Bowery Savings Bank	$24,741,350	$20,176,272	$5,020,433	$2,805,150	$17,036,351	$15,351,762
Emigrant	22,170,353	19,781,771	5,096,562	2,686,429	14,573,754	14,898,105
Bank for Savings	9,857,697	9,006,773	1,383,957	558,574	7,232,480	7,164,756
Greenwich	7,560,510	6,909,194	1,047,870	590,811	5,643,104	5,442,794
Central	10,537,603	9,335,197	1,352,422	453,911	7,873,981	7,638,400
Provident Institute for Savings	4,578,840	4,670,339	532,040	249,743	3,537,497	3,902,609
Seamen's	6,440,200	5,858,745	453,731	466,233	4,886,594	4,464,105
Williamsburgh	12,120,671	11,192,243	1,581,586	811,317	9,038,956	8,961,497
Dollar	4,722,299	4,318,413	1,034,751	686,328	3,138,837	3,206,754
Dime	9,495,550	8,723,204	1,831,171	1,617,867	6,196,838	6,102,631
Howard					3,125,024	2,858,833
Total	112,225,073	99,972,151	19,334,523	10,926,363	82,283,416	79,992,246

TABLE M.—*Relation of total expense to total income and of total expense to premium income of all life companies, 1904–30*

[From an article, Should Life Insurance Companies Be Permitted to Buy Common Stocks? by S. N. Nerlove, associate professor of economics, School of Commerce, University of Chicago]

Year	Percentage of total expense to total income	Percentage of total expense to premium income
1904	65.4	80.3
1905	64.1	79.8
1906	63.9	81.1
1907	64.7	82.3
1908	66.5	85.7
1909	67.6	89.4

TABLE M.—*Relation of total expense to total income and of total expense to premium income of all life companies, 1904–30*—Con.

[From an article, Should Life Insurance Companies Be Permitted to Buy Common Stocks? by S. N. Nerlove, associate professor of economics, School of Commerce, University of Chicago]

Year	Percentage of total expense to total income	Percentage of total expense to premium income
1910	69.2	91.1
1911	69.4	91.7
1912	70.4	93.5
1913	69.9	92.4
1914	71.5	94.5
1915	67.2	86.9
1916	70.9	93.4
1917	67.7	91.1
1918	75.4	100.5
1919	70.9	87.0
1920	67.9	86.5
1921	66.1	83.9
1922	69.5	88.6
1923	68.6	87.7
1924	67.1	85.4
1925	64.2	81.2
1926	63.8	80.9
1927	62.5	79.8
1928	62.3	81.0
1929	66.5	86.0
1930	69.6	90.8

Mr. WHEELER. Mr. President, I have taken more time than I intended to talk upon this subject, but I wanted at least to get in, the RECORD some authentic data showing the falsity of the propaganda that has been spread from one end of the country to the other by bankers in New York who actually control the railroads, by the bondholders and by others who are mulcting the public through the raising of railroad rates and the cutting down of wages, and are reaching right into the public coffers of the United States. I appreciate the fact that it will have very little effect in this Chamber, but I wanted to have the data in the RECORD so that those who are interested in the subject may have an opportunity to turn to some authentic data, particularly those on the outside who take the trouble to read the CONGRESSIONAL RECORD.

Mr. President, I am going to vote against the bill unless it contains a provision for the 6-hour day. Unless the Black amendment is adopted, I propose to vote against the bill. That amendment was offered in the committee and was voted down. I think the time is come when we should adopt the universal 6-hour day in this country. The one place that it can be adopted where we know it will be constitutional is on the railroads of the country engaged in interstate commerce. The one place where we can make a test to see how it is going to work is on the railroads.

Let me say to any railroad man who fears that perhaps his wages may be decreased temporarily, that the correct philosophy always is and always has been that when labor is scarce wages go up, and when men are walking the streets wages are bound to go down in the long run regardless of any labor organization.

This bill is going to put the stamp of approval upon railroad monopolies in the country. If it is carried into effect, as I have every reason to believe it will be, it is going to upset economic conditions in the Northwest to a tremendous extent. It will absolutely and completely ruin various communities in the Northwest. Not only that, but it will work untold hardship not only upon the employees themselves but upon the business men and those who depend upon the great transportation systems of the country for service.

I think it is a backward step. I think it is a wrong step. I think it is a deflationary step in the face of statements repeatedly made that the thing we ought to do, instead of deflating, is to inflate. I think it is an unwise policy that is about to be pursued by the Government, because if there ever was a time in the history of the country that we should not deflate and carry into effect deflationary policies, this is the time. We should hesitate; we should not do it. For one, I repeat, I shall vote against the bill, at least unless the Black amendment is adopted.

Mr. DILL. Mr. President, I am anxious at this time to take up some of the committee amendments which are not controversial and see if we cannot get them disposed of. The Senator from Minnesota [Mr. SHIPSTEAD] has a speech of some length but has indicated that he would rather not deliver it until tomorrow. For that reason I should like to proceed at this time with the consideration of committee amendments, unless some Senators desire to address the Senate at this time.

Mr. SMITH. Mr. President, does the Senator expect to pass the bill this evening?

Mr. DILL. No; it will not be possible.

Mr. LONG. Mr. President, what is the proposal of the Senator from Washington?

Mr. DILL. We have an order to consider amendments of the committee first and then individual amendments will be in order. It is my desire to proceed with the consideration of committee amendments at this time.

Mr. LONG. I do not know that I can be here tomorrow. The committee amendments are more or less formal. I have been in hopes that we might have the Black amendment considered today.

Mr. DILL. I want to consider the committee amendments first, at least those involved in title I.

The PRESIDING OFFICER. The clerk will read the bill for committee amendments.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Interstate Commerce was, under the heading "Title I—Emergency powers", on page 1, line 6, after the word "this", to strike out "act" and insert "title", so as to read:

SECTION 1. As used in this title—

The amendment was agreed to.

The next amendment was, on page 2, line 2, after the word "Transportation", to strike out "for whose appointment or designation the act provides" and insert "hereinafter provided for", so as to read:

(b) The term "Coordinator" means the Federal Coordinator of Transportation hereinafter provided for.

The amendment was agreed to.

The next amendment was, on page 2, line 5, after the word "Committees", to strike out "for whose creation the act provides" and insert "hereinafter provided for", so as to read:

(c) The term "committee" means any one of the Regional Coordinating Committees hereinafter provided for.

The amendment was agreed to.

The next amendment was, on page 2, after line 10, to insert:

(e) The term "subsidiary" means any company which is directly or indirectly controlled by, or affiliated with, any carrier or carriers. For the purpose of the foregoing definition a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act.

The amendment was agreed to.

The next amendment was, on page 2, after line 17, to insert:

(f) The term "employee" includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

The amendment was agreed to.

The next amendment was, on page 2, after line 23, to insert:

(g) The term "State commission" means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carriers by railroad under the laws of any State.

The amendment was agreed to.

The next amendment was, on page 3, line 10, after the name "President", to strike out "with the advice and consent of the Senate or be designated by the President from the membership of the Commission. If so designated, the

coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct", and insert "by and with the advice and consent of the Senate. If appointed from the membership of the Commission, the coordinator shall not by virtue of such appointment cease to be a member of the Commission, but shall be relieved from his duties as Commissioner during his term of service as coordinator to such extent as the President may direct; except that the coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as coordinator"; on page 4, line 1, after the name "President", to insert a comma and "and without regard to the Civil Service laws and the Classification Act of 1923, as amended,"; in line 6, after the word "act", to strike out the comma and "and not subject to the Civil Service laws and the Classification Act of 1923, as amended"; and in line 12, after the word "if", to strike out "designated" and insert "appointed", so as to make the section read:

SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby created the office of Federal Coordinator of Transportation, who shall be appointed by the President, by and with the advice and consent of the Senate. If appointed from the membership of the Commission, the Coordinator shall not by virtue of such appointment cease to be a member of the Commission, but shall be relieved from his duties as Commissioner during his term of service as Coordinator to such extent as the President may direct; except that the Coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order that the Coordinator shall not sit as a member of the Commis- issued by him as Coordinator. The Coordinator shall have such powers and duties as are hereinafter set forth and prescribed, and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the Coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The Coordinator shall receive such compensation as the President shall fix, except that if appointed from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

The amendment was agreed to.

The next amendment was, on page 4, line 24, after the word "five", to strike out "members" and insert "regular members and two special members"; on page 5, line 1, after the word "directors", to insert "or its receiver or receivers or trustee or trustees"; in line 3, before the word "members", to insert "regular"; in line 4, after the word "shall", to insert a comma and "subject to the approval of the coordinator,"; in line 6, after the word "operate", to insert a semicolon and "but no railroad system shall have more than one representative on any such committee"; in line 9, after the word "group", to strike out the comma and "subject to the approval of the coordinator"; and commencing in line 10, to insert the following: "The two special members of each committee shall be selected in such manner as the coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered, and may participate in the consideration and disposition of such matter."

So as to make the section read:

SEC. 3. The Coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the Coordinator shall have initially designated such groups, 3 regional coordinating committees shall be created, 1 for each group, and each committee shall consist of not more than 5 regular members and 2 special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall, subject to the approval of the Coordinator, prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the Coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered, and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

The amendment was agreed to.

The next amendment was, on page 5, line 24, after the word "this", to strike out "act" and insert "title"; on page 6, line 1, after the word "carriers", to insert "and subsidiaries"; and in line 5, after the word "services", to insert "and the charges therefor", so as to make the section read:

SEC. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers and subsidiaries which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use, (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

The amendment was agreed to.

The next amendment was, on page 6, line 19, after the word "carriers", to insert "and subsidiaries"; in line 24, after the word "carriers", to insert "or subsidiaries"; on page 7, line 2, after the word "this", to strike out "act" and insert: "title. Nothing in this title shall be construed to authorize a carrier or carriers to take any action, except when specifically authorized by the coordinator, which is now forbidden by any State or Federal law or by other restraints or prohibitions now imposed upon the carriers under the authority of State or Federal law", so as to make the section read:

SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers and subsidiaries. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the Coordinator that he give appropriate directions to the carriers or subsidiaries by order; and the Coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title. Nothing in this title shall be construed to authorize a carrier or carriers to take any action, except when specifically authorized by the Coordinator, which is now forbidden by any State or Federal law or by other restraints or prohibitions now imposed upon the carriers under the authority of State or Federal law.

The amendment was agreed to.

The next amendment was, on page 7, line 9, after "Sec. 6", to insert "(a)"; in line 12, after the word "carriers", to insert "the subsidiaries"; in line 15, after the word "this", to strike out "act" and insert "title; and the Coordinator, his assistants and agents, and the Commission, shall at all times have access to all accounts, records, and memoranda of the carriers and subsidiaries"; in line 19 after the word "committee", to strike out "fails to act" and insert "has not acted"; in line 21, after the word "should", to strike out "act" and insert "have acted", and in line 24, after the word "carriers" to insert "and subsidiaries", so as to read:

SEC. 6. (a) The Coordinator shall confer freely with the committees and give them the benefit of his advice and assistance.

At his request, the committees, the carriers, the subsidiaries, and the Commission shall furnish him, or his assistants and agents, such information and reports as he may desire in investigating any matter within the scope of his duties under this title; and the Coordinator, his assistants and agents, and the Commission, shall at all times have access to all accounts, records, and memoranda of the carriers and subsidiaries. If, in any instance, a committee has not acted with respect to any matter which the Coordinator has brought to its attention and upon which he is of the opinion that it should have acted, under the provisions of section 5, he is hereby authorized and directed to issue and enforce such order, giving appropriate directions to the carriers and subsidiaries with respect to such matter, as he shall find to be consistent with the public interest.

The amendment was agreed to.

The next amendment was, on page 8, after line 2, to insert:

(b) Insofar as may be necessary for the purposes of this title, the Commission and the members and examiners thereof shall have the same power to administer oaths and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under the Interstate Commerce Act, as amended and supplemented; and any person subpenaed or testifying in connection with any matter under investigation under this title shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as are provided in the case of persons subpenaed or testifying in connection with any matter under investigation under the Interstate Commerce Act, as amended.

The amendment was agreed to.

The next amendment was, on page 8, after line 17, to strike out:

SEC. 7. The Coordinator shall provide means whereby such central committees as may be selected by and represent railway labor organizations in each of the groups shall be advised of any contemplated orders requiring changes in service or operation which will affect the interests of the employees, and he shall confer freely with such committees before issuing any such order.

The amendment was agreed to.

The next amendment was, at the top of page 9, to insert:

SEC. 7. (a) The Coordinator shall provide the means whereby labor committees for each regional group of carriers shall be selected by those railway labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, whereby the current wage payments of the employees of the carriers are determined. It shall be the duty of the regional coordinating committees of management and the Coordinator to give reasonable notice to and to confer with the appropriate regional labor committee upon the subject matter prior to taking any action or issuing any order which will affect the interests of the employees, and to afford said labor committee reasonable opportunity to present its views upon said contemplated action or order.

(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority conferred by this title beyond the number as shown by the pay rolls of employees in service during the month of May 1933, nor shall any employee in such service be deprived of employment or be in a worse position in respect to his compensation by reason of any action taken pursuant to the authority conferred by this title except to the extent that after the effective date of this act vacancies are created by the death, normal retirement, or resignation of employees, but not to exceed 5 percent in any 1 year.

(c) The Coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever an order of the Coordinator creates conditions that make necessary such boards of adjustment to settle controversies arising out of actions taken under the authority of this title. Carriers and their employees shall have equal representation on said boards of adjustment for the settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

(d) It shall be the duty of the Coordinator, and he is hereby authorized in like manner, to provide the means for determining the amount and require the carriers to make just compensation for property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q), of the act approved March 3, 1933, entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

The amendment was agreed to.

The next amendment was, on page 11, after line 3, to strike out:

SEC. 8. Any order issued by the Coordinator pursuant to this act shall remain in effect until it is vacated by him or suspended or set aside by the Commission, as hereinafter provided, and such order may include provision for the creation and administration of such just pooling arrangements or for such just compensation as he may deem necessary or desirable and in furtherance of the purposes of this act.

And in lieu thereof to insert:

SEC. 8. Any order issued by the Coordinator pursuant to this title shall be made public in such reasonable manner as he may determine and shall become effective as of such date, not less than 20 days from the date of such publication, as the Coordinator shall prescribe in the order; and such order shall remain in effect until it is vacated by him or suspended or set aside by the Commission, as hereinafter provided, and such order may include provision for the creation and administration of such just pooling arrangements or for such just compensation for the use of property or for carrier services as he may deem necessary or desirable and in furtherance of the purposes of this title.

The amendment was agreed to.

The next amendment was, on page 11, after line 22, to strike out:

SEC. 9. Any interested party, whether carrier, shipper, or employee, dissatisfied with any order of the Coordinator may file a petition with the Commission asking that such order be reviewed and suspended pending such review. If the Commission, upon considering such petition, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this act as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

And in lieu thereof to insert:

SEC. 9. Any interested party, including, among others, any carrier, subsidiary, shipper, or employee, or any group of carriers, subsidiaries, shippers, or employees, or any State commission, or the governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the Coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

Mr. TRAMMELL. Mr. President, I was unable to keep up in detail with that amendment. I should like to know whether the amendment has any reference to orders in regard to freight rates.

Mr. DILL. No; this bill in no way gives the coordinator any power over freight rates, or over any kind of rates.

Mr. TRAMMELL. It gives him no power in that particular?

Mr. DILL. Not in that particular.

Mr. TRAMMELL. I think, if it would be consistent, we ought to have an amendment placed in this bill on the question of the notice that is given of an increase in freight rates. I was very much surprised not long since, when complaint was made to me in regard to an increase of freight rates on products of my State and of course others, but more particularly my own State, to find that all the com-

pany has to do is to file a notice of freight-rate increase, and it becomes effective, I think, within 30 days, or even less. That does not give the shipper or producer any opportunity whatever of a hearing, and the increase automatically goes into effect without any action on the part of the Commission, which I think is an absurd situation so far as the shippers and producers of the country are concerned. I probably shall offer an amendment to this bill to try to correct that.

Mr. DILL. If the Senator wishes to prepare an amendment, he may do so and offer it after the committee amendments have been acted upon.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 13, line 22, after "Sec. 10", to insert "(a)"; in the same line, after the word "carriers", to insert "or subsidiaries"; in line 24, after the word "this", to strike out "act" and insert "title"; and on page 14, line 8, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 10. (a) The carriers or subsidiaries affected by any order of the Coordinator or Commission made pursuant to this title shall, so long as such order is in effect, be, and they are hereby, relieved from the operation of the "antitrust laws", as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, other than such as are for the protection of the public health or safety, insofar as may be necessary to enable them to do anything authorized or required by such order made pursuant to this title.

The amendment was agreed to.

The next amendment was, on page 14, after line 13, to insert:

(b) The Coordinator shall issue no order which shall have the effect of relieving any carrier or subsidiary from the operation of the law of any State or of any order of any State commission until he has advised the State commission of said State, or the Governor of said State if there be no such commission, that such order is in contemplation.

The amendment was agreed to.

The next amendment was, on page 14, line 20, after the word "carrier", to insert "or subsidiary"; in line 21, after the word "carrier", to insert "or subsidiary"; in line 24, before the word "shall", to strike out "act" and insert "title"; in line 25, after the word "carrier", to insert "subsidiary"; on page 15, line 2, after the word "carrier", to insert "subsidiary"; in line 6, after the name "Coordinator", to insert "or the Commission"; and in line 10, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 11. The willful failure or refusal of any carrier or subsidiary or of any officer or employee of any carrier or subsidiary to comply with the terms of any order of the Coordinator or of the Commission made pursuant to this title shall be a misdemeanor, and upon conviction thereof the carrier, subsidiary, or person offending shall be subject to a fine of not less than $1,000 or more than $20,000 for each offense, and each day during which such carrier, subsidiary, or person shall willfully fail or refuse to comply with the terms of such order shall constitute a separate offense. It shall be the duty of any district attorney of the United States to whom the Coordinator or the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this title and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expense of the courts of the United States.

The amendment was agreed to.

The next amendment was, on page 15, line 13, after the name "United States", to insert a colon and the following proviso:

Provided, That nothing in this title shall be construed to require any employee or officer of any carrier to render labor or service without his consent, or to authorize the issuance of any orders requiring such service, or to make illegal the failure or refusal of any employee individually, or any number of employees collectively, to render labor or services.

The amendment was agreed to.

The next amendment was, on page 15, line 22, after the word "this", to strike out "act" and insert "title"; in line 24, after the word "including", to insert "costfinding in rail transportation"; and on page 16, line 4, after the word "conditions", to insert "and relations", so as to read:

SEC. 12. It shall further be the duty of the Coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including cost finding in rail transportation and the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including also the stability of railroad labor employment and other improvement of railroad labor conditions and relations; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

The amendment was agreed to.

The next amendment was, on page 16, line 13, after "section 2", to insert a comma and "but not including the expenses of the coordinating committees"; in line 17, after the word "carriers", to insert a comma and "and said fund is hereby appropriated for the payment of such expenses"; in line 19, after the word "carrier", to insert a comma and "within 30 days after the date of enactment of this act"; in line 20, after the word "fund", to insert a comma and "for the first year of the operation of this title"; in line 23, after the word "Commission", to insert a comma and "and to pay into said fund within 30 days after the expiration of such year a proportional amount covering any period of extension of this title by proclamation of the President under section 16"; on page 17, line 3, after the word "this", to strike out "act" and insert "title"; and in line 10, after the word "agents", to insert "and to the employees of the Commission when engaged in the service of the coordinator", so as to make the section read:

SEC. 13. The expenses of the Coordinator except so far as they are borne by the Commission in accordance with the provisions of section 2, but not including the expenses of the coordinating committees, shall be allowed and paid, on the presentation of itemized vouchers therefor approved by the Coordinator, out of a fund obtained from assessments on the carriers, and said fund is hereby appropriated for the payment of such expenses. It shall be the duty of each carrier, within 30 days after the date of enactment of this act, to pay into this fund, for the first year of the operation of this title, $1 for every mile of road operated by it on December 31, 1932, as reported to the Commission, and to pay into said fund within 30 days after the expiration of such year a proportional amount covering any period of extension of this title by proclamation of the President under section 16, and it shall be the duty of the Secretary of the Treasury to collect such assessments. Any amount remaining in the fund when this title ceases to have effect shall be returned by the Secretary of the Treasury to the carriers in proportion to their contributions. The carriers and the Pullman Co. shall be permitted, anything in the Interstate Commerce Act, as amended, to the contrary notwithstanding, to provide free transportation and other carrier service to the Coordinator and his assistants and agents and to the employees of the Commission when engaged in the service of the coordinator.

The amendment was agreed to.

The next amendment was, on page 17, after line 11, to strike out—

SEC. 14. The commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, nor shall it authorize a carrier to issue bonds or other evidence of indebtedness under the Interstate Commerce Act, as amended, unless it shall find that the financial structure of the carrier is such that there is reasonable prospect that such carrier can without financial reorganization survive the existing economic depression and provide for its capital needs thereafter.

And in lieu thereof to insert:

SEC. 14. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest: *Provided, however*, That the term "carrier" as used in this section shall not include a receiver or trustee.

Mr. ADAMS. Mr. President, I desire to ask the Senator from Washington a question about this amendment. It contains the following provision:

The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest.

I wonder if that does not mean "unless it shall find", instead of "if it is of the opinion."

Mr. DILL. I think not. I think the purpose is to have the Commission look into the financial organization of the carrier, and, if it finds that it is in need of financial reorganization, not to permit it to have a loan.

Mr. ADAMS. That is, it is directly in conflict with the section as it was in the original bill?

Mr. DILL. Yes. The original provision had two objectionable features from the viewpoint of the committee.

One was that it covered the issuance of bonds. The issuance of bonds is under the control of the Interstate Commerce Commission under the present law, and bonds would be issued largely for new construction or new equipment.

The second objectionable feature was the words in line 19, "survive the existing economic depression." That seemed a rather unnecessarily burdensome requirement of the Commission, because nobody can tell what can survive the existing depression, for we do not know how long it may last.

This language was prepared largely through consultation with Mr. Eastman, of the Interstate Commerce Commission. I think it probably will be in conference anyway. I think, though, the language was satisfactory.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 18, after line 2, to insert:

SEC. 15. Any final order made under this title shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under the Interstate Commerce Act, as amended. The provisions of the Urgent Deficiencies Appropriation Act of October 22, 1913 (38 Stat.L. 219), shall be applicable to any proceeding in court brought to suspend or set aside any order of the Coordinator or of the Commission entered pursuant to the provisions of this title.

The amendment was agreed to.

The next amendment was, on page 18, line 12, after "Sec.", to strike out "15" and insert "16"; in the same line, before the word "shall", to strike out "act" and insert "title"; and in line 15, after the word "Coordinator", to insert "or", so as to read:

SEC. 16. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the Coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority.

The amendment was agreed to.

The next amendment was, under the heading "Title II, amendments to Interstate Commerce Act", on page 21, line 23, after the word "provisions", to strike out "As used in this paragraph, the words 'control or management' shall be construed to include the power to exercise control or management" and to insert "As used in this paragraph and paragraphs (7), (8), (9), and (11), the word 'control' and the word 'management' shall be construed to include the power to exercise control or management, whether through ownership of a majority of voting stock or otherwise. Nothing in this paragraph shall be construed or taken to ratify, validate, or recognize the validity of any act of any person accomplishing or effectuating or tending to accomplish or effectuate, prior to the enactment hereof, such control or management in any manner forbidden hereby after the enactment hereof", so as to read:

SEC. 202. Such section 5 is further amended by striking out paragraphs (6), (7), and (8) and by inserting in lieu thereof the following paragraphs:

"(4). (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership, or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a corporation which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a corporation which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock.

"(b) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under subdivision (a), the carrier or carriers or corporation seeking authority therefor shall present an application to the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants, of the time and place for a public hearing. If after such hearing the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be in harmony with and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3), and will promote the public interest, it may enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable.

"(5) Whenever a corporation which is not a carrier is authorized, by an order entered under paragraph (4), to acquire control of any carrier or of two or more carriers, such corporation thereafter shall, to the extent provided by the Commission, for the purposes of paragraphs (1) to (10), inclusive, of section 20 (relating to reports, accounts, etc., of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a common carrier subject to the provisions of this act, and for the purposes of paragraphs (2) to (11), inclusive, of section 20a (relating to issues of securities and assumptions of liability of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a 'carrier' as such term is defined in paragraph (1) of such section, and be treated as such by the Commission in the administration of the paragraphs specified. In the application of such provisions of section 20a in the case of any such corporation the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public as a common carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public interest.

"(6) It shall be unlawful for any person, except as provided in paragraph (4), to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest of any two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraphs (7), (8), (9), and (11), the word 'control' and the word 'management' shall be construed to include the power to exercise control or management, whether through ownership of a majority of voting stock or otherwise. Nothing in this paragraph shall be construed or taken to ratify, validate, or recognize the validity of any act of any person accomplishing or effectuating or tending to accomplish or effectuate, prior to the enactment hereof, such control or management in any manner forbidden hereby after the enactment hereof.

The next amendment was, on page 22, line 12, after the word "of", to strike out "paragraph (6)" and insert "paragraphs (6) and (11)", so as to read:

(7) For the purposes of paragraphs (6) and (11), but not in anywise limiting the application thereof, any transaction shall be deemed to accomplish or effectuate the control or management in a common interest of two carriers—

(a) If such transaction is by a carrier, and if the effect of such transaction is to place such carrier and person affiliated with it, taken together, in control of another carrier.

(b) If such transaction is by a person affiliated with a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

(c) If such transaction is by two or more persons acting together, one of whom is a carrier or is affiliated with a carrier, and if the effect of such transaction is to place such persons and carriers and persons affiliated with any one of them and persons affiliated with any such affiliated carrier, taken together, in control of another carrier.

The amendment was agreed to.

The next amendment was, on page 23, line 18, after "(7)" and the comma, to strike out "and", and in line 19, after "(8)", to insert "and (11)", so as to read:

(9) For the purposes of paragraphs (6), (7), (8), and (11), wherever reference is made to control it is immaterial whether such control is direct or indirect.

The amendment was agreed to.

The next amendment was, on page 26, line 14, after the word "association", to insert "joint-stock company", so as to read:

(17). As used in paragraphs (4) to (16), inclusive, the term "person" includes an individual, partnership, association, joint-stock company, or corporation and the term "carrier" means a carrier by railroad subject to this act.

The amendment was agreed to.

The next amendment was, on page 26, line 24, after the word "amended" and the comma, to insert "and of all other applicable Federal statutes", so as to read:

SEC. 204. The provisions of the Interstate Commerce Act, as amended, and of all other applicable Federal statutes, as in force prior to the enactment of this title, shall remain in force, as though this title had not been enacted, with respect to the acquisition by any carrier, prior to the enactment of this title, of the control of any other carrier or carriers.

The amendment was agreed to.

The next amendment was, on page 27, line 20, after "Sec. 206" to insert "(a)", so as to read:

SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission, under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such moneys shall be terminated, etc.

The amendment was agreed to.

The next amendment was, on page 28, after line 15, to insert:

(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with paragraph (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this paragraph shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106(b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with the law.

Mr. DILL. Mr. President, this amendment was inserted by the committee at the request of the Assistant Secretary of the Treasury, for the purpose of covering the income tax sought to be collected. It has been called to my attention that this is a revenue-producing provision, and that the body at the other end of the Capitol might take exception to the bill if it contained that legislation. For that reason I ask that the amendment be disagreed to, because I understand it will be inserted by the body at the other end of the Capitol.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDING OFFICER. That concludes the committee amendments.

Mr. DILL. That completes the committee amendments. I believe the Senator from Alabama desires to offer an amendment.

Mr. BLACK. Mr. President, I wish to offer an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 6, between lines 4 and 5, the Senator from Alabama proposes to add a new paragraph to section 7, as follows:

That beginning July 1, 1933, 6 hours shall, in contracts for labor and service, be deemed a day's work and the measure or standard of a day's work for the purpose of reckoning the compensation for services of all employees. That pending the revision of existing contracts or the making of new contracts between carriers and their employees (in order to provide for the application of the standard of a day's work hereinbefore provided) in the manner required in the Railway Labor Act, neither existing basic rates of pay nor any other measures of compensation as fixed in existing contracts shall be altered except by written agreement of the contracting parties. But in the absence of such an agreement the provisions of this act shall not be construed to authorize any reduction in the compensation of employees subject to this act.

The act entitled "An act to establish an 8-hour day for employees of carriers engaged in interstate and foreign commerce and for other purposes", approved September 5, 1916, is not hereby repealed, but the operation thereof is hereby suspended so long as the foregoing requirements of this paragraph shall remain in full force and effect.

Mr. DILL. Mr. President, we cannot pass the bill this evening, and the Senator from Minnesota [Mr. SHIPSTEAD] wants to speak in the morning; so at this time I suggest that we might take a recess until tomorrow at 11 o'clock. if that be satisfactory.

Mr. ROBINSON of Arkansas. Mr. President, with the consent of the Senator from Alabama, if he will yield for that purpose, I will move an executive session.

Mr. BLACK. I yield.

CAPITAL-GAINS PROVISION OF INCOME TAX LAW

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the New York Times of today entitled "No Real Surprise." The editorial deals with the inconsistency and absurdity of treating capital gains or capital losses as income.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From New York Times, May 26, 1933]

NO REAL SURPRISE

Congress is said to be aghast at the discovery that deduction of capital losses under the law has cut the yield of income taxes in two. Members are now eager to plug that "hole." But its existence was known to everybody—outside Congress. The danger, as well as the absurdity, of treating capital gains and capital losses as income was pointed out years ago. It was from the first a definition of income which no economist of standing would justify. And the results of it have been exactly as predicted. In boom times the tax was reluctantly paid by some, but thousands of people refused to realize their possible capital gains for fear of having to pay a heavy tax to the Government. A consequent withholding of stocks from the market greatly contributed to the frantic "boom" in the market of 1928 and 1929. The income-tax law had removed an automatic brake from the train of speculation thus allowed to run wild. What happened when the evil days came, all can now see. Losses greater than income wiped out the tax.

British taxes are perhaps the heaviest in the world, but British law leaves no such "loophole" as astonished Congressmen now find in our statutes. The difference was quietly explained by Mr. Morgan yesterday. The English income tax does not include either capital gains or losses. Senator BARKLEY thereupon inquired whether, if the British system had been in force here, Mr. Morgan would have paid a tax in 1931 and 1932. "To quite a considerable amount", Mr. Morgan replied, "but I wouldn't have paid as much in 1928 and 1929." That puts the case neatly. From the very beginning our income-tax law was theoretically wrong. Today it has been proved to be in practice a huge blunder.

The Senate investigation has turned up many things which show what a mad world, my masters, financial leaders were making of it during the 2 or 3 years before everything crashed to the earth. But Congress can claim no immunity from the general insanity of that period. The tax laws which it made, and which it refused to alter, were a fit product of men dwelling in a fool's paradise.

FARM COOPERATIVE MOVEMENT IN THE UNITED STATES

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have inserted in the RECORD a most remarkable and illuminating address delivered by Hon. J. D. Beck, Commissioner of Agriculture and Markets of the State of Wisconsin, and formerly a Member of the House of Representatives, at Osceola, March 11, 1933, at a combined meeting of the patrons of 39 cheese factories in Polk, St. Croix, and Barron Counties, on the situation confronting the farm cooperative movement in the United States today.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As I see it, the farm cooperative movement has met with more stubborn opposition than any other movement of producers in history. Farmers produce the food for all the people, and when the food gamblers are able to reach over into the farmers' pockets and take two thirds of what they produce they are not going

to give up that advantage without a struggle, without throwing every obstacle in the way of every attempt of the farmer to get a little more of the things he produces to do with as he pleases instead of allowing two thirds of it to go to food dealers to do with as they please.

According to the Department of Agriculture at Washington, D.C., and the department of markets in New York, there are 4 food dealers for every 7 farms in the United States. In 1927, during so-called "prosperity", these food gamblers paid the farmer on an average $1,200 for what he produced, then turned around and sold it to the consumer for three times that amount, or $3,600. In other words, before the farmer could get what he produced to the consumer he was compelled to pay a tribute to the dealers of about $2,400. Or, turn it the other way around and say, "Before the consumer could get what the farmer sold for $1,200, he had to pay a tribute of $2,400 to the food gamblers." At the present time the farmer receives considerably less than that. Just what sense there is in that I am unable to see. This brings us to the question of what are we to do about it? What can we do about it?

Some advocate organizing to get cost of production plus a fair profit. That may be the solution, though just how such a plan can be worked out I do not know. In attempting to think this plan through I run up against such obstacles as this: According to an article appearing in the Saturday Evening Post some time ago, some capitalists took some of the enormous profits they made out of the war and developed a 57,000-acre farm down in the Texas-New Mexico Panhandle country where they were raising wheat they could sell for 17 cents a bushel and make a profit on it. They had a harvesting machine that cut a swath 86 feet wide, threshes, and sacks the grain. Just how a cost-of-production plan can be worked out as between that farm and another where the cost is $1 per bushel, I am unable to see. I can see that we must have cost of production if we are to survive.

With my limited ability I am unable to figure out how this plan will work, even between adjoining farms. The cost of production on one will differ from the other. The cost in one county will differ from that in another. The same is true as between States. The cost in one year, on a single farm, will differ from that of another year. Besides, I believe I am safe in saying that 6,000,000 of the 7,000,000 farmers in the United States do not know what it costs to produce a single farm product. I only know of one. That one can tell exactly how much it costs him to curry or harness a horse or milk a cow. He can tell how much it costs for his hired man to go from his house to the barn; how much it costs to till an acre of land, raise a bushel of potatoes, or butcher a hog. He can tell how much each farm activity costs, and that these costs differ from year to year.

Denmark, perhaps, has the most highly organized farmers of any country in the world. It started out on a cost-of-production plan. But the obstacles were so great they finally changed to a struggle for a greater share of the things they produced. Even then the obstacles, at times, seemed almost insurmountable. They were refused halls in which to discuss their problems, just as has been done with the farmers in the United States. Their meetings were broken up, just as has been done in this country. They were arrested on trumped-up charges and lodged in jail, just as has taken place here. When this failed, their leaders were banished from the country, and it has only been within the last 8 or 10 years that these exiles were permitted to return to their native land. One of these was found, by a depot agent, living in a little hut in the mountains of Colorado. When the agent told him that the Danish farmers had broadcast to the world that they had won the battle and it was now safe to return, he came to Washington to get the necessary papers to permit him to leave the United States and he described the struggle of the Danish farmers to me. That was while I was preparing a cooperative marketing bill to introduce in the House of Representatives, and his story was a great help in the preparation of that bill.

After various schemes had been tried and failed, an attempt was made to form a Nation-wide cooperative to include all farm products. But they did not have the farm leadership necessary to handle it, so they hired a business man as manager. Future developments indicated that this man had been planted in the organization for the sole purpose of breaking it up, because that is what he proceeded to do. That is, in my opinion, exactly what happened to the Farmers' Equity in Wisconsin. It is what happened to the citrus-fruit growers in California, and I believe that is what happened to the cheese federation.

The next attempt made at cooperation in Denmark was by the butter producers. Farm leadership was sufficient to make this a success. The opposition was not able to plant anyone in this organization to break it up. Failing in that, they started a counterorganization to get the farmers to quarreling among themselves, just as was and is now being done with the Dairymen's League in New York, and just as is being done all over the United States wherever a cooperative seems on the road to success.

Noting the success of the butter producers, the producers of other commodities fell into line and organized similar cooperatives, so that now they are the most highly organized of any farmers in the world. These organizations are tied together at the top by an organization with power to do those necessary things which the commodity organization cannot do or is at a disadvantage in doing. They built from the bottom up, instead of from the top down. They process their own products. They own their banks and factories. The net result has been that, instead of the farmers getting only one third of what they produce, as they once did, and as we do at the present time, they now get over two thirds of what they produce. That may be cost of production, it may be more or it may be less, depending on general market conditions, weather, and so forth. But they have struggled 75 years to accomplish it. Farmers of other European countries who have patterned after Denmark are securing as much as 78 percent of what they produce, and have done so in less than half the time. They have profited both by Danish failures and successes.

The law makes it the duty of the department of agriculture and markets to assist farmers in the organization of cooperative-marketing associations. In the performance of that duty the department will not urge anything upon the farmers of this State except what has been tried and proven successful elsewhere, as well as in Wisconsin. We are not even going to urge that much until we are convinced that farm leadership has been developed necessary to carry it through. There have been enough failures without adding to them.

There is a so-called "farm movement" in this State which proposes to break down every dairy cooperative in it and build something on the ruins, though what that "something" is, no one seems to knew. Whatever it is, it appears to be the same kind of movement that has been used by food gamblers for the last 75 years to break up farm cooperatives. It is exactly the opposite of what the citrus-fruit growers of California did. It is exactly the opposite of what the Danish farmers did, and it is exactly the opposite of what the New England farmers recently did, where they joined together at the top 22 of the 24 dairy organizations in that territory with the immediate result of securing an increase of 49 cents per hundredweight for milk on the Boston market. These farmers went on a strike in order to tie these cooperatives together into one organization. In Wisconsin this so-called "farm movement" struck in order to break up cooperatives.

Let me give you a few of our experiences. The farmers surrounding one of our cities organized a milk-producers' association to bargain with the dealers on price. They had no contract requiring milk to be sold through the organization. Farmers could sell through the organization or direct to the distributors, as they pleased. These farmers produce from 45 percent to 55 percent more milk than is necessary to supply the needs of the city consumers. This is called "surplus milk." The raw milk consume in the city is called fluid, or base milk, and usually sells for more than twice what the surplus brings. To get a better return for the surplus these farmers bought and equipped a creamery and began processing this surplus. This was a failure because of a lack of leadership. I say it failed because of lack of leadership, because the Dairymen's League of New York tried that same thing and made a success of it.

Following this failure the farmers began talking about getting on a contract basis so as to have a better hold on the milk supply. The department approved of this, but we knew exactly what would happen when the farmers of that milk shed succeeded in getting this hold. The distributors would do exactly as the distributors of New York City did with the surrounding farmers. They would accede to the demands of these farmers just long enough to enable them to go outside this milk shed and contract for their milk supply, and then tell the producers of this shed to go to thunder.

To prevent this, the department began urging the farmers around the condenseries of the State to organize so as to control the supply and enable them to get a better price. There are now about 3,300 farmers so organized. We also urged cooperative creameries to form groups among themselves, secure a field man to help them in buying supplies for the whole group, to assist in improving the quality and secure greater uniformity in their product, and to lead them to see that they could not afford to allow themselves to be used to break up the farmers' cooperative surrounding this city. In 7 months we organized enough locals in the State to cover something like 20,000 farmers. We attempted the same thing with the cheese producers and feel that we succeeded to the extent of saving around 130 factories composed of perhaps 3,000 farmers for the federation. Yet, the distributors of the city in question have gone out into the State as far as 150 miles away and bought cream from cheese-factory patrons to the extent of breaking up the factory. They have done the same thing with creameries by buying milk from patrons. They almost broke up a cooperative formed to sell milk on the Chicago market.

Nevertheless, with all these obstacles in the way, we felt we were succeeding very well until up jumps another so-called "farm organization" which, if it has done nothing else, has succeeded most admirably in getting farmers to quarreling among themselves. Farmers in that condition are not in the frame of mind to get very far in cooperative effort.

The Dairymen's League is now having this same experience, and has devised a means to overcome it. If a proposal of any kind is made at any of their meetings that has a single vote against it, that proposal is laid aside and each member is required to take it home, think it over, talk it over with his farm neighbors, and, if possible, devise a better scheme to present at the next meeting. Almost invariably the matter is unanimously disposed of at the next meeting. This has helped to develop the most loyal membership of any cooperative in the country, unless it be the citrus-fruit growers. You may know it is loyal when 3,000 members went out over the State between March and September of last year signing up members for the league, and

they did it at their own expense, without a dollar's pay. This brought on new efforts to break it up.

It was charged with running the farmers into debt $17,000,000 and of taking the property of members to pay that debt. It was claimed nonmembers received better prices than members; that the league cuts prices and forces the price of milk downward; that it is extravagant; that it buys plants and shuts them down; that the property it owns is not worth its book value; that it has 13,000 employees; that its officials are corrupt and that they are now trying to borrow money from the Federal Government in the hope of postponing the day of bankruptcy, and when that day comes the league will sell the homes from over the farmers' heads to pay its bills. Every one of these charges has been proven to be absolutely false. Yet you will always find some farmers ready to believe anything. If the league should eventually fail, it will be the fault of the farmers themselves.

For over 10 years the department of markets, aided by the university, the county agents, and the Federal Government, tried to induce our creameries to join Land O'Lakes. During that 10 years 42 Wisconsin creameries did so. During that same 10 years a Wisconsin federation was formed, composed of 86 creameries, leaving 176 cooperative creameries outside of any organized group.

The department, therefore, undertook the building up of local groups of creameries without reference to either the Land O'Lakes or the Wisconsin federation. During the 7 months following September 1, 1931, we organized 3 groups composed of 42 creameries. This leaves 134 cooperatives creameries still outside any organization. We induced as many creameries to form local groups in 7 months as the old department of markets, the county agents, the Federal Government, and the college of agriculture had induced to join Land O'Lakes in 10 years.

But in organizing these groups, there was one thing we could not talk about. We could not talk cooperative marketing. That was the one thing they did not want and that was the one thing they would not have. They pointed to the cheese federation as an example of what cooperative marketing does to the farmers. They pointed to the Mountain States Honey Producers' Association as another example. They pointed to the cherry growers as another. It did no good to suggest that someone may have been planted in some of these organizations for the express purpose of breaking them up. It did no good to tell them that some of these cooperatives may have failed because of mismanagement or because they were not farm owned and farm controlled.

What they wanted and what they were determined to have, if they had anything, was an organization that would help them to produce a higher and more uniform quality of butter which would give them an advantage in bargaining for a price, and that is exactly what the department of agriculture and markets is trying to help them do, feeling certain that the time will come when they will see the necessity of a cooperative-marketing program. At any rate, that is what happened with the Dairymen's League in New York. In 1907 they organized a bargaining association under the laws of New Jersey. The league operated under that plan for 13 years.

During that 13 years the obstacles thrown in their way developed a farm leadership that saw they would have to adopt some other plan if they hoped to attain the desired results, so in 1920 they reorganized into a cooperative marketing association under the cooperative marketing law of the State of New York. It took these farmers 13 years to learn that they were not on the right track. It did no good to tell them they were on the wrong track. That was one thing they had to learn for themselves. Yet I believe these 13 years were the most beneficial of any 13 years of the 61 the league or its predecessors have been in existence. It has developed a farm leadership necessary for successful farm cooperative marketing. We can profit by New York's experience, so that it need not take us as long as it did the farmers of that State. Yet I feel we must take sufficient time to develop a farm leadership which is necessary for success.

One of the groups the department called together to organize into a local listened very attentively to what we had to say and approved the plan presented, but said, "That is a very good plan, but we are in a little different situation from most farmers. Practically all of our dairy products are marketed locally. We do not have to ship these products outside the State, as is true with 75 percent of Wisconsin's farmers. We are thus able to save freight charges, and in the main we get a little better price than outside buyers pay." Nevertheless these farmers went home and began thinking things over. A little later they asked the college of agriculture to send them a man to check over the work of the butter makers to see if there might be some things they could do to produce a better quality of butter, to reduce the cost of fuel and other supplies, and to economize on hauling charges. When this was done they asked for another conference with the department. At this conference a plan for incorporating the group was worked out and a local unit was incorporated under the laws of the State. The next step taken by this unit was to hold institutes for the patrons of their creameries, at which various subjects relating to the creamery industry are discussed. This unit, composed of 12 creameries, is now considering the engaging of a field man to devote his entire time to these creameries and their patrons—from the farms where the raw materials are produced to the tables where the finished product is consumed. Cooperative marketing, like animals, must grow. There never was but one full-sized animal made, and the Maker regretted doing that afterward.

It is nothing strange to have creamerymen come to the department and ask, "What am I going to do with my butter from this on?" We ask, "What have you been doing with it?" The reply invariably is, "I've been selling to a chain store." "Well", we say, "keep right on selling it to a chain store until you find a better place to sell it." "Yes", the reply will be, "but I can't. They've notified me they can't use my butter any longer." In checking up on this we found that 2,000 chain stores in one city had formed a buying agency to buy butter for all these stores. After about a year's effort this agency found where it could purchase a definite quantity of butter to be delivered every day in the year to supply these stores. The object was, of course, to reduce costs and to secure an even flow of butter going into these stores to supply their needs. This could not be accomplished by buying a part of a carload of one small creamery at one time and a part of a carload of another creamery at another time. When they got the supply they wanted, in the way they wanted it, they began to drop the small creameries from their lists.

One local group was particularly anxious that the department should not talk cooperative marketing to its members. This did not disturb the department because it knew the time would come when that group would see the necessity for beginning a program of cooperative marketing. So when the chain stores dropped three of the small creameries of this group the group got together, bought machinery to rework and pack the butter of these three creameries into pound packages, sold it to retail stores in near-by cities, paid the creameries the same price the group received for its butter, and made a net profit of 2 cents per pound for their trouble. Other groups will be driven to do this same thing, and it will not be long before groups will find themselves competing with each other for the same market. To avoid this, groups will join into still larger groups until, we hope, they will have a single marketing organization.

Following this the independent stores of this same city began to build up the same kind of buying agency. But, I fear, Wisconsin creameries will not be able to utilize that market because they are not organized to sell in the quantities that will be required. Something over a year and a half ago the department found a broker who was selling sweet cream in various cities from Boston to Washington, D.C., who was looking for a concern that could furnish him a carload of cream per day, regularly throughout the year. Could he find such a concern he would contract to pay 33⅓ percent above the Chicago price for butterfat. The department combed the State to find a cooperative large enough to do that. The best we could do was to find one that could furnish three carloads per week, so that order went to another State. Had we been so organized as to fill that order it would have meant an income of $335,000 over what the butterfat brought to the farmers. This is becoming more and more a day of big buying, and unless farmers are organized to do big selling the disadvantages against them will become greater and greater as time goes on.

But, suppose we were organized to the point of approaching a monopoly. Just how much we would be able to control prices of what we have to sell I am unable to say. Prices depend on some things which even business monopolies cannot control. If there ever was an organization approaching a monopoly, it is the United States Steel Corporation. The price of steel has not been lower in years than it is today, and yet this corporation is not able to operate over 20 percent of its usual capacity simply because thousands of its former customers have not the money to buy at any price. There are 12,000,000 people out of work in the United States and other millions at work only part time at greatly reduced wages. These millions are not consumers of butter and cheese, and it is probable they consume very little milk. If butter should go to 30 cents, there would probably be other millions added to those who could not afford to buy. How can we get cost of production with so large a percentage of our population unable to buy our products? But there is one thing we can do. We can get most of what the food gamblers are now able to exact from us if we organize as we should.

Let us take a single milk-distributing company operating in the city of Milwaukee as an example of what is taking place. There are 12,000,000,000 pounds of milk produced in Wisconsin annually. This dairy company buys and distributes in that city approximately 185,000,000 pounds of milk annually, or about one sixty-fifth of the total amount produced in Wisconsin. Out of the profits made from the sale of that milk, this company, in 1930, was able to send $625,000 to a holding company in New York; was able to pay its president, vice president, secretary-treasurer, and its general manager $109,070 in salaries and commissions, the wife of the president $45,694; and on top of this made net profits amounting to $222,000, to say nothing of salaries paid to numerous other officials. This amounts to $956,070. It will take every drop of milk produced on 1,500 average farms to pay that amount. If that is happening with one sixty-fifth of the milk we produce, what must be the situation with the other sixty-four sixty-fifths? The profits made on butter are not as great as with fluid milk. Yet you can scarcely find a store but what you will have to pay from 2 to 4 times as much for cheese as the farmer gets for it.

I have heard only one farmer complain about the $55,000 salary paid the president of this Milwaukee milk concern, but I've heard hundreds of them complain about the $5,000 salaries the State pays to men who must cope with these big fellows. Yet the people of the State of Wisconsin pay these $55,000 salaries just as much as they pay the salaries of State officials.

The fight on State salaries did not originate among the farmers. It originated among these $55,000 fellows. They do not want to be interfered with. The minute they are, they put up a howl about cost of government, in the hope that the lawmakers will

render a department useless. That is why we hear so much about abolishing the department of agriculture and markets. The department has interfered with the profits of certain gamblers in cheese. It made the rosy path of the milk distributors a little less smooth. It attempted to increase the annual income of egg producers in Wisconsin by $5,000,000. It has continued to tighten the reins on the food adulterators, and, worse of all, we have encouraged cooperative marketing, and have practically driven oleomargarine out of the State. So the cheese profiteers say the department must go. The food adulterators say the department must go. The egg dealers say it must go. The milk distributors say it must go. The food gamblers say it must go. The oleomargarine interests say it must go. Those who were stopped from grafting their thousands off the State fair say it must go; and the strange thing about it is they have been able to enlist many farmers in this movement by pointing to the cost of the department and telling the department has done nothing.

You no doubt have noticed such accusations against the department by most of the large newspapers of the State. Let me tell you of a little experience we had with some of these papers. We found that a certain company was short-weighting and short-testing the farmers on butterfat to the extent that if all the butterfat produced in Wisconsin had been so short weighted and tested it would have amounted to a steal of over $17,000,000. We started prosecution against this company. This company begged for the department to proceed against a poor, irresponsible employee and let the company go free. The department proposed to give this company some advertising in the press as to just what it was doing and said so. The reply was, "O.K.; if you think the papers we advertise in will publish anything about us, go to it." So far as I know, not a single paper but the Capital Times published a word of this story. If the food gamblers control the press, as they seemed to in this instance, they can control the press in what these gamblers want the press to say about the department of agriculture and markets. That is one reason why you see so much in the press against the department, and the charges the press makes against the department are almost identical with those made by the food gamblers.

They have made farmers believe the department can fix prices when the courts have held that this can only be done in times of emergency. They have made many farmers believe the fall in the price of butter was due to the enactment of the oleomargarine law, when, as a matter of fact, butter prices have fallen as unemployment has increased. They do not tell the farmer that the consumption of oleomargarine in this State has fallen from over 4,500,000 pounds annually to only a few thousand pounds. They do not tell the farmers that Wisconsin is only 1 among 48 States, and that its action alone may not increase butter prices very much, neither do they tell them that other States are following Wisconsin's leadership. That is where the shoe pinches most. That is why the department must be abolished. The best commissioner of agriculture an adjoining State ever had has just been replaced by a potato buyer. The old commissioner had to go because he meddled too much with the profits of the food gamblers. Officials of our department have been told if we will go along we can hold our jobs as long as we wish.

The fall in dairy prices is not wholly due to unemployment. The greatest drop in these prices started about 3 years ago. During that same period the number of cows in Wisconsin has increased 18 percent. When asked why they do this, the farmers invariably say, "Well, I have so much interest and taxes to pay. With prices as they were in 1928 and 1929 I could do this very comfortably and come out about even. When prices began to fall the only thing I could do was to increase my herd and load more work onto my family, if I hoped to save my home." What they were doing was to hasten their own destruction. What they ought to have been doing was to organize as they have in Denmark. There the farmers say what the tax rate shall be. They say what the interest rate shall be. They own banks through which they finance themselves. No Danish farmer goes to the food gambler for credit as we do in the United States. They furnish their own credit. Besides, there are no food gamblers to go to.

There is another problem growing up in this country which the farmers of Wisconsin could help solve if they were well organized, but which I see no way of solving if they are not. The department of agriculture in New York recently ruled that no cows can be shipped into that State unless they came from herds absolutely clean of contagious abortion. It makes no difference how free of this disease a cow may be, she is ruled out of the State of New York unless she comes from a herd that is free of it. The excuse given for it is the protection of the public health. The department knows that the Constitution prohibits a State from interfering with interstate commerce. But it also knows that courts uphold such interference when it is done in the interest of public health. The real purpose behind this order is to benefit a few dairy-cow producers in New York. There is only one other State more saturated with contagious abortion than New York, and there is no State cleaner of it than Wisconsin. If we shipped every clean cow we have into New York, practically every one of them would contract this disease within 6 months, because when they enter that State they are distributed among herds that are saturated with it.

This case is now before the Supreme Court of the United States; and if it is lost, Pennsylvania, New Jersey, and other States are preparing to follow New York's example.

Georgia has a bill in its legislature prohibiting any dairy products from being shipped into that State until its own State veterinarian has tested the cows from which these products come and found them clean.

The health department in the city of Chicago is continually tightening up on Wisconsin producers of milk that goes into that city, when it is known the country over that no more pure or wholesome dairy products are produced anywhere than in Wisconsin. So what this department is actually doing is to gradually shut Wisconsin producers off the Chicago market and build up a dairy industry in Illinois to supply its needs.

If the Federal Government will not take cognizance of this thing, the thing to do, as I see it, is for the farmers to organize and refuse to buy a single article produced in these States, or to patronize a single business concern whose headquarters are in them. The people of Wisconsin will hesitate to do this, but they may be forced to fight fire with fire. But we prefer free and open markets for all.

These interests may not be especially concerned over what the farmers of Wisconsin may do. But they know that if such a movement started in Wisconsin, nothing would stop its spread into other States. That will concern them very materially.

Wisconsin is the greatest dairy State in the Union. Sixty-five percent of the income of our farmers comes from cows. Only 25 percent of our dairy products are consumed within the State. If we are eventually shut out from the markets of other States, what will we do with the other 75 percent?

Another thing organized farmers can do which the individual cannot do is to produce a high quality product and then advertise it. In one city in this country about $10,000 worth of a certain product was annually being sold. Then the producer spent $10,000 in advertising this product. The sales immediately jumped to $112,000 a year. Wisconsin produces more canned vegetables than any other State in the Union, and yet one can scarcely buy a can of vegetables anywhere that has a Wisconsin label on it. They are all labeled to advertise the jobber or the grocer selling them. If Wisconsin were properly organized, it would have labels advertising Wisconsin as the citrus-fruit growers do with California.

Again, farmers properly organized could get any legislation within reason out of almost any legislative body. During the 8 years I was in Congress I got just two letters from farmers telling me how to vote, while I received tons of letters, telegrams, and literature from special interests telling me how to vote. Is it any wonder these interests get all the breaks in legislation and the farmers get none? Suppose that thing were turned around and Members of Congress were flooded with letters, telegrams, and literature from farmers and they scarcely ever heard from special interests? Nine out of every ten Congressmen would break their necks to vote for what the farmers wanted. "But", you say, "we can't afford to do that." Neither could they if they were not able to reach over into your pockets and get the money to do it with.

This leads me to say a few words about the farm allotment bill before the last Congress. This bill was backed by all the leading farm papers in the country and by the leading farm organizations. I would not support it simply because farm papers are behind it, because I've long had the suspicion that many of them, as well as certain self-styled farm organizers, are more interested in farming the farmers than they are in the farmers themselves. But I do have confidence in the farm leaders who gathered in Washington to frame this bill. If I had been in Congress I would probably have voted for it, though I'm not sure it would have the effect claimed for it. Take butter as an illustration. We are told that the passage of this bill will mean an additional income of $17,000,000 to the farmers of Wisconsin. That means that the price of butter would be increased by at least 10 cents per pound. That will give the farmer several million dollars to spend for the products of the city worker, which in turn will start our factories moving.

When the city worker gets a job he will, in turn, become a consumer of farm products. But with the present-day development of labor-saving machinery, where 25,000 men can produce more automobiles than 300,000 produced 30 years ago; with the development of a road machine that does more work every time its jaws drop into the earth than nine men with pick and shovel can do in an entire day; with the invention of a simple device on the railroads that does the work of 40,000 men; with the invention of a steel that will cause an automobile to last 50 years instead of 5; with the invention of the radio that has thrown thousands of musicians, actors, and actresses out of work; and what is true with these is also true in the milling industry, breadbaking, brick manufacture, cement-road building, cigar and cigarette manufacture, and bottlemaking, and all other industries. I cannot see much hope until the benefits of labor-saving machinery are spread out over the whole people instead of going to a few manufacturers, or until some new occupations are developed. Everywhere a person goes to get a job he finds a machine doing the work. In fact, the development of machines within the last 10 years has thrown more people out of work than such development did during the preceding century.

And yet until these millions can get something to do, some way of earning money to buy our farm products, I can't see any way of our getting out of this depression. If machines that are already developed, and will continue to be developed, are to do all the work, what is there for the unemployed to do? How are they to again become consumers of our dairy products? So if our trouble lies in this direction, I do not see how the domestic allotment bill will help very much.

So I am wondering what would happen if the domestic-allotment bill had passed and the price of butter increased 10 cents per pound. Last summer the price of butter dropped to 16 cents. By December it increased to 26 cents. But consumption fell off to the extent that it again dropped to 16 cents in February. If this allotment bill would have that same effect, I can't see much good it would do unless factory employment were also increased.

We are told that farmers are producing too much surplus and the allotment bill would cut down the farm acreage. If this is the trouble, then it would cost only about one third as much for the Government to pay the farmer a fair rental for lands on which surpluses are produced and allow them to lay idle than it would cost under any other scheme that has been proposed and would be more satisfactory in every way.

So, as I said before, I am wondering if the solution may not lie in dividing up the benefits of the machine and not permit them all to go to the owner. I ask myself the question: "Why allow a few manufacturers all the benefits at the expenses of the farmers and wage earners? How am I to pay for shoes and clothes unless the thing that makes them takes its pay in my dairy products?" A machine does not eat butter and cheese, nor does it drink milk; and the owner of that machine, 10 to 1, eats nothing unless it is imported.

One solution offered is to tax the machine, until it becomes unprofitable to operate it. Trade unions urge that when a machine takes the place of 2 men let 1 operate it half the time and the other the other half at the same wage each received before. The Federal Government seems to favor a modified combination of these as shown by the Federal Highway Commission's issuing orders that no State shall receive Federal aid that uses machines to do work that can be done by hand labor and employs labor more than 30 hours per week. This Commission would cut the hours of labor in half and order the machine out of use instead of taxing it out.

The technocrats tell us that if the benefits of machines were equally distributed over the entire population, 100,000,000 people in the United States would have twice what is necessary to maintain their present standard of living and could do it by working only 4 hours per week. If that is true, then all power to them. That is just about the amount of labor I like to do in a week.

There was a provision in the allotment plan which would be of inestimable benefit to the farmers of this country should it become a law. It proposes to practically shut out the importation of fats and oils. These amount to 1,800,000,000 pounds annually. That is an average of 15 pounds for each man, woman, and child living in the United States, every pound of which could be produced by our own farmers. What a market that would furnish us, a market taken away by New York capitalists. It is herein that lies what is called the "Philippine question." These capitalists, who seem to control a great many votes in Congress, insist on our keeping the island until they have time to bleed them dry and to bankrupt every farmer in America, say, "Oh, we can't let them go for the next 25 years. They can't learn to govern themselves in less time." They never offer the real reason. A compromise was reached and a bill was passed over the President's veto giving them 10 years in which to rob that country and bankrupt us. So we will have to stand being greased by foreign fats and oils for another 10 years, I presume.

There is one more thought I want to leave with you, then I'm through. I want to leave with you a few things which I believe the department has been able to accomplish for agriculture in this State. A little over a year ago the department initiated a grading system for cheese. We then sent men into the factories to help the cheesemakers improve their quality of cheese, and here are the results as taken from the books of one factory: The year before the grading system was started, 60 percent of the cheese produced in this factory went into the grinder grade or no. 3, which is now selling for 7 cents per pound; 31 percent went into no. 2 and 8 percent into no. 1. The next year, when this factory worked on the grading system, it ceased to produce the grinder grade, increased its no. 1 cheese from 8 percent to 76 percent, and reduced its no. 2 from 31 percent to 24 percent. On the same volume of cheese this meant an increase of over $8,500 to the patrons of this factory.

Prior to the inauguration of the cheese-grading system, the price of cheese was always fixed at about one half the price of butter. That is not the exact figure but it is near enough for the purpos I'm using it. Since grading began, the amount of no. 1 cheese has almost trebled, and the price in its relation to the price of butter has increased from 2 cents to 3½ cents per pound. Other things being equal, this means an increase of income of about $5 per cow, per year, for the patrons of the cheese industry, or a total of something like $7,000,000.

The price of Wisconsin milk going to the condenseries brought from 1 cent to 6 cents more per hundred pounds in 1932 than in either Ohio, Indiana, Illinois, or Michigan, the leading condensary States. That alone, applied to all the milk products in Wisconsin, would amount to over $5,000,000.

In 1929 the price of Wisconsin butter averaged 48.7 cents, while Minnesota's average was 48.1 cents; Illinois, 43.7 cents; Michigan, 45.8 cents; Iowa, 46.8 cents; and the average for the United States was 48.9 cents. While the price of butter has been on the decline since that time, the price of Wisconsin butter has not declined to the extent it has in other dairy States. The average price for Wisconsin butter for 1931 was 28.7 cents; Minnesota, 27.4 cents; Illinois, 24.2 cents; Michigan, 26.2 cents; Iowa, 26.5 cents; while the average for the United States was 25.4 cents. Two years before, the price of Wisconsin butter was 0.2 cent below the average for the United States. Last year it averaged 3.3 cents above the average for the United States, or a difference of 3½ cents per pound in favor of Wisconsin farmers. Three and a half cents per pound applied to the 172,000,000 pounds of butter made in the State means an advantage to the Wisconsin farmers of something like $6,000,000 over the farmers of the rest of the country.

Our system of potato grading has enhanced the value of Wisconsin potatoes by $400,000 and is again replacing them on the markets once lost by our failure to grade.

In Illinois it costs the taxpayers 55 cents per head to test cattle for tuberculosis. In Wisconsin we have been able to reduce our cost to 10 cents per head, saving the taxpayers approximately one and one third million dollars.

I think of one other influence that has helped to depress farm prices and that has been the bringing into cultivation of many thousands of acres of lands not suitable for agricultural purposes. This caused the legislature to require the department of agriculture and markets to make a survey of land, particularly in the northern counties, to determine what lands are suitable for agriculture and what are not, and to suggest what those lands, not suitable for agriculture may best be utilized for. The department has surveyed about 2,000,000 acres during the last 2 years.

Real-estate sharks are no longer able to palm off worthless lands onto those looking for agricultural lands, and the board of control is placing prison camps on those not fit for agriculture, and in conjunction with the conservation commission, is engaged in a real constructive program of reforestation. This has also resulted in saving the taxpayers of the State millions of dollars in costly buildings to house prisoners.

If I have said anything that will help you to decide for yourselves what steps you should take toward overcoming the problems that confront agriculture, I shall be pleased. But whatever it may be, it should be with a united front, and with the full knowledge of what you are up against. Never has there been a more determined, concerted action on the part of certain business interests—gamblers in the products of the farm—than now. These interests know that if the cooperative movement is to be smashed, now is the time to do it. Whenever a war is started on a cooperative in Wisconsin, that same war is started on the same kind of cooperative in every other State, and every cooperative is having the same experience at the present time. The only way to meet this fight is by a united front on the part of the farmers.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES—COMMISSIONER OF INTERNAL REVENUE

The PRESIDING OFFICER. Reports of committees are in order.

Mr. BARKLEY. From the Committee on Finance, I report favorably the nomination of Guy T. Helvering to be Commissioner of Internal Revenue and ask that it go to the calendar.

The PRESIDING OFFICER. The nomination will be placed on the calendar.

Mr. McKELLAR. Mr. President, may I ask whether this is a unanimous report?

Mr. BARKLEY. It is not.

Mr. McKELLAR. Will the Senator state how the committee stood?

Mr. BARKLEY. My recollection is that the vote was 10 to 6 on the roll call.

Mr. McNARY. Mr. President, the senior Senator from Delaware [Mr. HASTINGS] was called from the Chamber on official business; and, acting for him and at his request, I submit a minority report on this nomination and ask that it may be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL REPORT OF COMMITTEE ON FINANCE

Mr. LONERGAN, from the Committee on Finance, reported favorably the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

The PRESIDING OFFICER. Are there further reports of committees? If not, the calendar is in order.

THE CALENDAR

Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, was announced as first in order on the calendar.

Mr. REED. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

THE ADJUTANT GENERAL

The Chief Clerk read the nomination of James Fuller McKinley to be The Adjutant General.

Mr. REED. Mr. President, I think that had better go over.

Mr. LONG. I should like to have the nomination passed over.

Mr. REED. I think this nomination ought to be passed over until Monday, because the Senator from Maryland [Mr. TYDINGS] is interested, and he has had to be away today.

The PRESIDING OFFICER. The nomination will be passed over.

ASSISTANT SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Stephen B. Gibbons, of New York, to be Assistant Secretary of the Treasury.

Mr. COUZENS. Mr. President, yesterday the senior Senator from Mississippi [Mr. HARRISON], the Chairman of the Committee on Finance, asked that this nomination go over, and he is not now here. I think it ought to go over until he is present.

Mr. REED. Mr. President, the Senator from Mississippi asked that this nomination go over in order that the Senator from Michigan might be here when it was considered.

Mr. COUZENS. I understood that; but I have just left the Chairman of the Committee on Finance, and information has been submitted to me which I have not with me, and I desire to put it in the RECORD before any action is taken. I can see no objection to having the nomination go over.

Mr. KING. May I inquire of the Senator whether he is referring to Mr. Gibbons?

Mr. COUZENS. Yes. I just left Mr. Gibbons and a Senator who gave me a memorandum concerning the history of Mr. Gibbons. I did not know the nomination would come up when I left the Senator from Mississippi, and I have not the memorandum with me. I should like to submit it to the Senate before confirmation is had of this nomination.

Mr. COPELAND. Mr. President, will the Senator be willing, perhaps, to have it taken up at the next executive session.

Mr. COUZENS. I should be willing tonight if I had the memorandum with me. I shall certainly be willing to have it taken up at the next executive session.

Mr. COPELAND. In that case I have no objection to its going over.

The PRESIDING OFFICER. The nomination will be passed over.

TENNESSEE VALLEY AUTHORITY

The Chief Clerk read the nomination of Arthur E. Morgan, of Ohio, to be a member of the Board of Directors of the Tennessee Valley Authority.

Mr. CLARK. Mr. President, I ask that this nomination go over until I have an opportunity to make some investigation of Mr. Morgan. I do that for the reason that one of the avowed objects of the Muscle Shoals law, as I understand, includes flood control. I have rather definite but not very detailed remembrance of Mr. Morgan as being one of the leading propagandists, 4 or 5 years ago, against the Mississippi River flood-control measure; and I should like to have an opportunity of investigating the matter.

The PRESIDING OFFICER. Without objection, the nomination will go over.

CUSTOMS SERVICE

The legislative clerk read the nomination of J. Walter Doyle, of Hawaii, to be collector of customs district no. 32, with headquarters at Honolulu, Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 5 o'clock p.m.) the Senate took a recess until tomorrow, Saturday, May 27, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 26 (legislative day of May 15), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Alexander W. Weddell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

SECRETARY IN THE DIPLOMATIC SERVICE

Clarence E. Gauss, of Connecticut, now a Foreign Service officer of class 1 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

UNITED STATES ATTORNEYS

James R. Fleming, of Indiana, to be United States attorney, northern district of Indiana, to succeed Oliver M. Loomis, term expired.

Val Nolan, of Indiana, to be United States attorney, southern district of Indiana. He is now serving in this position under an appointment by the court.

ASSISTANT COMMISSIONER OF INDIAN AFFAIRS

William Zimmerman, Jr., of Illinois, to be Assistant Commissioner of Indian Affairs, vice J. Henry Scattergood.

PROMOTIONS IN THE REGULAR ARMY

MEDICAL CORPS

To be lieutenant colonels

Maj. George Russell Callender, Medical Corps, from May 18, 1933.

Maj. Edward Thomas Breinig Weidner, Medical Corps, from May 19, 1933.

Maj. Raymond Whitcomb Bliss, Medical Corps, from May 20, 1933.

Maj. Norman Thomas Kirk, Medical Corps, from May 22, 1933.

Maj. William Benjamin Borden, Medical Corps, from May 23, 1933.

To be captains

First Lt. Roland Keith Charles, Jr., Medical Corps, from May 20, 1933.

First Lt. Joseph Julius Hornisher, Medical Corps, from May 22, 1933.

MEDICAL ADMINISTRATIVE CORPS

To be first lieutenant

Second Lt. Edward James Gearin, Medical Administrative Corps, from May 18, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate May 26 (legislative day of May 15), 1933

COLLECTOR OF CUSTOMS

J. Walter Doyle, to be collector of customs, district no. 32, with headquarters at Honolulu, Hawaii.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 26, 1933

The House met at 11 o'clock a.m.

Rev. J. L. Meads, pastor of the First Baptist Church, Benton, Ill., offered the following prayer:

Earth from afar has heard Thy fame
And mortal man has learned to list to Thy name.

O Thou great God over all, we implore Thy blessing upon us. We pray Thee bless our Nation. Give us strong, virile men to meet with every issue, to solve every problem. Bless, we pray Thee, this gathering, these lawmakers, the Speaker, the Chaplain, every Member of this body. May Thy peace be upon them, O Lord, and may strength be given them—clearness of vision, serenity of spirit, complacency of soul, courage to face every issue. We pray Thee, O Lord, to bless our President and all men everywhere. Bless our Nation, Lord, and make contentment and peace be in the hearts and homes of all our people. Grant to lead us, O Lord, with Thy counsel. Forsake us not, lest we perish. We deplore our weakness. We confess our sins. We magnify Thy grace. We would extol Thy virtues. We would have Thy holy spirit indwell us. We pray Thee, O Lord, that whatever we do in word or deed we may do all to the glory of God, and eventually do Thou lead us to the homeland where, with the angelic hosts and spirits of the just made perfect, we may praise Thee more perfectly, world without end. Through Jesus Christ, our Lord and Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FLETCHER, Mr. BARKLEY, Mr. REYNOLDS, Mr. COUZENS, and Mr. KEAN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; insists upon its amendments; and requests a conference with the House thereon, and appoints Mr. GLASS, Mr. BULKLEY, Mr. MCADOO, Mr. WALCOTT, and Mr. TOWNSEND to be the conferees on the part of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHANNON. Mr. Speaker, in the proceedings of this House yesterday the Chairman of the Committee on the Judiciary [Mr. SUMNERS of Texas], made the statement that, although it is recognized by those familiar with legislative history in the House that the subject of the antitrust law and kindred laws has fallen as a matter of jurisdiction to his committee, and, although it was contemplated that the Judiciary Committee would test the jurisdiction of the Ways and Means Committee with reference to title 1 of the national industrial recovery bill, which proposes a suspension of the antitrust law, an understanding was reached whereby the Judiciary Committee would not test the jurisdiction with regard to title I in this particular instance.

The bill under consideration not only violates the rules of this House but tramples upon 40 years of Democratic Party declarations on the antitrust question. The enactment of this bill will mean the deathblow to antitrust laws of this country. In the future there will be only organizations of the big rich and those who receive doles at their hands. The chain system will be perfected.

I ask the Chairman of the Ways and Means Committee if he will not submit to this House an amendment striking from the bill all references to the antitrust laws. Or, if he does not wish to do this, I will ask him to permit the Members of the House to offer such an amendment.

The chairman has ample time before the completion of the bill, to assemble his committee for this purpose. If he does not grant this request, the membership of the House is denied the right to offer an amendment to the bill which would preserve the antitrust laws. Therefore, no matter how much good there is in the proposed bill, if one believes in principle that the antitrust laws should remain intact, he does violence to his conscience to vote for it in its present form.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. VINSON of Kentucky. In regard to the question of jurisdiction, of course, I am certain that the gentleman from Missouri [Mr. SHANNON] recognizes that the bill incorporates revenue provisions and was properly referred to the Ways and Means Committee by the Speaker of the House under the rules of the House.

Mr. SHANNON. Yes; but the gentleman will concede that the gentleman from Texas [Mr. SUMNERS] questioned the jurisdiction.

Mr. VINSON of Kentucky. If the gentleman will further permit, it would be impossible, under the rules and customs of the House, to divide a bill into several sections for reference; that is, one section to be considered by one committee and another section by another committee. That is not done in the House.

Mr. COX. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. COX. It will be perfectly apparent to the gentleman by studying the bill which his committee reports that the title which raises the constitutional question to which the gentleman from Missouri is speaking in nowise related to title II and other titles of the provision which deal with the public-building questions.

Mr. VINSON of Kentucky. What would the gentleman do with reference to this bill if he were Speaker? How would he refer it?

Mr. SHANNON. I think there should have been a joint meeting on the subject and that the Committee on the Judiciary should have taken cognizance of it.

Mr. VINSON of Kentucky. Now, I would ask the gentleman this question: A bill in which he was very much interested, in which both the Judiciary Committee and the Committee on Ways and Means had jurisdiction of certain portions, namely, the beer bill, was referred to one committee. I did not hear the gentleman make any objection to the reference of that bill to the one committee.

The SPEAKER. The time of the gentleman from Missouri [Mr. SHANNON] has expired.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended for 5 additional minutes.

Mr. SNELL. Reserving the right to object, Mr. Speaker, it seems to me that as this is a part of the bill under consideration, we should get along and not take up too much time, although I am personally not going to object. I think we ought to take up the important business that we met at 11 o'clock to pursue.

Mr. DOUGHTON. Mr. Speaker, I object.

ARE THE BANKS OF OUR COUNTRY TO BE PERMITTED TO CONTINUE TO BORROW MONEY FROM OUR GOVERNMENT AND PAY IT OVER TO ENGLISH INSURANCE COMPANIES?

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, on Wednesday the House of Representatives passed Senate bill 1094, providing for the purchase by the Reconstruction Finance Corporation of the preferred stock, and so forth, of insurance companies. In the debate on the rule bringing the bill before the House (CONGRESSIONAL RECORD, May 24, 1933, p. 4109) I called attention to the public interest involved in providing funds to prevent the further failure of our insurance companies with the consequent loss to investors, policyholders, and employees.

I further pointed out the serious situation from a national business standpoint of our insurance going to foreign companies. Such a transfer of business has recently reached enormous proportions.

This insurance bill was patterned on the bill we passed early in this special session permitting the Reconstruction Finance Corporation to purchase the preferred stock of banks. I understand that in addition to the millions already loaned to banks by the Reconstruction Finance Corporation, a large amount of their preferred stock has now been purchased.

I earnestly supported both bills, but only today a situation was called to my attention which is shocking and should be corrected by the Reconstruction Finance Corporation or by legislation, if necessary. I refer to the fact that many banks, including some who have borrowed from the Reconstruction Finance Corporation, are placing their insurance with foreign companies.

I am informed that the following banks and banking firms in New York City are placing their insurance at Lloyds' companies, London (incidentally Lloyds pay no taxes to the United States for the privileges of doing business in this country):

	Annual premium
National City Bank and affiliates, New York	$200,000
Guaranty Trust and affiliates, New York	175,000
Corn Exchange Bank Trust, New York	69,000
Marine Midland, New York	100,000
Manufacturers Trust, New York	75,000
J. P. Morgan	150,000
Spire & Co	75,000
Brooklyn Trust	40,000
Kings County Trust	40,000
Goldman Sachs	30,000
Kuhn Loeb	75,000

Continental Bank & Trust Co., Chicago (General Dawes' bank), and this list can be substantially augmented I understand.

Besides the above New York City business, the premiums for bankers' blanket bonds of American banks and/or trust companies going to London annually aggregate about $10,000,000—and, indeed, many of the banks insured in London, while possibly not presently obligated to the Reconstruction Finance Corporation, since this institution was brought into being they have, undoubtedly, received aid from it.

If American insurance companies are to be protected, banks with national charters and possibly State banks should be compelled to insure with companies admitted to do business in the United States of America and paying taxes to the Government for the privilege of doing so. In other words, the banker should be content to keep the premiums on his banker's blanket bonds in this country since the purpose of such bonds is to protect depositors and/or stockholders, and with this being the case the premiums should be retained within the confines of the country.

It is a fact that the larger surety companies—the Aetna Casualty & Surety Co., Hartford Accident and Fidelity & Deposit, of which latter company President Roosevelt was formerly an officer and, indeed, exceptionally active in its management—are losing business daily to London.

In the New York Legislature of 1933, assembly bill no. 2335 was designed to penalize banks and trust companies and others sending their business to London. The penalty was 20 percent of the premium to be retained at the source and paid by the buyer of insurance to the State tax commission, a further penalty being 5 percent for any willful evasion, and a further 1 percent additional for each month the tax is unpaid.

That bill was introduced in the senate and passed that house unanimously, but in the Republican-controlled assembly the bill never came out of the rules committee. Incidentally, I understand that the Honorable Charles D. Hilles, Republican national committeeman from New York, is attorney for the Employers Liability Insurance Co. of London.

If bankers' blanket bonds were all placed in this country, insurance companies would be adding help today instead of laying it off so that any steps which might be fostered toward compelling banks to insure in this country with companies admitted to do business and paying taxes accordingly would be a step in keeping with the principles now being propounded by President Roosevelt of giving employment whenever possible.

NATIONAL INDUSTRIAL RECOVERY BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; and pending that motion I ask unanimous consent that the time fixed for general debate be extended 1 hour, one half the additional time to be controlled by the gentleman from Massachusetts [Mr. TREADWAY] and one half by myself. The reason I ask that is that I have many more requests for time than I have been able to accommodate, and there are a great many members of the committee who will not be able to speak at all unless that request is granted. I hope there will be no objection.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the time for general debate be extended 1 hour, one half to be controlled by himself and one half by the gentleman from Massachusetts [Mr. TREADWAY]. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, may I inquire how much time there is for general debate now, including this 1 hour additional?

The SPEAKER. The gentleman from Massachusetts [Mr. TREADWAY] had remaining 1 hour and 35 minutes; the gentleman from North Carolina [Mr. DOUGHTON] 1 hour and 25 minutes; to which has been added by unanimous consent one half hour on each side.

The question is on the motion of the gentleman from North Carolina [Mr. DOUGHTON].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 5755, the national industrial recovery bill, with Mr. LOZIER in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I have never listened to a more complete explanation of the constitutional questions involved in any bill than that of yesterday, when the gentleman from Pennsylvania [Mr. BECK] discussed the bill we have before us today.

I am not going to speak on that phase of the bill. It would be useless after the fine exposition by our colleague [Mr. BECK]. If unconstitutional, there is a better way to test it, if this bill passes and it is put in force. It will be put in force immediately, of course, and then the courts will pass upon the many questions raised under the variety of purposes included in the bill.

I want to discuss briefly, however, one phase of the methods of taxation now included in the bill, because it is a great subject that would require much time to cover by argument on that single proposition. The bill is voluminous in character, and few Members, I assume, even of the committee, have a complete grasp of the entire bill. It was placed before us in its present form, with taxes to be

added, and inside of 2 days it was brought out here before you gentlemen. The committee stayed in session until 9 or 10 o'clock at night in efforts to expedite its consideration. Let me say in passing that the chairman of the committee [Mr. DOUGHTON] was very courteous to all of us, and one of the finest things said was when he paid a compliment to the Republican members, without distinction, as did some other members on the Democratic side, for our cooperation in trying to aid instead of stopping the wheels of progress while getting the bill before the House.

There were very few amendments accepted, you may be sure. We simply gave voice to what we had to offer, but I want to say that many avenues of revenue are possible in the taxation field outside of those which would be tapped by the proposal contained in the bill. Director Douglas offered 4 proposals, 2 containing a manufacturers' sales tax. Rather than swallow the latter I accepted the first combination, but agreed with Republican members who were opposed to that proposal for various reasons.

My one conspicuous objection is the additional tax on dividends found in the bill, and I speak not from personal influence or its personal effect. The tax on dividends placed in this bill just doubles the same taxes in amount which you now pay. The tax on dividends amounts to this: First the corporation exacts a tax. Next you as an individual pay on dividends received under the income tax law. Third, this further tax is an arbitrary third method of extracting the last part of dividends left, and a State law takes away any remainder. On $10,000 of dividends, if you are getting any dividends today, using this figure as an illustration, the present tax amounts to $630. Now, there is a tax placed upon dividends again beyond the corporation tax, which is a second means of getting cash; a triple tax comes from this next extraction method, and you will have to pay $630 more, or $1,260, on $10,000—if you get or, rather, had it. I am just developing this thought. If there is injustice in it at all, it is certainly gross in this case.

I suggested to the Director of the Budget, Mr. Douglas, when the committee was discussing the tax question that a tax of 2 cents be placed on cigarettes. Well, there was an immediate explosion in the committee, and naturally so, because we get great revenue out of tobacco taxes now, but heavy taxes on tobacco are also paid in foreign countries. As a matter of fact it is one of the largest, if not the largest single item of taxes from which they can get revenues abroad, and you pay 2 and 3 times as much for cigarettes there as we do here. For the same kind of cigarettes we get here for 10, 15, or 20 cents at the outside, there you pay as high as 50, 60, and even 75 cents, as I have paid. That was the highest amount paid, but paid in Moscow, and I was willing to get cigarettes at that, even though they were inferior cigarettes. It is said the tobacco grower does not get out of his products what he ought to get, and that is certain to be so, but it does not make any difference what tax you put on tobacco, the tobacco grower is affected, for it is the cigarette manufacturer who effects combinations to depress the tobacco market. They enter into combinations so that George W. Hill, president of the American Tobacco Co., is today making a claim for $2,500,000 for a 1932 salary and bonus. That suit is pending today in the Supreme Court of the United States, to determine whether he is entitled to $2,500,000 for 1932 as income and bonus. If you want to reach his racket, I say put a tax of 100 per cent on bonuses, so as to protect the innocent stockholder who sends on his proxy and who has no real voice in proceedings had at stockholders' meetings. That is one tax suggested. I will put into the RECORD a letter from the Secretary of the Treasury, who says this tax will bring in $100,000,000 a year, or an additional tax of 2 cents on cigarettes which today are selling from 10 to 12½ cents at the stores.

Another tax—and this is a reasonable tax—would be to bring all revenues on mail matter up to the level where the service pays for itself. We are running $200,000,000 behind in the Postal Department. Another would be to keep the 80 percent estate tax we improperly give to the States.

I want you to read my remarks, because I do not intend to go very far into this tax proposition here, but I think they will be interesting to those who care particularly for the constitutional phase of the question. I say that to the distinguished gentleman from Pennsylvania [Mr. BECK], who beyond question is the strongest and ablest constitutional authority in the House, for I am suggesting also what should be done in balancing the Budget, and what would be done under a dictatorship, as was prophesied by the gentleman as likely to occur in this country if we follow Russia and Poland and Italy. Let me say I spent 2 hours with General Pilsudski in Warsaw, and spent time with Chicharin Kalinin, the President, and other officials, and know the objectionable features of their dictatorships. Some of those who have been denouncing the American Congress through the press are people who do not realize what loss of confidence in the American Congress will mean to the American people if they follow the advice to take up a dictatorship. This is one of wide authority, but we are on our way; and though many support the President's request, others equally sincere are opposed.

Now, I do not want to go into taxation particularly in the brief time at my disposal. Mr. Chairman, I am just going to say a few additional words, because what I put in the RECORD will disclose the scope of my argument in regard to the manufacturers' tax. A gentleman sat right there yesterday, one of the ablest men, I believe, on your Democratic side of the House, and he paid me a compliment rarely had; never before, I believe. He said, "You are the only man who persuaded me to change my vote after I had agreed to the contrary and without ever speaking to me." I thanked him for it. It was because I placed in the RECORD last session an argument against the manufacturers' tax.

It is impossible to put such tax in force now. Tommy Adams—and I knew him as Tommy Adams because he was from my State and I helped to put him on the tax board of my State—he was the only man who appeared before the Ways and Means Committee last session to discuss a manufacturers' sales tax and he then stated it would be impossible to put such tax in force in 2 years. This is an emergency proposition for 1 year, and some of you gentlemen were with him and accompanied him on the train and spent 2 long days in Canada to learn all about the manufacturers' tax up there, together with the entertainment provided by the generous publisher who furnished the train and who, incidentally, runs a newspaper that eternally abuses the American Congress. Dr. Tommy Adams was one of the best-posted men to be had on taxation. He represented the Treasury Department and Columbia University and others and he opposed it on general principles and said do not pass that law unless it can be in force longer than 2 years, because it takes that long to put it into full operation.

A motion to recommit will be offered to put in the sales tax. I am not going to argue this tax here because most of you know my position on it, although it would help me and help you more to have a sales tax than to put on an increased income tax, but you are representing, as I am, your people at home. You are representing the wage earner, the farmers as well as others least able to pay. Protests have come to me constantly, and are coming to me constantly, from constituents opposing a sales tax, and they are right about it because it is a sweating tax on the one who is least able to pay. I have given it some study; and if you will do me the courtesy to even read a portion of the remarks I am putting in the RECORD, I shall appreciate it.

Years ago I used to take the floor here constantly, as my friends know, in opposition to what was called the "old sales" tax proposals, and we defeated them repeatedly.

This measure is going to the United States Senate, and do not forget that when we get through with an item here and it is adopted and you are disconsolate about it, the people over there are going to discuss it and debate it.

They are going to find out the possible benefits or uncertainties of every proposition. I would not put these statements in the RECORD if it were not going to be examined,

as I believe it will be. Senators also are going to express themselves on what they believe is right on the subject of taxation, which is the only provision of the bill that was left to us to consider.

I am not going to criticize the President of the United States. He is carrying a heavy responsibility, but I think the strongest point made by the gentleman from Pennsylvania [Mr. BECK] yesterday in his admirable presentation, was that it is not the President, but the administrator to whom we delegate this enormous power that covers practically every agency in every field of industrial activity.

Mr. COX. Will the gentleman yield?

Mr. FREAR. Yes; to my friend from Georgia.

Mr. COX. The gentleman states that the only section of the bill that his committee considered was the tax section.

Mr. FREAR. Yes; so far as having any voice in its determination.

Mr. COX. Did the gentleman have a disposition or a desire to bring to bear his notions as to what was proper legislation upon the other details of the bill?

Mr. FREAR. I may say to the gentleman from Georgia that I had the same disposition that he would have had if similarly placed.

Mr. Chairman, the Republican members of the Ways and Means Committee unanimously joined the Democratic members in voting for the public works bill in committee so far as I now remember. This is betraying no confidence, but indicates the general disposition on the part of Members to support the President in his program, although many provisions of the bill were questioned, particularly those granting practically unlimited powers, ordinarily determined by Congress. It also answers the unfortunate comment of those who assert politics has entered into the situation.

The Republican members of the committee, however, asked to have placed in the report a statement that they disagreed with the majority of the committee in the tax feature embodied in the bill, and it is to that feature alone that I wish to address myself. As the bill covers an appropriation of $3,300,000,000 with a yearly tax with which to retire the debt of more than $220,000,000 annually, the vast sums involved warrant more than passing argument on that feature of the bill.

My objection to the tax feature did not arise from the much-discussed manufacturer's tax, which is not contained in the proposal accepted by the committee and which to some extent influenced the action of minority members of the committee in their objection to the tax feature. Although agreeing to the necessity of balancing the Budget and the importance of careful selection of the tax program, I did believe and so stated in committee that other sources of income would be preferable to some of those adopted by the committee and now appearing in the bill.

One of these that would have furnished approximately $100,000,000 annually, according to Treasury estimates, and that is justified in preference to some of the taxes imposed could be collected by a 2-cent additional tax on packages of cigarettes. I am not discussing objections naturally raised to this tax from tobacco producers who are not now permitted to receive their fair proportion of production costs and who suffer injustice, not from the tax paid but from the powerful control of tobacco producers by the great cigarette-manufacturing companies.

The present cigarette tax seems large, but it should be remembered that this source of revenue in many cases is practically the largest item abroad and amounts to a Government concession that cannot there be escaped. In many European countries today cigarettes are sold to the consumer at prices ranging from 40 cents to 75 cents a package, often of an inferior quality, whereas in this country large cigarette dealers receive a profit when selling at prices ranging from 10 cents to 20 cents a package and, generally speaking, for a superior brand of cigarettes. In other words, the prices in this country are less than one half and often less than one third of those quoted abroad for similar products that are deemed to be a luxury.

Another element in this cigarette-tax proposal arises from the facts as reported by the press that George W. Hill, president of the American Tobacco Co., it is alleged, has charged and is seeking to collect from his company $2,500,000 for last year's salary and bonus, while the vice presidents and other officials of the company seemingly are in a conspiracy against the interests of stockholders in general and are receiving large bonuses in addition to their salaries which necessarily are taken from the profits of the company belonging legitimately to the stockholders.

This case is now awaiting decision by the United States Supreme Court, according to the press.

This case comes about through the ability of officers of the company to control such matters at the stockholders' meetings through the accumulation of proxies that naturally are placed in the hands of the officers from those unable to attend the meeting.

A vigorous protest against awarding such bonuses to the tobacco officials has occurred so that a suit was instigated to prevent collection of the bonus from the company's revenues, and that suit as stated is now awaiting a decision in the Supreme Court of the United States. When cigarette companies are able to pay their dividends, although slightly below that paid in some past years and the officers seek to collect fabulous bonuses and salaries which combined are 250 times the full legal salaries paid to Members of Congress and nearly half as much to one tobacco official as the combined salaries of 96 Senators and 435 Members of the Seventy-third Congress, due to the latter's voluntary reduction in pay, it would seem beyond question that the cigarette field of taxation offers a better source of revenue than some of those adopted by the bill, and I speak particularly of a tax on dividends to be imposed which is in addition to the tax collected from the corporation, and the tax already paid by individuals on incomes reaches in all practically a triple tax on dividends. Only those having enormous losses, which, however, do not counterbalance enormous profits made in the past, as disclosed by Senate committee hearings, are able to accept such methods of taxation without protest. Incidentally a tax of 100 percent on bonuses would be the best method of protecting stockholders from the activities of racketeering officials.

Mr. Chairman, may I suggest to those looking for fertile fields of increased revenues that a repeal of the 80-percent estate tax given to States will bring about a substantial amount. In view of the present startling Morgan and Mitchell income-tax disclosures Congress should reduce any loss deductions by confining losses to the year in which occurring or deducting to a maximum of 25 percent of the income instead of permitting full cancelation, as occurred in the illuminating cases of legalized tax evasions by these men of large wealth.

The losses from postal undercharges we were informed by Director Douglas would be reduced about 25 percent in 1933 from losses of 1932. If the President, under authority conferred by Congress, will reduce the postal loss of $200,000,000 in 1932 to $100,000,000, or 50 percent, in 1933, that aid will increase proportionate revenues by reducing losses to nearly one half of the $220,000,000 needed to finance this public-works bond issue.

Postal receipts and expenditures, fiscal year 1932

[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
Mail matter:				
First class:				
Other than local	223.8	211.0	12.8	
Local	86.5	65.7	20.8	
Air mail	6.0	23.8		17.7
Total first class	316.3	300.5	15.9	
Second class:				
Publications exempt from zone rate on advertising	2.1	19.0		17.0

Postal receipts and expenditures, fiscal year 1932—Continued

[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
Mail matter—Continued.				
Second class—Continued.				
Zone-rate publications:				
Daily papers	9.8	46.2		36.4
Papers other than daily	1.9	13.5		11.6
All other publications	8.0	36.7		28.7
Free in county		8.6		8.6
Total, publishers' second class	21.8	124.0		102.3
Transient	1.4	1.3	.1	
Total, all second class	23.2	125.3		102.3
Third class	50.7	79.6		28.9
Fourth class	113.6	146.3		32.7
Foreign	18.0	46.4		28.4
Penalty		9.8		9.8
Franked		.7		.7
Free for blind		.1		.1
Total, all mail	521.8	708.7		186.9
Special services (registry, insurance, c.o.d., etc.)	50.2	81.0		30.8
Unassignable	15.1	3.8	11.3	
Unrelated	1.9	2.3		.4
Grand total	588.9	795.8		206.9

It is understood that the Postal Department proposes to cut down this loss over 25 percent as stated under authority given to the President by Congress, and attention was called in the hearing on this bill to the item of $36,400,000 loss from the mail carriage of daily papers and $28,700,000 from the carriage of other publications together with $11,600,000 loss caused by papers other than dailies, and also $8,600,000 from free-in-county papers, or a total of over $80,000,000 "loss" in this item alone from papers that have a certain educational value which entitles them to special consideration, but papers which in many cases have denounced and misrepresented and sought to belittle Congress to an extent never before had through this powerful propaganda.

It has been suggested that the enormous circulation enjoyed by some of the most willful detractors of the American Congress could properly be taxed, both among the great daily papers, with reasonable exemptions in circulation, and also magazines enjoying enormous circulation that frequently contain unjust criticisms and captious references to Congress in practically every edition, and that a nominal tax so levied would bring a far larger amount to the Federal Treasury than the income to be collected from the various sources of taxation under this bill or the manufacturers' tax proposed as a substitute.

It is easy to defend such papers and periodicals from any tax because immediately the press or magazine publication, whatever it may be, gratefully acknowledges with generous publicity notices any such defense that may be offered. While, on the other hand, any attempt to explain or defend the actions of Congress is certain to bring down unmerited criticisms from the extreme publications referred to or, what is deemed equally effective, no publicity.

The difficulty in taxing papers without imposing unjust burdens in many cases is apparent and has not been seriously urged upon the committee, although many Members have agreed that this source of taxation is one that, if seriously considered, would help balance the Budget and relieve to a great extent a public apprehension from lack of confidence in the American Congress and Government arising from such unwarranted attacks. Publications that strain at a gnat when crying aloud in the wilderness over a tenth of 1 percent cost to the Postal Department for all departmental and congressional franking, yet fail to recognize the loss, and swallowing of an $80,000,000 camel, or more than 15 percent of the total postal expenditures, all evidence the unfairness of arguments presented.

Among the most bitter and unwarranted denunciations of the American Congress are sales-tax articles regularly appearing in the Hearst papers that slander Congress individually and collectively for not adopting Mr. Hearst's private views on the subject of a sales tax, and yet not one tax expert of standing, outside of editorial writers so employed, is among those who have appeared before the Ways and Means Committee during recent years advocating such tax.

Assaults on public men and crucifixion of honest officials are destructive when directed against the innocent and guilty alike and can only please the one who indulges in unwarranted criticism, but when directed at the American Congress it causes loss of faith in the Government we represent.

It is significant that when special trains are paid for by a Hearst newspaper, however patriotic the owner is inclined to be, to carry Members of Congress to Canada to pursue a deep study of the sales tax for 2 consecutive days, during which entertainments galore are had in an attractive way, it may suggest the deep personal interest of the newspaper owner in the adoption of a sales tax. So, too, papers which enjoy enormous circulation and powerful influence and which pay 7-percent dividends on their stock, together with large income taxes by the publisher, would all be lessened if the average farmer and laborer with his family was enlisted in support of a sales tax.

I am not attempting to discuss the merits of a manufacturer's or other consumption tax or the fact that income taxes, estate taxes, and other like tax burdens are far less in this country than in many European countries, but that those with large incomes under our form of government should be ready to pay according to ability—and that includes Mr. Hearst—rather than to harangue and denounce a legislative body that seeks to equalize, as best it can under our form of government, these tax burdens. Those who declare that the average person does not pay anything toward the support of the Federal Government ignore the direct and indirect taxes that necessarily are borne by every purchaser of tobacco, cars, luxuries, and necessities, together with the renter, who pays the tax collected when turned over by the landlord, and a hundred other like illustrations that could be offered. These are not generally mentioned by the press that represents a powerful army of income-tax payers who naturally seek reductions in their tax burdens.

Notwithstanding the evident break-down in constitutional government repeatedly voiced in this debate, I do not share in the apprehension that a dictatorship, now popular in more than half of Europe, will soon envelop this country, or that the present dictatorship experiment will prove permanently popular here with unannounced agencies in the background to be then assigned to the role. I do believe that freedom of the press is a great bulwark against such aggression and that protection to our present form of government is best assured by preservation of the rights of the people under the Constitution.

It is, however, certain that in every dictatorship I have studied in Europe, more particularly in Russia, Poland, and Italy, which were visited, the press is without any semblance of freedom. I mention this fact to emphasize the point that every effort of a misguided press or of members of that honorable profession to break down public confidence in the American Congress, and to demand abandonment of legislative functions as laid down in the Constitution, is strong encouragement to an easily moved public by propaganda that our form of government has long since served its full purpose.

This effect must be known to every thinking person and I can find proof in the fact that one of the strongest factors in the present assault on Congress is an agency allegedly imbued with communism. But I have a matter of self-preservation in mind to suggest to those members of the press who join in the hue and cry against Congress.

The advent of a dictatorship is not necessarily all-destructive but does destroy liberty of action and of individual endeavor and of liberty of the press.

It is conceivable that any such change in our Government would cause the dictator to compel the Postal Department to become self-sustaining and an $80,000,000 deficit in carrying daily newspapers and other periodicals would

quickly be wiped out in Budget balancing. Equally certain, in its effort to gain revenues, the new Government would soon determine that a virgin field of taxation would enable the Treasury to become self-sustaining by adding a source far more certain in amount and justification than any manufacturer's tax.

A brief examination could assure receipt of great revenues by giving limited exemptions in circulation without tax and then imposing a small tax on the great daily press and magazines of the country based on circulation. Studying circulations reaching millions in many single cases that are before me, now sold at insignificant cost to the public would become a well of Treasury income by adding a penny to the dailies and double that to magazines, bringing in more funds to the Federal Treasury than any manufacturer's tax yet suggested; and, bear in mind, the latter is to be imposed on those least able to pay. I am not now seriously suggesting such tax excepting to call attention to its excellent financial and taxable possibilities.

Congress endeavors to meet the tax problem without prejudice by collecting from those best able to pay, although it must be admitted that the triple tax on dividends reduces the income to a minimum for many comparatively poor people who have been left only a few securities after the provider has been taken away.

In the past I have discussed to some extent the manufacturer's sales tax problem which has been rejected by England and is only imperfectly enforced in most countries. Pyramiding and other tax evils have caused countries generally to reject this tax excepting for a brief emergency, but the danger from such course is illustrated by the camel's nose under the tent, which in Canada has raised the manufacturer's tax from 2 cents to 6 cents, paid by the consumer in higher prices, and has made the tax a permanent fixture in every government when once adopted because the sources of publicity are usually largely favorable to maintenance of such taxes.

Nearly every Member of Congress would approve personally of a sales tax if permitted to have it used as an offset for income taxes now paid by the individuals and companies with which Senators and Members may have an interest, but representing as we do those who are less able to pay and would be compelled to pay a manufacturer's tax to relieve those best able to pay, I submit there is but one fair and just course to take if we would properly represent the views of the majority of those who have given us places of responsibility in Congress.

I am not offering arguments affecting the sales tax either for or against, but have been urged to resubmit some brief arguments offered last year on the same subject. This I do with the understanding that although the matter occupies a number of pages of the RECORD, it can be properly offered to explain support and action of every Senator and Member who opposes the manufacturer's tax.

As the arguments of the latter are carried in the newspapers and magazines which reported a shortage in 1932 of $80,000,000 loss to the Government from mail carriage, and as they are exempt from any special taxes, which it has been urged could properly be added, I trust that the usual harangue about the expense in the RECORD by printing and franking privileges accorded Members may be temporarily forgotten. If not, other facts can be submitted in the matter of interest to taxpayers who pay the bills.

In response to repeated requests made as late as yesterday, I quote from my remarks of March 12, 1932, which contain statements that may be an answer and give a fairly good understanding of the position taken by opponents of the manufacturers' tax when the proposal was actively supported by President Harding and Secretary of the Treasury Andrew Mellon when the latter made it a condition for consideration. The following letter explains the amount collectible under the proposed 2-cent increased cigarette tax:

TREASURY DEPARTMENT,
Washington, January 7, 1933.

MY DEAR CONGRESSMAN: For the Secretary of the Treasury, receipt is acknowledged of your letter of December 22, 1932.

The tax collections on cigarettes during the fiscal years 1931 and 1932 were as follows:

	Small cigarettes	Large cigarettes
1931	$358,915,187.84	$45,815.64
1932	317,533,080.02	31,659.71

The present tax rates on cigarettes are: For cigarettes weighing not more than 3 pounds per 1,000 (small cigarettes), $3 per thousand; for cigarettes weighing more than 3 pounds (large cigarettes), $7.20 per thousand.

An increase in the tax rate on small cigarettes of 2 cents per package of 20 would amount to $1 per thousand. The additional revenue from such an increase would probably be approximately $100,000,000 for the fiscal year 1934. * * *

Very truly yours,

JAMES M. DOUGLAS,
Assistant Secretary of the Treasury.

Hon. JAMES A. FREAR,
House of Representatives, Washington, D.C.

Following the general discussion of a sales tax above stated, I am furnishing the committee the last information available from the legislative reference service as to sales taxes which recently have been adopted by the several States and which in many cases levy a direct tax on necessities affecting the average wage earner and farmer, thereby placing a double burden if additional Federal sales taxes should be placed in this bill as urged by their proponents at this time.

LIBRARY OF CONGRESS,
Washington, May 22, 1933.

Hon. JAMES A. FREAR,
House of Representatives, Washington, D.C.

DEAR SIR: In response to your letter of May 16 concerning the States that have adopted the sales tax, I send with this a typewritten statement, Gross Income and General Sales Taxes, prepared by Mr. Raymond B. Manning, a member of the Legislative Reference Service staff; 1933 legislation is so recent that much of it has not yet been printed, so that we have been obliged to depend upon other sources for the information.

Very respectfully,

H. H. B. MEYER,
Director Legislative Reference Service.

GROSS INCOME AND GENERAL SALES TAXES

Arizona: Laws 1933, H.B. 146. (Held unconstitutional by Maricopa County Court, Apr. 1, 1933.)

Rate: One half of 1 percent on gross income of mines, factories, farmers, wholesalers, jobbers, gas companies, electric companies (industrial sales), telephone companies, telegraph companies, railroads, pipe lines, and motor lines; 2 percent on gross incomes of retailers, electric companies (domestic sales), and all other businesses, professions, and callings not exempt.

Principal exemptions: $1,200; also, banks, building and loan associations, nonprofit organizations, and gasoline sales.

Connecticut: General Statutes, 1930, section 1340–1351. (Some authorities exclude this act because of its limited application.)

Rate: $1 for each $1,000 of gross income of unincorporated manufacturers or retail merchants; $0.25 for each $1,000 of gross income of unincorporated wholesale merchants.

Delaware: Revised Code 1915, section 196; Laws, 1917, chapter 11; 1919, chapter 23. (Some authorities exclude these acts because of their limited application.)

Rate: One fiftieth of 1 percent on gross receipts of manufacturers; 10 cents on each $100 of purchases of wholesalers and retailers.

Rate: 20 cents on each $100 of purchases of grain, fruit, and vegetable wholesalers.

Georgia: A 1929 act in Georgia expired by its own terms on December 31, 1931.

Illinois: Laws 1932, Ex. 4, page 17.

Until July 1, 1933, counties may tax retailers at the rate of 1 percent of retail selling prices.

A 1933 State-wide law was held unconstitutional by the State supreme court.

Indiana: Laws 1933, H.B. 513.

Rate: One fourth of 1 percent on gross income of timber producers, mines, factories, farmers, wholesalers, and jobbers. One percent on gross income of gas companies, electric companies, telephone companies, telegraph companies, railroads, pipe lines, motor lines, other public utilities, banks, building and loan associations, insurance companies not paying a 1-percent premium tax, and also income from professional services, personal services, retail sales, sales of real estate, income from investments, etc.

Principal exemptions: $1,000; also nonprofit organizations.

Kentucky: Acts 1930, chapter 142.

Rate: 0.05 percent on first $400,000 of gross retail sales; 0.1 percent on next $100,000; 0.25 percent on next $100,000; 0.4 percent on next $100,000; 0.55 percent on next $100,000; 0.7 percent on next $100,000; 0.85 percent on next $100,000; 1 percent on all over $1,000,000.

Principal exemptions: Garden and farm sales.

Mississippi: Laws 1932, chapter 90 and chapter 91. (Effective until June 30, 1934.)

Rate: One eighth of 1 percent on gross income of wholesalers; one fourth of 1 percent on gross income of factories; 1 percent on gross income of makers of brick, tile, sewer pipe, cement and its products, clay products, and bottled soft drinks, and sellers of automobiles, electricity and gas for industrial purposes, contractors; 2 percent on gross income of mines, timber producers, all public utilities, and all other professions and occupations subject to privilege taxes; 2½ percent on producers of natural gas.

Principal exemptions: $1,200; also places of amusement (subject to separate special tax) and nonprofit organizations.

New Mexico: Laws 1933, chapter 73. (Apparently aimed at chain stores.)

Rate: $10 when gross annual sales of retail merchants do not exceed $3,000; $15 when between $3,000 and $10,000; $20 when between $10,000 and $20,000; $50 when between $20,000 and $50,000; $75 when between $50,000 and $75,000; $125 when between $75,000 and $100,000; $250 when between $100,000 and $150,000; $650 when between $150,000 and $200,000; $1,250 when between $200,000 and $300,000; $1,950 when between $300,000 and $400,000; $1,950 plus $25 per $1,000 on all sales above $400,000.

Principal exemptions: Sales of liquor, oil, gas, and other motor fuel.

New York: Laws 1933, chapter 281.

Rate: 1 percent on retail sales.

Principal exemptions: $5,000 (not allowed when sales exceed $20,000); also sales of food, gasoline, electricity, gas, steam, and water.

North Carolina: Laws 1933.

Rate: 3 percent on retail purchases of all merchandise. Highest levy not to exceed $10.

Principal exemptions: Essential foods, meats, milk, flour, meal, molasses, sugar, salt, and coffee.

North Dakota: Laws 1933, S.B. 315. (Effective until June 30, 1935.)

Rate: One eighth of 1 percent on sales of wholesale bakeries, wholesale dealers in soft drinks or tires; one fourth of 1 percent on sales of other wholesalers and manufactures; 1 percent on sales of manufacturers of pottery, draintile, brick and cement, lignite mined, electricity (for industrial use), and sales by contractors; 2 percent on retail sales of tangible personal property, electricity (for domestic use), and gross income from professional services.

Oklahoma: Laws 1933.

Rate: Probably 2 percent on virtually all sales (at retail?).

Principal exemption: Food and clothing valued at less than $8.

Oregon: Laws 1933, chapter 400. (To be submitted to referendum, July 21, 1933; effective until June 30, 1935.)

Rate: Three tenths of 1 percent on gross income of wholesalers and publishers; 2 percent on gross income of retailers and gross income from services rendered.

Principal exemptions: $600; also salaries and wages, insurance premiums, sales of gasoline, and sales by growers and producers of farm products and livestock for resale.

Pennsylvania: West's Statutes 1920, § 14727–14729; Laws 1929, p. 1709.

Rate: 1 mill on volume of business transacted by retailers; one half mill on volume of business transacted by wholesalers other than those processing or curing meats; one fourth mill on volume of goods exchanged.

The 1932 emergency relief sales tax act levying 1 percent on sales expired by its own terms on February 28, 1933.

South Dakota: Laws 1933, senate bill 101.

Rate: One fourth of 1 percent on gross income of manufacturers, wholesalers, and jobbers; one half of 1 percent on gross income of livestock raisers, sellers, etc.; 1 percent on gross income of all other businesses and professions and all salaries and wages not in excess of $2,000; 1½ percent on salaries and wages between $2,000 and $5,000; 2 percent on salaries and wages over $5,000.

Principal exemptions—insurance companies, express companies, and nonprofit organizations.

Utah: Laws 1933, house bill 218 (effective until April 1, 1935, unless made inoperative before that time by proclamation of the Governor).

Rate: Three fourths of 1 percent on retail sales, sales of property, services furnished by public utilities, meals served to the public, and admission to places of amusement; 5 percent on sales of malt sirups, etc.

Vermont: Laws 1933, house bill 115 (apparently aimed at chain stores).

Rate: One eighth of 1 percent on retail merchants' gross annual sales between $50,000 and $100,000; one fourth of 1 percent on next $100,000; one half of 1 percent on next $300,000; 1 percent on next $250,000; 1½ percent on next $250,000; 2 percent on next $250,000; 2½ percent on next $250,000; 3 percent on next $250,000; 3½ percent on next $250,000; 4 percent on all over $2,000,000.

Virginia: Tax Code 1930, section 188. (Some authorities exclude this act because of its limited application.)

Rate: 20 cents per $100 of merchants' purchases between $2,000 and $100,000; 10 cents per $100 on all in excess of $100,000.

Washington: Laws 1933, House bill 92 (effective until June 30, 1935).

Rates: One fifth of 1 percent on gross income of wholesalers and jobbers; one fourth of 1 per cent on manufacturers, newspapers, and periodicals; three tenths of 1 percent on most severances; two fifths of 1 percent on banks and building and loan associations; one half of 1 per cent on retailers, electric interurban railroads, street railways, and local motor lines; 1 percent on oil, natural gas, outdoor advertising, and radiobroadcasting; 1½ percent on steam railroads, highway transportation companies, other public utilities, theaters, and places of amusement; 2 percent on manufactured gas, express companies, car companies, stockbrokers, security houses, and finance companies; 3 percent on water companies; 5 percent on societies of authors, composers, and publishers who collect fees.

Principal exemptions: Nonprofit organizations and insurance companies.

West Virginia: Code 1931, chapter 11, article 13.

Rate: One twentieth of 1 percent on gross income of wholesalers and jobbers; one fifth of 1 percent on retailers; twenty-one one hundredths of 1 percent on manufacturers; three tenths of 1 percent on banks, contractors, and other business not specifically taxed by this act; two fifths of 1 percent on street railroads and other public utilities; forty-two one hundredths of 1 percent on coal mined; forty-five one hundredths of 1 percent on limestone, other mineral products, and timber; three fifths of 1 percent on telephone, telegraph, express, and electric companies; 1 percent on oil, steam railroads, pipe lines, and amusements; 1 17/20 percent on natural gas.

Principal exemptions: $10,000; also insurance companies, mutual savings banks, nonprofit organizations.

Mr. Chairman, I hesitate to reprint some of the arguments and offer some of the evidence placed before the House a dozen years ago when a sales tax was threatened and nearly passed by the House because of the difficulty in placing before Members the illusive arguments so easily and frequently made by proponents of the tax. The vast amount involved in any such tax and permanence of its place on the tax rolls if once adopted justifies a very brief reminder of evidence and arguments submitted in the past. I quote from the RECORD of March 17, 1932:

WHO IS DEMANDING A SALES TAX? A TAX ON THE NECESSITIES OF EVERY CONSUMER TO RAISE $600,000,000 SHOULD BE DEFEATED AND A SUBSTITUTE TAX PLACED ON THOSE BEST ABLE TO PAY

Mr. FREAR. Mr. Speaker, day before yesterday a letter to my colleagues gave citations to speeches in 1921 and 1922 against the sales tax then before Congress. Yesterday I was stopped by a colleague on the way to the Capitol, who said he had gone to the Congressional Library and examined the RECORD of those dates—and, more remarkably, had read the speeches—with profit. I inserted remarks including extracts from speech of December 22, 1931, bearing directly on the sales tax and including data on the Canadian sales-tax proposals then before Congress.

Yesterday I listened to a splendid talk by Representative Davis, of Tennessee, against the sales tax, delivered before a handful of Members, and before the close of the session only 20 Members—equally divided politically—were on the floor. I have seen Senators "orating" to empty benches on different occasions, so I believe speeches and physical strength can be saved by "remarks" that carry the same information.

The sales tax bills before Congress in 1921 and 1922 carried estimates of a billion dollars. The bill before us has a $600,000,000 sales-tax item; and although reported unanimously by 25 members of the Ways and Means Committee, second to none in Congress in ability and power, I feel certain that the $600,000,000 sales-tax item, composing 60 percent of revenues proposed to be raised, will be stricken from the bill, possibly by the House; but, if not, by the Senate.

Mr. Speaker, I listened to the able presentation of a sales-tax argument by the distinguished Democratic leader today, a personal friend and colleague of many years' standing. I would be the last to seek to answer him or any other member of the committee.

I do venture to suggest that men of great wealth—and Mr. Hurley is, I understand, in the highest brackets—will one and all be relieved from income taxes when the sales tax is substituted for an income tax that is proposed by Mr. Kahn, Mr. Hearst, Mr. Bache, and scores of others whose names in many cases appear in these remarks with their efforts to substitute a sales tax for an income tax.

No criticism is found in that course, excepting full publicity should be given of motives that may properly lie with those who would be ready to shift the taxes onto the shoulders of the consumer by a consumption tax.

The arguments here offered against the bill may not be persuasive so as materially to affect the result, but the opinions of expert tax authorities quoted of organizations in Canada and this country opposed to a consumption tax are unanswerable and should help strike from the bill the $600,000,000 sales-tax item.

That is a result devoutly to be wished for by the vast multitude least able to pay, and I doubt if the President endorses this item, basing that opinion on his familiarity with taxation principles and strong common sense, not on any inside information so frequently voiced by others.

SALES-TAX ISSUE THE SAME AS IN 1921

In 1921 the issue was the same. Then it seemed that the influence for the bill would be overwhelming, but we defeated it in the committee. Now, with slight hearings and less publicity, the committee unanimously reports a $600,000,000 consumption tax in

the revenue bill. Let me express appreciation for the valuable work of my colleague, Representative LaGuardia, whose opposition in general debate is forceful, convincing, and logical. Also, in answer to charges that Congress and Members generally have been silent on extravagance, let me say, when the flood control bill, in the Seventieth Congress, passed the Senate with 2 hours' debate, carrying an estimated billion and one half dollars for a wide-spread reservoir system covering condemnation of many millions of acres for flooding purposes and extravagant plans, I was then a member of the House Flood Control Committee.

Representative LaGuardia was called to aid and for 4 days we exposed the Senate flood-control bill acting on the advice of Chief of Engineers Jadwin and after conference with President Coolidge. On a vote that assured sustaining of a Presidential veto, the President compelled a compromise measure finally agreed to at $318,000,000 and a saving of over a billion dollars in that one bill by action of the House and President.

Six hundred million dollars in revenue can be raised by suggestions that I will hereafter offer, I trust without presumption, for any revenue bill should be properly balanced and not drafted on the floor by amendments. That is a proper function of the committee but in its surprising recommendation of a consumption tax, I fear a flood of protests from interests proposed to be taxed, caused the committee to return to the iniquitous sales tax because no organization had yet appeared specifically against the tax. I submit substitute revenues can be found to balance the Budget, but if not easily available the Government is not going "hay wire" nor bankrupt because of that fact.

BALANCING OF BUDGET DESIRABLE BUT NOT IMPERATIVE

Short-term securities until the present world-wide slump is relieved will, if necessary, meet the situation, and I say this with full knowledge of its threatened effect. I am somewhat familiar with Treasury pronouncements, mistakes, and sales-tax recommendations in the past. They are not to be taken literally in every case as they have been frequently disproved but I am equally in favor of balancing of the Federal Budget. I suggest some measures that may have been considered, but if so should be reconsidered in preference to a sales tax which taxes the necessities of every consumer in the land through increased prices.

Let the Budget be balanced, not by a sales tax but by some of the following proposals: A gift tax may well be started, not at 1½ percent but at 10 percent, which would reach a large percentage of gifts and should reach to 30 percent maximum on large estates. Even a maximum that will graduate a return of at least 20 percent would not be excessive. By raising the estate tax with smaller exemptions up to 40 percent on large estates, if need be, and repealing the entire 80 percent State credit to the States, a tax still less than that of England might help to meet Budget requirements. By taxing cars and trucks, imported oil—now free entry—a larger tax on stock and bond transfers, on bank checks, and, if need be, on cigarettes and on innumerable items, though protested, will be more equitable and just than a "sales" tax or "consumption" tax or "spending" tax which in its blood-sucking-leech effect reduces the income of every consumer in the land by adding the tax indirectly to the price ordinarily collected from necessities he must buy for himself and family, to exist.

This subject, as stated, has been with Congress before and, without professing any expert knowledge of the tax, I submit extracts from several prized tributes that are not claimed to have been deserved, although the speakers and writers believed so, apparently.

Senator La Follette in Senate debate, RECORD, page 7371, November 5, 1921:

"Mr. President, the (1921) sales tax was practically defeated over in the House, largely under the leadership of a Member of Congress from Wisconsin, Representative FREAR."

Of course, I did not merit especial credit for a result in which all helped, but another word from 1921 is offered because of the great organization represented then and now against the tax. From Hon. Edward Keating (editor Labor, 2,000,000 circulation):

"MY DEAR MR. FREAR: You are entitled to practically all the glory for defeat of the sales tax * * *."

And from an editorial in that paper of August 23, 1924:

"More than any other man he was responsible for the defeat of the Mellon (sales) tax plan and for the adoption of a substitute which lightened the burdens of 3,000,000 taxpayers."

Similar words from President Howard, of the American Farm Bureau Federation; Secretary Charles A. Lyman, National Board of Farm Organizations; Akerson, of the Grange; and others indicate the character of organizations then marshaled against the iniquitous consumption tax then before Congress, and that evidence then submitted was practically undisputed by any student of taxation.

Although time is limited, like opposition is reasonably certain to be aroused against the $600,000,000 sales tax contained in the pending bill. Not because of unfounded prejudice but because every leading tax authority is opposed to the principle of taxing consumers on necessities they buy in order to relieve those best able to pay who are more strongly organized and hope to substitute a sales tax for high income-tax rates.

WHERE REAL TAXES ARE PAID

Mr. Speaker, those who denounce the new tax bill because it makes a heavy dent in their income will not move to England or France or Germany to get tax relief. In the last-named countries they would pay the hated consumption tax that the Treasury is trying to unload onto the people for the second or third time, and in addition the Englishman pays several times as much for the privilege of living in the old mother country and far more than that in Germany.

From last night's Star I clipped a brief comparison which I have not checked with official records, but if approximately true, the American taxpayer will never get farther away from New York than the Statue of Liberty, excepting for a brief trip abroad to learn what a lucky fellow he is to live in the United States.

The article is so interesting and well worth studying when income-tax payers are wearing crepe on both sleeves in these days of tax mourning that I insert it for your perusal. It reads as follows:

"In the United States a married man with one dependent child and a net income of $2,000 pays no Federal income tax now and would not pay any under the provisions of the new revenue bill in Congress.

"A citizen of Germany, with the same income and dependents, pays a tax of $215; an Italian pays $218; a Frenchman, $104; and an Englishman, $63.

"More pronounced is the severity of European levies on the middle- and high-income classes. For example, the German with a net income of $5,000 a year contributes $989 to his government in income tax alone. The loyal subject of King Emmanuel digs up $717; the Frenchman, $104; and an Englishman, $63.

"The married American with one child and an income of $5,000, under present regulations, pays $16.50 Federal income tax. If the new revenue bill is enacted as drawn he would pay $29.50. In 1924 an American of the same status paid $42.50.

"The residents of 28 of the 48 States are now required to pay a State income tax in addition to the Federal levy. The State taxes, however, average considerably lower than the Federal. Consequently, a person with a $5,000 income, living in a State which imposes an income tax, probably wouldn't pay a total of $50. That would be only one fourteenth of what an Englishman pays.

"Particularly heavy are British levies on high incomes. A married man with one child and an income of $10,000 in Great Britain pays $1,800.

"In the United States he now pays $123. He paid $204 in 1924 and would pay $154 in 1933 under the new revenue bill.

"The same man with an income of $100,000 pays $48,000 in Great Britain and $16,245 in this country. In 1924 he paid $22,000 and under the new bill he would pay about $26,000.

"This measure grants an exemption of $1,000 to single men, $2,500 to married men, and $400 for each dependent. Great Britain's exemptions are $485 for a single man; $730 for a married man, $245 for the first dependent child, and $195 for each other child.

"For Americans who 'view with alarm' the projected boost in income taxes, Government financial experts cite the prospect of tax-rate reductions and increased exemptions such as have been made heretofore when the Treasury enjoyed a surplus."

NINETY-FIVE PER CENT OF FARMERS AND LABORERS DO NOT NOW PAY ANY FEDERAL TAX

It may be proper to intersperse at this point the fact that while constant protests are received from agriculture, labor, and other individuals and organizations against existing Federal taxes which they believe they are called upon to pay, not 5 percent of the farmers or laborers in the United States pay any income taxes to the Federal Government, and that is the largest source of direct taxation.

Existing law provides an exemption of $3,500 for a married couple, and the percentage of farmers and laborers receiving over that net amount of income is small. The pending bill lowers the exempt net income to $2,500 per couple. Estate taxes, largely reached in the higher brackets, gift taxes now proposed, and other existing Federal tax burdens, or those proposed, will not affect the average individual. Indirect taxes on a very limited proportion of goods imported, with small excise taxes on tobaccos and cigarettes, are paid by all, but heavy taxes borne by the average farmer and laborer living in cities comes from local taxes for schools, streets, town, county, city, and State government, all of which, directly or indirectly, are paid by the residents of the State. Indirectly, when no property is owned by renters, the rental payment goes to cover taxes and other expenses of the owner.

A popular misconception exists as to where the Federal taxes are laid, and although the local resident pays far higher taxes in proportion of ability to pay than the average income-tax payer living in the cities, those taxes are local and the Government receives no return, but, on the contrary, contributes toward highways and other State improvements that give employment and aid to labor within the State.

Mr. Speaker, I desire to express some additional views beyond what was stated in the RECORD of Friday, March 11, when on pages 6018–6036 I submitted unanswerable arguments offered by many of the ablest men and tax experts in the country against a sales tax when that same question was last before the House. In that statement (in Friday's RECORD, March 11) will be found opinions of men like Professor Seligman, of New York, known throughout the world as an international financial and tax expert; Arthur A. Ballantine, attorney, New York City, formerly solicitor of internal revenue, whose opinion you will find on page 6024, where he says:

"I believe that this idea of a sales tax, a tax collected everywhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring busi-

ness men who approach Congress in an effort to get really beneficial changes into futile action instead of constructive action.

"I believe that this committee, by the very careful and exhaustive consideration which it has given to the advocates of this plan and its careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of business men into practical channels instead of down a pathway which leads to futility."

Another expert witness quoted was Charles A. Andrews, whose careful study of the subject on behalf of the national industrial conference board as a tax expert caused him to say:

"We started in upon the assumption that we were going to work out something in the form of a sales tax. We invited various well-informed people to come before us. We reached out and got printed matter and manuscripts; we made investigations; and slowly but steadily the committee was driven to the inevitable conclusion that it, representing a large body of business men, could not bring before this conference a recommendation for any form of sales tax, except as the same related to a few specific articles, suggestions as to which we have made and which have been referred to by Mr. Armitage.

"We haven't the nerve, as good citizens of the country—which we believe we are, and are trying to be—to say to a body of business men in this country, who are suggesting that business be relieved from a billion dollars of excess-profits tax, that we propose a tax which will cause the billion to be paid by the ultimate consumer. That is such a violent divergence from the principle of payment upon the basis of ability to pay that we cannot ask this body of business men to get behind that sort of a tax."

Mr. H. C. McKenzie, New York tax expert for the American Farm Bureau Federation, said:

"I want to take the opportunity to emphasize the farmer's objections to a general sales tax, which have been voiced by our president, Mr. Howard, and to call your attention to just two or three things briefly. * * *

"Ninety percent or ninety-five percent of that tax will be paid out of the living wage, if the contention of the proponents of the sales tax is correct; and I want to say that the farmers who are represented in the American Farm Bureau Federation will never in the world stand for that proposition."

Mr. George P. Hampton, managing director of the Farmers' National Council, quoted on page 6025 of the RECORD of March 11, says:

"A retail sales tax and other sales taxes and all similar taxes on food, clothing, and shelter, called consumption taxes, must be paid chiefly by the workers on the farm, in factories, mines, and transportation, millions of whom are getting less than the minimum wage necessary to maintain a family on a decent American standard."

Mr. Speaker, presidents of farm organizations and of labor organizations, both in this country and in Canada, are quoted at length in that speech. These men, I submit, have a better understanding than those who have given the subject slight study or who may vote for this bill because it is reported by the Ways and Means Committee.

WHAT SALES-TAX WITNENSSES WERE HEARD?

Let me call your attention to one significant fact. The Ways and Means Committee at that time heard about 350 witnesses on the entire tax bill, as found in 1,230 pages of hearings. Of all those witnesses and all those pages of testimony, only 15 pages apparently were given to the only two witnesses who testified before the committee on the sales tax. This is significant, because while 60 percent of the entire amount to be raised in the $1,000,000,000 bill, or $600,000,000, is to be covered by the sales tax, only two witnesses, as stated, were called to testify on the sales tax. Dr. Adams of my home State of Wisconsin, a man of exceptional ability whom I have known for many years, and Mr. Alvord, formerly a clerk of the Ways and Means Committee, and afterwards an employee of the Treasury.

If 60 percent of the entire bill, amounting to $600,000,000, has been written into the bill with 15 pages of testimony before the committee by 2 witnesses out of 350 witnesses, it is well that we ascertain what those 2 witnesses have said in favor of any sales tax. On page 260 of the hearings I quote:

"Mr. DOUGHTON. I believe you stated that you encountered very little criticism or opposition toward the sales tax in your investigation in Canada. To what extent did you discuss this matter with the consumers of the articles on which the sales tax is assessed?

"Dr. ADAMS. I am very glad that you asked that question. I did not talk this question over with representatives of labor organizations or agricultural associations or, if there be any, of the consumer. I might have found a great deal of criticism there.

"Mr. DOUGHTON. That is where the criticism would naturally be.

"Dr. ADAMS. Yes; and that is a real defect in my inquiries. I did want to talk to them, but I did not have time."

Here is the principal witness on the sales tax who testified before the committee a few days ago, on page 260 of the hearings, that he did not talk to a single consumer who pays the tax during several days he was in Canada studying the tax. His study apparently was directed particularly to matters of administration and not to the merits or justification for the sales tax.

NO SALES TAX JUSTIFIED FOR ONLY 2 YEARS

Now listen to additional testimony by one of the ablest tax experts of the country, given a few days ago before the committee:

"Dr. ADAMS. I have one definite conviction. Whether you should have a sales tax or not is a question for you gentlemen, largely a question of policy, but this, I think, is a common-sense conclusion, that it is not worth your while to adopt a Canadian sales tax for a short period of time, because to put it over you ought to have an administrative machine so well built up and so large that you would not be justified in creating it for a temporary tax of 2 or 3 years" (p. 260, hearings).

What did the committee do on page 250 of the committee bill? Here is the provision:

"No sale or importation after June 30, 1934, shall be taxable under this bill."

In other words, that limitation was written into the bill with full expectation of continuing the tax in order to relieve the income tax, or else the committee disregarded the evidence of its only two witnesses who said Congress would not be justified to create a manufacturers' tax for a temporary tax of 2 or 3 years.

On page 262, Mr. Chindblom, of the committee, said:

"Mr. CHINDBLOM. Do you know of any other country which has a system similar to that in Canada?

"Dr. ADAMS. No, sir; I do not. You know Austria has a system by which they attempt to eliminate pyramiding by varying the rate, but that is not the Canadian tax."

Here is the best expert that could be called by the committee who gives his testimony on the Canadian tax which we are asked to endorse. After a brief visit of several days he found a tax not similar to that of any other country, which he refused to pass on as a matter of policy, and ought not be taken over as a temporary tax of 2 or 3 years.

The committee would find itself out of court in a legal proceeding on that testimony of its chief witness.

Now comes the second witness, the only one aside from Dr. Adams, who testifies in detail regarding this tax, formerly an employee of the committee and afterward of the Treasury Department. Why he was sent to Canada and who sent him for 4 days to become an expert on the Canadian sales tax does not appear from the record, nor does he volunteer any expert testimony. On page 264:

"Mr. ALDRICH. Mr. Alvord, have you any idea why the Canadians did not make a list of the articles which are taxed, rather than to set out a list of exemptions?

"Mr. ALVORD. In reading the act I am inclined to say that a list of the articles taxed would not be so much larger than the list of articles exempt.

"Mr. ALDRICH. That is a general manufacturers' tax in name only.

"Mr. ALVORD. That is almost true; yet, sir, not quite, however. From the point of view of drafting a general law it is much easier to specify exemptions than inclusions."

This is the second expert's opinion of the Canadian law which he studied 4 days. Again, on the same page, he says:

"Mr. ALVORD. I do not know whether Dr. Adams went into this or not, but I think he agrees with me—if you adopt a sales tax without having the elastic administrative machinery, I am afraid your sales tax would be practically inoperative.

"Mr. TREADWAY. Do you mean by elasticity, the judgment of an official?

"Mr. ALVORD. The basic principle of the administration of the Canadian sales tax, as I understand it, is that there, either as a matter of law or as a matter of fact, the administrative decision is final."

Again he says, on page 265:

"Mr, ALVORD. If you are to consider the list of exemptions that the Canadian sales tax has, it means that you practically have got to write a tariff act. I have been through the 1922 act and the 1930 act, and you gentlemen have been through many others, I imagine that the pressure would be just about the same."

Again this second witness, with 4 days' experience in Canada, says, on page 266—and remember he was formerly a clerk of the committee, afterward an employee of the Treasury Department, and no one knows who sent him to Canada, so far as the record discloses—

"Mr. ALVORD. I agree with Dr. Adams that as an emergency measure I think it would be subject to very serious consideration as to whether it would be worth while to interject the entire machinery for a short period of time."

Every Member, I submit, should study this tax expert's opinion of an emergency sales tax proposed by several Members in H.R. 5755 before us.

Yet this bill (1932) proposes against the expert testimony of Dr. Adams and Mr. Alvord that it shall remain in force for only 2 years. Is anyone seeking to mislead Congress, and who drew that 2 years' limitation and why?

Again, on page 266, Mr. Alvord says in response to a question by Mr. Crisp:

"Mr. CRISP. With the knowledge you have and as an American citizen, do you favor the levying of a general sales tax?

"Mr. ALVORD. At the present time; no, sir."

Here seems to be the length, breadth, and scope of Mr. Alvord's opportunity to study the effect of the sales tax as shown on page 267:

"Mr. ALVORD. We started in with the minister of finance, rather briefly. We then went to the commissioner of excises, who is a Civil Service appointee and who has been in the service a long time, and he called in two of his assistants. They were the men who primarily had the job of administering the tax. We spent practically an entire day with them in going over their administration. I think those are the only persons we discussed the matter with in the administration. Then we spent the remaining 3 days of our visit up there discussing the matter with manufacturers, manufacturers' representatives, and with attorneys."

No inquiry among consumers. I will furnish that testimony on the 1921 law.

On such testimony the committee reported in favor of a $600,000,000 sales tax, to exist no longer than to June 30, 1934, and this last provision was opposed by both of the experts called for advice.

The evidence of witnesses who accompanied the Hearst $10,000 junket trip to Canada was inserted in the RECORD. Some of those witnesses were opposed to the sales tax, even on the statement of officials who alone were consulted. No consumers, apparently, had any voice at any time in the matter. The officials were discussing their duties, and naturally liked their jobs. I speak of this particularly, because in my speech of March 11, 1932, on pages 6032–3, I discussed at length the Canadian sales tax and cited labor organizations and others at St. Johns, New Brunswick; Hamilton, Ontario; Toronto, Ottawa; and elsewhere—all vigorously opposed to the sales tax then in force.

A sales tax at 2½-percent rate, not pyramided, to produce $600,000,000 would amount to $24,000,000,000 in purchases, but all these sales are expected to bring a profit to manufacturers, jobbers, wholesalers, and retailers. To take an extreme case, if a hundred percent is added to the sales price or 950 percent to the tax, as quoted from committee hearings on page 6020 of the RECORD of March 11 last (testimony of ex-Senator Hardwick), it would double $24,000,000,000 in purchases to $48,000,000,000.

This would not ordinarily occur, but it is reasonably certain that the 2½ percent with all these profits added would be increased to possibly 10 or 20 percent before the ultimate consumer paid the bill, and that would be 4 to 8 times the rate fixed by the committee, and would mean an added tax 4 to 8 times the $600,000,000 tax collected. Possibly $2,000,000,000 and more additional would be paid by the ultimate consumer to bring to the Government $600,000,000 in tax receipts as estimated by the committee. That tax has been reported to the House on the testimony of two witnesses, both of whom urged against enactment of any sales tax for the short period of 2 years.

Let me now quote from a speech made in the House February 21, 1922, when the bonus bill was up for consideration:

"HOUSE OF REPRESENTATIVES,
"Washington, D.C., February 16, 1922.

"DEAR COLLEAGUE: The proposal to finance the soldiers' bill with a consumption tax means to tax the living wage of labor, when the average man is receiving less than $500 pre-war purchasing power per family, and it taxes the farmer, whose average annual earning is $219 pre-war purchasing power, on all that his family consumes. In Canada it is estimated it increases cost of living from $30 to $50 per family, due to pyramiding of prices.

"Clothing, shoes, food, gasoline, machinery, everything not specifically exempted, is increased in price from 2 to 10 times the amount of tax according to Canadian experience. Sugar, 10 cents per pound there last month, was 6 cents here, according to official reports, and articles exempted this year are included next year. Every man, woman, and child, whether working or out of employment, pays the increased price through this "painless sales tax." Rockefeller and thousands of multimillionaires pay the same tax, while a half billion dollar tax means $2,000,000,000 or $3,000,000,000 added prices to those who consume. The Washington Times says, "Wall Street welcomes it", and as $500,000,000 was recently exempted from excess profits, luxuries, and high surtaxes over the consumption there is a reason.

"All American farming and labor organizations are unanimous against the tax, and they represent 85 percent of the consumption tax that will be paid, according to witnesses. A leading Republican Member from New York said to me not 10 Republican Members from New York will be returned if we pass a general sales tax. A complete Waterloo occurred in Canada for the Conservatives, who repealed the excess-profits tax and enacted a general sales tax and a high tariff law. High prices were the issue.

"No general sales tax law was ever enacted in this country in time of peace. No appropriation was ever before hung up with a special-tax tin can tied to it. It is a gold-brick tax to the soldier, who would help pay his own bonus, whether he has a job or not. Not one witness for a sales tax came before the committee to favor it, although many appeared against it. A sales tax is opposed by practically every disinterested tax expert and by labor and agriculture here and in Canada, where it has been tried and repudiated at the polls. In the RECORD of January 3, 1922, page 832, will be found conclusive testimony of many witnesses in this country and in Canada discrediting a consumption tax. Who is it asks for it and who pays for special trains and propaganda that covers local papers in a hope eventually to substitute this tax for the income tax now paid?

"The last bonus bill struck out a consumption tax in conference before it passed the House. Senators tell me the tax cannot pass the Senate. A bonus bill will pass the House, but if an open discussion is had, it will not contain a consumption tax.

"Very truly yours,

"JAMES A. FREAR."

Attention is called to a significant part of that speech in 1922 which ought not to be overlooked by any Member of Congress. When Canada woke up to the fact that a sales tax had been tagged on to the people the latter took action. I called attention in the RECORD of February 21, 1922, to a complete turnover of the Canadian Parliament which occurred at the election December 6, 1921:

"Prior to the election the Parliament stood—Conservatives, 120; Liberals, 84; Progressives, 14. The election gave Conservatives 51, Liberals 117, Progressives 65; or an opposition vote of 177 to 51, compared with a prior Conservative majority in a vote of Conservatives 120 to 98."

Quoting further from my speech—

"This tremendous overturning of the Canadian Parliament, according to my advices, was occasioned by a high protective tariff and a burdensome manufacturers' sales tax like that which is now being urged by committee members."

Let me continue as to politics, which is certainly as important as any wet-and-dry issue, because it is a burden upon the necessities of the people which they resented in Canada according to the following testimony:

"CANADIAN POLITICS

"From many letters of denunciation of the Canadian sales tax I quote the following as to the political issue with labor organizations:

"In a letter dated Toronto, Canada, December 13, from Toronto District Labor Council, it is stated:

"'While organized wage earners have not given any official expression regarding the sales tax, the general discussions on the political situation during the last few weeks leave no doubt as to their opinion. This system of taxation was soundly condemned by every speaker in any way connected with the labor movement officially. * * *

"'TORONTO DISTRICT LABOR COUNCIL,
"'JAMES WATT, *Secretary.*'"

"The foregoing is a square expression of labor in Canada on the subject of a sales tax and of its political significance when it was 'condemned by every speaker in any way connected with the labor movement.'

"FARMERS MAKE POLITICAL ISSUE IN CANADA

"From the United Farmers of Alberta the following statement is significant of the political issue last election, when practically all of western Canada was wrested from the Conservative Party:

"CALGARY, CANADA, *December 31, 1921.*

"President Wood has referred to me your letter of December 6 re sales tax. I may say that there is a very strong feeling against the sales tax, and that it was vigorously attacked by many of the speakers of the organized farmers during the recent Federal general election.

"The enclosed pamphlet entitled 'Sales Tax Hits the Poor Man,' (issued by the Canadian Council of Agriculture) is, I think, a summary of the arguments used against this tax during the campaign, while the Try Outs in Taxation also contains references to this matter. * * *

"I was interested to note that the sales tax in the United States is advocated by big business and financial interests, which fear the heavy income, excess-profits, and estate taxes. Exactly the same groups of interests advocated the tax in Canada, and you will note from the pamphlet Sales Tax Hits the Poor Man the representatives of the agricultural interests in this country were not consulted in any way in connection with the matter.

"Yours very truly,

"UNITED FARMERS OF ALBERTA,
"W. N. SMITH,
"Educational Department."

"The sales tax was 'vigorously attacked' by many of the speakers of the organized farmers during the recent Canadian election. Results speak for themselves.

"WHAT CANADA DID

"Before the Ways and Means Committee Edward F. McGrady, speaking for the American Federation of Labor, said on February 3:

"'The members of our organization over in Canada joined with the farmers in protest against the sales tax, and at the last election on December 6 we were enabled to defeat all of those men who voted for a sales tax (p. 140).

* * * * * * *

"'You took off $450,000,000 from the corporations which made excess profits. * * * You reduced the surtaxes on incomes by the amount of $61,500,000. * * * In the last bill you repealed $60,000,000 in luxury taxes. * * *

"'It is an extremely dangerous proposition, and I predict if you impose a sales tax the people of this country will do what the people of Canada did when they had an opportunity—defeat everyone who voted for it (p. 141).'

"I am making no comment on this testimony taken before the committee excepting to disclose the political action taken by the people of Canada with reference to the Canadian manufacturers or sales tax.

"Another witness before the Ways and Means Committee, H. C. McKenzie, tax expert for the American Farm Bureau Federation, was asked:

"'Mr. OLDFIELD. Do you know personally that that (the Canadian sales tax) was an issue in the recent campaign in Canada?

"'Mr. MCKENZIE. Yes; it was an issue in the campaign, and the same interests that are opposed to the sales taxes and consumption

taxes in this country opposed them in Canada also. Labor and the farmers are opposed to it there and were fighting it there.'

"As stated by Mr. McKenzie, the sales tax was vigorously attacked in Canada by many of the speakers of the organized farmers during the recent general election. In order that it may not seem the opinion of labor in the letter on a sales tax was isolated, I again quote briefly from Canadian sources.

"From a number of letters the following indicates what the consumer thinks of the Canadian tax:

"ST. JOHNS TRADE AND LABOR COUNCIL,
"*St. Johns, New Brunswick, December 12, 1921.*

"* * * Yours of the 3d received, inquiring about the sales tax in force in Canada. * * * Briefly, the way the tax works is that each time an article is turned over or sold this tax is collected, and in these days of manufacturers, jobbers, wholesalers, retailers, and other middlemen it is easily seen where the tax lands us by the time the article reaches the consumer, for each time the article is sold the tax is collected and, of course, added to the next selling price, and a small tax of 1 or 1½ percent easily amounts up to possibly 10 percent or more in some cases.

"Fraternally yours,

"GEO. R. MELVIN, *Secretary.*"

"A SEVERE TAX ON THE WAGE EARNER

"HAMILTON DISTRICT TRADES AND LABOR COUNCIL,
"*Hamilton, Ontario, December 26, 1921.*

"* * * Re sales tax in Canada and its effects upon the wage earners, can only say that this tax falls with peculiar severity upon the wage earner. It is very much like a tariff, minus the protective benefits. It is passed on to the consumers in every instance. And as the working classes on a whole are the greatest consumers, they of necessity pay the greater share of the tax.

"This, however, is in strict accord with true capitalistic economics and administration. They are sternly opposed to all forms of direct taxation, which would mean that those who own approximately 85 percent of the wealth of the country would pay their just share of the taxes. This, of course, would never do. Hence the sales tax. Trusting that this information is answering your query,

"I am yours fraternally,

"[SEAL] "H. G. FOSTER, *General Secretary.*"

"Again I quote from another letter:

"TORONTO DISTRICT LABOR COUNCIL,
"*Toronto, December 13, 1921.*

"This tax was imposed to supersede the surplus-profits tax which was in operation during the later stages of the war.

"While organized wage earners have not given any official expression regarding the sales tax, the general discussions on the political situation during the last few weeks leave no doubt as to their opinion. This system of taxation was soundly condemned by every speaker in any way connected with the labor movement, officially or otherwise.

"My information leads me to believe that the tax is imposed on the manufacturers' output, the increased cost being passed on to the dealers, and eventually the consumers pay the tax in increased prices. Unlike the income tax and business tax, which recognize more or less the principle of 'ability to pay', the sales tax applies to consumers in the purchase of commodities, and if the consumer cannot pay the increased price by reason of the tax he goes without the goods. This sales tax largely applies to the necessaries of life, hence you will readily understand why organized workers oppose such methods of taxation when surplus profits are untouched. I am further of the opinion that the great majority of our people are unaware of what this sales tax really means; they pay the increased price without knowledge of the amount, no mention being made concerning the tax; to put the whole matter shortly, legally flimflammed.

"Yours truly,

"TORONTO DISTRICT LABOR COUNCIL,
"JAMES WATT, *Secretary.*"

"'Legal flimflamming' is a name with which to entitle the proposed sales tax here. If its passage results in a political turnover like that experienced by Canada a few weeks ago, it will evidence a well-grounded universal prejudice against flimflam games.

LEGAL FLIMFLAMMING

"One other brief statement I quote from a communication dated Ottawa, December 2, that is more of a résumé of the tax than is covered by other correspondence. It says:

"OTTAWA, ONTARIO, *December 2.*

"Ottawa this week received, entertained, and introduced to the intricacies of its sales tax act a party comprising 47 Members of Congress, representing 30 different States, railway men, newspapermen, and others. They came as the guest of Mr. William Randolph Hearst, with Hon. Lester D. Volk, of New York, as head. * * * But while the members of the party studied the sales tax act from a variety of angles, your correspondent ventures the assertion that they did not receive nor consider facts with reference to its application to the consumer.

"I do not believe that in their examination of government statistics they found that a man with a wife and one child in Canada pays $18.66 every year as a result of this form of taxation; that a man with a wife and two children pays $24.88; that families of varying sizes pay on the following basis:

Man, wife, and 3 children	$31.10
Man, wife, and 4 children	37.32
Man, wife, and 5 children	43.54
Man, wife, and 6 children	49.76
Man, wife, and 7 children	55.98
Man, wife, and 8 children	62.20

"In other words, the sales tax in Canada adds to the living expenses of a family of ten $5 a month. Families of this size may be 'unfashionable', but those who are not particularly stylish feel it to the extent as it applies, as illustrated above. Bachelors are lucky!

"These figures are based upon official statements. Sales-tax collections for the 12 months ended October last amounted to $52,870,000, while our population is approximately 8,500,000. This means a per capita tax of $6.22 for every man, woman, and child in Canada yearly.

"The following table strikingly illustrates what income and sales tax combined mean to a Canadian as compared with a citizen of the United States:

Canada	
Income—man, wife, and 2 children	$2,500.00
Income tax	4.00
Sales tax	24.88
Total	28.88
United States	
Income—man, wife, and 2 children	2,500.00
Income tax	8.00
Total	8.00

"The sales tax in Canada is, above all else, a tax on consumers. The more you buy the more you pay. It is paid in the majority of cases not on one able to pay but in proportion as one must buy things. With a person of means it is entirely optional whether he buys expensive furniture, limousine, etc., but in buying articles of ordinary consumption the average person has no choice. We must buy to live, to exist, and as we buy we pay.

"The sales tax increases the cost of living. There can be no doubt about it. In Canada it is not a tax on luxuries; it is a tax on everything; and we must have necessities before we have luxuries.

"CANADIAN TAX AND THE FARMER

"In this country it can be safely said that organized labor and organized agricultural societies are overwhelmingly opposed to a sales tax, as I have shown by reputable witnesses. In Canada the organizations are not so closely formed, but from the foregoing it may well be deduced that labor in Canada is against a sales tax. It could not be otherwise. Agricultural interests in Canada are not for a sales tax.

"The Winnipeg Grain Growers' Guide put it that a sales tax 'is immensely pleasing to those who had to pay the excess-profits and income tax and who care little where the burden of taxation falls as long as it doesn't fall on them.'

"It says:

"'The people want justice in taxation before convenience, and there is precious little justice in this proposed tax on sales.'

"Admitting that the sales tax is finding great favor with financial interests across the border, it adds:

"'To those who are not unacquainted with the ways of financial interests, the mere fact that the proposition emanates from their councils is enough to provoke suspicion, and when it is affirmed that the tax is "passed along in small fractions and is finally paid by the consumer, practically without his knowledge, and the additions are so trifling as not materially to affect prices", that such a tax would raise more revenue than the country actually needs, and that its adoption would lead to repeal of the excess-profits tax and the income tax, one begins to detect the "nigger in the woodpile." It takes a wizard of finance to maintain that some $500,000,000 a year can be painlessly extracted from the people of Canada.'

"In the RECORDS of January 3 and January 27 I furnished many statements from agricultural organizations of Canada. These will not be repeated, but I add a statement issued by the Canadian Council of Agriculture that every Representative in Congress may well read, because it gives the farmer's viewpoint of the manufacturers' sales tax, which, he declares, collects 53 percent of all the tax from farmers of Canada, because of their large purchases of things consumed and of things used, from shoes, sugar, and shirts to gasoline and machinery.

"The statement follows:

"'CANADIAN SALES TAX

"'SALES TAX HITS THE POOR MAN—AN EXAMINATION OF THE PRINCIPAL FEATURES OF THE FEDERAL GOVERNMENT'S BUDGET FOR 1921–22

"'Issued by the Canadian Council of Agriculture

"'The sales tax was the principal feature of the Federal budget for the fiscal year 1921–22, which was presented by the Minister of Finance, Sir Henry Drayton, before Parliament in May. By means of this tax the Federal Government expects to raise the additional revenue which is required to meet the increased expenditures of the present year, as compared with the revenue and expenditures of last year. It involves additional costs of living to every man, woman, and child in Canada, and treats them all alike, whether they be rich or poor, able to pay or not able to pay.

"'Therefore, the sales tax, which was first introduced in Canada during May 1920, is one that merits close study. This is especially true because it is intended to fall upon the great mass of the people, being levied, insofar as Canada is concerned, on a large number of the necessaries of life. It is thus primarily a consumption tax, which is another good reason why it should be thoroughly studied, for it is levied not in proportion to one's ability to pay but in proportion as one consumes. As first introduced, it was a tax of 1 percent on sales by the manufacturer or producer to the wholesaler or jobber, who in turn collected from the retailer. On sales made direct by the manufacturers or producer to the retailer the rate was 2 percent. In 1921 the rate was increased to 1½ percent on sales by the manufacturer or producer to the wholesaler or jobber; when the sale is made direct to the retailer the rate is 3 percent. Another tax of 1 percent is also collected on imports, the rate on such sales to the consumer being not less than 4 percent.

"'Taxes approximating to the sales tax were collected in Europe as far back as the Middle Ages, but coming down to the history of the last half century the sales tax made its appearance in Mexico nearly 40 years ago, during the regime of Dictator Porfirio Diaz. The finances of Mexico were then in a chaotic state; taxation, being very little understood, was only slightly discussed, and, as the Mexicans had to buy and sell, Diaz came to the conclusion that by taxing these absolutely necessary operations he could raise revenue, and he did.

"'The sales tax was next copied by the United States administration in the Philippine Islands. After the Spanish-American War, through which these islands passed to the United States, their business life was in a state of collapse; the Spanish market, on which they had depended largely, having been closed to them. Being desirous of bringing about free trade with the United States, the sales tax was introduced as a means of securing a substitute for the revenue that had chiefly come through customs levied on American imports. France in 1920 adopted the turnover tax, which in principle is similar to the sales tax, though more equitable in that in France it included services and transactions of all kinds, as well as commodities. Germany also has such a tax, which is very far-reaching in its effect.

"'WHO ASKED FOR IT?

"'Whatever may be said in favor of the sales tax, there is no doubt about it being an attempt to secure new revenue from the great mass of the people who work for a living. There is no pretension that it lightens the load of taxation resting on the masses; on the contrary, it is usually accompanied by measures designed to relieve the well-to-do of taxes borne by them. Canada's experience has demonstrated this in the most striking manner.

"'By whom has this tax been advocated? By the farmers, by labor, or by the great mass of those of small means? Influential financial, industrial, and commercial interests started the agitation. In March there was held at Toronto a conference on taxation attended by representatives of the Canadian Manufacturers' Association, the Canadian Credit Men's Association, the Retail Merchants' Association, and the Canadian Wholesale Grocers' Association. Neither the organized farmers nor labor were invited, though both would have sent representatives had their presence been desired. Note the recommendations made to the minister of finance by this gathering: 'That the business profits tax shall not be reenacted; that the income tax as regards corporations shall be repealed; that the present existing tax on confectionery shall be abolished; that the present sales tax shall be adjusted so as to provide the additional revenue needed by the Dominion Government.'

"'It is true that in 1920, when the sales tax was first introduced, no taxes were abolished or reduced. But in 1921, when the tax was increased, it was made to do the bidding of the interests represented at the Toronto gathering, and no others. Everything asked, save the repeal of the income tax affecting corporations, was granted, and the nature of the sales tax was thus revealed in its true light. No attempt was made to secure from the best-off portions of the community any part of the revenue thus lost. The masses were expected to make up what the big business interests were relieved of. Sixty-two millions of new revenue were required, and in the heavier sales tax was the only means provided for the raising of the money, which meant a per capita tax of $7 for the year.

"'SOME ABSURD CLAIMS

"'Who are the advocates of the sales tax in the United States? For the most part they are representatives of the big interests, the agents of great capitalists and war profiteers, who, though they did not dare to complain of taxation while the war waged, have maintained a loud clamor against it since peace was proclaimed. These interests have conducted a vigorous propaganda in favor of the sales tax, many of the arguments thus advanced having been reproduced in Canada. Never before had as many absurd claims and extravagant statements been made on behalf of any system of taxation as have been made by the American advocates of the sales tax. They have told the public that a 1 percent tax would produce so much revenue that no income taxes below $5,000 and possibly $10,000 would be required; that all surtaxes on incomes might be abolished, and that practically all the special war taxes might be allowed to go. So absurd are their statements that they call in question the whole case for the sales tax, so that the general public may well regard it with suspicion. They have been prepared to promise anything in order to get the opportunity to shift the load from their own shoulders. If the Cdanaian Council of Agriculture had lived on this side of the border no better, clearer, or more significant statement could have been written regarding the absurd and misleading promises of United States sales-tax proponents. They desire to substitute a sales tax for the present income tax in this country, as set forth by witnesses in my remarks contained in the RECORD of January 3. Canada spoke her judgment at the recent election.

"'REVENUE RECEIPTS DISAPPOINTING

"'Again, I quote from the Canadian agricultural report:

"'The sales tax can never be regarded as one of the main sources of revenue in Canada, since to make it so could only be done through a violent disregard of the best recognized principles of taxation, namely, that taxes should be levied in proportion to the individual's ability to pay them. As a source of revenue the 1 percent tax in Canada was far from being a great success. During the 11 months up to the end of April 1921 that it was in operation it brought in only $40,898,383. As a producer of revenue it failed most when money was most needed. In October 1920, when business was good and retail prices still high, the collections were $5,020,476, but in April they fell to $2,873,219, and were still falling when the tax was increased. As Parliament voted $620,000,000 this year, one can easily see how far a 1 percent tax would go to produce that amount. During the 6 months that the luxury taxes were in operation they brought in $2,000,000 more than the sales tax did during the whole 11.

"'Advocates of the sales tax make much of the fact that it is easily collected, and they confidently assert that nobody feels it. A tax collected on the necessaries of life that all must have cannot fail to bring in a certain amount of money. But the question of the equitable nature of the tax must also be considered. Armies of occupation, through compulsion, sometimes succeed in raising large sums of money from comparatively poor countries; but to say that it can be collected is not sufficient justification for a tax. The sales tax is inequitable if for no other reason than that the poor man, who must spend practically all he earns, pays the tax out of what should go for necessaries, whereas the rich man pays it out of his surplus. The rich man, who spends several months in the year out of the country, escapes the tax; but the man who cannot afford to go away, pays.

"'LET THE CONSUMER BEWARE

"'The claim that the consumer did not feel the payment of the 1 percent tax is open to question. It is absurd to say that an already heavy taxed public does not feel the taking of another $40,000,000 from it, especially when the greater part of it is taken from the poorest paid. Surely, no one will contend that the new tax, which on domestic sales is at least 3 percent by the time it reaches the consumer * * * and the tax on imported commodities, which is 4 percent in such case * * * is not felt. It is difficult to determine definitely how much the cost to the consumer is increased by the sales tax, but the probability is that the 1921 rate will increase costs generally about 5 percent. On certain imported goods, on which the tax will never be less than 4 percent, the cost may be increased as much as 8 percent. This is especially true of commodities such as rubber tires, into the manufacture of which many imported materials enter. The effect of the tax in increasing the cost of lumber became so apparent that a reduction was made to the effect that the tax on sale of domestic material should not exceed 2 percent; on sales of imported lumber the rate was fixed at 3 percent. Even at these rates the tax is considerable to the settler who must build a house and outbuildings. It is, moreover, to be observed that the additional 1 percent on imports will have the effect of raising the home price on all such articles as are taxable. Experience with the tariff leads one to expect this.

"'The consumer is bound to feel the effects of the 1921 tax more than that of the preceding year for the further reason that the list of tax-free commodities has been much reduced. The following, which were exempt in 1920, are now taxed: Salted, smoked, and canned meats, soups, tea, coffee, condensed coffee, milk foods and similar milk products, sage, tapioca, macaroni, vermicelli, split peas, pea meal, rice, rice flour, cornstarch, potato starch and flour, canned and desiccated fruits and vegetables, maple, corn, and can sirup, and imitations thereof. No argument is required to show that the taxing of these articles is a very considerable additional levy on consumers. It is worthy of special note that tea and coffee, being imported articles, bear a tax of at least 4 percent. This is taxing the poor man's breakfast table, which most governments are now loath to do.

"'In the case of many persons enjoying but a small salary, or income, the sales tax practically cuts away the exemptions from the income tax. On an income of but $2,000 a year a married man pays no income tax; but calculating the per capita sales tax at $7, then if he has a family of four, he will pay $28. The head of a family of four—that is, a wife and two children—having a salary of $2,500 pays but $4 in income tax; but his sales tax will now take from him seven times that. And the examples to this effect could be multiplied.

"'AN INSIDIOUS TAX

"'One of the most dangerous features of the sales tax is its insidious character. So-called "painless" extraction methods of taxation are always to be feared, for, in a quiet way, they touch the average person most effectually. Definite knowledge of what taxes the individual pays is one of the surest safeguards against inequitable taxation. By the "painless" sales tax it is proposed to take this year $23,000,000 more from the consumers of Canada than was taken last year. What is the use of making a fight over the tariff if the money which it is hoped may thereby be saved is to be taken away by another method?

"'Additional danger lurks in the possibility that, having brought about its introduction, certain interests that have been benefited may further use it to shift other burdens from their shoulders. It is well known that they are restive under the tax on higher incomes, and also under the surtaxes, and it may be taken for granted that an attempt will be made to shift these onto the backs of the masses. The signs are not wanting that some of the most important political battles of the not distant future will be fought over the question of taxation.

"'There should be an insistence that taxes conform to the well-known canons of taxation laid down by Adam Smith in the following: "The subjects of every State ought to contribute toward the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue that they respectively enjoy under the protection of the State. The expense of government to the individuals of a great nation is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. In the observance or neglect of this maxim consists what is called the equality, or inequality, of taxation." According to this standard, the sales tax is weighed in the balance and found wanting.

"'Winnipeg, August 1921.'

"In view of the foregoing statement founded on actual Canadian experience, will any man say the tax does not unjustly hit the poor man, and will anyone say it is not and was not a political issue that helped overthrow the conservative Canadian Parliament and reduce it to a hopeless minority?

"SUGAR

"Another statement in my letter quoted sugar at 10 cents per pound in Canada, while it is only 6 cents here. That statement has been challenged. I am glad to give my authority:

[From the Labor Gazette, Canada, Jan. 1922, pp. 92 to 99]

December prices for sugar

	Cents per pound
Nova Scotia	9.6
Ontario	9.3
Manitoba	9.7
Saskatchewan	10.1
Alberta	10.2
British Columbia	9.4
Moose Jaw	10.7

Average cost of living over 1913

[P. 90]

	Percent
Food	50
Fuel	87
Clothing	73
Sundries	81

"Remember that the purchasing power of the farmers' products in Canada, as in this country, makes a difference of more than double the prices here quoted to the farmers' disadvantage.

"Acting undoubtedly with the aid of advice, the President wrote Chairman Fordney regarding the soldiers' bonus bill. Suggestions from that high source are welcomed by every member of the party who has a legislative responsibility, however humble. In fact, I yield to no man in my appreciation of and high respect for the Executive; for the many difficulties he has met and surmounted as the party leader following an unprecedented industrial and economic war chaos and his world position rising far above rulers of all nations through the recent peace accomplishments of the Washington conference. I do not need to say more, and I speak from the standpoint of a lifelong Republican.

"The House has its constitutional duty to perform of providing revenues, and in its legislative work the added responsibility of securing agreement with the Senate. Following suggestions from the Secretary of the Treasury, the House Members sought to provide special taxes with which to finance the bonus bill, although in so doing a precedent would have been inaugurated that necessarily brings criticisms and protests against any tax and against any measure that requires a direct tax. It is not only an unprecedented method of legislation but manifestly unjust to the measure to be financed.

"The proposal invited committee disagreements and the President's letter containing suggestions followed. It suggested temporary delay if desirable in order to meet Treasury conditions, and to permit full cash payments to all service men and a general sales tax as a method of securing quick funds. Representatives of national ex-soldiers' organizations called before our committee referred to repeated promises for early action, objected to delay in the passage of the bill, and urged its speedy enactment as prepared with the five options. Asked specifically about full cash payments, they said that would prevent the acceptance of certificates or of issuance or home-building options in the bill that had been carefully prepared and long and seriously considered with a view to granting permanent aid in the majority of cases. If offered all cash in amounts of $500 or $600 as is construed from the letter instead of continuing payments, the temptation would be offered all men to take cash and ignore other provisions.

"The sentiment of agriculture and labor in this country on the subject of a sales tax based on recent expressions is as follows:

"'STATEMENT OF SAMUEL GOMPERS, FEBRUARY 16, 1922

"'Organized labor stands 100 percent for the soldiers' bonus, but is opposed to a sales tax as a means of raising revenue for the bonus, just as it is opposed to a sales tax to pay any debt contracted by the Government.

"'The attempt to attach the worthy proposal for the bonus to a most vicious measure inimical to the rights and interests of our citizenship is a flagrant manner of incurring the people's resentment to a just cause.

"'Labor recognizes in the proposal to attach the sales tax to the soldiers' adjusted compensation bill a subterfuge intended either to defeat the bonus or to create a feeling of resentment against the veterans of the World War by placing the burden upon those least able to bear it, and by permitting the escape of those who profiteered so relentlessly during the period of the war and since the war.

"'The bonus should have the approval of Congress, but to create a sales tax would be to turn a measure of justice into an imposition and an injustice upon the whole people.

"'The position of labor upon the sales tax is stated officially in the following resolution:

"'"*Resolved*, That the American Federation of Labor in convention assembled declares against the imposition of a retail or general sales tax or turnover tax, or any other tax on consumption, and opposes the repeal of the excess-profits tax, and demands that the highest rate of taxation levied during the war upon incomes and excess profits be retained until the full money cost of the war has been paid."

"'Congress refused to adopt the sales tax as a part of the general revenue provisions. That proposal should not now be used to becloud the merits of a measure intended to do justice to those who patriotically defended the country in its hour of need.'

"'Many other recent statements from labor have been quoted in previous remarks, but I will only repeat extracts from one that is concise and indicates the way a sales tax is regarded by American consumers generally:

"[Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen]

"CLEVELAND, OHIO, *January 14, 1922.*

"*To All Members of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen in the United States:*

"DEAR SIRS AND BROTHERS: The attention of all members is called to the proposed sales tax bill introduced by Congressman Volk, of New York. It is the intention to raise $2,000,000,000 a year by a sales tax upon everything you consume. In order to have this bill put over and become a law, they have tied it up as a part of the bill for a bonus for soldiers. We think all workingmen agree that the soldiers who fought for their country are entitled to a bonus, and that such a bill should be passed, but, in our opinion, it is not necessary, in order to pay this bonus, that the working people of the United States should be taxed through a direct sales tax bill to the amount of $2,000,000,000.

* * * * * * *

"The sales tax bill can be killed most easily by the enactment of a rapidly progressive tax upon estates, by restoring the excess-profits tax, by retaining heavy taxation of large incomes, by levying a small tax on the value of land in excess of $10,000, with an exemption to all farmers who receive less than $3,000 income per year, as provided in the Keller bill. Senator LA FOLLETTE has introduced such an estate tax bill (S. 2901), and it has been referred to the Senate Committee on Finance.

"Hoping you will give this your prompt consideration, we remain,

"Yours fraternally,

"W. S. STONE,
"*Grand Chief Engineer, Brotherhood of Locomotive Engineers.*
"W. S. CARTER,
"*President Brotherhood of Locomotive Firemen and Enginemen.*
"L. E. SHEPPARD,
"*President Order of Railway Conductors.*
"W. G. LEE,
"*President Brotherhood of Railroad Trainmen.*"

"AMERICAN FARMERS

"The American Farm Bureau as late as February 17 of this week—yesterday—issued a letter to Members of Congress on a sales tax, which I am advised was passed upon by President Howard and other responsible officers. It is as follows:

"AMERICAN FARM BUREAU FEDERATION,
"*Washington, D.C., February 17, 1922.*

"*To Members of Congress.*

"DEAR SIRS: The American Farm Bureau Federation is against the sales or manufacturers' tax for raising the soldier bonus as suggested by the President. We feel it is just as uneconomic to place a sales tax upon the people for the purpose of giving a bonus to the soldiers as it is for raising revenue for general Government expenses. The sales tax is levied upon food, clothing, and the necessities of life of the average man and does not take the money from those who are most able to pay.

"Taxes are already exceedingly high and a sales tax would only mean further burden upon the average individual, and when we stop to consider that the average income of each man, woman, and child in this country whose income is below the income-tax level is only $333 per year, the American Farm Bureau Federation believes it would be a rank injustice to raise further revenue for the soldier bonus by this method. It would take away from these

people any prospect of accumulating a competence no matter how small, and would blight their hope of bettering conditions. Not only would it cut off their opportunity for saving but in countless instances it would mean less food, fewer shoes and stockings, less coal for the stoves, and more crowded living quarters. It must be remembered that the bulk of the revenue, if secured by a sales tax, will be derived from the taxes on food, fuel, clothing, and shelter.

"We feel that the passage of the sales tax would cause many farmers so to shape their farming operations as to be more nearly self-sustaining, and therefore still further reduce business operations of our country. The farmer now gets only 37 cents of the consumers' dollar and a sales tax will reduce that amount. We are glad, however, that Congress has seen fit to discard the proposed sales tax once, and the federation sincerely hopes that it will do so again.

"Very truly yours,

"AMERICAN FARM BUREAU FEDERATION,
"GRAY SILVER, *Washington Representative.*"

"I cannot make this any plainer than by quoting a short letter recently received from representatives of the American Farm Bureau Federation. In these letters they assume to speak for an agricultural organization numbering between 1,000,000 and 2,000,000 active members. They denounce all consumption taxes that in like manner are denounced by Canadian labor and agricultural interests, speaking from the standpoint of the consumer.

"I quote:

"AMERICAN FARM BUREAU FEDERATION,
"*Chicago, Ill., December 27, 1921.*

"Hon. JAMES A. FREAR,
"*House Office Building, Washington, D.C.:*

"Replying to your letter of December 23. The American Farm Bureau Federation is unalterably opposed to any general sales or turnover tax, a manufacturers' tax, or any means of shifting the bulk of the taxes from income to consumption taxes.

"The more the matter is agitated and the better the people come to understand what is involved the more determined they become in their opposition, and this policy, if persisted in, will surely bring calamity to its advocates.

"It takes from the farmer, the laborer, and all those below the income-tax level a part of their living, and the bulk of the tax would necessarily come out of the necessaries of life—food, fuel, shelter, and clothing.

"It is an effort to shift to the 90,000,000 people below the income-tax level the burden of the war taxes; it would absorb a considerable part of what buying power they now have, and thus sink us still deeper in the slough from which we are trying to extricate ourselves.

"It would stir up such a social ferment as we have never had in this country, and is both socially unjust and economically unsound.

"It is opposed by all the agricultural interests of the country as well as by organized labor. Political madness lies that way.

"Yours, truly,

"H. C. MCKENZIE,
"*Tax Representative.*"

"The following letter from President Howard is equally positive in statement:

"AMERICAN FARM BUREAU FEDERATION,
"*Chicago, Ill., December 28, 1921.*

"Hon. JAMES A. FREAR,
"*Committee on Ways and Means,*
"*House of Representatives, Washington, D.C.*

"DEAR MR. FREAR: * * * We believe that taxes should be levied according to the measure or ability of the individual to meet them, and are particularly opposed to the so-called "sales tax or turnover tax." Its enactment would place an undue burden upon the farmers of the country, due to the fact that their income both on labor and invested capital is, and always has been, below that of any other class of our people, while at the same time we are of necessity very large consumers not only of food and clothing but of steel and iron products, building materials, etc. The sales tax would add to the costs of all these things, which burden would be strenuously opposed by all farmers. Not only that, such a tax would react on industry by further curtailing the farmers' purchases, and industry is already suffering from that very cause. * * *

"Very truly yours,

"AMERICAN FARM BUREAU FEDERATION,
"J. R. HOWARD, *President.*"

"Yesterday, February 16, the National Grange, composed of over 1,000,000 members, gave out the following statement:

"'GRANGE PROTESTS SALES TAX

"'The National Grange, through its Washington representative, T. C. Atkeson, in letters sent today to Senator McCumber, Chairman of the Senate Finance Committee, and Representative Fordney, Chairman of the House Ways and Means Committee, declared it is "unalterably opposed to the sales tax or any form of direct consumption tax for the soldier bonus or for any other purposes."

"'"The sales tax is a deliberate effort to shift tax burdens from those best able to pay to those least able to pay", the letters said. "Once a sales tax is inaugurated, backed with the power which is now urging it, it is doubtful if it could ever be set aside, and we can look forward to steadily diminishing taxes on large incomes and inheritances and to steadily increasing sales taxes to pay the burden of government."

"'"The National Grange", Mr. Atkeson continued, "has suggested an excess-profits tax to pay the soldier bonus. Should that be inexpedient, the tax decided on should be so levied that it will not be levied to the direct cost of necessities of the great number of people of limited income."'"

"The national farm meeting called by President Harding recently, in Washington, passed the following resolution against any sales tax. I quote from editorial that shows the protest against a sales tax:

"[From editorial page of Farm and Home for March, Chicago, Ill., and Springfield, Mass.]

"'THE SALES TAX—UPON THE NECESSARIES OF LIFE—THE POOR SHALL PAY THE TAX—THE RICH MAY LARGELY ESCAPE THIS TAX

"'We positively and earnestly protest against any consumption or sales or manufacturers' tax, or any other tax which shifts the burden onto those lease able to pay, onto the necessaries of life, and has proved disappointing financially and unjust socially wherever tried. Unanimously adopted by national agricultural conference at Washington, January 27, representing all phases of farmers' thought and farm activity.

"'This tax is now urged on Congress—a tax on sales—within 3 weeks of the day that the farmers' conference at Washington unanimously protested against such a tax. The common people, the masses, unitedly oppose it.

"'If this tax is imposed, it means that you will have to pay an extra tax of probably 3 cents on every dollar you spend. Of course, the retail prices that you pay will be correspondingly increased. Worse yet, the wholesale price that you get for your produce when sold will be correspondingly decreased.

"'Thus you, the farmer, the producer, the worker—all persons of moderate means—may be forced to pay the equivalent of not 3 cents, but somewhere between 5 and 10 cents extra upon every dollar you spend, while having as much more deducted from every dollar's worth of stuff you produce and sell.

"'WEALTH ESCAPES TAX

"'Did you notice how theaters, financiers, and other special interests protested in unison against the righteous plan of taxing amusements, speculation, excess profits, and great wealth? Those powerful interests are so highly organized that they made their protest effective within 24 hours.

"'The logical result is now the proposed sales tax. It will be but trifling upon those best able to pay, while a well night insufferable burden upon everyone least able to stand additional taxes.'"

"The National Board of Farm Organizations is equally opposed to the sales tax, and its secretary, Mr. Lyman, sends a letter which also contains cumulative testimony from the secretary of the Canadian Council of Agriculture against a sales tax. I quote:

"NATIONAL BOARD OF FARM ORGANIZATIONS,
"*Washington, D.C., January 24, 1922.*

"Congressman JAMES A. FREAR,
"*House Office Building, Washington, D.C.*

"DEAR MR. FREAR: I have gotten in touch with Canadian people in regard to the sales tax, and I hope to have a definite reply soon.

"In the January 14 issue of the Prairie Farmer, published in Chicago, a copy of a letter from N. P. Lambert, secretary of the Canadian Council of Agriculture, appears as follows:

"Our organization throughout the whole country is strongly opposed to the sales tax. The principle of this tax is wrong in our opinion, being based on the consuming capacity of the great masses rather than their ability to pay. The sales tax was in vogue in the Middle Ages, in such countries as Spain, but today I believe the only countries that have used it to any extent are Mexico, Germany, Philippine Islands, and, I think, France. It is generally regarded as a confession on the part of any country that adopts it that all other sources of revenues have been exhausted."

"This appears to throw an entirely different light on the matter as far as the Canadian farmers are concerned and is also in line with my previous understanding of the real position taken by the farmers in that country.

"Sincerely yours,

"CHAS. A. LYMAN, *Secretary.*"

"From recent committee hearings another farmers' organization representative is quoted:

"[Hearing, Jan. 20, 1922, p. 35. Benjamin Marsh, Farmers' National Council]

"'Mr. MARSH. Gentlemen, I wish some of you had taken the trips which I have and talked with these farmers and workers—some workers who have been out of a job for 6 or 8 months and every last dollar gone, and the farmers, who are broke, absolutely—and when you talk about a sales tax—I want to tell you that the sales tax is the dead line politically for any party, and deservedly so.

"'Mr. FREAR. Mr. Leffingwell agreed in his opposition to a sales tax and so did Dr. Seligman when they were before our committee.

"'Mr. MARSH. And so do something like 20,000,000 voters. They would be interested vitally.'

"And from scores of witnesses named in RECORDS of January 3 and January 27 I quote two men of acknowledged standing and fairness who recently appeared before our committee:

"'Mr. SELIGMAN. It is true, I assume, that the general principles governing democratic taxation in this country would continue and that no democratic country would intend to pass or for a moment consider a tax on consumption, because it is only in time of war that there is any need for the restriction of consumption,

whereas in time of peace you want to increase consumption that you can increase production and industry and prosperity.'"

"[Hearing, Jan. 19, 1922, p. 22. R. C. Leffingwell]

"'Mr. LEFFINGWELL. The economic and social objection to a sales tax or to any indirect tax is that it hits the man who has to consume the things that his income will buy, because his income is so small and his family so big—out of all proportion to his income—so that the tax is much heavier on him than it is on the man who has a great big income and has to spend a very negligible proportion to meet his tax.

"'I believe that the sound principles of taxation are going to come to be recognized by all parties, because they go to the root of social content; and whether we are Republicans or Democrats, and whatever our school of economics and whatever our historical thought about questions like the tariff, whatever our instincts about a sales tax, it is coming down to this, that you cannot afford to put the inordinate burdens of the modern state upon the shoulders of the consumer, who has to spend all of his income to keep alive.'

"Not one witness favoring a sales tax appeared before the Ways and Means Committee. In fact, this tax seemed friendless until it was suddenly proposed as a means of financing the bonus bill. No chance to examine witnesses has been afforded the committee to expose the character of the tax.

"SALES TAX VERSUS EXCESS-PROFITS TAX

"A comparison of those opposed to a sales tax and advocating the reenactment of an excess-profits tax is not complete without presenting another picture that comes from the lips of a man whose wonderful power of analysis is rarely equaled in or out of Congress. I quote from a soldiers' journal, March 1922, called Treat 'Em Square. It gives the ex-soldiers' viewpoint, and on page 29 contains the following from a public speech of a distinguished United States Senator:

"'Why should not the very wealthy seek to escape? Mr. President, they have been seeking to escape and have been making a great battle along that line.

"'WEALTH ESCAPES BURDEN

"'Along last winter I happened to be in the city of New York. A friend of mine extended me an invitation to go with him down to the Economic Club. As I always have been obliged to practice economy, I thought I would learn something that would enable me to continue the habit of my life; but when I reached this assemblage, a very costly banquet—I make no point of that, because my friend paid for the ticket—I think I can say that there were several billions of dollars represented around those tables, and a speech was made in favor of a sales tax, and the leading speech was made by a broker who is said to be the largest broker in the world, and to have transactions in a single day which frequently equal $50,000,000. He is not at all a bad citizen. He is a good broker. That is the best and the worst you can say of him.

"'But, viewing the question from his standpoint, it was but natural that he should think in the terms of his clients' interests, and his clients were the great institutions engaged in floating vast blocks of stocks and of bonds; and as they filtered through his office of course they paid some tribute on their way to the ultimate consumer, the customer who buys these securities. When he told that multitude of a plan that would distribute the taxes everywhere so that everybody would have to pay, so that there would be no escape, and that the taxes would not be paid by the great institutions of the country but would be borne by the entire mass of the people, the champagne glasses were put upon the table and highballs sat unconsumed while the assembled enthusiasts cheered the sentiment to the echo.

"'SHIFT BURDEN TO POOR

"'Of course, he said, the tax was passed on, like all taxes; therefore it might as well be paid by the common people at the beginning as at the end, in one way as in another; and then he told us in the next breath, as we have been told on this floor, that the burden upon business is so great that business cannot prosper; that is to say, they tell you in one breath that business does not have to pay the tax at all, and in the next breath they tell you that it is so oppressive that business cannot live if you exact it. Now, you cannot have both ends of that argument. If the tax is passed on it hurts nobody; particularly it does not hurt the man who first pays it and passes it on. If the tax is not passed on, then the other argument fails and it becomes apparent that the common people of the land who have but little pay only a little, while those who have much must pay in proportion to their wealth.

"'That was the initial movement; it was, if you please, the kick-off in the great game that was proposed to be played which had for its purpose the removal of excess-profits taxes, surtaxes, and corporate taxes.

"'Senators may vote to table this amendment [on excess profits] when it comes up, but I repeat, every man who votes to table it will vote against it * * * will cast a vote in a way to save himself from a direct vote; but if he does it he will vote to kill the soldiers' bonus, and at the same time he will vote to take off the excess-profits taxes, and that would be worse than to vote directly on the proposition.'

"I have quoted from a soldiers' magazine that in turn quotes from the official CONGRESSIONAL RECORD containing the debate in the Senate. Whatever we may think of the general sales tax or the excess-profits tax, is it not time to pause and reflect on the Canadian record and the political situation we are inviting in this country by adding a sales tax to the soldiers' bonus bill?

"THE ANTI-SALES-TAX VOTE

"This sales tax was rejected by Congress when the revenue bill was passed a few months ago and received slight consideration then because it has always been a disappointment in estimates and in equity. In France revenues per month fell to 43 percent of estimates within less than a year and fell in Canada to 57 percent of estimates according to report. The tax is a tax on the living wage and the poorest man who walks the streets out of work and the rich man find a common level for the first time financially in this consumption tax. Politically they also stand on the level. I have quoted from farm organizations representing in membership between three and four million adults, which membership is against a sales tax, if the representatives speak for the membership. I have quoted from the highest officials of organized labor and of the railways representing a combined membership of several million adults, all of whom have reason to oppose a sales tax on the living wage. From seven to ten million adults and their families reaching one half of the total vote conservatively may be estimated to be the combined farm and labor vote opposed to a sales tax or a tax on consumption, if that vote is cast as it was in Canada.

"When wealth is anxious to shift its income tax over to the consumer, even as it has shifted $500,000,000 taxes this year, it is well to ascertain what interest organizations now urging a sales tax have in the matter. These questions were discussed in the RECORD of January 3. If it be a fact that farming and labor interests have a combined adult population of 10,000,000 people or more at a modest estimate, their influence may be measured if they feel the consumption tax is now being aimed at them to relieve wealth from its fair share of taxation.

"At a late moment I insert a letter written to every Member of the House by a number of Members that gives further reasons for opposing any sales-tax provision to the bonus bill.

"THE SALES TAX IS FUNDAMENTALLY WRONG

"The letter is as follows:

"'DEAR COLLEAGUE: We, the undersigned, who favor the soldiers' bonus bill, urge you not to consent to any manufacturers' or other sales tax as a means of raising revenues for meeting this obligation. We believe the economies effected by this Congress in the ordinary governmental expenses, together with the very substantial reductions to be made in the appropriations for the Army and Navy as a result of the disarmament conference, will very nearly provide the money with which to meet the cash payments as contemplated under the provisions of H.R. 1. It is estimated that something more than $100,000,000 in addition to the above savings will be needed annually for the next 2 years to meet the bonus, after which the revenues will be ample to meet all demands.

"'This $100,000,000 annually, or $200,000,000, if need be, can easily and readily be raised by the issuance of short-term certificates. You will recall that the Treasury Department a short time ago placed upon the market short-term certificates in the amount of $400,000,000, and the records disclose the subscriptions for this issue were approximately $1,200,000,000, or three times the amount of the issue. Neither during the time these certificates were being sold nor since has there been the slightest indication of an adverse effect upon the money market, but instead it is since then the country has witnessed the greatest strides toward the return of normalcy. The report of the Comptroller of the Currency indicates a constantly increasing improvement in our financial affairs. Consequently we believe there is undue alarm as to the possible effects of an issue of short-term certificates in order to meet the demands of the bonus.

"'The President believes the ex-soldier should be paid the cash bonus all at once and that it should not be spread over a number of payments. This would require an expenditure of $1,500,000,000 within the next two years. He suggests a general sales tax as a means of raising this sum. Clearly, if this amount of money is to be raised by this means in one year or two, the tax must be applied to everything, including the actual necessities of life.

"'Just how this tax works out in fact is best exemplified by the Canadian sales tax as applied to sugar. In Canada sugar is produced under almost exactly the same conditions as in the United States. They produce beet sugar in large quantities, and cane sugar is imported from the Tropics and refined. The expense of these operations is on a standard with similar operations here. In January sugar was retailing at 10 cents per pound in Canada and 6 cents in the United States. The tax there is a semi 1½-percent turn-over. The manufacturer or importer is taxed 1½ percent and the jobber 1½ percent—in all, 3 percent. Three percent on 6 cents—the price of sugar where the sales tax does not apply—is 1.8 mills, and if the amount of the tax only was collected from the consumer, the Canadian would be paying $0.0618 per pound for his sugar instead of 10 cents. When the merchant sells 100 pounds of sugar and collects the tax thereon, he collects 18 cents for the treasury and $3.82 for himself, the jobber, and the wholesaler, or more than twenty-one times the amount of the tax. And yet certain people proclaim this a "painless" tax.

"'Ninety millions of our people, whose income is below the income-tax level, have an average annual income of less than $350. These 90,000,000 will pay 85 percent of the revenue derived from a sales tax in addition to the billions which will go to the manufacturers, jobbers, and retailers as a result of such tax. Millions are out of employment, and the farmers of the country are in dire straits. To add to their burdens would be a calamity.

"'Wall Street is openly in favor of a sales tax, according to an afternoon paper. It is known that back of the propaganda with

which the country has been flooded during the past 2 years are the strong manufacturers' organizations. If this tax was to be absorbed by the members of these organizations, would they be advocating it? We think not. We believe they recognize fully that a sales tax is an ideal method of further increasing profits.

"'We wish also to call your attention to the fact that if a sales tax is placed upon the statute books for the purpose of raising funds for the bonus, it is going to be but 2 years until the revenues raised in this manner can be no longer used for this purpose. The bonus will then have been paid. We believe that when this time comes it will be most difficult to repeal such a law, for the reason that every special and favored interest in the country will demand its retention, and also insist that the tax on wealth be further reduced. When this is accomplished the process of the shifting of the burden of taxation will be complete.

"'We believe the sales tax to be fundamentally wrong and that it will never be countenanced by the American people.

"'If the Ways and Means Committee should report out a bill carrying this tax feature, and a special rule which in any way abrogates the right of any Member to offer amendments to the tax provision should be presented to the House, we earnestly ask that you vote against such a rule. If there is to be a tax provision in the bill, it is extremely important that there should be a full and free discussion as to what this provision shall do.

"'Respectfully yours,

"'Horace M. Towner, C. Frank Reavis, M. E. Rhodes, Florian Lampert, Oscar E. Keller, Edward E. Browne, John M. Nelson, A. P. Nelson, M. Clyde Kelly, Henry E. Barbour, Joseph D. Beck, Royal C. Johnson, L. J. Dickinson, John I. Nolan, Edward Voigt, Roy O. Woodruff, Louis C. Cramton, Phil D. Swing, W. Frank James, James A. Frear, John C. Ketcham, L. M. Gensman, Robert E. Evans.'"

In view of the fact that this bill may be squeezed through the House notwithstanding its peculiar character and later meet with the fate it deserves in the Senate, I am submitting further testimony for the use of the latter body in case the eminent authorities at the other end of the Capitol should desire any arguments beyond good judgment that would seem to reject any sales tax now or at any other time when it is recognized that it violates every principle of taxing those according to their ability to pay and is based upon the necessities of the taxpayer placing the poorest consumer in the proud position of an equal taxpayer with Rockefeller who lives on Shredded Wheat and the simplest food.

I now quote from a speech of January 31, 1921, found in the RECORD of that date, and if by chance a portion of the testimony I have given should be repeated it will be unintentional but may serve to further remind us of facts which may have been forgotten.

A portion of the discussion is given to a turn-over sales tax, as well as the manufacturer's sales tax now before us, but the principle is the same, although the manufacturers', with smaller pyramiding, does not present all the difficulties and injustices of a turn-over tax.

"A WAR SALES TAX DURING PEACE

"Propaganda for the passage of a consumption sales tax by Congress is vigorously being waged. The stakes are $800,000,000 now paid from corporation excess profits that would then be shifted to the backs of 100,000,000 people, who must consume in order to live. Should this tax be shifted?

"Mr. FREAR. I desire to express the embarrassment of trying to discuss a question that ordinarily would take an hour and a half or 2 hours in the time allotted to me, which must be apparent to every Member of the House. We have a peculiar legislative situation in the House, that men can get recognition to speak only on general supply bills except by unanimous consent. When the supply bill is under discussion objection is often made that we cannot speak at that time on matters that are of the most vital importance to the Government but must confine our remarks to the bill. Think of the absurdity of this position of an intelligent body of men acting here on behalf of their constituents and for the country under such circumstances. [Applause.]

"Mr. Chairman, the proposition that I desire to discuss is one which proposes to repeal the present tax involving $800,000,000 under the excess-profits tax, and imposing in lieu thereof a tax of $1,000,000,000 by what is known as a sales tax known as 'the turnover sales tax.' Every man in this House should be informed on that subject before he votes, and there is no way under heaven in which you can learn the facts except by someone digging into them and ascertaining what laws are in effect in other countries, and whether those laws have been effective or not.

"I will say this briefly, that there have been several men here before the Ways and Means Committee—intelligent men, very able men—advocating the enactment of a general turnover sales tax, which, as you know, is imposed in Germany and in the Philippine Islands and in Mexico, the only three countries that impose it effectually. There they tax the sugar and tea and everything that they eat and drink on every turn-over that may be had. The ablest body of men that has met in this country to consider this subject, known as 'the National Industrial Tax Board', have brought in a report showing how entirely objectionable that system would be for this country. The United States Chamber of Commerce, through its tax board, acting intelligently and weighing all the arguments, has brought in practically a similar report, which I will incorporate in my remarks.

"Mr. MADDEN. Will the gentleman tell how many turn-overs there are?

"Mr. FREAR. I will. There are practically 9 turn-overs in the case of cotton goods and woolen goods, 8 turn-overs in the case of leather goods, and 7 or 8 in the case of steel; that is, from the original ore up to the time of the finished article. What applies to these articles applies with equal force to almost everything we use. In other words, this proposed tax of 1 cent on each turnover has to be applied from 5, 6, and 7 to 9 times.

"But that is not the worst. You will find that in many cases where the present tax on luxuries is imposed they have raised the price of the goods sometimes 400 percent during the different turn-overs.

"Mr. Chairman, our Government is facing an annual tax burden five times the size of its pre-war expenditures. During the recent war large receipts were had from excess-profits taxes on corporations and on personal income taxes due largely to the surtax. Congress now is facing a well-organized propaganda, based on assumed economic arguments, for the repeal of the excess-profits tax and for a reduction on income surtaxes. Another extensive, well-organized propaganda exists which demands the passage of a turnover consumption tax law, with a sweeping tax on all necessaries of life, which bill is pressed for passage by Otto Kahn, Julius Bache, Myer Rothschild, and others who have appeared before the Ways and Means Committee urging a turnover sales tax. Practically no opposition arguments have been presented to the committee.

"Only limited study has been or can be given this vastly important subject by the average Representative in Congress, and I am not assuming to speak against a sales tax from the standpoint of a tax student or tax authority, but from the viewpoint of a layman and legislator whose responsibilities are equally due to the banker, broker, and bricklayer, the capitalist and cobbler, the financier and farmer, the manufacturer and machinist, the teacher and day laborer, all of whom to a greater or less degree will help pay the $5,000,000,000 annual tax hereafter to be collected.

"I desire to place before you the views of recognized tax students and authorities and shall intrude my own observations only briefly and for the purpose of calling attention to matters that have seemed to me worthy of consideration; but first as to the problems before us.

"Mr. WILSON of Louisiana. Will the gentleman yield?

"Mr. FREAR. I yield to the gentleman.

"Mr. WILSON of Louisiana. Does the gentleman discuss also the final sales tax?

"Mr. FREAR. I will say that the final sales tax has not been pressed upon the attention of the Ways and Means Committee, for the reason that it brings in such a small income comparatively. We have what is called a final sales tax, of course, with the luxury tax today, but it is only a small producer of revenue. We need to raise a billion dollars or thereabouts by taxation to meet not only the repeal of the excess-profits tax, if we repeal that tax, but also to lower the surtaxes on personal incomes. That has been urged strongly, and it is something that may really have to be brought about, because today those who are paying high surtaxes are investing in tax-exempt securities.

"Mr. WILSON of Louisiana. If you raised the same amount of money by a final sales tax, would not the final sales tax be just as objectionable?

"Mr. FREAR. Yes. They pyramid each time there is a sale made, and it reaches an enormous amount of money.

"Mr. MCCLINTIC. Mr. Chairman, I raise the point of order that the gentleman is not speaking to the question.

"The CHAIRMAN. The point of order is overruled.

"Mr. FREAR. Of course, any Member can block the wheels in this House unless we pass a resolution to stop it. This is a most important proposition affecting the river and harbor bill. It deals with the raising of funds to provide for the rivers and harbors, to provide for the railroads to function, and to run every Department of Government, a question which every one of us is interested in, and the gentleman ought to know that it is directly in point, and not subject to his point of order.

"CONSUMPTION SALES TAX AND SOLDIERS' BONUS BILL

"Mr. Chairman, constant assaults on the excess profits tax law from all directions indicate it is a friendless waif, not popular with those whose profits it has heretofore divided for the support of Government and it also seems probable, judging from opposition expressed against any new form of tax, that no substitute will meet with general approval. One tax is insistently urged upon Congress in case the excess profits tax law is repealed. It is known as a 'consumption turnover sales tax' and was vigorously pressed on the Ways and Means Committee last session in an effort to make it part of the revenue plan that was to provide for financing the soldiers' bonus bill, which bill finally passed the House.

"At that time, after a short but sharp contest, a Republican caucus rejected a sales-tax plan which in effect proposed to compel ex-service men to contribute through such tax to their own use. The measure was rejected as stated and other means of raising revenues were then adopted. The head of the same consumption sales-tax plan has again been raised and it is now financed by large interests that seek to escape their full share of taxation. Ex-service men and women and every other man and woman in the country are to be called upon to contribute to this sales tax, although no return is now offered them directly or indirectly.

"WHAT IS A TURNOVER CONSUMPTION TAX?

"It is a reminder of the small boy's description of a toothache, 'an abomination in the eyes of the Lord that does no man good.'

However, a consumption turnover tax will do everybody—good and plenty. It is a tax levied on every pound of sugar, salt, and starch that goes into family use from the growing of the sugar beets to its purchase at the store, on every pound of flour and other food, on every pound of meat from the farm to the packer and back again, on every pound of tea or coal, on every garment from the hat down to shoes and stockings, or, like an old-time description of a tariff bill, it is a tax from the cradle to the coffin. Every sale of wood from the owner to the logger, to the millman, to the cradle or coffin factory, to the wholesaler, to the retailer, and finally to the customer who pays the tax on every turn-over with several times added for good measure, until the actual cost and actual tax join in a free-for-all price raising for the 105,000,000 consumers who will pay an equal share of the increase. The wealthiest and poorest will pay the same tax, because a turnover sales tax plays no favorites from Vanderbilt to the humblest beggar when both must eat or starve.

"During 1918, 1 person in this country paid on an annual income of over $5,000,000, 2 on between $4,000,000 and $5,000,000, 11 on between $2,000,000 and $3,000,000, 49 on between $1,000,000 and $2,000,000, and 179 others on incomes between $500,000 and $1,000,000. Under a turnover tax these people would turn over the same amount of tax for the same food, drink, and wear as the poorest in the land. Fraud in omitting to report sales, which will be general, would penalize only the consumer. Administration by the Government would become a hopeless task, judging from past experience, when every seller levies the tax with a generous margin on the goods sold, whether the tax is reported or not. It is neither a just, equitable, nor enforceable tax, and I desire to present proof of these charges against the criminal at the bar—a turnover-consumption tax.

"Let me place before you the best thought of the country that unqualifiedly condemns and convicts a sales tax and present some facts which are not based on theories but come from men whose judgment we may well respect.

"First. I will give the conclusions of the leading economic-tax investigation that has taken place since the war. The body making this report is not composed of farmers, laboring men, or others who would unanimously condemn a sales tax if given opportunity to do so. The National Industrial Conference Board is composed of 25 affiliated industrial organizations representing cotton, woolen, metal, boot and shoe, pig iron, and others that have a capital invested of several billions of dollars, in the aggregate, and employ several million men. No organization can speak with more force from the standpoint of national industry or aided by better expert advice. Other high authorities will be found to sustain the industrial board's findings.

"Second. The arguments and influences now urging a consumption-turnover tax will be presented.

"Third. Testimony of individual tax experts opposed to a sales tax will be offered—men whose judgment is of great value in solving the greatest tax problem that ever confronted this Government in time of peace.

"REPORT OF TAX COMMITTEE, NATIONAL INDUSTRIAL BOARD

"Mr. Chairman, I quote first from a report of the tax committee of the National Industrial Conference Board on the Federal tax problem, December 1920. The report says:

"'Various advocates of a general turnover tax estimate that a 1-percent tax on all turnovers would produce from $1,500,000,000 to $5,000,000,000. If the tax is limited to 1 percent on the turnover of goods, wares, and merchandise alone, the estimates go down as low as $750,000,000. * * * It has been suggested that bankers, brokers, and commission men should be taxed not on their sales but on their commissions or gross profits.'

"If a 1-percent turnover tax were imposed upon each step in the cotton, leather, and steel business, it would carry separate tax on each of the following turnovers, according to the report:

"'*Cotton*

"'1. Raw cotton to gin.
"'2. Gin to spinner.
"'3. Spinner to mercerizer.
"'4. Mercerizer to dyer.
"'5. Dyer to weaver.
"'6. Weaver to finisher.
"'7. Finished cloth to wholesaler.
"'8. Wholesaler to retailer.
"'9. Retailer to customer.

"'*Leather*

"'1. Farmer to cattle buyer.
"'2. Buyer to hide dealer.
"'3. Hides to tanner.
"'4. Tanner to leather merchant.
"'5. Leather merchant to shoe manufacturer.
"'6. Shoe manufacturer to jobber.
"'7. Jobber to retailer.
"'8. Retailer to customer.

"'*Steel*

"'1. Iron ore to smelter.
"'2. Smelter to manufacturer of ingots.
"'3. Manufacturer of ingots to manufacturer at rolling mill.
"'4. Steel manufacturer to tool manufacturer.
"'5. Tool manufacturer to wholesaler.
"'6. Wholesaler to retailer.
"'7. Retailer to customer.'

"These steps may be enlarged and the 1-percent tax on each tax may be doubled and quadrupled, as illustrations later quoted will disclose.

"THE TURNOVER SALES TAX

"[From report of tax committee of the National Industrial Conference Board]

"'1. The advocates of such a tax claim that it will in nearly every instance be shifted. If so, the tax could not be defended upon the grounds of social justice, because it would then fall with a force unequal to their ability to pay upon those least able to bear the burden. It would, in fact, be "a tax against the living wage."

"'2. It is claimed by the proponents of such a tax that not only will it generally be shifted but that the exact amount of the tax would be passed on to the consumer. What ground is there for the assertion that a turnover tax imposed on each of many transactions all the way to the raw material will not be loaded just as often as a specific tax of a fixed and known amount? If $1,500,000,000 or $3,000,000,000 should be collected from a sales tax levied on each turnover, would not this amount be loaded heavily?

"'3. From the business point of view the uncertainty as to whether the (sales) tax would be shifted is most serious. The committee cannot accept as conclusive the assertion that this tax would be passed on or that in the cases in which it was not passed on the tax is so small that the effect would be slight. A 1-percent tax on sales would in many cases be more than a tax of 30 percent or even 50 percent of net income. If any great proportion of the billion or more dollars which is to be raised by such a tax would have to be paid by business which could not pass it on, the result would be wide-spread ruin and disaster.

"'4. Whether or not the tax could be shifted, it would tend to encourage changes in business practices which are not in accordance with the economic development of the country. Many classes of so-called "middlemen" who perform a service which is well worth what it costs would be driven out of business. Devices to get around the tax through the avoidance of technical sales would be multiplied.

"'5. In cases where it is not shifted in its entirety a tax imposed upon all sales or upon the turnover of a business becomes to that extent a tax on gross income.

"'The inequity of a tax turnover on gross income as between a business which turns its capital once in several years and another which turns its capital several times a year, provided the tax cannot be shifted, is too great to be borne.

"'6. The advantage which a business enterprise carrying on several consecutive processes in the manufacture or distribution of a commodity would have over other enterprises which were not so self-contained, due to the pyramiding effect of a sales tax at each turnover, is little realized until concrete cases are examined and compared, as has been done by the committee.'

"After illustrating seven turnover taxes from iron ore to the finished steel tool, the committee's conclusion is reached: 'In cases in which the taxes could not be shifted a pyramided tax might often prove ruinous.'

"'7. No dependable calculations have been submitted by its proponents as to the amount of revenue which such a tax would produce. Estimates by different parties range from $5,000,000,000 down to $1,500,000,000 for a 1-percent tax on all turnovers and down to $750,000,000 for a 1-percent tax on the turnover of goods, wares, and merchandise alone. It is suggested that bankers and brokers should be taxed, not on their sales but on their commissions or gross profits. If this is so, why should a wholesaler whose gross profit on each individual sale may not be larger than the banker's pay a tax on his entire sales? (Who suggested?)

"'8. The administrative difficulties involved in a turnover sales tax are but little appreciated by those who have not had close practical experience with the administration of a tax national in its scope. The administration of such a tax would raise serious problems, and the number of taxpayers would be so greatly increased that it would probably be difficult to prevent wholesale evasions.

"'9. It would be economically unsound.

"'10. While the committee has not allowed political expediency to influence its conclusions, political opposition to a sales tax must be given serious consideration.'

"The foregoing are brief extracts from findings of a committee of experts representing the greatest industrial organization in the country. It is notable that eight reasons are given why a sales tax would injure or destroy different manufacturing interests and two reasons are given as to its unsoundness economically and politically.

"REPORT OF THE SPECIAL COMMITTEE ON TAXATION, OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

"It would seem that no careful legislator will be deluded by the arguments of a handful of financially interested advocates of a turnover sales tax, and the objections already presented are unanswerable; but another organization, the Chamber of Commerce of the United States, has aimed to give the same service to Congress on the same vitally important tax problem, and through its committee of nine tax authorities has also announced its findings on a turnover sales tax. The report of its committee against this tax is unanimous. I quote at some length because of the recognized high standing of this country-wide commercial organization:

"A CONSUMPTION TAX—DIFFICULTY OF ADMINISTRATION

"'Various arguments have been brought forward in support of a sales tax, but in the opinion of the committee these arguments

are overcome by important objections to any attempt to use such a source for Federal revenues. In the first place, the application of any of these taxes and its successful administration would not be so simple as is often supposed. In declining markets and under conditions of close competition turnover taxes would frequently have to be borne by the seller, and in many instances might for him be an added cause of loss. Even if passed on through addition to the price paid by the buyer, it would almost inevitably be pyramided, causing material increases in many prices paid by consumers.

"'RUINOUS EFFECT OF PRICE PYRAMIDING

"'There are still more fundamental considerations weighing against such a tax. One of the objections to the excess-profits tax would apply with added force; this is uncertainty in yield of revenues, for gross sales fluctuate more widely than net income. If any form of turnover tax were imposed, it would result in advantages for large industrial undertakings which begin their processes with raw materials and carry them through to the finished product; such "integrated" industries would be subject to the tax but once, whereas their smaller competitors, acquiring materials from independent sources, would have the tax in their prices several times and probably increased in effect through pyramiding. Finished articles imported from abroad would have a similar advantage over domestic manufactures.

"'REPUDIATES PRINCIPLE OF TAXING ACCORDING TO ABILITY TO PAY

"'Perhaps the greatest inequity, however, would appear in the proportionate results of any of the taxes here under consideration upon the person with small income as compared with the person of large income. At the bottom of the economic scale are persons whose income barely suffices to provide them with necessities of the poorest quality and in the smallest amount, and at the other end of the scale are persons whose expenditures for necessities, no matter how large, represent but a fraction of their income. Any tax falling upon general expenditures is consequently disproportionately heavier for persons of smaller incomes as compared with persons of larger incomes. To the extent sales taxes of the sorts that have been suggested were used as a general source of revenue there would be a departure from the principle that taxes should be levied in accordance with ability to pay.

"'OF DOUBTFUL LEGALITY

"'Finally there would seem to be legal difficulties in the way of a general sales tax. Opinions handed down by the Supreme Court in March and June of this year make it clear that such a tax is not authorized by the income-tax amendment to the Constitution. Whether or not it would be held by the courts to be an indirect tax is uncertain; if it were held to be a direct tax, it would, under the Constitution, have to be apportioned among the States in accordance with their population, an obviously impracticable procedure. Reliance for revenues in large amount should not in any event be placed upon a tax regarding the legality of which there is doubt.'

"MEN WHOSE REPORTS CARRY WEIGHT

"The character of the National Industrial Board tax committee, that prepared a long, comprehensive report, may be ascertained from the following personnel:

"'F. R. Plumb, chairman, Philadelphia.
"'C. A. Andrews, Gloucester, Mass.
"'J. A. Emory, Washington.
"'R. C. Allen, Cleveland.
"'Wilson Compton, secretary N.L.M. Association.
"'F. W. Lehmann, Kansas City.
"'H. C. McKenzie, Walton, N.Y.
"'M. W. Alexander, New York City.
"'A. G. Duncan, Boston.
"'R. P. Hazzard, Gardiner, Maine.
"'Paul Armitage, New York City.
"'J. J. Forstall, Chicago.
"'L. F. Loree, New York City.
"'H. H. Smith, Tulsa, Okla.'

"The committee that signs the tax report for the Chamber of Commerce of the United States is—

"'R. G. Rhett, chairman, Charleston, S.C.
"'Arthur Anderson, Chicago.
"'J. H. Gray, Northfield, Minn.
"'J. L. Laughlin, Boston.
"'T. B. Stearns, Denver.
"'R. G. Elliott, Chicago.
"'F. R. Fairchild, New Haven.
"'J. I. Straus, New York City.
"'E. W. Stix, St. Louis.'

"The importance of interests represented and ability of these men will not be questioned by anyone who examines their respective reports.

"Mr. Chairman, it must be kept in mind that these business interests are acting for their own protection because of the uncertain character of a turnover consumption tax. When it does not shift it threatens the industry compelled to pay it and when it shifts to the consumer he is unjustly compelled to pay a tax now paid out of corporations' excess profits.

"The authorities quoted will carry weight to most minds of the absolute danger attending a turnover consumption tax.

"EXPERTS WHO CAN TESTIFY

"Another list of authorities can be quoted whose names are legion. They consist of the farmers, clerks, skilled and common labor, housewives, and others not enumerated, who are glad to earn enough to get food and clothes and to give their children a common-school education. They are the ones who will be called upon to pay 90 percent and over of the proposed consumption taxes now paid by corporation excess profits and high supertaxes on personal incomes.

"Any advocate of average intelligence can safely take his case to this class of experts and secure a verdict against a turnover consumption tax 9 times out of 10, either in a judicial, legislative, or political forum, and the tax, if passed, will be tried out without doubt by the last-named court, and the one of last resort—the people at the first opportunity given to register their disapproval at the polls.

"WHOM DOES CONGRESS CONSULT IN REVENUE LEGISLATION?

"Presumably no more reliable adviser for Congress on revenues exists than the Secretary of the Treasury, whose duty it is to properly and economically collect revenues and carry on the fiscal policy of the Government. He has for his advisers Government tax experts and men of Nation-wide reputation without private or personal ends to protect or advance. He is concerned in both revenue to be obtained and method of administration. In his 1920 annual report Secretary Houston condemns a proposed sales tax, as follows (p. 28):

"'In the Treasurer's opinion there are many grave objections to a sales tax. Further consideration of the subject has convinced me that a general sales or turnover tax is altogether inexpedient. It would apply not only to the necessities of life—the food and clothing of the very poor—but it would similarly raise the prices of the materials and equipment used in agriculture and manufactures. It would confer in effect a substantial bounty upon large corporate combinations and place at corresponding disadvantage the smaller or disassociated industries which carry on separately the business operations that in many combinations and trusts are united under one ownership. The group of independent producers would pay several taxes, the combinations would pay only one tax. Finally, it would add a heavy administrative load to the Bureau of Internal Revenue which * * * is already near the limit of its capacity. Simplification of the tax laws and restriction rather than extension of its scope are as important from the standpoint of successful administration as from that of the taxpayers' interests.'

"ADMINISTRATION OF A GENERAL SALES TAX

"Mr. Adams, a Treasury income-tax expert, says on this point in the Ways and Means Committee hearings:

"'If you have the income tax with all the necessary difficulties and you have the corporation tax with all its necessary difficulties and you have the principal present consumption taxes, it is going to be a dangerous thing from an administrative standpoint to add a general sales tax, which will bring in possibly a million new taxpayers to take care of, together with all the added complications of a new and Nation-wide tax * * * (p. 28).'

"His replies to questions of administration are illuminating:

"'Mr. FREAR. How many employees does the Treasury Department have engaged in this particular work (collecting taxes)?

"'Dr. ADAMS. I shall have to ask you to let me put that figure in the record (these figures, p. 36, show 18,440 employees).

"'Mr. FREAR. What would be the number of employees required in addition to cover the final sales tax in checking up?

"'Dr. ADAMS. That depends entirely upon the accuracy with which these reports were checked. You can simply put a sales tax on the statute books and leave it to enforce itself, and it doesn't require very much force to handle it.

"'Mr. FREAR. But you spoke yesterday of the different forms, and that is my reason for going back to it.

"'Dr. ADAMS. And that ought not be done. We are experiencing a perfectly enormous amount of evasion with respect to some sales taxes, such as are imposed by section 630, the soda-fountain drinks and taxes of that kind, because we haven't got an adequate force to check them up and supervise them.'

"A 100-PERCENT INCREASED PRICE FOR SOFT DRINKS

"It is certain that a 1-percent turnover sales tax would be pyramided, so that in a half dozen or 10 turnovers the padded price in each turnover sale would make a ballooning of prices as wild in character and as burdensome in effect as were war-time prices. Two or three illustrations are readily available.

"During a hearing before the Ways and Means Committee December 21, Senator Hardwick, now Governor of Georgia, was discussing the effect of a luxury tax on soft drinks, when the following facts were developed:

"'Mr. HARDWICK. Bottled goods that has a standard and uniform price throughout the country of 5 cents were immediately increased to the consumer (after levying of a 1-percent luxury tax or one-half-cent tax on 5-cent sale) until the article that formerly sold at 5 cents cost the consumer 7 to 10 cents * * *.

"'Mr. FREAR. Wouldn't that apply, Senator, to the sales tax ordinarily; that is, without relation to the exact tax which the seller will be obliged to pay? He will place upon goods a price that will make even change.

"'Mr. HARDWICK. I have no doubt in my own mind, speaking personally, that that is true, and I understand that the gentleman who presented the matter to your committee yesterday admitted that when that is passed on, ultimately, it always gains a little, like the snowball going downhill in wintertime * * * (p. 135).

"'Mr. FREAR. You say that these soft drinks were formerly sold for 5 cents?

"'Mr. HARDWICK. Yes, sir.

"'Mr. FREAR. Then what tax was added by Congress?

"'Mr. HARDWICK. Ten percent.

"'Mr. FREAR. Then the same soft drinks were sold for 10 cents?

"'Mr. HARDWICK. They were sold at from 6 and 7 to 10 cents.

"'Mr. FREAR. In that case they added 10 times the tax, did they not, if sold for 10 cents?

"'Mr. HARDWICK. Undoubtedly.'

"This increase of 100 percent in price and 950-percent tax increase is submitted of the workings of a sales tax.

"HOW IT WORKS NOW WITH CIGARS, 400 PERCENT TAX INCREASE

"Equally to the point and almost as greatly padded is the proposed price of a cigar from 8 cents to 9 cents, because of a suggested increase in duty of $2 a thousand, or one fifth of a cent for each cigar. The following from the hearings of January 21 before the Ways and Means Committee illustrates the same evil:

"'Mr. LONGWORTH. How much would you add to cover that fifth of a cent ($2 a thousand additional duty)?

"'Mr. KRAUSS. We have no medium of exchange for selling goods at fifths of cents.

"'Mr. LONGWORTH. How much would it add per cigar? As a matter of fact, you would add 2 cents, would you not, or would you add a cent? How much would that add to the retail price? It would probably add 1 cent, so that there would be a profit of four fifths of a cent to the cigar?

"'Mr. KRAUSS. Not to the manufacturer; probably to the dealer.

"'Mr. LONGWORTH. If the duty was added, that would be one fifth of a cent for each cigar. According to you that would add 1 cent to the selling price to the consumer, or make a net additional profit of four fifths of a cent?

"'Mr. KRAUSS. Yes; provided you have those units to work with.

"'Mr. LONGWORTH. * * * And you say that would add 2 cents to the cost of a cigar?

"'Mr. KRAUSS. I did not say 2 cents, I said probably 1 cent, because there is not any intermediate method of exchange.'

"Mr. Chairman, that principle could be and undoubtedly would be applied to every turnover sales tax where the amount of tax was too small to have any other 'intermediate method of exchange.'

"It must be remembered that the soft-drink and cigar tax was not levied until the sale was made by the wholesaler or retailer to the customer, and these sales did not involve more than two turnovers with only one tax, whereas the proposed turnover sales tax sought to be enacted into law would mean a tax levied and collected on from 8 to 10 turnovers in some instances, as have been heretofore disclosed.

"Nothing need be added by way of argument to show how vicious and mischievous a turnover sales tax is certain to be when nothing prevents the cupidity of the seller, on the one hand, from taking advantage of the necessity or ignorance of the consumer, on the other, with a well-founded possibility that wholesale evasions of the tax or neglect to report will ensue, as stated in findings of the National Industrial Board's committee.

"TAXING AND PADDING FROM PRODUCER TO CONSUMER, 400-PERCENT INCREASE

"Only one further illustration will be offered. When the railway bill was before Congress last session, Director General Hines stated that an increase of $875,000,000 in freight rates would mean an increase to the consumer of $4,375,000,000, or 400-percent increase, because, as stated by Chairman Woolley, of the Interstate Commerce Commission, 'The shipper passes this along to the consumer and on back to the producer of the raw material, who has to stand the cost of transportation.'

"The effect of increased freight rates that has served to prevent any reduction of ordinary commodities to pre-war prices from a riot of padding and ballooning of prices is also made possible in a sales tax under the beneficent consumption turnover tax plan.

"SALES TAX LAWS, WHERE AND HOW ENFORCED TODAY

"Without attempting to set forth specific terms or scope of existing sales tax laws it is noted that—

"Canada's sales tax law of 1915 (assented to July 1, 1920) provides for a tax on banking and negotiable instruments. The tax is laid on final sales of various luxuries and on high-priced wearing apparel not ordinarily worn by 10 percent of the people with a minimum price fixed by law above which the tax applies. A tax also is collected on goods sold by wholesalers and jobbers, but not on plain foodstuffs.

"The French turnover tax (1920) applies to luxuries set forth in schedules A and B of the law as distinguished from necessities and is much like the Canadian law, in that it does not reach necessary foodstuffs. The French law was passed by a government with less than one third the estimated wealth of our own and with a national debt of $35,000,000,000, or double our own after crediting foreign loans. Its sales tax law, enacted to meet a critical national financial emergency, has been in force less than 1 year, but actual receipts have only reached about 47 percent of those estimated by its advocates when the law was passed. Due to many exemptions and presumable difficulty in administration, Canadian receipts from the sales tax in that country are in like manner disappointing.

"The Philippine, 1917, Mexican, 1906, and German, 1920, turnover taxes should each and all delight the hearts of Messrs. Kahn, Bache, and Rothschild, leading exponents of the tax here, although the gentlemen named have not found any of these countries sufficiently attractive to renounce citizenship or residence in the United States because of more agreeable tax laws to be found elsewhere.

"The Philippine tax has been pointed to as a model for the United States. Industries in the Philippines are largely found in or around its one large city, Manila, and due to isolation of the islands the law is not difficult to administer. This turnover sales tax is a relic of the old Spanish regime, and the tax was also laid by Spain on Mexico. It is a legacy from a Government that notably failed in its cruel administration in both these countries, and curiously enough no law of the kind is in effect in Spain. I quote hereafter as to the Philippine and Mexican methods of administration, if to be applied here, based on statement of H. B. Fernald, of New York City, before the industrial tax board (p. 66, hearings).

"It is also noteworthy that a statement from Martin R. Browne, of New York, urging the Philippine sales tax on Congress claims the same rate of tax which raises $7,000,000, or $1 per capita, in the Philippines will raise $2,000,000,000, or $20 per capita, in the United States. In view of the further argument that a sales tax is practically a poll tax based on consumption of each taxpayer, the effect of the argument is clear that the American citizen will pay 20 times as much as the Filipino under the same kind of tax.

"Germany's turnover tax law approaches the ideal tax pictured by advocates of the system. Its name there, 'umsatzsteuergeset', comprehends several turnovers at the outset. The law levies turnover taxes on sales, both wholesale and retail, but its exemptions thoughtfully cover a number of banking transactions, including exchanges of banknotes, paper money, etc., which exemptions would presumably be urged by 'experts' for any law enacted here.

"A tax of 1½ percent on necessaries, 15 percent on sales classed as luxuries, and 10 percent on all advertisements not connected with public elections in Germany contribute toward the $57,000,000,000 indemnity burden recently levied by Great Britain, France, and Belgium on a defeated foe, but why should Messrs. Kahn, Bache, Rothschild, or Goldsmith, its advocates here, collect their pound of flesh from the American laborer, whose needs are to be substituted for excess-profits taxes just because that tax is yielded up in Germany through force of arms?

"England has repudiated any turnover tax sales law, root or branch. Canada and France are conducting very limited experiments with luxury taxes that are disappointing and irritating in administration and revenue.

"The only turnover sales tax laws in governments of comparative importance are found in Mexico and Germany, where the iron hand of revolution has turned over governments and ruthlessly imposed turnover taxes as one of the chief fruits of revolution.

"Do we want such laws for the United States? If so, why?

"WHO IS PUSHING A SALES TAX?

"Let us now examine the 'experts' and authorities (?) who are pressing a turnover sales tax on Congress. Singularly enough, none of the 20 members of the tax committees representing two of the largest commercial organizations in the country was called before the Ways and Means Committee to give us the benefit of their study and investigations, nor do these important reports appear anywhere in the hearings, nor has any reference been made to them to my knowledge.

"Practically the only witnesses who have appeared before the Ways and Means Committee, aside from Dr. Adams, of the Treasury Department, are Julius Bache, a banker and broker, New York City; Otto Kahn, a banker and broker, New York City; and Meyer Rothschild, also from New York City; although Mr. Klein and Mr. Goldsmith, 'accountants', also appear on different phases of the income tax law as it affects their clients.

"Few men realize the amount of money that is involved in the propaganda to enact a turnover-sales tax that is being sent out. One of the letters that I have says that 300,000 copies of the pamphlet of Mr. Bache's is being printed, as stated. Mr. Bache and Mr. Rothschild are taking part in the propaganda advocating a turnover-sales tax. Why? To relieve themselves and their associates from the excess-profits tax which they are paying and from the surtax on their personal incomes.

"Mr. LINTHICUM. Will the gentleman yield?

"Mr. FREAR. I will.

"Mr. LINTHICUM. Where does the gentleman get the information that Mr. Bache is advocating the turnover tax in order to get rid of the excess-profits tax?

"Mr. FREAR. If the gentleman will do me the honor to read my remarks in the RECORD, he will find that he specifically says so. I have a number of documents on my desk to that effect.

"Mr. LINTHICUM. I think the gentleman is making a rash statement.

"Mr. FREAR. Not so rash as the gentleman may believe. Mr. Bache, when asked by the Industrial National Board Committee on Taxation, 'How can you lower the consumption tax?' said, in effect, 'By not consuming.' The people of the United States are to be invited not to eat, not to wear clothes, in order not to pay the taxes he would have levied. He says, in effect, that 11 months of the year the average taxpayer is spending his time trying to dodge taxes. He says of Congress that we are subject to the influences of those who confuse the issue for us. Only Bache and a few others of that type are able to determine difficult taxation questions, according to his views. Let me read briefly from his

'review', of which 300,000 copies were printed by an ardent admirer. He says:

"'To continue to raise this amount (four to five billion dollars per year) by excess-profits taxes and heavy income taxes means the complete elimination, in our opinion, of the resources of the investors upon whom this country and its enterprises have been dependent. * * * Yet merchants have had to pay out of either income taxes or excess-profits taxes practically all that they have earned over their living expenses. * * * An economic tax should be substituted. There is only one way to escape this and that is through a tax on sales, in which every citizen of the United States as well as any foreigner who may live within our shores will pay equally toward the expenses of the Government.'

"I could quote many other equally happy thoughts suggested by Mr. Bache.

"Another peculiar circumstance lies in the enormous propaganda for a turnover consumption tax, which has been testified to before our committee by Bache and Rothschild and is evidenced by a constant deluge of addresses and pamphlets from Bache, Kahn, and Rothschild in favor of this tax.

"For illustration, a letter from the International Tag Co., Chicago, dated January 6, 1921, says of a pamphlet issued by Bache: 'We—the International Tag Co.—have reprinted and distributed more than 300,000 of them among business men all over the United States.' As I am personally compelled to pay for these remarks, I do not feel able to print over 1 percent of the number of Bache's pamphlet sent out by the tag company alone. With their great financial connections and well-known methods of propaganda, it may be assumed that the costs of financing this consumption-tax propaganda is upward of $1,000,000, the estimate of an older member of the Ways and Means Committee. Such an investment will give a hundredfold return to wealthy interests concerned if a turnover consumption tax can be substituted for the present excess-profits tax.

"DISCREDITED 'EXPERTS' FAVOR A SALES TAX

"Another peculiar fact is that Bache, Kahn, and Rothschild all urged their proposed turnover consumption tax before the National Industrial Conference held in New York City last October, and they were practically the only advocates of that tax there, and they were emphatically turned down, as shown by the committee report heretofore quoted.

"In view of the fact that this is the most important revenue measure ever presented to Congress in times of peace, I repeat that it is strange that the discredited 'experts', who may not be experts, who were repudiated by the New York conference of 25 industrial associations, have been practically the only men called before our committee to advise Congress on this vastly important revenue measure.

"Where were Plum, Andrews, Zoller, McKenzie, Howard, and Seligman, the last-named a tax expert of international reputation, whereas Bache and Kahn are only New York bankers and stockbrokers who desire to shift their taxes to the shoulders of the multitude? They are not even business men in the broad sense of employing labor.

"These New York bankers, brokers, and accountants have appeared before the Ways and Means Committee for the purpose of preventing our feet from going astray. Likewise they have circularized the country repeatedly with their views on excess-profits taxes, which they declare must be repealed, and for a consumption turnover sales tax enacted as a substitute. Due to the air of finality with which they pass upon the duties of Congress and on the 'atmospheric' conditions at Washington, a few words are proper to determine the qualifications of these New York 'experts' who assume to speak for the best interests of 105,000,000 people whom Congress represents. Criticisms of capabilities, motives, and influences in Congress have been freely indulged in by some of these self-appointed legislative experts and critics, according to propaganda at hand, so that it may be wise to inquire into the surrounding influences and expert knowledge of guides who would direct the feet of Congress in the tax wilderness.

"UNIQUE TRAINING OF SALES-TAX EXPERTS

"First and foremost is Mr. Otto Kahn, banker and broker, a close second is Mr. Jules Semon Bache, same business, while Messrs. Kline, Rothschild, and Goldsmith, all from New York City, speak in general harmony and all work to the same end—to urge upon Congress the necessity of protecting New York bankers who have been vamped by the excess-profits tax and who see their regeneration only through a consumption sale tax law—consumption, because if enacted into law it will consume a large part of the scanty means of the 100,000,000 people who have no excess profits but whom Congress also represents.

"Singularly enough, Germany has no tax system comparable to Mr. Kahn's consumption-tax plan, while Great Britain, which he says has 'a wise financial system,' holds firmly onto its excess-profits tax. This tax Mr. Kahn wants repealed here, and yet England rejects a turnover sales tax, which he would saddle onto America, the country of his adoption in 1917.

"A second tax authority appearing before the Ways and Means Committee, Mr. Jules Semon Bache, banker, began business many years ago with Leopold Cohen, another New York banker. Mr. Bache's disinterested judgment on tax matters will be appreciated from the fact that he is reported in the same 'Who's Who' to be a director in the Cuba Distilling Co.; United States Industrial Alcohol Co.; Anniston City Land Co.; American Indemnity Co.; Empire Trust Co.; First Mortgage Guarantee Co.; International Banking Co.; St. Louis & Western Railroad Co., etc. In other words, Mr. Jules Semon Bache, banker, is a very busy man, but finds a few spare minutes to tell Congress how to legislate, as I shall hereafter submit. The effect of repealing the excess-profits law ought to save enormous profits to the various concerns Mr. Bache represents.

"Messrs. Rothschild, Goldsmith, and Kline, from New York, are of the same tax 'atmospheric' with Mr. Otto Kahn and Mr. Jules Semon Bache, and their efforts to direct Congress in their spare moments from business duties are entitled to weight proportionate to their disinterestedness and general knowledge of the subject.

"SEVERAL HUNDRED BUSINESS MEN VERSUS THESE SALES-TAX 'EXPERTS'

"Several hundred large-business men have been before the Ways and Means Committee urging modification of the tariff during the past month. The number of men who have addressed us reaches over 500. These men represent hundreds of millions of dollars of business investments and employ hundreds of thousands of men. Every business man before us urged upon the committee the fact that he could compete with all other business men here or abroad if given reasonable tariff protection and could make reasonable profits. Not one complaint came from the hundreds of business men so testifying that they were prevented from doing business or unfairly affected by the excess-profits tax. Not one of these men suggested to the committee that a sales tax of any kind should be substituted for an excess-profits tax. The only men who have pressed these arguments on the committee were Kahn and Bache and Rothschild and Goldsmith, bankers and brokers and accountants of New York City, who toil not and neither do they spin, compared with the hundreds of manufacturers and other employers of hundreds of thousands of day laborers mentioned.

"Keeping in mind that these last-named New York bankers and brokers are directly interested in shouldering the present excess-profits tax they pay from their own vaults over on the backs of the 'people who pay the freight', let me quote their own arguments from the record.

"Jules Semon Bache publishes the Bache Review, a weekly pamphlet, which on December 18, 1920, contained this statement sent broadcast throughout the country:

"'The atmosphere of Washington is so thick with political misconceptions of things as they really are that it has become a matter of the greatest doubt whether anything sound or sensible can be put through Congress on its merits.'

"Bache says of his proposals to solve Treasury difficulties by refunding $2,350,000,000 of certificates and Victory notes:

"'So sane and sound a proposition as this was met immediately with befogging objections of politically saturated Congressmen who pleaded the old slogan about breaking faith with the people. * * * It never seemed to have occurred to anyone that it would be easy to fund the whole debt in long-term higher-rate bonds.'

"Mr. Bache's funding scheme contemplated putting higher-rate Government bonds on the market.

"Speaking of different hearings before the Ways and Means Committee, Bache says:

"'The most practical and workable advice should go out * * * from the best informed, soundest, and ablest men, especially business men, who will look at the whole subject from the practical side.'

"He continues:

"'Mr. Fordney is the only one who has given out intelligence of this character.'

"Which tribute to the chairman members of the committee do not resent, but Bache says further of Dr. Thomas S. Adams, Treasury expert:

"'He calls himself a tax expert * * *. His one object besides throwing dust in the eyes of the people on the question of a turnover tax is to find some complicated, difficult, and illogical substitute for the excess-profits tax.'

"This was written and circulated by Mr. Bache many weeks after he and his sales-tax proposal had been repudiated by the National Industrial Board Tax Committee. But banker and broker Bache finds a ray of hope notwithstanding Adam's attitude, because in his pamphlet he says:

"'We understand that although Mr. Fordney stated openly that they would always have Professor Adams present in formulating the new bill, the members of the Ways and Means Committee state on the side that they are not going to pay any attention to him.'

"Having bombarded Dr. Adams with this 10-inch shell, fired in the name of the Ways and Means Committee, Herr Bache keeps up a machine-gun fire at the committee with other equally unreliable testimony.

"'Expert' communications forwarded to Members of Congress from Mr. Bache are supplemented by his statement before the Ways and Means Committee, December 17, 1920, from which I briefly quote regarding his proposed sales tax. He says:

"'The purchaser does not pay it (the tax) in so much money, but it comes out of the purchase price. You can add it to your price or your bill, but unless the ultimate consumer pays the tax, it is not a sales tax * * * (p. 86).

"'It is not a perfect tax. Now, I am only a student. I do not know the tax. Nobody knows that has not seen it working. * * * It will be paid every month, with the least amount of difficulty in raising the money and making the least amount of trouble in a banking community.'

"Mr. Bache, however, disclaims protecting the New York banking community by loading their taxes on the farmers, laborers, and public generally, who would pay a consumption tax. He be-

lieves the consumers pay this tax today, because he says he shifts it through his business methods. A few words from the hearings are illuminating:

"'Mr. GREEN. You spoke of making additions on account of the excess-profits tax. Where in the excess-profits tax would you make any corresponding reduction?

"'Mr. BACHE. Frankly, we did not. I would like to explain that in justice to my company. We found that our estimates had been too low before.

"'Mr. GREEN. Well, do you know of any company that did?

"'Mr. BACHE. I can only speak of those on whose boards I sit (p. 90).

* * * * * * *

"'Mr. RAINEY. Taxation has been defined to be a method of getting the most feathers with the least squawking of the goose.

"'Mr. BACHE. I agree with that. The sales tax will do that. There is no tax in the world that will ever get so much money (p. 87). If you gentlemen decide that a turnover tax should be tried, and you intitiate it at 1 percent, and you raise $4,000,000,000, you can simply redeem $2,000,000,000 of our debt, and nobody will be very much prejudiced (p. 91).

* * * * * * *

"'Mr. HULL. Your idea, then, is to base this tax and to base all taxes, as nearly as possible, on consumption?

"'Mr. BACHE. Yes, sir.

"'Mr. HULL. So that if a ranchman or a herdsman out in the West should consume more than Mr. Rockefeller, he would pay more taxes.

"'Mr. BACHE. Yes; if he is foolish enough to do it.

"'Mr. HULL. You think that the theory to tax according to ability is unsound?

"'Mr. BACHE. It is unsound in this country, because you can not * * * (p. 93).

"'Mr. HULL. The corporations made $10,700,000,000 net for one year (the last 3½ years).

"'Mr. BACHE. Yes; and you had war to make it for them.

"'Mr. HULL. Do you know to what extent organizations are being developed to propagandize its movement and secure the enactment of the (sales) tax?

"'Mr. BACHE. I cannot say that I do. I have come in contact with a number of gentlemen in New York who are engaged with retail organizations who have committees. I know that the American Bankers' Association have appointed a special tax committee in connection with this tax (p. 95).

"'Mr. BACHARACH. You have spent a great deal of money yourself? (p. 95).

"'Mr. BACHE. I have spent more than I can afford in view of my taxes, because I am getting out of business and putting my money into municipal bonds as fast as I can' (p. 96).

"Mr. Bache is not a philanthropist; he is living in America to enjoy its privileges, its schools, its laws, and its armies that saved his money from German indemnity. He does not intend to pay for them himself. He lives in luxury, makes money protected by our laws—a wealthy banker and broker—and he tells Congress he is placing all his money in tax-exempt bonds as fast as he can, so others may pay his just tax burdens. If ever a capital tax was justified it appears to be found in the case of Jules Semon Bache, who wants a sales tax placed on the 100,000,000 people that make up the great mass of our population in order to save him the inconvenience of making out an excess-profits tax report and paying his share of taxes.

"Mr. Bache has no sentiment or false pretenses to offer. He knows what he wants and is not backward in saying so. Although he stood practically alone among many tax experts and business men at the national industrial session in his extreme demands, he now lays down the law he wants enacted with a 'me and Gott' emphasis that speaks highly for his confidence in himself, as once did another gentleman now residing in Holland. Bache wants to escape all taxes, excepting on what he eats, drinks, and wears. With his wealth snugly tucked away in safe-keeping, he says, in effect, he will put every dollar in tax-exempt bonds unless we pass his sales tax and cut the surtax in two. This is his ultimatum, and, as stated one admirer, a 'tag' company writes Congress it is so captivated by Bache's arguments that it has caused to be printed 300,000 copies of his pamphlet for circulation.

"Mr. LAZARO. Will the gentleman yield?

"Mr. FREAR. I will.

"Mr. LAZARO. How much property is there not being taxed in the United States?

"Mr. FREAR. If you accept the statement of Kahn, Rothschild, and Bache, they say the ultimate consumer eventually pays every dollar of the tax himself.

"Mr. LAZARO. I am talking about the property that does not bear taxation, property that is exempt from taxation.

"Mr. FREAR. The gentleman means exempt securities?

"Mr. LAZARO. Yes.

"Mr. FREAR. I can not give the gentleman the exact amount, but it runs into the billions of dollars, four or five billion, and it might be more than that. The figures were given me by Mr. Leffingwell, and I will embody them in my remarks. Those are securities that gentlemen are investing in today who object to paying taxes, and by that investment they desire to avoid their fair share of the taxes.

"Mr. LINTHICUM. The purchase by investors of tax-exempt securities is gradually reducing the returns of excess profits.

"Mr. FREAR. Unquestionably, and that is one of the problems the committee will have to contend with. We have got to raise taxes in some way, and the question whether you are to impose it on every man, woman, and child, which would mean a head tax, or secure it from profits is an important question.

"I offer the following data from committee hearings of March 11, 1920 (p. 491):

"'Assistant Secretary of the Treasury Leffingwell was questioned regarding outstanding stocks and bonds subject to investment. The purpose of the question was to ascertain what amount of securities were tax exempt and open to investment by those seeking to avoid personal-income taxes.

"'Te data was confined by Mr. Leffingwell to United States securities and the data submitted, as of 1905, affords little information of conditions today. As evidence of its inaccuracy I submit a statement of railway securities in 1917 according to the 1920 World Almanac, as follows:

"'"Common stock, $7,454,610,000; preferred stock, $1,847,920,931.

"'"Mortgage bonds, $9,227,374,055, amounting to approximately eighteen and one-half billion dollars. If other securities have increased proportionately the amount of State, county, and municipal bonds have reached over $4,000,000,000, apart from Government bonds that are exempt from taxation. If any accurate data has been compiled on the subject, it has not come to my notice.'"

"I quote from Mr. Leffingwell's statement:

"'Mr. FREAR. One other thing: Is there any place where an estimate can be found of general securities in addition to Government securities? Here are outside commercial securities representing $100,000,000,000, possibly, and I ask whether there is any basis at all for estimating their amount or any authority to indicate the extent of such securities?

"'Mr. LEFFINGWELL. I imagine that the statisticians must have some figures as to the whole bulk of securities.

"'Mr. FREAR. Do you have anything on that which you would be willing to give? If so, just mention the authority, because it seems to me that is very material along this line—the estimated value of all securities on the market.

"'Mr. LEFFINGWELL. I will see if I can get that data. I would not be able to give you anything that I can vouch for, because when statisticians take to making figures of that sort without a census they are bound to use figures that are not precisely accurate.

"'Mr. FREAR. But, anyway, give us some information if you can.

"'Mr. LEFFINGWELL. Yes.'

"(The matter referred to follows:)

Par value of stock and bonds outstanding in the United States, 1905

	Stock		Bonds	
	Amount	Per-cent of total	Amount	Per-cent of total
United States bonds			$895,158,340	6.64
State bonds			227,542,863	1.69
County and municipal bonds			2,141,437,283	15.87
Steam railways	$6,554,557,051	31.18	6,024,449,023	44.66
Street railways	1,761,571,812	8.38	1,455,520,159	10.79
National banks	791,567,231	3.76		
Banks other than national	649,080,956	3.09		
Manufactures	5,522,774,073	26.27	1,274,347,290	9.45
Mining, quarries, and oil	2,982,835,544	14.19	314,883,914	2.33
Electric light and power	421,343,602	2.00	305,428,923	2.26
Gas plant	495,859,803	2.36	271,628,581	2.01
Water and miscellaneous transportation	370,933,893	1.76	235,188,850	1.74
Telegraph and telephone companies	559,084,526	2.66	195,575,666	1.45
Water supply companies	144,611,346	.69	114,932,525	.85
Realty companies	411,159,555	1.96	12,534,000	.09
Insurance companies	104,685,963	.50		
Mercantile distributing companies	253,327,600	1.20	22,331,010	.17
Total	21,023,392,955	100.00	13,490,958,427	100.00

NOTE.—Taken from Charles A. Conant's The World's Wealth in Negotiable Securities (Atlantic Monthly, January 1908, p. 102).

"On this point Mr. Bache says:

"'You may amend your Constitution to make future municipal bonds tax-bearing but you can not make past ones—I am not a lawyer—but you cannot make the $16,000,000,000, or whatever amount there is outstanding, to be taxed; and that is quite large enough to cover our large fortunes' (p. 97, Ways and Means Committee hearings).

"Mr. Bache has estimates of $16,000,000,000, and he may be nearer the correct figures than those based on Leffingwell's data. In any event, Mr. Bache says, 'It is quite large enough to cover our large fortunes", and that is the important question involved. In England they have even suggested a capital tax, and it has been contended for very strongly. That is one of the things that we wish to avoid here.

"Mr. LINTHICUM. Had we not better remove some of these securities from taxation?

"Mr. FREAR. The only way that we can remove them would be by refunding bonds in the form of tax bonds, but beyond that we can only act by amendment to the Constitution, which seems to be the only way, in view of the opinion of the Supreme Court. It will take a long period to secure an amendment to the Constitution that will require all bonds to be subject to Federal taxation.

"'WHEN IS A TAX SHIFTED?' BY MR. ROTHSCHILD

"Mr. Rothschild ran Kahn and Bache a close race in his testimany before the committee, as will appear from the record:

"'Mr. TREADWAY. Where would the turnover tax go?

"'Mr. ROTHSCHILD. On the consumer. * * * (p. 108).

"'Mr. FREAR. Let us suppose competition is keen, then what happens?

"'Mr. ROTHSCHILD. Then it is a question of price cutting and that would be regardless of tax.

"'Mr. FREAR. And if there is no competition whatever, does it (excess-profits tax) form any element in price fixing?

"'Mr. ROTHSCHILD. If there is no competition and its profits are large, it is very largely a question of the policy of the man. I understand lately there was a coal man who had not raised his prices during the war (Mr. Rothschild could not name this white blackbird). * * *

"'Mr. FREAR. Suppose that prices are falling, do merchants continue to add excess profits?

"'Mr. ROTHSCHILD. When prices are falling men save themselves and the excess profits do not cut any more ice than the rent or other expenses. * * *

"'Mr. FREAR. The question of efficiency and of expenditures in every corporation differs?

"'Mr. ROTHSCHILD. Yes, sir.

* * * * * * *

"'Mr. FREAR. Now, do you insist that the excess-profits tax during recent times has been an element in fixing the final cost in various lines of business?

"'Mr. ROTHSCHILD. Yes, sir.

"'Mr. FREAR. Is it not a fact that many of these companies have been giving out stock dividends reaching 50 percent and more, and have they not been charging all the public will pay?

"'Mr. ROTHSCHILD. Most of them (p. 112).

"'Mr. FREAR. Mr. Rothschild, your theory is that the seller is going to add the sales tax when he charges the consumer?

"'Mr. ROTHSCHILD. The wholesaler; the retailer will put it into his overhead.

"'Mr. FREAR. If there are 10 turnovers, there will be 10 people to sell, and they will add the tax in each instance?

"'Mr. ROTHSCHILD. We will admit that because it is the worst case that could be made against us. It very often will not happen. But we will admit it.

"'Mr. FREAR. Now, on each one of these turnovers, do you believe that the seller is going to add only the tax in making his sale? Is he going to add the 1-percent tax, or will he add 4 or 5 percent additional?

"'Mr. ROTHSCHILD. That would depend upon his competitors.'

"ROTHSCHILD'S BIG PROPAGANDA

"'Mr. GARNER. Now be honest with us. In your heart you would do it if you could (repeal the income tax)?

"'Mr. ROTHSCHILD. In my heart I believe nearly every dollar of income tax is somehow or other paid through business operations. * * * We are going out to the people of the United States and there is going to be a very big campaign to hold up our hands. We are going to have the chambers of commerce and the boards of trade of the United States discuss this question. Now, wherever I have been—and I have had the pleasure recently of talking to the Chambers of Commerce of Boston, Providence, and other places—the merchants almost unanimously favor this tax.'

"In a 31-page pamphlet furnished the Ways and Means Committee by Meyer Rothschild he says:

"'My own personal view is that business, through the medium of a small turnover tax, could well pay the entire cost of economically running the Government, take care of the great national debt, and permit the dropping of all other kinds of Federal taxation. Such an exclusive tax would naturally eliminate the personal income tax and relieve business from the burden of providing the additional interest dividends or profits which it must now furnish to pay the income tax.'

"Quoting the effect of an indirect sales tax he says, page 12:

"'It is safe to assume that in the past for every dollar the Government has collected, either as duty or imports or excise tax on liquor and tobacco, the consumer paid at least $2 on 100 percent profit on the duty or excise tax, which additional dollar the Government did not get.'

"According to Senator Hardwick, heretofore quoted, the increase was 10 times the Government tax on a single sale.

"MR. KAHN'S CONTRIBUTION TO THE CAUSE

"Mr. Kahn also speaks from the standpoint of a banker and broker, whose annual income doubtlessly reaches far beyond the $100,000 mark, possibly double that amount. He speaks from the viewpoint of Kuhn, Loeb & Co., of New York, his business house, who are charged in a recent pamphlet received by all Congressmen with having milked the Baltimore & Ohio Railroad out of $27,586,650. Letter dated Baltimore, December 1920, from Isaac M. Cote.

"'Mr. Kahn indulges in constant declamations as to his disinterestedness and advises his business associates to use a small stick rather than a bludgeon in driving Congress to drink at the turnover-sales trough. Representing Kuhn, Loeb & Co., J. P. Morgan & Co., and other great financial interests, doubtless he voices their views to an amount reaching many millions of dollars in annual taxes, so it is well to quote from his utterances.

"'Mr. Kahn is a frequent public speaker—"speech for release", and so forth.'

"In a public address, New York, January 12, 1921, printed on heavy calendered paper—'released for publication at 1 p.m. Wednesday, January 12, 1921'—sent to every Member of Congress, including Ways and Means Committee, he says:

"'It is a matter for congratulation that the House Committee on Ways and Means * * * is a very competent, well-informed, right-meaning, and level-headed body of men whose standard of ability and devotion to duty would rank high in any assembly, whether of politicians, business men, or men of any other calling.'

"This is not the judgment as heretofore quoted of his colaborer, Bache, by several hundred miles. After passing on the qualifications of a committee for whose benefit this broad flattery was offered, Mr. Kahn ingenuously:

"'Many men whose judgment I respect are almost passionately in favor of a turnover tax (almost passionately) and see in it the solution of the taxation problem. Others whose opinion I value equally highly are violently opposed to it * * *. I distinctly dissent from the extravagant arguments and excessive claims put forward by some of its advocates. * * *

"'I favor a turnover tax * * * as against a (single) tax on retail sales * * * because I doubt whether a retail sales tax, even at a rate four or five times as high as the one third percent which I suggest for a turnover tax, would be adequately productive.'

"He now puts the camel's nose under the tent at one third of 1 percent, which will produce five times the amount of a retail tax, according to his contention. If one fifth of a cent on cigars is increased five times to 1 cent and 5 cents on soft drinks to 10 cents in present sales, then the total turnover tax at a modest estimate would gain from 50 to 100 percent in increased price.

"In a New York address—'released for publication Monday, December 20, 1920'—Mr. Kahn says:

"'As to the sales tax, I admit I have wabbled and wavered on this subject. Indeed, it has taken me a long time to bring myself into a state of assured equilibrium concerning it.'

"After describing his mental gymnastics, that would do credit to a Blondin of old, he says to the New York business men he is addressing:

"'There is one further recommendation which I venture to make, namely, that the business community go slow in sponsoring any methods of taxation which may be calculated to create the impression upon the great body of public opinion that in their contribution to the thought on tax revision the representatives of business are mainly concerned with conserving their own interests and aiming to curtail their due share of the fiscal burden which the country must bear as a legacy of war.'

"Robbed of its verbiage, Mr. Kahn says, in effect:

"'Do not announce you are taxdodgers seeking to shift your tax load to the multitude, but when you demand a repeal of the excess profits law and the enactment instead of a turn-over consumption tax, just use a strong anesthetic and a sharp knife for the surgical and grafting operation.'

"In a 41-page pamphlet (January 1920) demanding the repeal of the excess-profits tax and enactment this time of a 1-percent sales tax (p. 34), Mr. Kahn says (p. 22):

"'Extravagance, logrolling, the unwise and inefficient expenditure of money by governmental bodies, count among the acknowledged foibles of democracy. The structure of our income-tax schedule encourages these foibles. * * *

"'By the opiate of such taxation, which apparently touches them but very little or not at all, the masses of the people are apt to be lulled into a sense of relative indifference to governmental wastefulness.'

"Then he proceeds to administer his own chloroform to prove that if these taxes are placed on the people direct, sometimes by a 1-percent sales tax, sometimes by a one-third-of-1-percent tax, over which he wabbles and wavers, then the effect on the 'masses of the people' who will pay the bills will be easier. In a tribute to big business and big business men Mr. Kahn says (p. 25):

"'No doubt the prevailing apportionment of monetary reward is not free from defects, but there has been a steady and pronounced tendency and movement, especially within this generation, toward mending such defects and remodeling inequitable conditions. Evolution and the irresistible powers which make for progress, enlightenment, and justice may be depended upon to continue and advance that process. There can be no turning back.'

"In the words of one Patrick Flarity, who yet remains unremodeled:

"'Them's beautiful words.'

"BRITISH AND AMERICAN TAXES

"In his testimony before the Ways and Means Committee, December 21, 1920, Mr. Kahn further elucidates:

"'Mr. FREAR. Do they have the excess-profits tax (in Great Britain) now?

"'Mr. KAHN. Yes.

"'Mr. FREAR. And according to the statement before me it reaches 80 percent?

"'Mr. KAHN. Yes.

* * * * * * *

"'Mr. FREAR. You speak of Great Britain as a "wise financial country." ("In England which has shown itself in finance a very wise country and has had in that field the largest experience of any country", p. 15.) Do you think it would be well for us to adopt their plan, or, if not, do you think they should repeal their excess-profits tax?

"'Mr. KAHN. I do not think it would be wise for us to adopt their plan * * *. The leaders of the English business communities, rather unwisely, in my opinion, said they would rather get along with the evils of the excess profits than have a high, flat, corporate tax imposed (p. 164).

* * * * * * *

"'Mr. FREAR. Can you explain, Mr. Kahn, why Great Britain has no sales tax?

"'Mr. KAHN. * * * They do not like novelties and experiment, especially in the field of finance and economics.

* * * * * * *

"'Mr. FREAR. You would wipe out the excess-profits tax, that would bring $800,000,000 (for 1922), and substitute a sales tax?

"'Mr. KAHN. I would substitute for part the sales tax, and in part I would increase the corporation net-profits tax (p. 178).

* * * * * * *

"'Mr. KAHN. On the sales tax I have wabbled and wavered (p. 166).'

"When asked to make a radical departure in our methods of taxation and inaugurate a system nowhere in effect, on the scale proposed, in any country in the world, Congress and the country have a right to the unqualified approval of some recognized tax expert. That has not been given by any such expert to the Ways and Means Committee, but Messrs. Kahn, Bache, Rothschild, and Goldsmith have contented themselves as special pleaders for the bankers and big business interests that have hundreds of millions of dollars in taxes at stake.

"True, Mr. Kahn has been before our committee and flits around from one chamber of commerce to another throughout the country, expressing his carefully prepared views, but when before our committee he confessed with an apparent effort at frankness and ingenuousness that he (Kahn) had 'wabbled and wavered' on the sales tax (p. 166).

"Before the industrial conference at New York he admitted he still 'wabbled and wavered' on a sales tax (p. 90, industrial committee hearings).

"'Indeed, I am not yet in a state of assured equilibrium,' he adds in a communication to Congress (p. 25), and he continues that he, Kahn, a leader in the movement, has long 'wabbled and wavered' on a sales tax.

"In the most important act of his own career, choosing of citizenship, Mr. Kahn also 'wabbled and wavered' from German to English, and finally in 1917 to declaring allegiance to America, and his first important act as a wabbling citizen is to try and lay on the backs of 100,000,000 American citizens a vicious sales tax, that represents upward of $800,000,000 annual excess-profits taxes which he asks to have shifted off from the annual profits of his clients and associates.

"THE SALES TAX VERSUS A HEAD TAX

"Mr. Chairman, a short expeditious tax collection has been suggested by other authorities, that may yet be urged by Messrs. Kahn, Bache, Rothschild, and Goldsmith on Congress. It is much simpler than the excess-profits tax law, which causes these income authorities to spend sleepless nights in preparing tax reports. It will save them the necessity of investing their large incomes in tax-exempt securities in order to avoid the higher surtaxes. In fact, while it resembles a turnover sales tax, so ably defended by these gentlemen, in that it would reach every man, woman, and child through the food and clothing individually worn, yet it would save the objection of profiting and tax pyramiding which is a conceded evil of the turnover sales tax. It also reaches to the very base of fundamental taxation.

"It is urged Congress could reach the same result advocated by Messrs. Kahn, Bache, Rothschild, and Goldsmith and at the same time avoid a needless pyramiding turnover tax by enacting a poll or head tax. By transferring the $1,000,000,000 of excess profits and surtaxes that now worries those obliged to pay such taxes over to a poll or head tax the tax could not be avoided by the taxpayer and collection annually would then be as easy as taking the census.

"Messrs. Kahn and Bache might urge it be provided by law that the head of the house would pay a tax levy of $10 per head for each member of his family, based on the per-capita share of each inhabitant who is now asked to shoulder the $1,000,000,000 tax burden of the rich. If any tax was not promptly paid, it might hamper the Government to put the wage earner in jail; so, like the good old distress-for-debt practices in Germany and England, from which some of our modern sales-tax authorities spring, the law might seize a member of the family, say one of the children, who Bache says will not pay anyhow if it does not consume, and the wage earner would then be left free to earn the tax.

"Take the case of Mr. Bland, a constituent of Congressman Small, with 26 children; his head tax of $10 each would reach $280, which would include himself and his wife. In the case of a constituent of my own, with 17 living children, he would only have to raise $190, which would include himself and wife. Of course these farmers are also paying local taxes on their farms for the support of their schools, local improvements, and State institutions, but they might put in a few extra hours daily in earning the extra tax that Messrs. Kahn, Bache, Rothschild, and Goldsmith would then have taken from their own shoulders, and thus we would avoid the need of a general pyramiding sales tax.

"The system suggested would possess the additional virtue of having direct action, and that is what these New York bankers are seeking. True, Bland, the farmer, is probably working 14 hours a day already, while Kahn, Bache, and Rothschild have a minimum unwritten law of nearer 4 hours, and there may be other matters of detail that would arise, but, as Mr. Kahn well says, 'No law is absolutely perfect.' However, such a law would solve the mental struggles of excess-profits-tax payers and is well for them to consider as an alternative for the sales tax.

"Of course, Congress would take an extended leave-of-absence after passing any such measure, and probably the next Congress, of different members, might enact an extreme capital tax which would get more quick profits than under the present excess-profits-tax system; but as a temporary relief it is submitted that the kind of a tax for these distinguished gentlemen to advocate is a head tax, or poll tax, although the latter term would have a singularly unpleasant sound to those who had to submit their candidacies at the polls after enacting the law.

"PREJUDICED TAX EXPERTS

"Speaking personally, I believe Messrs. Kahn, Bache, Rothschild, and those they represent should be made to pay every dollar of taxes due from them under existing laws, and they should pay taxes according to their ability. Any attempt to avoid payment of taxes by investing in tax-exempt securities ought to be met, so far as possible, by drastic legislation until a constitutional amendment can be passed.

"The tax dodger of today is not the poor man whose home and farm is immediately sold for taxes, with stiff penalties when it is redeemed. He cannot avoid payment of his taxes by investment in tax-free securities or other means, and every dollar spent by him for taxes is ordinarily taken from some need of the family.

"The tax dodgers and prejudiced tax experts are not found among this class of people, but the man who unblushingly tells the Ways and Means Committee he is investing his surplus cash in tax-exempt bonds; who publicly says he spends 11 months of the year studying how to evade our tax laws; who says if the poor do not want to pay a sales tax they need not consume; who unblushingly declares in one breath that he shifts all his taxes over onto the ultimate consumer, while in the next breath he demands a repeal of the excess-profits tax, because it is a heavy burden on the rich; the wealthy banker who pompously says to the country in his 6 by 9 pamphlet that only one man on the Ways and Means Committee understands the revenue question, and therefore he—Bache—must come to Washington in order to instruct the committee regarding the tax he wants—this kind of tax expert will find few apologists, even among his own fellows, and he is out of touch with 99 percent of the 100,000,000 people for whom he asks Congress to pass a sales tax law.

"Mr. DENISON. Will the gentleman yield?

"Mr. FREAR. Yes.

"Mr. DENISON. Does this proposed plan of a sales tax cover the sales of real estate?

"Mr. FREAR. That is one tax that has been proposed. It would all depend upon what was embodied in the bill. That has been done in some countries and others not.

"WHO WILL PAY THE SALES TAX?

"Mr. Chairman, let us for a moment study a picture of human existence and the proposed taxation scheme.

"Of the 106,000,000 people in this country it is doubtful if 99 percent are making $5,000 annually, mentioned in one discussion by Mr. Kahn, nor do they pay any appreciable income tax. Ninety-five percent certainly are among those who grub along for less, and half of the total presumably are living on net incomes of $1,000 or less received by the family breadwinner. This amount has not much more than one half the purchasing power of 10 years ago. In other words, the astounding report that a large part of labor received $700 or less annually 10 years ago was no more serious than conditions of today—particularly when over 2,000,000 breadwinners are out of employment. Immaculately dressed Messrs. Kahn, Bache, Rothschild, and Goldsmith do not represent these people.

"Those they represent, who clipped bonds or interest coupons during the war, then took no chances. Their living expenses, luxuries, and limousines never occasion them worry now. Yet they protest against turning over to the Government part of their 'excess' profits, not of their reasonable profits but a part of their 'excess' profits. They declare that individual enterprise, ambition, and initiative will be hampered by parting with any excess profits.

"Of the 100,000,000 people whom Congress represents, I believe statistics would show 90 percent are no better off today financially than before the war, although the great demand for labor during the war is so recent that the country has not yet recovered from its financial orgy to take an accounting of stock. That is the situation confronting the country and Congress when Messrs. Kahn, Bache, Rothschild, and Goldsmith demand that 'the burden now upon the rich', to use Kahn's words, must be shifted to the 100,000,000. In other words, that an income of over a billion dollars, counting the excess profits, collections, and higher surtax now paid by less than 5 percent of our people, must be shifted over to the backs of the remaining 95 percent by a consumption tax. Under that beneficient proposal every turn-over tax will be paid as stated from the time sugar beets are first sold to the last sale of refined sugar by retailer; from the sale of wheat at the elevator to the final sale of bread or breakfast food by the grocer; from the sale of the steer or hog by the farmer to the sale of shoes by the retailer or wienerwursts by the lunch stand—and for every eater of porterhouse a score patronize the wienerwursts.

"PYRAMIDING FROM PRODUCER TO CONSUMER—WHERE DOES THE RETAILER COME IN?

"From 5 tax levies to 10 tax levies are made between the first sale and the last of the completed article, depending upon the 'turn-overs.' The tax may be insignificant, but after witnessing the cupidity, greed, and profiteering of the past 3 years in America, the public must pay, irrespective of cost or reasonable profits, and no sensible man believes that the tax added to the article by the different middlemen from first producer to final consumer will be that fixed by law. If it is 1 percent with five turn-overs it is more likely to be 25 percent by the time the many turn-overs occur, and before the finished article is received the turnover tax, and much more, is pyramided each time and is added to the cost of the article on which the next turnover tax is levied, as had been disclosed by Senator Hardwick. In many cases it is fair to suppose that where the Government would receive a total of 5 percent in taxes on the different values for which sold, the consumer will pay from 25 percent to 50 percent or even 100 percent additional, 90 percent of which additional charge will go into the tills of the different turnover dealers. That is one reason retail merchants and other dealers have no fault to find with the turnover sales tax plan and are easily caught by the argument.

"That is a reason why Mr. Lew Hahn, managing director of the National Retail Dry Goods Association, is said to be in conference with 'members of the Senate Finance Committee and of the Ways and Means Committee of the House' (Washington Times, Jan. 25).

"These retailers do not pay the sales tax which Mr. Hahn and Mr. Kahn and Mr. Bache and Mr. Rothschild and Mr. Goldsmith favor. The retailers are the ones who will pyramid prices and collect from the consumers large margins even as they try to do today.

"Notwithstanding manufacturers and wholesalers have slashed prices to retailers according to published statements, the large retailer still charges his heavy profit without yet having learned that the war ended more than 2 years ago. The retailer has nothing to fear from the turnover sales tax because he does not pay it—he passes it on to the consumer and his advocacy of the sales tax is entitled to close scrutiny particularly if he is now seeking to escape paying an excess-profits tax through the shift.

"EVERYBODY TO PAY THE SAME TAX

"Mr. Chairman, a sales tax hits the ultimate consumer who generally pays the final bill, including freight bills, taxes, and every charge that goes to make up the last selling price. All people will pay the same and thereby can learn the blessings of taxpaying in real earnest. The molder in the foundry will pay the same as Otto Kahn, banker, for his sugar, with the same profits and tax added in both cases; the miner digging coal will pay the same as Jules Bache, New York banker, for the meat, flour, and potatoes with the same tax added; the farmer will pay the same as Rothschild and Goldsmith for the same grade of shoes, shirts, or clothes, with the same tax added although neither Kahn nor Bache nor Rothschild will draw heavily on the kind of goods the farmer or laborer wears. The workman with his flivver will pay the same tax on his gasoline that Rockefeller himself pays, in order to pile up excess profits for Standard Oil that are no longer to be taxed according to Messrs. Bache, Kahn, Goldsmith, and Rothschild.

"The farmer will pay the new price for his ax and other tools that Carnegie exacts through the Steel Trust, and the excess-profits tax formerly paid by the trust is now to be shifted to the final purchaser—in order not to destroy initiative in business. The soldiers whom we sent to war to protect the property of Kahn et al. from German tribute—these service men who saved the day—will now pay the same turnover tax as Kahn et al. This is the beneficient scheme known as a 'consumption tax', or a 'turnover sales tax', that these bankers and financiers ask Congress to place on the backs of the 100,000,000 people whom we represent.

"In a hope of escaping excess-profits taxes the proponents of the repeal paint in somber colors the terrible distress of business occasioned by the excess-profits tax and the beautiful picture of every man bearing his own share of the burden under a consumption sales tax.

"Every business reverse, every annoyance, is laid to the excess-profits tax. When prices were high Kahn et al. claimed prices were high because the excess profits were always added. When the balloon burst and prices dropped Kahn et al. pointed to the drop as a business distress caused by the drain of an excess-profits tax. Notwithstanding the tax only reaches a part of the excess profits over reasonable profits of 8 percent, the tax is protested by many men who pay it in the same breath that they confidently declare they pass the tax on to the other fellow.

"One ounce of fact is worth a ton of theory, and a few unprejudiced witnesses are worth all the Kahns, Baches, Rothschilds, and Goldsmiths in the universe who are special pleaders for special interests.

"As heretofore stated, several hundred witnesses appeared before the Ways and Means Committee on tariff schedules. They employ hundreds of thousands of men in the aggregate and have paid many millions of dollars in excess-profits taxes on their factory earnings in the aggregate, yet not one of these men complained of the excess profits law as a hindrance to his business, nor as a bar to incentive. Search the hearings of these hundreds of witnesses, and not one seconds the demand of Messrs. Otto Kahn, Jules Bache, Rothschild, and Goldsmith, bankers, brokers, and special pleaders. What more significant illustration of the difference in attitude between the coupon-clipping and stock market juggling business compared to actual producers, employers of labor, and contributors to the country's prosperity? It is the difference between the broker and the producer, whether he be farmer, factory hand, or manufacturer.

"I respectfully submit that it is the height of folly to remove the excess-profits tax now paid by industries named and to place it on the backs of consumers as proposed by Kahn, Bache, Rothschild, and others before the Ways and Means Committee.

"REAL TAX AUTHORITIES VERSUS 'WOBBLERS AND WAVERERS'

"Thus far I have presented to you the findings of two important tax committees, representing thousands of manufacturers and hundreds of chambers of commerce throughout the country. These findings in both cases specifically repudiate a consumption tax and point out dangers which would not occur to novices or superficial students of the subject. I have also quoted from the Secretary of the Treasury's report specifically rejecting a consumption tax both in principle and as an administrative proposition.

"Quotations have also been furnished showing conclusively that taxes are loaded and this heavy load in addition to the tax will be passed on to the consumer under a turnover consumption tax.

"These high authorities are opposed by several New York bankers, brokers, and accountants, one of whom, Mr. Kahn, has 'wobbled and wavered' for many months and has not yet found his equilibrium. Mr. Bache goes Mr. Kahn one better, as I have shown, and says all income taxes and all corporation taxes should be wiped out and a turnover consumption tax substituted. He adds that he is placing his own funds in tax-exempt securities as rapidly as possible. Mr. Rothschild believes like Mr. Bache, but does not advocate going the limit at this time. These three experts were before the National Industrial Board tax committee and their untested theories were there rejected. However, they are persistent; they have millions of dollars in annual taxes at stake among those they represent; they have a vigorous, expensive propaganda and are well organized.

"They were practically the only witnesses, by a curious circumstance, on the subject before the Ways and Means Committee, except Dr. Adams, and Bache informs the country in his pamphlet that he has grapevine intelligence; that Adams does not count with the Ways and Means Committee when it comes to preparing a bill. These are the financially interested witnesses who are seeking to have Congress relieve them of their taxes and to saddle their tax burdens on the general public.

"They point to Canada, Philippines, and France to prove that a turnover sales tax is desirable for the United States. At the risk of appearing to give undue weight to their arguments, I will quote from the opinions of men who have given the tax subject here and abroad profound and exhaustive study. If the conclusions of the tax committee, already quoted, were convincing, the reasons advanced by the following witnesses are conclusive:

"TESTIMONY OF TAX EXPERTS AGAINST A SALES TAX

"Arthur A. Ballantine, attorney at law, New York City, formerly Solicitor of Internal Revenue, says, page 32, hearings National Industrial Tax Committee:

"'I believe that this idea of a sales tax, a tax collected everywhere, falling on no one, is a will-o'-the-wisp which has floated over this field of taxation and which is in danger of luring business men who approach Congress in an effort to get really beneficial changes into futile action instead of constructive action.

"'I believe that this committee, by the very careful and exhaustive consideration which it has given to the advocates of this plan and its careful thought as to conclusions, has done much to dissipate this myth and to direct the efforts of business men into practical channels instead of down a pathway which leads to futility.'

"For the second witness I quote from Charles A. Andrews, whose frank, clear analysis of the sales tax is illuminating. He says (p. 38):

"'There was on the committee no vociferous objector to the sales tax. There was on the committee nobody who was loaded to kill it. We started in upon the assumption that we were going to work out something in the form of a sales tax. We invited various well-informed people to come before us. We reached out and got printed matter and manuscripts. We made investigations; and slowly but steadily the committee was driven to the inevitable conclusion that it, representing a large body of business men, could not bring before this conference a recommendation for any form of sales tax, except as the same related to a few specific articles, suggestions as to which we have made, and which have been referred to by Mr. Armitage.

"'We haven't the nerve, as good citizens of the country—which we believe we are, and are trying to be—to say to a body of business men in this country, who are suggesting that business be relieved from a billion dollars of excess-profits tax, that we propose a tax which will cause the billion to be paid by the ultimate consumer. That is such a violent divergence from the principle of payment upon the basis of ability to pay that we cannot ask this body of business men to get behind that sort of a tax.

"'We do not believe, in this day and generation—and following the World War instead of following the Napoleonic wars—that we have any business to propose seriously to the Congress of the

United States a tax of a billion dollars, or two, or three (I don't know how much it would produce—all those figures are given), to be paid by the ultimate consumer, and organized business excused from its billion dollars of excess-profits tax.

"'We don't think that is good citizenship; and we don't think that is good economics. That is the real reason that we disposed of or rejected the sales tax, upon the assumption that the tax is paid by the ultimate consumer.

* * * * * * *

"'Well, let us assume that the tax all remained with the original payer of it, and that it is not passed on to the consumer. Does it then become a tax which we can justify ourselves in recommending to Congress? Your committee says "No." * * * Why? If the tax remains with the individual or concern which originally pays it, and he is not able to pass it on, it becomes a tax measured in terms, although not so stated, of his gross receipts; and as such, in the opinion of your committee, it is open to such serious objections that we cannot ask Congress to pass it. * * * A tax on gross receipts which leaves out of the equation all the difference in cost of the conduct of your business as compared to mine—perhaps it takes 90 percent of my gross receipts to conduct my business and pay my expenses; perhaps it takes 50 percent, or 70 percent, or 95 percent of yours—is an unjustifiable tax. * * * The establishment of a tax like that would, in the opinion of your committee, produce such inequalities that our dissatisfaction with the excess-profits tax would be as nothing, and we would find ourselves in the face of inequalities vastly greater than heretofore. * * * It is uneconomic in its nature; it is indefensible, in our opinion, in the twentieth century, if it is a general tax on all consumptions; and for other reasons it is equally indefensible if it becomes a tax in terms of gross receipts, which term means nothing so far as it relates to the ability to pay taxes.'

"Mr. Jules Bache, called as a hostile witness before that committee, gives his own concept of human nature and a cold-blooded alternative for the ultimate consumer who cannot pay the tax. He says, 'Quit consuming.' I quote from his statement before the industrial committee (p. 58):

"'Professor Adams this morning showed the greatest optimism that I have ever heard voiced from the tribune. He states that he believed the taxpayer was a cheerful, voluntary, honest man. That is not my opinion. The taxpayer—and I am not attacking his honesty when I say so—spends 11 months a year devising schemes by which, during the 1 month that he tries to make up his tax statement, he can avoid as many of the taxes as is legally possible, and he generally succeeds in avoiding many of them.

"'The idea of putting a thrift tax into our taxes, which the 20-percent limitation would be, is an excellent one, but the greatest thrift tax would be the turnover tax, since if anybody didn't want to pay any taxes he could merely refrain from consuming.'

"THE CANADIAN TAX IS NOT A SALES TAX

"W. C. Cornwell, an employee of Mr. Bache, read a statement of the Canadian sales tax at that same meeting—page 60—to which Robert G. Wilson, chief of the tax division, American Mining Congress, immediately replied, as follows:

"'I don't know how many gentlemen present are familiar with the Canadian law, but it has been my fortune within the last 3 or 4 years to spend some time in Canada, and for business reasons make some intensive study of the Canadian law. To my mind the Canadian law is not a sales tax.

"'In the first place, the law of July 1, known in the United States as a sales tax, is an amendment to the special war revenue act of 1915, which is an excise tax law.

"'What Mr. Cornwell has had to say regarding the Premier's statement is true. The statement, however, is misleading in that it refers to a sales tax, which in its effect exempts all the prime essentials of life from such taxes; it is only an addition at the rate of 1 percent and 2 percent to excise taxes—luxury taxes, if you please—which rise sometimes 50 percent upon many commodities—luxuries, essentials, and nonessentials. It is not, as the business men's tax committee has termed the proposition, a sales tax.'

"For the next witness I call Mr. J. F. Zoller, tax attorney of the General Electric Co. He says at the same committee hearings, page 62:

"'I want to talk just a minute on the sales tax. Now we have reached the parting of the ways here in regard to the sales tax. Personally, I am opposed to it for the reasons stated by Mr. Andrews. I can't state those objections any better or as well as he did. But the situation as I see it is this: The people who are favoring the sales tax are those who are already required to pay a sales tax under section 900 of the present law, and their position is that if the Government can select this industry and impose a sales tax upon us why not spread it to other taxpayers?'

"THE PHILIPPINE TAX DISCUSSED

"Replying to a statement filed by a Mr. Hord, formerly collector of internal revenue of the Philippines, the next witness, Mr. H. B. Fernald, of Loomis, Suffern & Fernald, New York, says, page 66:

"'The sales tax has been spoken of as if it were a new thing of very recent years. From my experience with the sales tax I go back to two things—one is the matter of the Philippine tax, the other the matter of the Mexican tax. * * * Do you want to place in your business a proposition where every purchaser is to get a receipt on which you are to affix serially numbered stamps, and where you have to account for all your stamps purchased and issued, subject to examination from time to time, to check up as to the number you have left and when you purchase them, and where you have to put down the last serial number you purchased and the serial number you are acquiring now?

"'My objection to the sales tax is particularly from this standpoint, and it is the same thing which will apply to almost any tax, namely, when a tax gets large in amount and it becomes worth while the taxpayer will look for a means to avoid it. * * * It can be eliminated; it can be gotten around. The experience in Mexico has shown that conclusively, and, therefore, it is a tax which will be paid by the small man, while the large man, who is able to change his business organization, can avoid it.'

"WHY ENGLAND REJECTS A SALES TAX

"The next witness is James J. Forstall, of Chicago, attorney at law and member of the tax committee, who speaks of efforts to pass a sales tax in Great Britain, the former home of Mr. Kahn. He says (p. 67):

"'Comment has been made on Canada and Mexico. I would like to say that 2 weeks ago yesterday, through the courtesy of Professor Haig, I had an opportunity to discuss with one of the members of the British income-tax commission and with one of the high tax officials of the British Government the question of the British taxation situation. As you probably all know, they have about as little love for the excess-profits duty as the Americans have for the excess-profits tax, and have been spending 2 years in trying to find a substitute, but they haven't yet found it. I asked each of those gentlemen whether the general sales tax has been considered as a substitute, and they both said the same thing: That it had been taken up and considered very seriously, but that now they were no longer considering it, because they were convinced that it was neither an equitable tax nor feasible from an administrative standpoint, nor one which could possibly be passed through Parliament.'

"For the next witness I quote from A. E. Holcombe, New York, secretary and treasurer of the National Tax Association. He says:

"'I happen to have with me a copy of a bulletin which is just about to come out, and in view of the references to other countries I thought I might read a couple of sentences from the report on the Mexican situation. It seems that early in the Carranza regime he established a committee to look into the entire financial system in Mexico. That committee made an elaborate report, and it has been reviewed by Professor Chandler, of Columbia, who spent some time himself as adviser.

"'It is perhaps not too much to say that the most important proposal to be found in the entire model plan (and that was the name given to this report) is that recommending the suppression of the sales tax throughout the States of Mexico. * * * It has always been a costly tax to collect, and according to the opinion of Mexican officials, who are in a position to know, it has constituted one of the most cumbersome impediments to industry and commerce.'

"HOW FARMERS REGARD A SALES TAX

"The next witness, J. R. Howard, of Chicago, speaks for a million and a half farmers in the American Farm Bureau Federation. He speaks the sentiments of several million other farmers not connected with the organization of which he is president. He says (p. 68):

"'The farmer is interested in paying his just and fair proportion of taxation. He believes every man, every citizen, should pay some tax, because it makes him a better citizen, but he believes that that taxation should be so distributed as to be fair and equitable, and in proportion to each man's ability to pay.

"'With regard to the sales tax, let me say that the farmer occupies a unique position. I think it has generally been conceded in this discussion that the tax is passed down to the ultimate consumer. The farmer can pass nothing to the ultimate consumer, because he buys at the other man's price and sells at the other man's price, and being at that disadvantage and not able to pass it on, he bears an unjust burden and is in a place where I am sure he, as a farmer, will object to the broad extension of the sales-tax principle.'

"Mr. H. C. McKenzie, of Walton, N.Y., a member of the tax committee, seconded Mr. Howard's testimony in vigorous language, as follows:

"'I want to take the opportunity to emphasize the farmer's objections to a general sales tax, which have been voiced by our president, Mr. Howard, and to call your attention to just two or three things briefly. * * * The chief proponent of the sales tax has told you that the excess-profits tax is not only paid by the ultimate consumer, but that the ultimate consumer pays the tax 2 or 3 times in amount. Now, if that is right, the corporations and people who are doing this business are receiving a benefit from the excess-profits tax, and the corporations and business people are the people who are asking for its repeal; they are asking for something that is diametrically opposed to their own interests. According to the chief proponents of the sales tax, the sales tax is paid by the ultimate consumer in its entirety; that is his proposition, as I understand it.

"'Now, your proposition, as developed by the advocates of the sales tax, is this: To take an approximate $1,000,000,000 off the excess-profits tax, which is not paid, as I contend, largely by the corporations, and put it over, according to the proponents of the sales tax, on the ultimate consumer. It seems to me that nothing could be more short-sighted and tend in the end to be a boomerang and to be a disadvantage not only to business but to capital, than to strive to shift the burden of a billion dollars from the business people who now pay it to the living wage—which is what it amounts to—the ultimate consumer. Ninety percent or ninety-five percent of that tax will be paid out of the living wage, if the

contention of the proponents of the sales tax is correct; and I want to say that the farmers who are represented in the American Farm Bureau Federation will never in the world stand for that proposition.'

"'FARMERS WILL FIGHT TO THE END'

"Let me interject a witness at this point whose tenderness for wealth and capital has no conspicuous place in his published statement, from which I quote. I offer an extract from an article given to the press a few days ago by George P. Hampton, managing director of the Farmers National Council, an organization representing an enormous constituency. No one will doubt that equally forceful demands are voiced by the millions of organized and unorganized labor who are to be placed in the new class of turnover-sales taxpayers. Mr. Hampton says:

"'In 1918 [Mr. Hampton states] 22,696 millionaires were estimated by the eminent publicist, Mr. Richard Spillane, to own 27.2 percent of the national wealth, or over $68,000,000,000, while the 33 richest Americans owned property worth about $4,837,000,000, or, roughly, 2 percent of the national wealth. In 1918 the national wealth was estimated to be $250,000,000,000. It is now estimated to be $500,000,000,000. Our 23,000 millionaires are probably worth now about $136,000,000,000 and the 33 richest Americans about $9,675,000,000.

"'If we estimate the net return on this property at only 5 percent, the average income of those 23,000 millionaires is nearly $300,000. Of course, many of them have invested largely in tax-exempt bonds and own a considerable proportion of the $40,000,000,000 of such tax-exempt bonds. While a constitutional amendment would enable the Government to tax the income of these individuals, it will take some time to adopt such an amendment. A direct tax, however, could be levied upon capital values, and should be promptly levied by Congress instead of seeking some method of placing additional burdens of taxation through a retail sales tax, a general sales tax, and other consumption taxes upon the hundreds of thousands of families who today are receiving several hundreds of dollars less than they need to maintain the American standard of living. * * * A retail sales tax and other sales taxes and all similar taxes on food, clothing, and shelter, called consumption taxes, must be paid chiefly by the workers on the farms, in factories, mines, and transportation, millions of whom are getting less than the minimum wage necessary to maintain a family on a decent American standard.'

"Mr. Hampton concludes:

"'The full money cost of the war must be paid by taxes on incomes, corporation profits, estates, and privileges. Such taxes will yield $7,000,000,000 to $8,000,000,000 a year for many years without imposing any hardship upon anyone. American farmers, who this year have lost billions through the slump in farm prices, will fight to the end the plan for the selfish privileged interests to saddle the huge war debt upon our people for years and insist upon prompt payment of that debt by those who profited so hugely by the war and by the monopolies built up in this country before and during the war.'

"A RECOGNIZED GREAT TAX AUTHORITY ON THE SALES TAX

"I could quote from many other witnesses who have not 'wobbled and wavered' for months, but the witnesses I have cited against the sales tax are tax students and authorities, men who have given the question thorough consideration in most cases, are apparently unprejudiced, and whose views are of great value in determining matters of taxation. One of the greatest international tax authorities, whose textbooks are known to every student of taxation, has expressed himself on the subject of a turnover sales tax as late as October 22 last. His contribution on the sales tax here and abroad is concise, fair, and positive. I quote from the statement of Dr. E. R. A. Seligman, of Columbia University (national industrial tax committee hearings, p. 72):

"'The sales tax is not a novel tax, as the Premier of Canada said. If he has followed an academic course in taxation he could have learned of many examples, dating back as far as thousands of years ago. The Romans had it, not to speak of the Egyptians and the Babylonians. I do not want to give a lecture on taxation; I am simply trying to call attention to the fact that the sales tax has existed in one form or another for a great many years. With only two exceptions, it has been abolished everywhere and has not been reintroduced in any first-class country, and those two exceptions are Germany, which reintroduced it in 1919, and France, which, as has been said, introduced it in 1920. Now, before we consider the experiences with this tax, it must be remembered that we can learn little, one way or another, either for or against it from Mexico, or Cuba, or the Philippines, or Canada, all of which are countries of insignificant economic proportions, where we do not find the real kind of sales tax that we have been discussing today.'

"Again (p. 74):

"'The proposition now is to take off one of those three chief categories—the tax on excess profits—and remove the burden from profits on wealth or income and put it on the other or consumption side. This would, in my opinion, unduly shift the balance and bring us too near the position formerly occupied by all the aristocracies of old, and still reflected in some of the European countries. * * * (P. 75:) Why is it that England and America show their democracy, their real democracy, so much more than countries in the difficult position of Italy or France or Germany? There you will find throughout the war and even now the great mass of taxes imposed upon the consumption of the common man; whereas in England and in the United States during the Great War, as over against our experiences in the Civil War, the great majority of taxes are raised from wealth; that is, from those who can afford to pay, rather than from the consumption of the necessaries and comforts of life. * * * After the United States, the two countries of the world which are making the most progress in fiscal reform are England and Italy—for Italy is doing better than France. When these two countries came to consider this problem they went into the question of a sales tax thoroughly and finally rejected it. On the other hand, the two big countries of the world that have adopted the sales tax—Germany and France—did so only as a last resort, after exhausting every other available source of taxation. * * * Germany was forced to this sales tax in the last extremity, and in France the same is true. * * * I have been in California for 8 months and had the pleasure some time ago of addressing a large body of business men in San Francisco assembled to discuss this question. I found that the situation was precisely that which was presented by our committee. Everyone was anxious to get rid of the profits tax, everyone had heard that here was a way out, and it captivated them all; every man in that room was in favor of a general sales tax. But after I had talked with them, not so much in opposition as trying to show that there was another side of the question which they must begin to study, it was marvelous to see what a change came over them; not because I spoke—because everyone would have done just as well—but simply because attention was now called to some of the less obvious aspects of the case.

"'A sales tax on the sales of capital would ruin New York City as the financial center of the country. A sales tax on the necessaries of life would evoke a political struggle the like of which we have never seen in this country (p. 77).

"'The sales tax represents an attempt to put an undue, an extravagant burden upon the consumer, instead of on the producer or the possessor of wealth (p. 79).'

"Dr. Seligman discloses why Messrs. Kahn, Bache, Rothschild, and others of like antecedents from the 'aristocracies of old' favor a sales tax.

"I will willingly leave my colleagues in Congress to say whose advice is to be considered. Shall it be that of a man whose judgment is not warped by personal or pecuniary interests, who handles the subject with the mind of a master, whose opinion is supported by two great tax-investigating committees, by the experts of the Treasury, who have spoken through Secretary Houston and by a dozen reputable witnesses quoted? Whom shall we follow in placing a billion-dollar tax on the backs of the people? Shall we accept these authorities or shall it be the wabbler and waverer banker and broker with his New York colleague, who spends 11 months a year, according to his own admission, in trying to dodge taxes? There can be but one answer.

"LEST WE FORGET

"Mr. Chairman, a terrible war has swept over the world, leaving sorrow and misery strewn everywhere along the trail. The struggle with arms registered over a score of million men dead, wounded, or missing, but this was only one item of the losses. Social, industrial, and governmental upheavals have spread like a prairie fire from the war conflagration.

"In our own land innumerable battles have been fought, as bitter and lasting in effect as those occurring over 3,000 miles away. No statistics will ever record the broken homes, sicknesses, sacrifices, and deaths that have no place in history's battles nor of secret struggles when giving away millions of their best treasures—their boys. Nor will history ever properly record the taking of everything not nailed down during that war by profiteers who robbed the Government and robbed the public without limit or conscience. Scars are not yet healed, for the people have long memories.

"Fortunes have been amassed and laid away that were wrung from the necessities of our Nation and of the people. That is only one chapter from the record, but that is a chapter with which we are now concerned because profiteering and pilfering of the public has been a continuous performance whenever opportunity exists, and it is brought forcibly to mind by the proposal to repeal the excess profits law and enact a general sales tax.

"In a report from the Department of Labor of January 26, just issued, the statement is made that 3,473,466 jobs have been lost within the past year and industry has been reduced approximately 40 percent. In the face of this record Congress is now asked to exempt from taxation those who accumulated enormous profits in great corporate business and also to slash deep the surtaxes of those whose individual incomes reach high levels. According to Bache, who heads the sales-tax propagandists, these taxes now paid out of large profits and high incomes should be shifted on to the three and a half million jobless, who with their dependents must buy food, heat, and clothes, with an alternative, according to Bache, expressed with grim humor, 'to merely refrain from consuming' (p. 58).

"That advice is more cruel than Marie Antoinette's, 'If they can't get bread, why not eat cake?' Bache has many disciples in this country and in the world today, but only the blind fail to see that an autocracy of wealth may become the handmaid of a military autocracy which the world has temporarily destroyed.

"Those who try to view conditions without bitterness or prejudice find the greatest danger to our body politic today lies in the ruthless crushing of the individual, the cupidity and selfishness of men, and a modern-day arrogance of wealth, that in turn demands its protection from those whom it crushes.

"In this day of world-wide commercial struggles, when the individual becomes swallowed up in the maelstrom, it is well to remember that under our form of government the humblest

and poorest is entitled to equal rights of life, liberty, and the pursuit of happiness, unless it is to become a lost paragraph from our Constitution, and that next to liberty the most frequent cause for historic struggles has come from unjust taxation, with its accompanying oppression.

"OTHER TAX ISSUES NOT DISCUSSED

"I have presented what I believe to be facts and authorities that effectually discredit the present effort to saddle a turnover sales tax on the people of this country. One of the greatest campaigns for the tax is now being waged in Washington and throughout the country. The stakes are higher than with any legislative program in recent years because the plan proposes to shift the $800,000,000 to $1,000,000,000 in excess-profits taxes over on to the underfellow.

"Money is plentifully supplied to press this propaganda upon Congress. Every man who pays excess-profits taxes in Congress will be pressed to join the movement, irrespective of economic, governmental, or political results. I have not sought to discuss the repeal of excess-profits taxes nor the proper limit to place on personal income surtaxes. Nor have I assumed to discuss a constitutional amendment that will reach the hoarded wealth of Jules Semon Bache and others who invest their wealth in tax-exempt securities.

"I have not presented the alternative of taxing capital now being pressed in other countries, notably England, and by large farming organizations and some labor organizations in our own country, nor have I dwelt on the fact that while England refuses to give up her excess-profits tax and rejects a sales tax without any consideration, special interests most concerned here, following the example of the railway-bill propaganda of last year, are straining every nerve to do here what England dare not do across the water, and I use the term 'dare not' advisedly.

"THE PRICE IS TOO GREAT TO PAY

"I have not discussed the political liability of a turnover consumption tax, nor have I indulged in useless predictions of what reward will be measured out to Representatives who listen to the siren song of the propagandists and fail to represent those back home, those who will be called on to pay the bill—a billion-dollar tax bill—in addition to other taxes, local and Federal. These are the fruitful fields for discussion and may be covered before any turnover consumption tax is passed by Congress. I have tried to place before you the judgment of recognized experts, expressed both individually and through united action, all of whom condemn the passage of a general sales tax in this country in time of peace. Their views have not been given to Congress in any public hearings, to my knowledge, although sales-tax advocates, led by an amateur expert who wobbles and wavers, have been given full hearings by our committee with accompanying wide publicity through the press.

"To my own mind, the time is one of great concern. The future does not rest alone on the resumption of business but also on the willingness of men of large means to shoulder their full share of governmental and tax burdens. Temporary success of any sales-tax measure will be at the expense of respect for property and of those who succeed.

"The price is too great, and one that even those drunk with power may well hesitate to pay."

I have made the assertion that powerful agencies are now waiting for the action of Congress in order to help them avoid an income tax. This statement is supported by cumulative testimony furnished by witnesses who were quoted in my speech of April 14, 1921, when the last sales tax was being pressed in the House for passage. I then said:

"INVESTIGATE THE SALES-TAX LOBBY

"'In every congressional district in the country' a campaign is being waged by the sales-tax lobby to shift an excess-profits tax on corporations reaching nearly $800,000 annually to a sales tax on everything the people eat, drink, and wear. An investigation is demanded of the slush fund thus raised and of methods used by the lobby.

"Mr. FREAR. Mr. Chairman, I desire to speak on a subject which is closely connected with that which we are discussing today, and yet is not the emergency tariff bill. I would that others more capable could have undertaken it, but I do not believe I have any right to remain silent in view of conditions that should be disclosed to the House at this time.

"There is an element, not in the House particularly, but in the country, that is insisting on a tax on everything we eat, drink, or wear through a sales tax, and effort is being made to put that through at this time. I want to discuss that proposal briefly.

"Let me say, first, that the National Industrial Conference Board, which represents millions of dollars in capitalization and represents millions of men in its employ, has reported, through its committee, against this tax. The United States Chamber of Commerce Tax Committee, similarly constituted, representing all of the chambers of the United States, has reported against that tax, and so has the National Credit Men's Association. What do you suppose would be the verdict if it was submitted to the millions and millions of farmers and men working in the factories and shops today, as well as the clerks and others, if they were to decide upon paying the tax that is to be shifted from the excess profits? That is the proposition proposed at this time.

"Now, I have today on my desk 145 letters received from candy-makers alone demanding a sales tax. I have between 500 and 600 from jewelers, from druggists, from various classes of people who want to have the tax shifted from them over on the backs of the people of the country, and therefore demand a sales tax. We have newspapers and pamphlets galore for a sales tax. Let me read to you from some of them so that you will understand the extent of the propaganda.

"Here is a full-page advertisement headed 'The Bubble Has Burst.' It is from the Wall Street Journal that editorially has criticized me severely for the position I have taken against a sales tax. I want to call your attention to the words of this full-page advertisement. And I understand it was carried in other papers throughout the country.

"On page 7 of the Wall Street Journal of March 17, 1921, it says:

"'M. Francois-Marsal, the banker finance minister, is credited with having discovered a veritable philosopher's stone in the new tax on turnover. The yield is already proving unexpectedly satisfactory, and there appears to be every reason that it will produce a much greater amount than had been anticipated in the Budget estimates.'

"As a matter of fact, every intelligent man familiar with the French sales tax—and the man who wrote that is intelligent—knows that only 37 percent of sales-tax estimates is being collected in France.

"If France is unsuccessful, how can we hope for different results? In France the budget estimates of 487,000,000 and 413,000,000 francs for January and February fell down to 187,000,000 and 151,000,000 for those months as stated, or to 37 percent of estimates, and are dropping proportionately every month. In the April monthly letter Hamilton Institute, I quote a French cable:

"'The yield of the French business turnover tax, which became effective July 1, 1920, has proved decidedly disappointing. * * * The measure has proved cumbersome and unpopular. * * * In each month so far the proceeds have been less than those of the preceding month.'

"The 'letter' further says:

"'The Government cannot cope with the present crisis unless payments on the indemnity are soon forthcoming. * * * France has been less progressive in her tax legislation than England and the United States. She depends less upon the taxation of individuals and corporation incomes and more upon sales taxes and other obsolete methods of collecting revenue.'

"In cable March 27 (Washington Post) it says of the French economic crisis:

"'This, it is asserted here, is not due to overproduction, but instead to willful underconsumption as a result of prevailing high prices, which are likely to continue.'

"HIGH PRICES, UNDER-CONSUMPTION, AND DISTRESS FOLLOW THE SALES TAX

"The above contains a clean-cut survey of the experience of the only large country which has adopted a turnover sales tax.

"The Philippine sales tax offers no solution. Receipts in 1919 were $6,865,624 (₱13,731,248) and in 1920 $7,521,000 (₱15,042,000), collected from 10,500,000 people, or about 75 cents per capita. That rate is 1 percent. (Sec. 1459 P.I.)

"The Smoot rate of 1 percent would bring 75 cents per capita, or about $75,000,000, in this country at same proportionate consumption. It is useless to speculate how much more we would consume. These are the figures. As well compare a skiff on a mill pond or on a large lake subject to heavy winds and waves as to compare the Philippines with a nominal budget and ours with $4,000,000,000 annually.

"Canada's sales tax is not a sales tax and has proven a notorious revenue disappointment, filled with exemptions, administered by a body possessing practically legislative functions, to change or add further exemptions.

"Mr. McCoy, the Treasury expert, I am informed, estimated $185,000,000 annually on our luxury taxes, whereas only about $50,000,000 has been collected, or less than one third of the estimates. This is a final sales tax and speaks for itself.

"Here is the San Francisco Chronicle; I have no criticism, but it publishes a full-page advertisement on the sales tax by the Fidelity & Deposit Co. of Baltimore. It was also published here in the city of Washington, and presumably published generally throughout the United States. Who pays the enormous amount of money to finance this one advertisement, and what was the purpose? The public is entitled to know. Who pays for the lobby that is to be established here in Washington? Who is paying for all this large expenditure of money, and who is instigating the work?

"I have here an original letter from one of the men who appeared before the Committee on Ways and Means. His name is Jules S. Bache, of New York City. His letter is dated March 28, 2 weeks ago. It went all over the country. Thousands of copies, I understand, have been circulated among financial interests that, in the aggregate, have $1,000,000,000 annual excess-profits tax and income tax at stake that is to be shifted to a sales tax:

"[President, Hazen J. Burten, Minneapolis, president Plymouth Clothing House; executive vice president, Henry G. Opdycke, New York; treasurer, Jules S. Bache, J. S. Bache & Co., members New York Stock Exchange]

"THE TAX LEAGUE OF AMERICA, INC., TO
LIFT THE BURDEN OF UNWISE TAXATION,
"NATIONAL HEADQUARTERS, 1270 BROADWAY,
"*New York City, March 28, 1921.*

"DEAR SIR: It is stated that business men in this country are paying out in fees for expert services in the preparation of their income-tax returns about $100,000,000 annually. * * *

"The Government does not receive any part of this vast sum, nor does it receive the hundreds of millions which for one reason

or another are never collected under the present inadequate and bunglesome tax system.

"To simplify and improve the present system a tax on all gross sales is proposed. Such a tax is easily collected, and this is a big thing in its favor. Clearly a sales tax would be inexpensive in its operation and no burden to anyone, and would fairly and equitably spread the obligation of Government expense to all in the fair and just proportion each should bear. Moreover, it will be simple in operation and will return a sufficient revenue.

"I am writing to you because men like you and me may, as well as anyone else, take up the fight for an adequate taxing system. It is our job, since it is our money which is now being taken inequitably from us under a system which constitutes, undoubtedly the greatest blight upon legitimate business initiative now existing.

"I ask your cooperation in a plan now organizing to conduct an educational campaign in favor of a general sales or turnover tax throughout the country.

"For this purpose the Tax League of America has been created, and has already done work which is showing results. Will you, therefore, please send your check for $50, payable to Jules S. Bache, treasurer, and mail same to the Tax League of America, Inc., 1270 Broadway, New York City?

"Yours very truly,

"JULES S. BACHE.

"(First vice president, John Williams, New York, vice president Irving National Bank.)"

"Mr. Bache, from his testimony before our committee, has presumably contributed 20 or 50 times $50. His taxes make the stake worth while.

"How many thousands of these letters are being circulated throughout the country, and what is to be done with the enormous sum of money which will be raised? Mr. Bache was before our committee. He stated he is investing as fast as possible all his money in municipal bonds in order to escape taxation. He stated to the industrial tax committee that the average man spends 11 months of the year trying to legally evade his taxes. He said at the same time the way to escape consumption taxation under his proposition is not to consume. This is the gentleman who is going to crack the whip over the Congress of the United States. His lobby will be working full force in a few days, and then we will be given the benefit of his many publicity agencies in earnest.

"From the New York Times, several days ago, I quote:

"'Plans for uniting individuals and trade associations who favor a general sales tax in support of a measure now being drawn (the Smoot bill) for presentation before Congress have been made by the Tax League of America, Inc. (Julius Bache), whose headquarters are at 1270 Broadway. The program includes a "campaign of education" in every congressional district in the country.'

"The article continues in an extended statement of what Mr. Bache and his aides proposes to do with the new organization.

"Let me read you another statement. This comes from Mr. Meyer Rothschild, who was before our committee. This letter is signed by Mr. N. R. Fuller and pays a high compliment to Mr. Rothschild:

"'NATIONAL WHOLESALE JEWELERS' ASSOCIATION URGES MEMBERS TO SUPPORT JEWELERS' WAR REVENUE TAX COMMITTEE

"'The following letter to members was sent out on March 2 by the National Wholesale Jewelers' Association, urging support of the fight on taxation being led by Mr. Rothschild's special committee:

"'This letter is written to emphasize and call your attention to the necessity of actively supporting—morally, financially, and physically—the work of the jewelers' war revenue tax committee, which is being so capably guided by its chairman, Meyer D. Rothschild.

"'As you already know, this committee and the entire jewelry industry are fighting not only to prevent an additional tax being placed on jewelry but to remove altogether the excise tax on our industry and work for the adoption of a turnover sales tax in lieu of our present inequitable tax system.

"'The points regarding this proposition are too well known to need further discussion, but I do want to emphasize the necessity for ample finances for this committee to use in prosecuting their work effectively and without embarrassment.

"'The present plan for financing the work of the jewelry war revenue tax committee is to select 28 of the leading cities and estimate on a percentage basis what was thought each city ought to raise.

"'A letter has been addressed to you or someone in your city requesting that the quota for your city or district be promptly raised. Experience has shown that unless these matters are followed up and "put across" by someone of ability and initiative the work is never done.

"'Trusting that each member of our association will take it upon himself to be a committee of one to see that Mr. Rothschild and his committee has the financial and active support this cause would justify and with kindest regards, I am,

"'Yours very truly,

"'NOBLE R. FULLER, *President.*

"'KEYSTONE, *April 1921.*

"'N.B.—The treasurer of the jewelers' war revenue committee is A. L. Brown, 68 Nassau Street, New York, to whom checks may be sent or communications directed.'

"From the same publication I quote:

"'Let all your friends and neighbors in these lines know what you are doing, and suggest that they also see their Congressmen and Senators while they are at home and talk to them on this important subject.

"'If you cannot see your Congressman, write to him, and again to your Senators, unless you have had replies to your last letter.

"'Please let us know the result of your interviews, and do what you can to get your friends outside of the jewelry trade, who are taxed under title IX, to work along the same lines.

"'You must work quickly, as the special session of Congress will probably be called for April 4.

"'We are looking forward to your usual loyal cooperation, and hope to hear from you shortly.

"'JEWELERS' WAR REVENUE TAX COMMITTEE,

"'MEYER D. ROTHSCHILD, *Chairman.*'

"35,000 JEWELERS' LETTERS $27,000

"I quote from page 91 of the Jewelers' Circular, April 13, 1921, a public statement of Chairman Larter, of the 'Jewelers' Vigilance Committee', known as 'the governor of the jewelry industry.' He said:

"'Do you know that the jewelers' vigilance committee has paid the jewelry trade's share of the expenses of the business men's tax committee, and this amount up to date for tax matters is in excess of $27,000? About the 1st of January we sent over 35,000 letters to every jeweler in the United States, asking them to write their Congressmen and Senators in favor of the turnover sales tax and to send us contributions. Recently we selected 26 cities in the United States and prorated the amount we thought each city should contribute.'

"Candy men, jewelers, retailers, druggists, stockbrokers, newspapers are all on the job.

"Here they are dividing the United States up into 26 districts to get money in behalf of their organization to help put over the sales tax. I received yesterday a New York paper in which it says some New York man claiming to represent the traveling salesmen says of the sales-tax opposition:

"'That a powerful group of large tax accountants and experts were banded together to defeat the sales tax because it would wipe out the need of their services, for which $100,000,000 a year is now paid.'

"This sounds so much like Mr. Bache's letter that further comment as to its source is unnecessary. They are trying to find the $100,000,000 accountants, and we ought to have them testify where they exist. Let us have the facts.

"Many editorials and news items are being received supporting a sales tax. What will the effect of the excess-profits tax be on the newspapers, the great newspapers, the powerful newspapers of the country? I do not criticize them, but I am speaking of their interests in the subject, for the interest of every witness should be known to the jury. What is the effect of a profits tax on the great newspapers, what do they now pay, and what will be the effect of a sales tax and what difference will it make when advertising contracts go free? We understand the tremendous power they exercise today. They have a right to protect their interests, but what are those interests? Both of these gentlemen—Mr. Bache and Mr. Rothschild—speak of the educational campaigns they are now carrying on in all congressional districts. That same kind of education was carried on by a notorious body of New Yorkers known as the 'National Security League.' We made an investigation of that organization in Congress. What was the result? A discovery of $600,000 or more for an educational fund which was used as a slush fund to aid in the defeat of Members of Congress.

"What part of this Bache and Rothschild fund is a slush fund?

"One of the leading men on the Democratic side, a man of high character, stated to me that the amount of the sales-tax contributions would be a million dollars. That was at the close of the last session, before he knew of the many agencies and funds and lobbies that are being organized.

"The CHAIRMAN (Mr. Reavis). The time of the gentleman from Wisconsin has expired.

"Mr. FREAR. May I have 15 additional minutes?

"Mr. KINDRED. Mr. Chairman, I hope the gentleman may have additional time.

"Mr. YOUNG. I yield to the gentleman 15 minutes more.

"Mr. FREAR. I am asking for an investigation in order to stop this tremendous propaganda, or in order to permit Members of Congress to decide these questions upon their own merits and not upon the representations of men who are demanding we shift a billion dollars in taxes from them over to the backs of the 100,000,000 who cannot escape. I have received probably 600 letters demanding a sales tax. How many have you Members received? All the letters received from this propaganda are on one side, practically, with not 10 letters to the contrary, whereas the sentiment of the country is just the reverse. One million men want to escape excess-profits taxes and are trying to shift their taxes onto the remaining 105,000,000 through a sales tax. To pyramid the costs of living for every man with a family of five to from $100 to $200 or more annually. What will these people say if we pass a sales tax?

"I have here a letter received last night from my home city, sent out by the Rothschild organization. It says there there is going to be raised $4,000,000,000 by the 1-percent sales tax. What a dishonest and false statement to make. Every district is to be flooded with letters, my friends, and I ask for an investigation. I do not think Congress ought to sit mute when these matters

are pressed upon the country by irresponsible 'incorporated' concerns, and that is a reason why there should be an investigation.

"I am not going to discuss the sales tax now. I did so in my speech of January 31. I want you to understand the propaganda on this revenue sales tax bill financed by the man who has the money, the excess profits, and who is trying to shove his taxes onto the poor people of the country. He should pay according to his ability to pay, a principle that has stood for generations and is supported by the organizations quoted against a sales tax. The best tax experts in the country insist on that principle. Why not? Why should every dollar's worth of necessities a poor man buys, his coffee and tea and sugar and clothes, be taxed to relieve the men who will pay nearly a billion dollars in excess-profits taxes in 1921 after deducting their $3,000 exemption and 8 percent on their invested capital, which is now exempt? The United States Steel Corporation the other day reported that it made 43 percent more in 1920 than it made in 1919, or $109,000,000 profit. Texas Oil the other day reported a profit of $85,000,000, and it made 56 percent more in 1920 than in 1919. Are you going to relieve those people from that excess-profits tax? I cannot believe it possible, unless some equally just tax is to be substituted.

"I have here an editorial from the Wall Street Journal, of over a column, criticizing me because I made a speech here against the sales tax on January 31.

"I delivered the speech and sent it out, because I am thoroughly opposed to a turnover sales tax to run the Government. I wish other Members who are better able to do so would undertake the task of presenting opposition, because it calls for action and because, as the gentleman from Iowa [Mr. Good] said on this floor, 'Any party that undertakes to put a sales tax through will be defeated the next time at the polls.' I fear he is right. The editorial was unjust, made many misstatements, and failed to mention facts that could not have escaped the attention of any fair-minded writer. My answer says:

"'APRIL 14, 1921.

"'EDITOR WALL STREET JOURNAL,
"'*New York City, N.Y.*

"'MY DEAR SIR: Your column editorial in the Wall Street Journal of April 5 is received, wherein I am chastised editorially by B. S. Orcutt because in my speech of January 31 I opposed a sales tax and because I recently stated: "All sales-tax people desire to force that tax on the people before it can fully be understood." That statement I repeat, while the Journal confesses its truth and avoids by saying an "educational" propaganda demanding a sales tax is now on. A strong tax propaganda has been on for months, although it misrepresents, misstates, and theorizes without basis or reason. Members have been deluged with sales-tax letters urging a discredited tax, generally abandoned centuries ago by civilized governments. I have received 500 letters, including 145 from candy makers alone, all demanding to be exempted from taxes they now pay and also demanding that Congress substitute a sales tax. This kind of "education" is admitted.

"'A powerful lobby with an enormous slush fund is planned in Washington to push the sales tax through Congress.

"'Is that the "educational" medium to which you refer? Highly paid publicity men and men who crack the whip in Wall Street are about to crack their whips over Congress, according to this propaganda, in an effort to shift $1,000,000,000 in taxes they now pay annually over to the backs of the hundred million men, women, and children of the country who consume. These millions have no lobby, but they are to be sales-taxed over a billion dollars on everything they eat, drink, and wear, so that Wall Street profits may go untaxed or may be undertaxed. This lobby includes scores of men now taxed who are expected to appear before the Senate committee to voice their woes, while the sales-tax lobby is as boastful and brutal as the National Security League of like membership and fame, that blew up when its $600,000 "educational" slush fund and Wall Street methods were exposed by Congress.

"'The Wall Street Journal is recognized as a leader in this present sales-tax propaganda, for apart from its editorials the Journal printed a full-page "advertisement" on March 17, page 7, demanding a sales tax—

"'I referred to a page advertisement in the Wall Street Journal that favored a sales tax—

"'Therein this advertisement said of the recently enacted French sales tax: "The yield is already proving unexpectedly satisfactory and there appears to be every reason that it will produce a much greater amount than had been anticipated in the budget estimates."

"'The Wall Street Journal carried that false statement throughout the country on March 17, although long prior to that date the New York press printed the fact that French budget estimates of January and February 1921 were 487,000,000 francs and 413,000,000 francs, respectively, yet the actual receipts by the French Government for the same months had only been 187,000,000 francs and 151,000,000 francs, in round numbers, or a little over one third of the estimates. At present values this reached only $11,000,000 monthly for France, or less than 10 percent of what is predicted here. In other words, the Journal was 63 percent wrong on the most important statement in its full-page advertisement of March 17.

"'No greater injustice could be done Congress than to send broadcast this glaring misstatement of the most important fact on which a sales tax law was to be based. Was it a mistake on your part?

"'Your Orcutt editorial of April 5 pretends to explain why a packed sales-tax crowd led by Bache and Rothschild, tax leaders, failed to capture a meeting of the National Industrial Tax Conference which had previously denounced a sales tax.

"'The National Industrial Conference Tax Committee represented thousands of great industries, billions of dollars in the aggregate, and millions of laboring men employed, whereas Bache and Rothschild are New York stockbrokers or jewelers. That committee squarely rejected the sales tax. Its authority was limited to its report, but you complain because a handful of Wall Street tax dodgers failed to capture the meeting. That is the burden of your editorial. Three members there present state your editorial criticism is a misstatement of fact.'

"Three members of that committee in my office all said that I had stated the facts correctly in the speech of January 31, and that there was no correction they had to make. And let me say this, that all men of great means are not in favor of a sales tax. Mr. R. P. Hazzard, who is at the head of the Hazzard Shoe Co., said in my office two or three days ago, 'Mr. FREAR, it would be $200,000 more a year interest to me to have the sales-tax provision passed, and yet I have been opposing it at every place I could, speaking against it constantly.' Mr. Hazzard realizes, as he says, not only the injustice of putting this enormous tax burden upon the shoulders of the people, but beyond that comes the question of destroying many small companies that compete with his big company and other integrated concerns where he and they would have a great advantage through a turnover sales tax.

"I am continuing to read from my letter to the Wall Street Journal:

"'Your deliberate purpose to mislead and deceive is again emphasized. The contributor of your editorial, Mr. Orcutt, had an intimate knowledge of the tax meeting referred to and of my speech. That you admit. He knew that I quoted in my speech of January 31 at length from official reports of two important committees, the national industrial tax committee and the United States Chamber of Commerce tax committee. Both committees repudiated any sales tax. Why did you not state in your editorial that the tax committee of the United States Chamber of Commerce, representing hundreds of thousands of business men of the country, not only reported unqualifiedly against any sales tax, but on February 21 reported on a referendum to the chambers of America, which was widely published in the press? Why did you not state that in this referendum 1,221½ votes favored an excise tax but opposed its imposition on articles of first necessity, with only 504½ votes opposed, contrary to the Journal's position? On the referendum of, "Should a sales tax be substituted for an excess-profits tax and excise tax?" the vote was 706½ for and 857½ against, or a majority of 151 unit votes against. On the referendum of, "Should a sales tax be levied in addition to excess profits and excise?" the vote was 767½ for and 894½ against, or 127 majority unit votes against. Why did you not give the facts where hundreds of thousands of business men were represented, as by these organizations, distinguished from a handful of Wall Street sales-tax boosters, whose money and publicity is their capital in trade?

"'What more significant evidence of deliberate concealment of facts and of misstatement could be afforded than your unfair reference to one committee and concealment of the other? What effect does the excess-profits tax have on the advertising profits of your paper and of all the other large papers? Will you escape many thousands of dollars tax annually under a general sales tax law?'

"'ONE HUNDRED MILLION PEOPLE AGAINST A SALES TAX

"'What do you honestly believe, Mr. Editor, is the sentiment of the 10,000,000 farmers and an equal number of laborers on whose backs the Wall Street Journal and its bulls and bears are trying to shift a billion-dollar tax burden now paid by the rich out of their profits? What is the sentiment of the millions upon millions of women and children who have no powerful lobby, no Wall Street Journal, no great slush fund, and no wide propaganda, but who confidently depend on Congress to protect them now and always? Is their opinion to be ignored?

"'What answer do you make, Mr. Editor, to the statement of Chairman Good, of the Appropriations Committee of the House, that "a sales tax is a tax on the backs and bellies of the people, and any party passing such a law is certain to go down to defeat"? Yet you approve that iniquitous tax.

"'The country knows those you represent are less than 5 percent of the American people, men whose politics and principles are measured by personal interest or by the dollar mark, and many of them regard millions of jobless and of God's patient poor with unconcern or worse. Business interests such as you represent sent a great political party down to defeat 8 years ago by use of money and the same tactics you now pursue.

"'Do you not believe men responsible for placing a sales-tax burden on the people will be remembered for their action, even as those who burdened the people with the 1909 tariff bill, and do you not believe this effort of greed and extortion on the part of those who have profiteered in the past and who now lead the sales-tax effort in putting screws on the people is unjust?

"'Do you believe it is fair for the Journal to open on a humble Member of Congress with over a column editorial of misstatement and concealment in a cuttlefish effort to obscure the issue? If you do not—and I assume you have an element of fairness that the advertising pages affected by existing excess profits tax laws

cannot control—will you please give publicity to this needed correction of your editorial equal to that given your manifestly untrue editorial of April 5?

"'Very truly yours,

"'JAMES A. FREAR.'

"Mr. Chairman, the other day I sent to the Members of the House my speech of January 31. I did it simply because you, like myself, have received some 600 letters with little to the contrary. All I wish to do is to bring this before your attention, and as long as I sit in Congress I shall try to bring to your attention propaganda presented only on the one side when the people back home have had no voice on the other side. No case as flagrant has occurred in years as this sales-tax lobby and sales-tax propaganda.

"Mr. CONNALLY of Texas. If the excess-profits tax is to be repealed, what is the gentleman's idea as to how revenue shall be raised?

"Mr. FREAR. One way in part is the bill of the gentleman from Ohio [Mr. Longworth], which is a good one, supported by Mr. Houston, of the Treasury Department, to put 6 percent additional to the 10 percent on the net profits of corporations, which will raise about $450,000,000 according to their estimates. Rather than have a sales tax, I am willing to accept practically anything. Next, we might put a tax on undistributed profits, if necessary, which will raise about $190,000,000 by the tax proper, according to Treasury estimates, and would realize about $400,000,000 more, according to the statement of the Treasury experts at that time, or nearly $600,000,000 or over a billion dollars by those two items of revenue alone, in addition to nearly a billion dollars excess under present revenues for 1921, according to estimates.

"Mr. CONNALLY of Texas. The gentleman recalls the statement in the President's message the other day that you gentlemen were committed to the repeal of the excess-profits tax.

"Mr. FREAR. I heard the President's statement. I have no issue to join with him. I do not care to have any political issue raised about this. Let me say this, if you gentlemen are sincere and honest in this thing, regarding your opposition to a sales tax, come and help us now to let Congress and the country know what efforts are being made to put through a sales tax. Do not wait until we do something on this side of the aisle and then complain about it. Why did you not pass a resolution against a sales tax yesterday in your caucus? Then was the time to help those of us who feel the same way about it, for I know many of you are opposed to that kind of a tax.

"Mr. GARNER. Will the gentleman yield?

"Mr. FREAR. I yield to the gentleman from Texas.

"Mr. GARNER. Does the gentleman favor the taxes he has just suggested instead of the excess-profits tax?

"Mr. FREAR. I would favor any of them by far in preference to a sales tax.

"Mr. GARNER. I did not ask the gentleman that. I ask the gentleman personally whether he favors those taxes that he has enumerated instead of the excess-profits tax?

"Mr. FREAR. I am glad the gentleman has asked me that, because the experts in the Treasury Department say there is no tax more fair than the excess-profits tax. I believe the men who are able to pay the taxes should pay them, and there is no one better able to pay than those who make excess profits.

"Mr. BANKHEAD. Will the gentleman yield?

"Mr. FREAR. I yield to the gentleman from Alabama.

"Mr. BANKHEAD. Does the gentleman think there is any serious danger of his party imposing a sales tax as a revenue scheme?

"Mr. FREAR. Oh, I wish I could tell the gentleman some things that I believe but do not know and that I cannot speak of here. [Laughter.] Let me say that they are not of a political character, but I do know the situation, and the serious menace of a sales tax, and you know what is being done as well as I do in regard to it, because I have laid before you some of the data in my possession.

"Mr. LONGWORTH. Let me suggest that a very large portion of the amount that would be lost by the repeal of the excess-profits tax will be raised at the customhouse under a bill which I trust will be shortly reported to the House.

"Mr. FREAR. A good suggestion coming from the gentleman from Ohio—300 millions is an item of additional income which will be received from the customhouse under the new tariff bill, according to Treasury estimates. We also have proposals that will raise about $2,500,000,000, so no possible excuse exists, in my judgment, for putting through a sales tax. I thank you." [Applause.]

Mr. Speaker, I have submitted with these remarks some observations on a turn over sales tax that is not particularly involved in the bill before us, but it discloses from the lips of able tax experts that a manufacturers' tax which enables the manufacturer, jobber, wholesaler, and retailer to take his profits and a little extra, if need be, is equally objectionable when it fastens the tax upon the necessities of the consumer, rich and poor alike, with certainty that the poor will pay far more proportionately than his rich neighbor, who is endeavoring to eventually secure a sales tax as a substitute for the present income tax.

The income tax law was only obtained by constant struggles by the people. It was first defeated by a Supreme Court decision of 5 to 4 that attempted, with assumed constitutional authority, to prevent the imposition of an income tax. The minority opinion of four members of the Court was so conclusive in character that Congress immediately offered a constitutional amendment to secure amplified power under the Constitution to pass another income tax law. Based upon that amendment and law, again the tremendous pressure by great financial organizations was felt, and the Court divided again 5 to 4 on the stock-dividend decision, which emasculated the law and, in effect, has weakened the income-tax provision of the Constitution.

All this is familiar history to tax students, but it has a bearing to show the tremendous power which is now being exercised by these same wealthy individuals and interests that have failed permanently to prevent the income tax being levied upon them and who now seek to substitute a sales tax on the theory that 2¼ percent tax is so small that it will not create opposition, but the camel's nose under the tent will be pressed to a much higher extent, either by a larger rate, like the 6-percent manufacturers' tax rate now in Australia, or by a turnover-sales tax, if it can be successfully pressed on Congress as heretofore attempted.

Let me say frankly that is the avowed purpose of those now urging the tax, but I am sure it is in no way chargeable to some of those who are defending it at the present time. They have been captured by the pleasing cry of balancing the Budget, and instead of placing taxes where they belong—upon those best able to pay—they are flirting with a tax that once accepted and placed in the statute will be a Sindbad burden, only to be unloaded by some general revulsion of sentiment, political or otherwise, throughout the country.

On March 14 this week, I sent a letter to my colleagues of the House, of which the following is a copy:

"CONGRESS OF THE UNITED STATES,
"HOUSE OF REPRESENTATIVES,
"*Washington, D.C., March 14, 1932.*

"DEAR COLLEAGUE: Do we want a sales tax? A head tax or poll tax in its effect, it discards the principle of comparative income or ability to pay, but taxes consumption. In the RECORD of Friday, March 11 last, pages 6018 to 6036, is found quoted nearly a score of eminent tax experts and farm and labor organizations in this country and in Canada in opposition to a sales tax, taken from a former speech. Although then urged by the Treasury, that tax was defeated by the House committee—and other tax sources found.

"Vigorous opposition was expressed by these witnesses against alleged efforts to substitute a sales tax for income and other taxes. Arguments against the tax by labor and farm organizations and all others in 1921, apply especially in these days of business depression and unemployment when the people are demanding bread for relief instead of a stone.

"None of these witnesses apparently was heard in the recent committee hearings. A manufacturers' tax with profits of jobbers, wholesalers, and retailers is usually passed on to the consumer. Ex-Senator Hardwick, Georgia, testified in 1920 before the committee that such increase, in cases cited, might reach 100 percent over the original sales price. Witnesses in opposition to a sales tax will also be found in my speeches of January 31, December 21, and April 14, all in 1921, and February 21 in 1922.

"The Canadian sales tax produced $38,000,000 in 1920–21, $100,000,000 in 1923–24, and only $20,000,000 in 1930–31 (hearings, p. 249). Change in character and rates should be studied, when England, though badly depressed, has steadily refused to follow her two colonies with this unjust tax that carries a rate of 4 percent in Canada and 6 percent in Australia, rates later to be urged on Congress by strong influences.

"No substitute taxes need be suggested. The gift tax on $50,000 is only started at 1½ percent. The estate tax should not remit 80 percent for State credits. Increased tax is justified on cigarettes, now costing three times as much in Canada (hearings, p. 246). Tax on gasoline of 1 cent and on car and truck sales, with other items, will be more just to 95 percent of America's consumers than a sales tax.

"If, as predicted by the press, this $600,000,000 consumption tax remains in the House bill, the Senate may substitute some other tax for one which England rejects and all tax experts I have quoted declare is against correct principles of taxation—a tax on necessities that will increase the prevailing distress and discontent.

"Very truly yours,

"JAMES A. FREAR."

Mr. Speaker, although the time is too limited to obtain any extended statements from organizations that militantly opposed the sales tax when last sought to be fastened upon consumers, I offer the opinion of leading officials of the American Federation of Labor appearing in the following statement:

"[From the American Federation of Labor official information service]

"William Green, president of the American Federation of Labor, issued the following statement today regarding the proposed sales tax now being considered by Congress:

"'The sales-tax provision of the pending taxation legislation is strongly opposed by the American Federation of Labor. This position of the American Federation of Labor is based upon its traditional opposition to all forms of sales-tax legislation. Whatever argument is offered in support of sales-tax legislation during periods of reasonable prosperity cannot apply now. The existing economic situation adds to the strength of argument against the imposition of such a character of taxation. The sales tax would fall more heavily upon the masses of the people who are now suffering from unemployment than upon any other group of our citizenship. To add a sales tax to the reductions of wages which have been imposed upon wage earners during the last year would mean addition to the misery, woe, and want which now prevail throughout the land.

"'How can men and women who are unable to buy the bare necessities of life be expected to pay a sales tax upon the limited merchandise which they are able to buy? This proposed manu-

facturers' sales tax will affect the sale of clothes, shoes, and a large percentage of foodstuffs. To impose this sales tax upon these necessities of life would mean that the masses, who are now purchasing only a limited amount, would be compelled to buy still less. It is a form of taxation which is contrary to the basis upon which we have always built our tax structure, namely, to relieve those who are least able and collect from those who are best able to pay.

"'The Democratic convention, held in 1924, adopted the following declaration: "We oppose the so-called nuisance taxes, sales taxes, and all other forms of taxation that unfairly shift to the consumer the burdens of taxation." So far as the record shows this position, assumed by the Democratic convention in 1924, has never been changed or modified. In the light of this declaration, it is now difficult to understand how and why the majority party in Congress should favor this character of legislation.

"'The membership of organized labor holds that the burden of taxation must be equitably distributed upon all classes of people. The sales tax violates this sound principle because, in operation, it imposes a burden upon those who are unable to bear it. Such a tax as the proposed sales tax will tend to delay a return to prosperity. It will further destroy the very limited buying power now possessed by the masses of the people. It will prevent the sale of manufactured goods and it will mean less food, warmth, and clothing for millions of men, women, and children. Labor will call upon its friends in Congress to defeat that section of the taxation measure which provides for a sales tax.'"

Here is advice from the National Grange, Washington, D.C., March 17, 1932:

"Hon. JAMES A. FREAR,
"*House Office Building, Washington, D.C.*

"DEAR MR. FREAR: Replying to your letter of recent date, I note what you have to say regarding that feature of the new revenue bill relating to the sales-tax proposal. If the proposed sales tax should be enacted, according to my advice it would cost the 6,000,000 farm families of America at least $300,000,000 a year due to pyramiding.

"In answer to your question as to whether the Grange would still oppose the imposition of a sales tax if canned goods were exempted, I beg to say with emphasis that we would still be against it.

"As the Washington representative of the Grange, I was one of the first witnesses to appear before the Ways and Means Committee in connection with the hearings on the revenue bill. I told the members of the committee that we were opposed to a sales tax, because it was a tax on the necessities of the people and ignored the principle of ability to pay.

"It was not until shortly before the bill appeared that we began to hear rumors that the committee was seriously considering a general sales tax. We had no definite knowledge on the subject.

"If the bill passes the House with the sales tax proposal included, we shall, of course, fight it in the Senate. However, we hope that the provisions for a sales tax may be stricken from the bill in the House. Otherwise, even if it should be defeated in the Senate, complications might ensue in conference.

"I am convinced that if this legislation could be held up long enough to get the reaction of the people back home, the sales tax would not pass. In view of the condition of the rank and file of the people throughout the country, the proposal for a sales tax is nothing short of a legislative monstrosity. It should be killed and buried beyond hope of resurrection.

"I am enclosing herewith a copy of a letter on the subject which has been sent to all Members of Congress.

"Sincerely yours,

"FRED BRENCKMAN,
"*Washington Representative.*"

"THE NATIONAL GRANGE,
"*Washington, D.C., March 15, 1932*

"*To the Members of Congress:*

"We recognize the unpleasant duty with which Congress is confronted in framing legislation to balance the Federal Budget, but we desire to register an emphatic protest against that feature of the new revenue bill which calls for the imposition of a sales tax.

"It is conceded that there are approximately 8,000,000 unemployed people in the United States at this time. Adding their dependents it would probably be conservative to say that 25,000,000 people are without any income today and many of them are subsisting upon charity. The disproportionate burdens of taxation which have been placed upon agriculture, together with the collapse of prices received for farm products, have worked the virtual ruin of our farmers. Combining the unemployed in our industrial centers with the agricultural population gives us a total of more than 50,000,000 people whose purchasing power has been greatly impaired or wholly destroyed.

* * * * * * *

"Further than that, on December 7, 1931, in response to a request for information from a Member of Congress, the then Secretary of the Treasury, Andrew W. Mellon, stated that there were unpaid taxes due the Government and pending on appeal amounting to almost a billion dollars. These taxes are due principally for 1929 and previous years. Speeding up adjustments and collections in these cases would bring hundreds of millions of dollars into the Federal Treasury and would, to that extent, obviate the necessity for imposing new taxes.

"The imposition of a general sales tax would meet with the unqualified disapproval of the 27,000,000 people upon the farms of this country. The effects of such a tax under prevailing conditions would not only be oppressive but would delay the return of prosperity, and could not be justified.

"Yours respectfully,

"THE NATIONAL GRANGE,
"FRED BRENCKMAN,
"*Washington, Representative.*"

This word is from the Farmers Union:

"THE FARMERS' EDUCATIONAL AND
COOPERATIVE UNION OF AMERICA,
"*Washington, D.C., March 16, 1932*

"Hon. JAMES A. FREAR,
"*United States Representative, Washington, D.C.*

"DEAR CONGRESSMAN: I sent telegrams to every State headquarters of the Farmers' Union about a week ago asking them to have their members to send telegrams and write letters to their respective Congressmen and Senators asking them to oppose the sales tax.

"Your truly,

"JOHN A. SIMPSON, *President.*"

This is a brief that speaks for itself about Canadian taxes:

"MEMO FROM BRIEF PREPARED BY CANADIAN MANUFACTURERS' ASSOCIATION—TAXATION

"It seems inevitable that the basis of taxation must be broadened, i.e., more people will have to pay taxes according to their ability.

"Last year a special committee of the Canadian Manufacturers' Association, in cooperation with other organizations, investigated the problems of taxation, not only in Canada but also in the United States, Great Britain, France, and other countries. This committee submitted the following recommendations to the Dominion Government:

"'(a) That the business profits war tax shall not be reenacted.

"'(b) That the income war tax act as regards corporations shall be repealed.

"'(c) That the present sales tax shall be adjusted so as to provide the additional revenue needed by the Dominion Government.'

"At the last session of Parliament the business profits war tax act was not reenacted; the sales tax was readjusted so as to provide additional revenue, but the income war tax act as regards corporations was not changed.

"As we believe that the general policy outlined in these proposals is sound, we respectfully beg to submit the following similar representations to the present Government of Canada in the hope that Parliament will see fit to act favorably on them at the coming session:

"(a) That duplication of taxation be avoided as much as possible.

"(b) That the income war tax act as regards corporations shall be repealed.

"(c) That the present sales tax shall be adjusted so as to provide additional revenue.

"In considering (a) and (b) attention is drawn to the case of a company operating in all the nine Provinces of Canada. This company is taxed by the Dominion Government; it is taxed by each of all cases as a corporation, its shareholders are also taxed by the Dominion, provincial and municipal government on property, business, dividends, and income.

"We submit that the Dominion Government should make an arrangement with the provincial governments, whereby this duplication would be, in part at least, avoided.

"In regard to the sales tax we beg to advocate:

"'That as the sales tax is a tax payable by the purchaser, manufacturers and wholesalers should not be held liable for any taxes which they cannot collect owing to the purchaser becoming insolvent or refusing to pay, even though the manufacturer or wholesaler has in the meantime advanced the amount of the tax to the government when making his monthly returns.'"

Mr. Speaker, here is a novel provision, that a taxpayer, whose business it is to collect his tax before delivery of goods to the wholesaler, is to be exempt from taxes passed on to the consumer after the wholesaler fails to pay for the goods. It is one of the inconsistencies that makes a sales tax unjust and objectionable.

The foregoing remarks are submitted, and without summing up let me say that, without reflection upon the committee's report, the sales-tax feature based on the hearings is not supported by any witness except as to painless administration by some official.

The policy was not approved for a temporary or permanent tax.

The reports contained in speeches oppose unanimously a consumers' tax, because a tax on necessities. For these reasons I submit the manufacturers' sales tax should be stricken from the bill.

Here is a last letter just received:

"THE FARMERS' EDUCATIONAL AND
COOPERATIVE UNION OF AMERICA,
"*Washington, D.C., March 17, 1932*

"Hon. JAMES A. FREAR,
"*United States Representative, Washington, D.C.*

"DEAR CONGRESSMAN: The Grange, the Farm Bureau, and the Farmers' Union all testified before the Ways and Means Committee against a sales tax. We are against it now. Our members all over the United States are writing their Congressmen and Senators, and sending them telegrams saying they are against the sales tax.

"I do not know whether Canadian farm organizations favor a sales tax or not. I would gamble a little that they do not favor it.

"We three farm organizations did not believe a sales tax was being seriously considered by the Ways and Means Committee. We shall certainly go before the Senate committee if the House passes the tax bill with the sales tax in it.

"We, the farmers, feel that for 3 months Congress has been passing large quantities of candy out to the big bankers, railroads, and other big business without any of it getting to the farmers. We consider that we have been rankly discriminated against in the blessings bestowed by the Government. But we are amazed to find that when there is a load to carry the burden is shoved onto our backs.

"I predict there are more voters in the Nation watching this sales tax than any one measure that has arisen in Congress since the World War.

"Yours truly,

"JOHN A. SIMPSON, *President.*"

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, ladies and gentlemen of the Committee, every speaker who has addressed you with reference to this bill has impressed upon you the fact that this is a most important piece of legislation. There can be no question about that. It is not my purpose to discuss it technically, and I am not going to dwell upon its constitutionality. Our highly esteemed friend, the gentleman from Pennsylvania [Mr. BECK], went into that yesterday. Others have elucidated this phase of the question.

Mr. COX. Will the gentleman yield?

Mr. JENKINS. Yes.

Mr. COX. Is there any question in the gentleman's mind but that the bill is unconstitutional?

Mr. JENKINS. I have heretofore indicated that I did not intend to discuss this phase of the question. No one can discuss it intelligently in the time allotted me, but I should say to my distinguished friend that I have gone into it rather extensively. At first blush it was my conviction that this bill was not constitutional, but as I went along and as I considered it, and as I considered the great emergency in which we find ourselves, I am about come to the conclusion that when this matter comes squarely before the Supreme Court of the United States, the Supreme Court, as it has always done, will be guided somewhat by the intentions of the framers of the legislation and of the Congressmen and Senators who enacted the legislation. The gentleman knows that the courts construe acts in the light of the intention of the legislators and in the light of the spirit of the legislation. The gentleman knows as well as any other lawyer here that the law is a growing proposition. It has grown and all of us who are lawyers here have seen it grow. We have seen the Supreme Court of the United States change its thinking with the changes of the times. If this bill proves to be a success or if this bill does what it is hoped it will do (although I am not here to prophesy that it will do everything that everybody hopes it will do), yet if the bill does what the proponents of it honestly think and hope it will do, I think the Supreme Court of the United States will find it to be consonant with the general-welfare clause of the Constitution.

Mr. COX. Will the gentleman yield there?

Mr. JENKINS. Yes.

Mr. COX. Does the gentleman mean to say to this Congress that it is his judgment that the Supreme Court, because of popular clamor, will justify the Congress in undertaking to exercise a police power when it has not the power to suspend the operations of the fundamental law of the land? Is that the position that the gentleman takes?

Mr. JENKINS. No; I do not mean to say that, and I hesitate to think that the Supreme Court will do that; but at the same time the law grows as does public sentiment.

Mr. COX. That is exactly what the gentleman has said the Supreme Court will do.

Mr. JENKINS. No; I beg to differ with the gentleman. I say that the beauty of the law, in addition to its immutability, is its growth. Our Constitution was the product of the sentiment of the people, and the Constitution that responded to the sentiment of the people then is flexible enough now to respond to the sentiment of the people now if there is unanimity of sentiment.

Lincoln said:

The dogmas of the quiet past are inadequate for the stormy present. Our case is new. We must think anew and act anew.

Of course the Supreme Court will hew to the letter of the law. I am not going to say beyond every peradventure that this bill is constitutional, because I lay no claims to being an authority on the Constitution, and I cannot discuss the subject exhaustively in 10 minutes, and perhaps not if I had 10 hours. It is a complicated question. Some of the great constitutional experts of the country discussed it before the Ways and Means Committee at great length. The gentleman from Pennsylvania [Mr. BECK] did not absolutely give you his opinion as he would a client that this bill would be unconstitutional. I dare say he hoped with the rest of us that if it does what it is sought to do that the Supreme Court will find some way to make it constitutional.

Mr. KELLER. Did not the Supreme Court in times past do exactly the thing the gentleman says and then reverse itself?

Mr. JENKINS. There is no doubt the Supreme Court has reversed itself. It is done, but I do not want to go into that further here.

Mr. BECK. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. BECK. Did I understand the gentleman to say that in my modest contribution to the subject yesterday I said that the bill was constitutional?

Mr. JENKINS. No. I did not say that. I say that when the gentleman spoke yesterday he did not speak with the conviction that he has spoken heretofore on constitutional propositions. I gathered—and I followed him closely—I got the impression from the gentleman's remarks that he felt that if the bill does what it purports to do under title I, the Supreme Court of the United States might find it convenient to hold it constitutional.

Mr. BECK. I said that the Court might do so; but if the Court, in the face of its prior decisions, sustains the constitutionality of this bill, it will have to swallow the largest dish of crow that any court ever swallowed.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. VINSON of Kentucky. If the Supreme Court should happen to adopt the principles expressed by that great liberal, Justice Brandeis, they will not have very far to go to determine that the bill is constitutional.

Mr. JENKINS. I thank the gentleman. I must proceed, for when lawyers become involved in discussion of constitutional questions, the discussion might run on interminably without anyone's being convinced either way.

The title to this bill is not expressive of the full purport of the bill. It contains no recitation of the fact that it is a revenue raising bill. The framers of the measure showed legislative cunning in this respect, for words such as "To encourage national industrial recovery" are much softer and less antagonistic than such words as "to raise revenue by increasing taxes."

Title I of this bill seeks to "encourage national industrial recovery" by stabilizing industry. If it does not stabilize industry, it will be unfortunate. If it does stabilize industry, it will accomplish what the country has been longing for for the past few years. This bill goes to heroic lengths in an attempt to accomplish this stabilization. In fact, it strains the Constitution to the utmost of its elasticity. It carries a tremendous grant of powers to the President. With that grant goes a commensurate responsibility.

I hope the President will fully realize the extent of these powers and that he will not permit them to be abused as they have been by those to whom he gave the authority to deal with the economy law as it applied to veterans' pensions and compensations. In the consideration of this measure before the Ways and Means Committee I sought to bring out from the witnesses their reaction to the sentence on page 3 of the bill which states "that such codes are not designed to promote monopolies or to eliminate or oppress small enterprises", and in each instance I was assured that

it was not the intention that this bill would crush out the small business. If it does, then its objects will have failed of accomplishment. I hope that the President and those given authority will remember that only a generation ago another Roosevelt, mightier yet than Franklin D., shook the very structure of our social and political order by his mighty licks against the trusts which were strangling the business life and ambition of many worthy men and enterprises in our land. From his efforts came the antitrust laws which this present measure seeks to abrogate. Time makes "ancient good uncouth" in some cases, but granting powers to organize for trade advantages should not be done indiscriminately and without regard to the past history of monopolies as they related to freedom of business efforts upon the part of the small business man.

There is one feature of title I that I do not much like, and that is the provision that gives the President the power upon his own motion under some circumstances to prescribe and approve a code of fair competition. It tends too strongly to dictatorship. The other sections of title I provide for a contractual basis between the interested parties before the President acts in an attempt to better the conditions of the interested industry and the interested employees. Executive force may easily become tyranny.

We cannot refuse to legislate simply because somebody might abuse his discretion. I have no fear that anyone will raise himself up as an industrial czar in this country and compel labor to perform or compel the employer, on the other hand, to do that which he does not within his rights wish to do. Cutthroat methods in industry and dissatisfied conditions among the unemployed conspired to deepen and intensify the depression. For instance, take the coal industry in my State. It lies prostrate today and has been prostrate for years. We have given it all sorts of stimuli, we have tried in every way—economically, commercially, and legally—to stimulate it; but in spite of all we can do, it fails to respond. There are millions upon millions of dollars invested in the coal industry in Ohio that today is idle, and there are thousands of the finest workmen in the world located in my district and other sections of Ohio who are out of employment today. If this will stabilize the coal industry, then I shall have been justified in having voted for it. Time will not permit me to discuss this part of the bill further, except to say that I have not favored inflation, for I maintain that inflation is artificial, and that like all things artificial it lacks permanence. A restoration of industry, with the accompanying restoration of labor, will furnish a buying power, which is the first step toward economic recovery.

THE PUBLIC WORKS BILL

During the depression most lines of endeavor have shown a dearth or a shortage. But this depression has surely brought forth a plenteous crop of economists. While there has been a great and varied crop of causes and cures for the depression, there has been quite a unanimity of opinion among economists to the effect that probably the best way to break the vicious circle that held business back would be for a forced campaign of employment of men and women. Many economists advocate that a program of public works carried on on a big scale would accomplish the desired result.

Some claim that a program of less than $10,000,000,000 would not accomplish it. Others claim that $3,000,000,000 will do it. It is in the hope that this remedy will have the desired result that I give this part of this bill my support. If it fails, it will not be a total failure, for money thus paid out will go largely for labor and will relieve the charitable organizations of the country by that amount. I do not attempt to justify the passage of the bill upon that ground but rather to lessen the sting of this failure if failure it must be.

Under this bill the President will appoint an administrator who will have greater powers over public works than any other man in the history of our country. His duties are well defined although very far-reaching. All public works heretofore provided to be done by the Reconstruction Finance Corporation shall be done under the provisions of this bill when it becomes effective. This bill can reach public highways and many other activities which could not be reached by the Reconstruction Finance Corporation, such as flood control, sewer construction, and so forth. The Government advances the money upon a 30 and 70 percent basis. The Government advances 30 percent as a gift or grant, while the public agency, State, municipal, or county must arrange to repay the other 70 percent. The amount to be appropriated is $3,300,000,000. The Reconstruction Finance Corporation has been authorized to expend $1,200,000,000, for this class of work which it has not expended. This amount will not be expended, for the authority of the Reconstruction Finance Corporation will, as I have already stated, be superseded by the provisions of this bill. I have maintained that it will not be necessary to spend the whole of this enormous sum of $3,300,000,000. If I have my way about this matter, I should have reduced this amount to about one half. It is almost impossible to appreciate how much a billion dollars really is. If I were to take one-dollar bills and lay them end to end, 1,000,000,000 of them would extend around the world four times.

This brings me to a consideration of the third, and to some the most important, branch of this bill. When the Government spends money somebody pays the bill. In this case many different plans were suggested. I cannot bring myself to agree that the plan provided in this bill is the best plan that could be adopted. If the total amount had been reduced, the amount needed to be collected would be reduced in the same proportion. That is the first change I should have suggested. I am opposed to the taxation of the dividends of corporations. The corporation profits are already taxed 13¾ percent. An additional tax on the dividends after distribution would be a clear case of double taxation. It tends to stifle investment in corporation activities, and most of the manufacturing business of the country is done by corporations. Likewise it is questionable whether the Government should increase the gasoline tax. The fact that $400,000,000 of this appropriation is set apart for roads is some justification for this tax. The increase of the normal tax should have been carried on to the big incomes in a fairer proportion. Under this bill a man with a $6,000 income finds his taxes increased 50 percent, while a man with a $100,000 income finds his tax increased only 6½ percent. A tax that would reach such transactions as those disclosed this week in the Senate investigations should have been substituted for the increase provided in this bill. Some step must be taken toward an income tax on gross income in the cases of large incomes at least. If this bill rehabilitates industry and relieves unemployment, the burden of the additional taxes will be lightened greatly. If the bill fails, then any tax contribution made by those who can afford to make it will be their contribution to the relief of those less favorably situated.

There are many features of this bill that are not to my entire liking. There are some changes I would make in it, but all legislation is the result of compromise; give and take is an almost necessary rule in order to procure fair legislation.

It will be necessary to employ thousands of men and women to carry out the various provisions of this bill. I think the President is asking for too much authority when he asks the privilege to make these appointments without Civil Service requirements. If he abuses this privilege, it will be only for the purpose of placing those of his own political persuasion in office. I hope he will not mix politics with human misery. I am lending my support to the measure from the purest motives and with the hope that we can again bring happiness to millions who are now distressed. There is no torture so severe to the industrious man as to be denied the opportunity to work. There is no condition so humiliating to the erstwhile successful and skillful artisan as to be compelled to accept charity. There is nothing so devastating to health and happiness as worry, and there is no human instinct quite so strong and so uncontrollable as the determination to project one's offspring from the

pangs of hunger. Property interests appeal to the intellect. Human interests appeal to the heart. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. Cox].

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. Cox].

The CHAIRMAN. The gentleman from Georgia is recognized for 35 minutes.

Mr. COX. Mr. Chairman, I am fully aware of the fact that in opposing this legislation I hazard the loss of the confidence of many whose good opinion and whose sympathy I want and need; but my duty is so clear and unmistakable that there is but one thing left for me to do and that is to meet my responsibility as I understand it and to the extent of my ability discharge it.

To me this is a serious hour, solemn and serious, because of the magnitude of the question at issue. My colleagues, we are about to do that which will probably mark the turning point in the political life of this Nation. Indeed, we are about to do that which may mark the end of representative government in America. I know that few of my brethren here are going to vote with me in the position that I shall take upon this bill, and yet I know that deep down in their hearts there are a few of them who will not approve of all I have to say. But one thing makes possible and tolerable the adoption of this measure and that is the unbounded confidence that the people have in the Chief Executive, in which I share, who is made the master, not only of the property of the people, but of their lives as well. There are a thousand reasons why this bill should not become law with title I carried in it, and I invoke the judgment, the conscience, and the intelligence of the individual Membership of this House upon this proposition. As for myself, I shall undertake in my feeble way to deal with but a few of these objections, those of a constitutional nature, having to do with title I of the bill.

The advocates of the measure have offered an analysis of the different provisions and have attempted to explain them. Before entering upon a discussion of the legal questions involved, I invite you to bear with me while we together reason about the provisions of title I. But before I proceed in my endeavor to analyze this title of the bill, let me say to the Members of this House that if you did not hear the speech of the great lawyer from Pennsylvania [Mr. BECK], who addressed this body on yesterday, see the RECORD and read what he had to say, and in the reading get a mental bath in this fountain of pure logic and reason. The gentleman is probably the best friend that the Constitution has in the entire country today, and I hope that you will read what he had to say in order that in this hour of turmoil and great disturbance you may regain your mental equilibrium.

Let us now consider title I of the bill.

Section 1 of title I begins by declaring that a national emergency productive of wide-spread unemployment and disorganization of industry exists, which burdens interstate commerce, affects the public welfare, and undermines the standard of living of the American people. The bill then declares it to be the policy of Congress to remove obstructions to the free flow of interstate commerce which tends to diminish the amount thereof and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanction and supervision and to eliminate unfair competitive practices, to reduce and relieve unemployment, to improve standards of labor and otherwise to rehabilitate industry, and to conserve natural resources.

To effectuate the policy thus laid down the President, in section 2 (a) of the bill, is authorized to establish such agencies as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure.

In paragraph (b) of section 2 the President is authorized to delegate any of the functions and powers vested in him under title I to such officers, agents, and employees as he may designate or appoint, and he is authorized to establish an industrial planning and research agency to aid in carrying out his functions under this title of the bill. All this involves the delegation of legislative power, which I will refer to later on.

Mr. BOLAND. Will the gentleman yield for a question?

Mr. COX. Will not the gentleman be good enough to withhold his question until a little later?

Section 3 deals with the question of establishing codes of fair competition. In paragraph (a) of this section one or more trade or industrial associations or groups may apply to the President for leave to set up trade agreements, and the President may approve these agreements, which are designated as code or codes, for fair competition for the trade or industry or subdivision thereof represented by the applicant or applicants, and these codes become binding upon every person, association, or group engaged in the line of industry represented by the applicant or applicants.

Paragraph (b) of section 2 reads as follows:

After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition for such trade or industry or subdivision thereof. Any violation of such standards in any transaction in or affecting interstate commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended. A violation of any provision of any such code shall be a misdemeanor, and upon conviction thereof an offender shall be fined not more than $500 for each offense.

What does this mean? This means that any operator, fairly representative of an industry, may come to the President with what he represents is a fair code of competition, and may obtain the sanction and approval of the President, and upon the application of that one manufacturer, or whatever his business may be, he may set up a code of laws, binding not only upon the operator himself but binding upon every operator in that particular line of industry in America.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. COX. I yield.

Mr. SAMUEL B. HILL. The gentleman states "upon the application of individual operator." The language of the bill is that "the President may, upon application by one or more trade or industrial associations or groups."

Mr. COX. Yes. I am familiar with that.

Mr. SAMUEL B. HILL (continuing):

That such associations or groups impose no inequitable restrictions on admission to membership therein and are truly representative of such trades or industries or subdivisions thereof.

Mr. COX. I stated that any operator or any trade association claiming to be representative of a certain industry may, upon his application alone, establish a code having the effect of law, that is binding upon every operator in that particular line of industry in this country.

Mr. BOLAND. Will the gentleman yield to me now?

Mr. COX. I yield to the gentleman.

Mr. BOLAND. In title I of the bill, to which the gentleman has objected, it states:

That to reduce and relieve unemployment, to improve standards of labor—

Does the gentleman mean to say that the standards of labor should not be improved?

Mr. COX. Of course not. I am acquainted with the gentleman's sympathy and interest in labor. This has been made manifest many times to my own knowledge, and I have invariably agreed with him. Let me say to him that there is nothing in title I of this bill but despair for the group in which the gentleman manifests a special interest.

Mr. BOLAND. Is the gentleman aware of the fact that in Pennsylvania at this time we have a sweatshop investigation, and that the sweatshops all over the State of Pennsylvania are causing girls and young women to work for 60 and 90 hours a week for $3 a week?

Mr. COX. Oh, the courts have held time and time again that it is not within the competency of Congress to deal with a situation of the character stated by the gentleman. That is purely a matter for the determination of the State of Pennsylvania.

Mr. MAY. Will the gentleman yield?

Mr. COX. Yes, I yield.

Mr. MAY. Has the gentleman known or read of any clearer delegation of legislative power to a dictator of industry than is conferred in this bill by these very codes that may be adopted?

Mr. COX. I have not. I am going to discuss that in just a moment.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. COX. I yield.

Mr. TAYLOR of South Carolina. If this committee is so solicitous about labor as to undertake to regulate its working hours and its scale of pay, can the gentleman advance any reason why the committee would refuse to regulate the machine load of individuals in the industries of this country?

Mr. COX. I cannot.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. COX. I cannot yield further.

Mr. VINSON of Kentucky. Since the committee has been brought into it, I would say that that is included in the working-conditions provision.

Mr. COX. Mr. Chairman, I cannot yield further for a colloquy between others.

Mr. TERRELL. Mr. Chairman, regular order. The gentleman should be allowed to finish his statement.

Mr. COX. Paragraph (c) of section 3 makes it the duty of the several district attorneys of the United States in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain violations of the provisions of a code of fair competition on the part of everyone, whether or not he be a party to the adoption of the code. In other words, a small operator finds himself in a situation where because of the action of a group of large operators he cannot carry on his business in a normal manner, he cannot conduct it according to his own notion and the necessities of his own case, but must submit to a limitation put upon him that comes down from the selfish action of a selfish and monopolistic group.

Paragraph (d) of section 3 reads as follows:

> Upon his own motion, or if complaint is made to the President that abuses inimical to the public interest and contrary to the policy herein declared are prevalent in any trade or industry or subdivision thereof, and if no code of fair competition therefor has heretofore been approved by the President, the President, after such public notice and hearing as he shall specify, may prescribe and approve a code of fair competition for such trade or industry or subdivision thereof, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of this section.

Now, what do we find in the bill? We find that a single operator, a single manufacturer, fairly representative of the particular industry in which he labors, or a particular trade association may come in and initiate the setting-up of a code which has the effect of law and binding upon the country. And we find in the bill that a group of such operators may come together, form a code or what they designate as a code of fair competition, obtain the approval of the President, and it becomes binding upon every person in the country. And we find that the President may of his own accord set up a code of fair competition having the effect of law and make it binding upon every person engaged in any sort of industry in this country.

Now, my colleagues, I submit in the first instance that there is clearly a delegation of legislative power that is carried in the bill.

Mr. DIES. Will the gentleman yield for a short question?

Mr. COX. Yes; briefly.

Mr. DIES. Is it not a fact that under the present law these codes are agreed to by trade groups, with the approval of the Federal Trade Commission?

Mr. COX. Yes.

Mr. DIES. That has been true ever since the Federal Trade Commission Act was passed?

Mr. COX. I will pay my respects to the Federal Trade Commission in its cooperation with industry in the setting-up of trade agreements which have operated to the disadvantage of the producer of raw commodities. The Commission in this respect has aided and supported industry in its violation of the antitrust laws.

Now, as I said, this bill carries a delegation of legislative power. The courts have held that the legislative power is the supreme authority except as limited by the Constitution. It is the power that has the right to direct how the force of the community shall be employed for preserving the community and the members of it. It is that part of the sovereignty of the people which the people have decreed shall be exercised by the legislative branch of the Government and cannot be by this agency delegated to some other.

The power to set up an administrative agency as is proposed in this bill, to define its powers and fix its tenure, is a legislative function and not a ministerial act.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. FITZPATRICK. Assuming this bill were declared constitutional by the Supreme Court, would the gentleman then approve it?

Mr. COX. I can make no such violent assumption. Here no rule is laid down by Congress to guide the President. The exercise of the powers delegated is conditioned upon no fact, is consent upon the happening of no event, but is an unconditional grant to be exercised at will and as the President might elect.

I know it will be contended that in cases affecting the Interstate Commerce Commission, the Federal Reserve Board, tariff regulations, and others, that the courts have upheld acts of Congress delegating certain powers claimed to be legislative. But in each and all of these cases Congress laid down general rules for the guidance of the agency, leaving to it merely the carrying out of details and the execution of the powers so conferred, or leaving to the agency the exercise of a discretion within limitations fixed, which Congress could not then exercise. In the instant case there is no discretion that the President may exercise which Congress cannot now exercise. The exercise of discretion is dependent upon the happening of no event. The creation of a code of fair competition having the force of law calls into play the exercise of legislative discretion and is legislation. It is a power that belongs to the people which Congress holds in trust and which Congress cannot give away.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. KENNEY. Does not Congress still hold a string on the powers it is supposed to be delegating?

Mr. COX. Congress, of course, might assert its rights, and might tomorrow or the next moment after the adoption of this measure enact a measure repealing it. But suppose the Executive did not agree, and suppose that the majority was not sufficient to override the Executive veto, you would stand stripped of your constitutional powers because of your unconstitutional conduct in the adoption of the pending bill.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. REILLY. If in the judgment of the speaker the bill were constitutional, would the gentleman favor its passage?

Mr. COX. I would not favor the bill because I believe title I to be dangerously violative of the Constitution.

Mr. REILLY. Does the gentleman believe a national emergency exists?

Mr. COX. Yes, I do; and I am for any legislation that gives work to the unemployed.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. COOPER of Tennessee. The gentleman is making a very able argument in opposition to the bill and criticizing the plan suggested by the President of the United States for meeting the emergency the gentleman admits exists. I am wondering if the gentleman can offer to the House some plan for meeting this emergency that would be an improvement upon the plan offered by the President of the United States.

Mr. COX. I have no plan. I do not know what can be done, but I do respectfully contend that whatever is done should be done in a constitutional manner. With title I eliminated, the constitutional objections that I am raising would be met and the measure more acceptable.

I regretted to hear gentlemen, members of the great Ways and Means Committee and others, on yesterday contending that the Constitution has outlived its day and that it is not capable of answering the needs of the hour.

In this bill Congress delegates powers which it does not possess—the power to regulate and control the internal affairs of the States, the power to control all industries from the point of production to that of distribution, the power to regulate hours of labor and to fix wages. My colleagues, it is the most gigantic price-fixing scheme ever proposed in the history of any free government.

You undertake to fix minimum wages, when you must known that a minimum wage law is unconstitutional because it is a price-fixing law, directly interfering with freedom of contract, which is a part of the liberty of the citizen guaranteed by the fifth amendment to the Constitution.

The police power cannot be used to fix prices, either of property or of services, in a private business not affected with public interest, and cannot be used to suspend the Constitution.

The citizen has the right to sell his labor the same as he has the right to sell his property, and upon his own terms, and without restraint or prohibition imposed by government.

In the case of Adkins against Childrens Hospital, decided by the Supreme Court in 1923 and reported in 261 United States, page 525, this question was settled, and if you have any doubt about your power to fix minimum wages, then do me the kindness to listen to what the Court had to say in this case upon this particular point; and, mark you, the Court in this case was dealing with legislation enacted by the Congress for the District, and Congress alone legislates for the District, and in this respect occupies the same relationship to the people affected by the legislation as the legislature of a State occupies to the people affected by the laws it may pass.

> The statute now under consideration is attacked upon the ground that it authorizes an unconstitutional interference with the freedom of contract included within the guaranties of the due-process clause of the fifth amendment. That the right to contract about one's affairs is a part of the liberty of the individual protected by this clause, is settled by the decisions of this Court and is no longer open to question. Within this liberty are contracts of employment of labor. In making such contracts, generally speaking, the parties have an equal right to obtain from each other the best terms they can as the result of private bargaining.

And, quoting from the case of Adair against United States, a decision rendered by Mr. Justice Harlan, the Court said:

> The right of a person to sell his labor upon such terms as he deems proper is, in its essence, the same as the right of the purchaser of labor to prescribe the conditions upon which he will accept such labor from the person offering to sell. In all such particulars the employer and the employee have equality of right, and any legislation that disturbs that equality is an arbitrary interference with the liberty of contract which no government can legally justify in a free land.
>
> Included in the right of personal liberty and the right of private property—partaking of the nature of each—is the right to make contracts for the acquisition of property. Chief among such contracts is that of personal employment, by which labor and other services are exchanged for money or other forms of property. If this right be struck down—

Mark what the Court says—

> If this right be struck down or arbitrarily interfered with, there is a substantial impairment of liberty in the long-established constitutional sense. The right is as essential to the laborer as to the capitalist, to the poor as to the rich; for the vast majority of persons have no other honest way to begin to acquire property, save by working for money.
>
> "An interference with this liberty so serious as that now under consideration, and so disturbing of equality of right, must be deemed to be arbitrary unless it be supportable as a reasonable exercise of the public power of the State."

Here Congress is undertaking to exercise power which is claimed to be held under the commerce clause to regulate the internal affairs of the States, which the courts have held time and again is not within the power of Congress.

Mr. CELLER. Will the gentleman yield?

Mr. COX. Yes.

Mr. CELLER. I have been very much interested in the constitutional argument the gentleman is making. Is the gentleman familiar with the most recent decision of the Supreme Court on the interpretation of the Sherman Law in the Appalachian coal case?

Mr. COX. Yes; I have read that case and discussed it on yesterday with the gentleman.

Mr. CELLER. Where they hold that 70 percent of the bituminous-coal miners could unite and make an agreement which would have the effect of even fixing prices. The Court held that this was perfectly permissible under the Sherman Act.

Mr. KELLER. May I ask what year that decision was rendered?

Mr. COX. The case I have referred to is a comparatively recent one, in 1923.

Mr. ARNOLD. Will the gentleman yield?

Mr. COX. I cannot yield any further.

Mr. ARNOLD. I just wanted to know the case the gentleman was quoting from.

Mr. COX. *Adkins* v. *Childrens Hospital* (261 N.S. 545).

The testimony of the witnesses representing industry appearing before the committee very frankly confessed that they wanted this bill because it would authorize competitors to come together and form price-fixing agreements now prohibited by the antitrust laws.

In the case of *Northern Securities Co.* v. *United States* (193 U.S. 337), the Court said:

> Whether the free operation of the normal laws of competition is a wise and wholesome rule for trade and commerce is an economic question which this Court need not consider or determine. Undoubtedly there are those who think that the general business interests and prosperity of the country will be best promoted if the rule of competition is not applied. But there are others who believe that such a rule is more necessary in these days of enormous wealth than it ever was. * * * Congress has in effect recognized the rule of free competition by declaring illegal every combination or conspiracy in restraint of interstate and international commerce. As in the judgment of Congress the public convenience and the general welfare will be best subserved when the natural laws of competition are left undisturbed by those engaged in interstate commerce, and as Congress has embodied that rule in a statute, that must be for all the end of the matter, if this is to remain a Government of laws and not of men.

RICH MAN'S LAW

Mr. Chairman, there has never been a measure brought up in Congress which went further in the destruction of the sovereignty of States than is the case in the pending legislation, and every Member of this body knows this to be true.

Congress has no power of regulation, nor any direct control over the internal or domestic trade of a State. No interference by Congress with the business of the citizen transacted within a State is warranted by the Constitution except such as is strictly incidental to the exercise of powers clearly granted to it. The power to authorize or to license a business within a State is plainly repugnant to the exclusive power of the State over the same subject.

If the Constitution, as the advocates of the measure are contending, is not suitable to the exigencies of the hour, then why not proceed in a constitutional manner to make changes and give legality to that which you are now undertaking to do?

I know it is said that industry is for the pending bill. Of course, industry is for the law. This panic that has held this country in its grip for 10 years came upon us in 1923. The people who live close to the soil—the farmer who tills the land, the small business man, the small operator—all felt the pinch of want in 1923. Hard times continued and began to climb up, and now when it has reached the point where the industrialist—that part of business that represents money—feels it taking hold of them, these beneficiaries of special privilege, who have always contended that it is not within the power of Congress to put the Government in business, now come to Congress and appeal to Congress to put the Government in business in copartnership with them, in order that they may be saved or that the dollar may be saved the necessity of making its contribution to this readjustment of things through which we are passing.

They say, boastfully, that the president of the United States Chamber of Commerce is for the bill, that the representatives of steel are for it, that the representatives of the automobile industry are for it, that the representatives of the textile trade have come and pleaded for it. They boastfully say here that industry, as represented by these representatives of privilege, have come to this committee and have pleaded with the committee to adopt this law to save them, to make them secure in the advantage which they hold, to give them assurance of holding on to that which they have acquired as a result of the practices which they have carried on throughout these several years.

They talk about price fixing. Price fixing means high prices. Price fixing means a guaranty of profits to the operator. It means woe and misery to the consumer that has to buy the things that the price fixers make. Pass this law and you will find steel, you will find the textile people and you will find the automobile people, you will find the patent-medicine makers and you will find the jewelry people all coming here for the approval of a so-called "code of fair competition", which is nothing more than combinations in the restraint of trade, and made to give advantage of the consumer and the great unorganized public which should be protected. You set aside the law of competition which is the salvation of the small man. You subsidize industry at the cost of the consumer. You reward the class whose greed has caused this distress. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield myself 15 minutes. I desire unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. TREADWAY. Mr. Chairman, recently, in making inquiry of a prominent business man as to whether the bill before us, H.R. 5755, will bring about national industrial recovery and establish fair competition, the reply was made, "Try anything." I believe this is a very strong argument for the bill.

During President Hoover's administration many sane and sound proposals emanated from the White House. Even when adopted there were usually conditions tied to them which detracted from their efficiency. The Hoover administration, however laudable its purposes, was unable to stem the tide of depression and restore normalcy.

During the 2½ months just past propositions have been brought forward and written into law which I venture to say no Democrat would have favored if they had been suggested by former President Hoover during his term of office. [Applause.]

Since the new administration came in, every possible form of radical suggestion has been immediately supported by the subservient majority. What the outcome of some of these new laws will be, no one can forsee. We hope for the best. Certainly it is very apparent that the new laws are today popular with the people. Possibly one of the reasons is that the people are like a drowning man, grasping at a straw. So I feel that the advice of the gentleman referred to to "try anything" is quite likely to prove a good mode of procedure under existing conditions. Things are not normal and there is therefore some excuse for using abnormal methods of treatment.

Title I of the measure before us is another venture into untrodden paths. At one time the great cry was to curb monopoly. This bill does just the reverse. Its purpose is to foster closer cooperation within industries under a system of codes and licenses heretofore unknown.

So far as the evidence submitted to the Ways and Means Committee is concerned, an excellent case was made out. The hearing was one of the most complete from the standpoint of the presentation of the subject matter within my experience, and there was perfect unanimity among the witnesses as to the need for the proposed legislation.

It was supported by representatives of both capital and labor. We have the evidence of a distinguished Senator who has studied industrial and social problems for many years and who has been responsible for much legislation along the lines of this bill. We have the evidence of one of the authors of the bill, a gentleman who has long been a student of labor problems, and of the president of the American Federation of Labor, the outstanding organization of the working classes of the United States. We have the evidence of the president of the Chamber of Commerce of the United States, an organization representative of the industrial and commercial interests of the country. And finally, we have the evidence of the Director of the Budget, which, we assume, means the administration itself. Certainly, with such a group of men thus favorable to the underlying principles of the bill, the average layman, even though himself a Member of Congress, would hesitate to withhold approval of the measure.

I admit natural prejudice against legislation of this type, but I want to defend my colleagues on the Ways and Means Committee who may feel as I do about this measure. The time to show opposition is when a bill is in the making. The intention to present such a measure, although it was not actually before us, was well known throughout the country some time in advance of its introduction. There was ample opportunity to get these expressions of opposition, if they existed, before the Ways and Means Committee; but absolutely none was presented.

In advocating the bill, President Green, of the American Federation of Labor, said:

> This proposed legislation marks a very definite step forward in industrial stabilization, rationalization, and economic planning. The bill is appropriately termed an industrial-recovery measure. It is, in the judgment of labor, the most outstanding, advanced, and forward-looking legislation designed to promote economic recovery that has thus far been proposed. In the opinion of labor, it will, when passed and applied, prove to be a real, practical, constructive remedy for unemployment.

President Harriman, of the United States Chamber of Commerce, spoke particularly of the need for the regulation of competition in industries, calling attention to the adverse effect of unrestrained competition upon labor. He said:

> I believe the time has come when we must take out of competition the brutality of competition. We must take out of competition the right to cut wages to a point which will not give an American standard of living, and we must recognize that capital is entitled to a fair and reasonable return, and that, therefore, goods must be sold at a price which will enable the manufacturer to pay a fair price for his raw material, to pay fair wages to his men, and to pay a fair dividend on his investment.

Title II of the bill covers the subject matter in which we as representatives of the people should have a broad interest. It is called the public-works and construction-projects section, and creates one of the most powerful officials that this Government has ever set up, not only authorizing the use of Federal officers and employees indiscriminately, but likewise State and local officers and employees, all exclusive of Civil Service and the Classification Act. It substitutes for former methods of Government construction of public works the policies of this all-powerful Presidential appointee. Again, it well may be said, "Try anything."

Mr. Green, of the American Federation of Labor, made what seemed to me the most constructive suggestion of an amendment submitted by any witness when he advocated a

change in the language of section 203. He urged that grants of Federal aid to States, municipalities, or other political subdivisions be not limited to 30 percent of the cost of labor and materials employed in such projects. He saw in this limitation the possibility of further draining small communities by people looking for employment under the bill in large centers of population, and suggested that there should be a public-works project carried on simultaneously in every community so that idle men could find work in their own home towns. Mention was made of the fact that since the money to pay for this building project must come from all the taxpayers of the Nation, all taxpayers should have some of the benefits. It seems to me that where there are emergency public works which are carried on for the purpose of giving employment, exactly as much benefit would accrue in small communities and to families by bringing work to the people rather than the people to the work. The Director of the Budget opposed Mr. Green's proposal on the ground that inasmuch as the grant of even 30 percent was an innovation in governmental policy it would be better to retain the limitation.

To place in the hands of any one man or group of men over $3,000,000,000 of public money is incomprehensible. I want particularly to call attention to the President's message to Congress wherein he said a careful survey had been made. He said:

> A careful survey convinces me that approximately $3,300,000,000 can be invested in useful and necessary public construction, and at the same time put the largest possible number of people to work.

If such a survey is in existence, Congress should have the benefit of it. Out of $3,300,000,000, the only amount specifically designated for any one purpose is $400,000,000 for roads. Why should not all the money be allocated to particular items and described in the bill?

The opportunity to spend nearly $3,000,000,000 without knowledge on the part of Congress as to what sums will be spent on the various undertakings, which are outlined in the bill only in general terms—the privilege of devoting almost the entire amount to any one of the projects mentioned, even though the right be not exercised, is a power that should not be given any man or group of men.

The only part of this bill which was left to the Ways and Means Committee to write itself was section 208, the tax provision; and, in the language of the street, the committee did a bum job. It is the most unreasonable tax provision that I have ever seen, and I am proud to say that not a Republican member of the committee voted for it.

While four separate plans were submitted to the committee by the Director of the Budget, he declined to recommend any one of them as being favored by the administration. He did state that at a later time he would be very glad to make a " very specific " recommendation. What that recommendation is I have not been able to find out.

Although the President prepared and sent to the Congress all the other portions of the bill, he failed to make any provision for raising the necessary revenue to carry out the purposes of the bill. I do not wonder that the tax provisions of the bill were left blank, however, and that he has " passed the buck ", so to speak, to us. The imposition of taxes at any time is unpopular with the people, and at this time this is especially true. If the President had suggested a tax program, he would have had to assume the responsibility for it. He, and not the Congress, would be the object of popular disfavor for imposing additional tax burdens upon the people. Now it will be very easy for him to avoid any responsibility by saying, when he signs the bill, that if he had written the tax provisions the levies would have been of an entirely different character.

Since the President sent to the Congress a ready-made bill to be rubber-stamped by his subservient majority, he should have completed the job and included the necessary tax program. He cannot escape his responsibility by saying that tax bills must originate in the House of Representatives. We could have voted his tax recommendations up or down, just as we can do his other recommendations.

The bill increases the normal income-tax rate from 4 to 6 percent on the first $4,000 of taxable income, and from 8 to 10 percent on the remainder.

Now, not a Republican member of the committee voted for it. [Applause.]

Mr. DOUGHTON. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. DOUGHTON. The gentleman says that not one Republican member of the committee voted for it. In the report it is stated that the minority was unanimously opposed to the plan submitted. Will the gentleman inform the Committee what tax plan the minority did unanimously favor?

Mr. TREADWAY. I am coming to that directly.

Mr. DOUGHTON. I wish the gentleman would answer my question.

Mr. TREADWAY. I will answer it. I will say that the minority is not responsible for this bill's being on the floor today. It was the duty of the majority to write the kind of a bill they saw fit.

Mr. DOUGHTON. Did the minority agree among themselves on any definite plan?

Mr. TREADWAY. We did not try; we had no occasion to do it. It was your job to write it.

The present rates are the same as those imposed in the years immediately following the war, and the proposed rates are practically the same as those imposed in 1918, when the rate was 6 percent on the first $4,000 and 12 percent on the balance. To impose any higher rates than those now carried in existing law would impose an undue hardship upon the average citizen, who is already paying a much higher income tax than has previously been imposed in peace times.

When it is proposed to increase by 50 percent the tax on incomes of people receiving from three to six thousand dollars, and only increase incomes of $500,000 by 3.8 percent, the gravest injustice is done to the breadwinners with small salaries. The same percentages apply for both married persons and single persons. I will offer for the RECORD, for insertion at the conclusion of my remarks, a table showing the percentage of increase in various income brackets up to $1,000,000.

Now, the payment of money is popular. You can get popularity if you are a spendthrift, but when you come to the taxpayer and tell him that he must pay that spendthrift bill you are going to be mighty unpopular. The administration took the popular end of the game and let the Congress have the unpopular end. The President cannot avoid any final responsibility, he must take the measure that Congress may pass.

Mr. EVANS. Will the gentleman state what justification there was for the small increase in the higher brackets?

Mr. TREADWAY. The schedule I will print is a decreasing one. At $3,000 and from $3,000 to $6,000 income, the increase is exactly 50 percent. At $7,000 it is 42.1 percent, and so on. As your income increases your taxes decrease.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Briefly.

Mr. KNUTSON. What increase did the majority make in incomes of a million dollars or more?

Mr. TREADWAY. About 3.5 percent.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SAMUEL B. HILL. If you leave out of consideration the surtaxes, would the percentage of increase be the same?

Mr. TREADWAY. Yes.

Mr. SAMUEL B. HILL. There is no increase of surtaxes in this bill?

Mr. TREADWAY. No; but you do worse, you tax dividends.

The proposal to tax at the normal rates dividends received from corporations is a radical departure from previous income tax laws. Not even during the war days was such a levy imposed. The reason for exempting dividends from the normal tax is, of course, that they are

already subject to a normal tax which is paid by the corporation, the present rate of which is 13¾ percent. On top of this tax, the recipient of the dividend must include the income received from this source with other income for the purpose of the surtax, the rates of which reach a maximum of 55 percent under the present law. To add another 6 or 10 percent would be a clear case of double taxation of the same income. The 10 percent rate, when added to the 13¾ percent corporation rate and the maximum surtax rate of 55 percent, makes a total of 78¾ percent. The making of dividends subject to the normal tax, in effect, adds 6 to 10 percent to the present corporation levy of 13¾ percent. It should be borne in mind that the corporation tax is subtracted from the corporate earnings available for dividends, and the result is that the incidence of the tax is on the recipient. Therefore, the imposition of this new levy does not constitute the placing of a tax where none was imposed before, but simply adds another burden on owners of stock, a great many of whom are persons of ordinary means and widows with moderate incomes.

The increased gasoline tax is objectionable for several reasons. In the first place, the States have already preempted the field of gasoline taxes, some having levies as high as 7 cents a gallon. The Federal Government, when it levied the present 1-cent tax, encroached upon this form of taxation as an emergency measure, and to levy any additional Federal tax will only result in driving the States out of this field. It is well known that the gasoline tax is passed on to the consumers, a large part of whom are farmers. Automobile owners are already the most heavily taxed class of persons in the country.

It seems to me that instead of piling more and more taxes on those who have been bearing the brunt of Federal taxation, we should spread the burden out over a larger group of the population, especially the taxes imposed for the purpose of carrying out the purposes of this bill. In the present emergency, everybody should contribute since it is expected that everybody will be benefited by the bill.

The one call today is for a form of tax certain to produce results. The taxes that have been selected can to a degree be made nonproductive by being made excessive. A wave of justice is spreading over the country. In all sections of the land there is a call for a fair and equitable tax levied against the people in accordance with their spending ability. Exempting food, clothing, and medicine from a sales tax avoids the accusation that you are taxing the poor more than the rich.

The more I have studied the sales tax the surer I have become of its merits. A tax of 1.8 percent with exemptions as stated will furnish the revenue necessary to finance this bill. I hope to see some sanity shown at the other end of the Capitol and anticipate that when the measure is taken up in the Senate a sales tax will be substituted for the inequalities of section 208 as written by the Ways and Means Committee.

I think a motion to recommit to that end would have an excellent chance of adoption here today. I am doubtful whether a motion for a higher rate of sales tax in order to remove certain existing excise taxes which are extended for a year by this bill would be approved.

I dislike extremely to vote for the bill with the tax provisions which the Ways and Means Committee agreed to, but as yet I see no other course. I would gladly vote for the bill with the sales-tax provision such as I have described.

I should like to now address myself to a feature of the bill to which little attention has been given. Its general purpose, of course, is to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry. The whole cost and price structure of the country is to be raised. However, the bill makes no provision for preserving this price and cost structure from the ravages of foreign competition. No compensatory duties are proposed to offset this increased domestic cost. The question may well be asked, How are we going to maintain our increased wage level and higher price level if we are going to permit cheap foreign goods which are not subject to this burden of higher taxes, higher wages, and shorter hours of employment to be dumped upon our markets in competition with our own goods? The disparity between foreign and domestic costs is already very marked and has been aggravated by the depreciated currency situation. If this bill serves its purpose, as we all hope it will, this disparity of costs will be even greater. How long can our domestic producers and workers compete with cheap foreign labor which is beyond our control? Unless something is done to offset low foreign costs, our own prices and wages will have to be reduced to the standard of competing countries if domestic producers and workers are to be able to sell their products in the home market. It seems to me that this is a matter which should have serious consideration by the administration, since the absence of compensatory duties to offset increased domestic costs may easily destroy the whole purpose of the bill.

In connection with the issuance of the $3,300,000,000 of bonds provided for in the bill, there is a matter to which I wish to call the attention of the House. These bonds will be made free of Federal taxes, as have other bonds issued during the current session and in prior years. The total amount of tax-free securities outstanding at the present time is tremendous, aggregating some $40,000,000,000. Such securities provide a means of tax evasion for the ultra rich, and for them only, since governmental securities, whether Federal, State, or local, seldom fall into the hands of the small investor.

Tax exemption of Government bonds results in two different ways. In the first place, the Constitution impliedly prohibits the taxation by the State of any Federal instrumentality, and conversely, the taxation by the Federal Government of any State instrumentality. This kind of tax exemption cannot be done away with except by amendment of the Constitution. In the second place, both the States and the Federal Government usually exempt their respective bonds from their own taxes. This is done to procure lower interest rates and to place Federal and State bonds upon an equal competitive footing with bonds that are necessarily tax exempt. At the present time, however, there appears to be no good reason for continuing this second class of tax exemption. Federal bonds, even though they be made subject to Federal tax, would be quickly grasped by investors, due not only to the fact that State and municipal governments have practically exhausted their credit but also to the further fact that the market for industrial bonds is very negligible.

In the Revenue Act of 1932 we increased the normal and surtax rates to almost war-time levels, and in the pending bill the normal tax is still further increased. Investment in tax-free securities provides an easy means of avoiding income taxes, and the amount of taxes saved more than compensates an investor for the lower rate of interest paid on such bonds. It seems to me that at a time like this, when we are seeking more and more taxes, we should not pass up the opportunity to tax the interest paid to holders of the bonds which we propose to issue. How can the Congress justify itself in imposing heavy tax burdens upon the average citizen and in the same bill providing a means whereby the wealthy can absolutely escape Federal taxation?

Already this session we have passed bills authorizing immense bond issues with the usual clause exempting such bonds from Federal taxes. For example, the Wagner relief bill provided for $500,000,000 of new bonds, the farm mortgage bill for $2,000,000,000 more, the home mortgage bill for another $2,000,000,000, and we are adding $3,300,000,000 by the pending bill. We have an opportunity now to stop this practice of tax exemption without in the least impairing the salability of these bonds. We should not hesitate to seize it. If this $40,000,000,000 of tax-free wealth which we have in this country could be compelled to pay its fair share of the tax burden, the Budget could easily be balanced and the additional taxes carried by this bill eliminated, not to mention many of the existing levies.

I will close my remarks about as I commenced. A balloon has been sent up which may or may not aid industry and return people to work. We have tried various expediencies without success. Here is a new lotion. Try it. Try anything. [Applause.]

Income tax—Comparison of income tax payable under present law and under industrial recovery bill

[All income from salary]

Net income	Married person, no dependents			Single person		
	Law	Bill	Percent increase	Law	Bill	Percent increase
$1,000	0	0	0.0	0	0	0.0
$2,000	0	0	0.0	$40	$60	50.0
$3,000	$20	$30	50.0	80	120	50.0
$4,000	60	90	50.0	120	180	50.0
$5,000	100	150	50.0	160	240	50.0
$6,000	140	210	50.0	240	340	41.7
$7,000	210	300	42.1	330	450	36.3
$10,000	480	630	31.2	600	780	30.0
$14,000	900	1,130	25.5	1,020	1,280	25.5
$20,000	1,680	2,030	20.8	1,800	2,180	21.1
$30,000	3,480	4,030	15.8	3,600	4,180	16.1
$40,000	5,800	6,550	12.9	5,920	6,700	13.2
$50,000	8,600	9,550	11.0	8,720	9,700	11.2
$70,000	15,700	17,050	8.6	15,820	17,200	8.7
$100,000	30,100	32,050	6.5	30,220	32,200	6.5
$200,000	86,600	90,550	4.5	86,720	90,700	4.6
$500,000	263,600	273,550	3.8	263,720	273,700	3.8
$1,000,000	571,100	591,050	3.5	571,220	591,200	3.5

Mr. WEST of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, it was my original intention to register my approval and opinion upon this bill by my vote only. Voting on a measure of this sort I consider the very highest constitutional duty imposed upon a Congress. It may seem strange that it should have been the wonderful speech made by the gentleman from Pennsylvania [Mr. BECK], in opposition to the measure yesterday that impels me today to briefly attempt to voice my reasons for supporting the measure. I have often said that there can be only two good reasons for making a speech. One is to give information and the other is to afford entertainment. The gentleman from Pennsylvania always lives up to the very highest measure of that standard, every time he takes this floor. Every speech he makes fairly bulges and bursts with information upon any subject to which he addresses his great mind, and the beauty and polish of his sentences, his facility of expression, the keenness of his logic, and the matchless manner in which he uses the English language to express his thoughts affords the very highest character of entertainment for all those who are so fortunate as to have the privilege of listening to him. [Applause.] I always listen to him with admiration, and I follow him whenever I can. I wish I could justify my own speech here by the standard which I have raised, but perhaps I can explain my reaction to that great speech of the gentleman from Pennsylvania by telling a little personal incident. During the World War Congress there was on this floor a great battle upon the question of conscription. Our Nation had voted for war. The question before the Congress was the right of the Nation under our Constitution to draft our young men and send them to fight in a foreign war. I opposed that proposition on the floor because I felt it was in opposition to the ideals of the American people and the past history of English-speaking nations.

After I finished my speech Mr. Kahn, of California, who led the fight for conscription, and Frank Reavis, of my own State—and I might say that two abler statesmen never sat in this House during my time—came over to me and said, "SHALLENBERGER, you made quite an argument on your side of the question, and we thought that we would come over here and tell you that we are not going to pay any attention to anything you said." [Laughter.] Or perhaps I could illustrate it in another way to my friend from Pennsylvania [Mr. BECK] by repeating a remark of a Scotch friend of mine, who said to me one day, "SHALLENBERGER, I have heard many a speech that changed my mind, but never one that changed my vote." [Laughter.]

Mr. BECK. Mr. Chairman, will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. BECK. First thanking the gentleman very much for the gracious reference made to my speech, which was far more than it deserved, let me ask this question: Is it not a fact that the lawyer and graduate of West Point who drew the conscription law against which the gentleman voted is to be the economic dictator under this bill?

Mr. SHALLENBERGER. I do not entirely agree with the statement that he drafted that law. I think General Crowder and other distinguished men had something to do with drafting of that bill.

I want to address myself to the constitutional side of this question, although I am not a lawyer. I know it is the constitutional problems that bother lawyers like the gentleman from Pennsylvania or the great lawyer from Georgia [Mr. Cox]. I remember 32 years ago, when I came to this Congress, and the gentleman from North Carolina [Mr. POU] and Claude Kitchin were with me in that Fifty-seventh Congress. Mr. POU and I are the only two men that are in this House that were here then, and I understand there is no one in the body at the other end of the Capitol who was here at that time.

The first time I met Mr. Kitchen to have any conversation with him was over in the little library office here on this floor. I had introduced a bill at that time seeking to control monopoly, to regulate trusts, and in that bill I had written a provision requiring a Federal license before corporations could engage in interstate commerce. I am interested to see that a provision of that kind is in the bill that we are considering today. Mr. Kitchin and Asher Hinds were there in this library room. Mr. Hinds was the greatest parliamentarian ever in this body. He was the parliamentary clerk to Thomas Brackett Reed, one of the great Speakers of this House. We entered into conversation about this matter, and Mr. Kitchin, who was one of the greatest constitutional lawyers and the keenest debater I ever knew, contended with me that the provision to which I have just referred was unconstitutional.

After he had finished I said to him:

Mr. Kitchin, I am not a lawyer, but I do not interpret the purpose of the Constitution as you do. You are construing it by the strict letter of the written page, but I read it in the light of the spirit of the English-speaking peoples. I do not think our forefathers framed that Constitution to bind us down. I think they wrote it to set us free. I believe we can do anything under the Constitution necessary for the safety of the Republic and to promote the welfare and happiness of the American people.

Every power in the Constitution was put there for that purpose. If you cannot find it in the letter of the law, you will find it in the spirit of liberty that runs through it everywhere. Mr. Kitchin said:

SHALLENBERGER, you are not a Democrat; you are a Republican.

I said:

I may be a Republican in my liberal interpretation of the Constitution, but on election day, some way or another, I always find a Democratic ticket.

And so my contention is now that conditions confront us that warrant the trust that the Constitution of the United States will permit the use of any power that is essential to maintain the security and prosperity of the people.

That this bill gives war-time powers to the President of the United States, no one will deny. But the justification for this tremendous and unusual grant of power to the Executive is that the Nation is today and now at war with economic ruin, at war with agricultural and industrial bankruptcy, at war with unemployment, with poverty, and suffering. Yes; perhaps waging a war against revolution itself.

Extraordinary Executive power has been granted by Congress many times before. We granted it to Abraham Lincoln, to Woodrow Wilson, and to William McKinley in the hour of war, and we are waging war now.

There is no power granted the President in this bill that is not necessary to meet the present national emergency and defeat the economic enemy already within our gates.

This tremendous grant of power given to the President is to protect the people, not to destroy them; to lift them up, not to cast them down. The President is given a legal sword and shield, not to fight against us but to fight for us. He is given power in this bill, not to chain and enslave us, but to set us free. The people of this Nation trust the President of the United States. They trust President Roosevelt, and they believe in his promises, even though there may be some Congressmen who seem to be lacking in faith in the President and in his pledges and promises to the American people.

Mr. TERRELL. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. TERRELL. The gentleman says he thinks the President has the power to do anything for the welfare of the people. How does the gentleman construe the tenth amendment, which says that all powers not specifically delegated to the Congress are reserved to the States and to the people?

Mr. SHALLENBERGER. Well, I do not consider the Constitution in that way. I will say that the English people were the first who had a constitution, of which ours is practically a written copy. The English constitution is written only in the minds and hearts of the English people, and under that liberal, though unwritten constitution, they have given to the nations and the peoples of the world the greatest system of laws to preserve the rights and liberties of free people everywhere that has ever come from any nation upon earth. The proudest thing that belongs to the Anglo-Saxon people is the fact that under a liberal constitution such as we enjoy we have been able to work out our problems of human rights and of modern civilization. So I believe our Constitution will permit us to do anything that is essential for our people, even as the British constitution has enabled the people of Great Britain to lead the world in all things that stand for the good of humanity and of law and justice among men. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. COX. In the recommendation that the representatives of industry made to the gentleman's committee, was it indicated that industry wanted this law and order, in order that they might form monopolies?

Mr. SHALLENBERGER. No. I do not think they would admit that.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. SHALLENBERGER] has expired.

Mr. SHALLENBERGER. I am sorry I cannot answer the gentleman.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC. Mr. Chairman, as a member who has been recently given an assignment on this committee, I want to express my sincere appreciation to the chairman and to the members of the committee for the universal courtesies extended to me during the consideration of this act.

If anyone had told me a few years ago that I would have given support to a measure that would appropriate over $3,000,000,000 to States, municipalities, and certain industries, and in some cases without reimbursement, I would have said that person was crazy. I have always felt it was my duty to try to keep down expenditures as much as possible, but on this occasion I am giving my whole-hearted support to this measure. I feel that the emergency conditions which exist throughout the Nation are such as no citizen has ever experienced before. I know that unless we raise prices of commodities there cannot be any such thing as prosperity. I know that unless we furnish labor the means of obtaining employment they cannot have the buying power necessary to raise the prices of commodities. I know that those problems dovetail one with the other, and that it is absolutely necessary to do something to start the wheels of commerce moving once more.

Some have raised the question of constitutionality. I have always believed that the Constitution was written for the people. I have noticed in the past in some instances where the Supreme Court has held that a bill was unconstitutional; later the same Court has looked upon the question from the standpoint of expediency perhaps, or the standpoint of necessity, or the standpoint of what the people should have, and have changed their opinion. I refer specifically to the income tax law. So members of the Supreme Court will take into consideration existing conditions throughout the Nation. They realize that the welfare of this country depends upon the people being happy, and to be happy they must be employed, and there is not any other way of getting around it.

It is true there are some provisions in this bill that I am utterly opposed to.

I could not conscientiously support a measure to further increase the tax on gasoline. The oil industry is the second largest industry in the Nation. It has an investment that represents more than $12,000,000,000. It should be reserved to the States rather than to the Federal authority to place an additional burden on such an industry. In some States gasoline, a byproduct, is taxed at 7 cents per gallon. Some refiners today are wholesaling the product at 1½ cents per gallon. I do not know of any industry in the country or in the world that is taxed in the same proportion as the byproducts of oil. Yet we are faced with an emergency that is more important than the question of taxing any particular commodity; and, this being true, I am willing to surrender my own views, hoping that in some way we can regulate this industry in a way that will not cause its complete emasculation.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCLINTIC. The States during the past year have collected over $500,000,000 from a tax on gasoline; and, inasmuch as it all cannot be passed to the consumer, the condition of the oil producers and more especially independents has reached a crisis. Those engaged in the oil industry in 1929 made a profit of over $400,000,000. According to the figures presented me, unless conditions should improve, these companies will face a loss of over $50,000,000 this year. I feel sure that the time is not far distant when a new policy will be put into effect concerning this subject and that Federal taxes on gasoline now imposed will be rescinded, thus leaving this entire field to the State, as during stringent periods when individuals are not able to pay taxes on their real estate many of the States are compelled to use a tax on commodities in order to defray their running expenses. I am advised that this situation now exists in a number of the States, and we are all hoping that this bill will bring about a restoration of confidence and a utilization of idle labor to the extent that conditions will be better in the future.

Mr. WILCOX. Mr. Chairman, will the gentleman yield for a question?

Mr. McCLINTIC. I yield for a short question.

Mr. WILCOX. Some days ago Congress passed as part of the farm relief bill a measure empowering the President to inflate the currency. Did the Ways and Means Committee, in considering methods and means of financing this public-works program, consider the matter of requesting the President to exercise this power to inflate the currency rather than to issue $3,300,000,000 additional bonds to be paid for and retired by these onerous and burdensome taxes to which the gentleman referred?

Mr. McCLINTIC. I may say to the gentleman that nearly every kind of a proposition one could think of was presented to this committee. An important fact we must take into consideration is that the items that are necessary to raise revenue must be fixed and certain. Unless they are fixed and certain it has a material bearing not only on the bonds that will have to be sold but on the outstanding bonds of the United States, and that means the credit of this Nation.

Further, may I say that while criticism of those in authority may be heard for bringing in a rule—you may call it a gag rule—the Members of the House must understand that every sentence in this legislation was carefully studied, analyzed, put under a microscope, if you please, for the purpose of finding out its true relation to existing law, and if this bill had been brought in wide open, in my opinion there would have been added amendments that would have made it easy for some court to declare the legislation unconstitutional.

So, in the interest of the people, in the interest of conditions, with the hope that normalcy could be restored, we are proceeding in the best manner that we know how.

I regret exceedingly that the limited time allotted to me will not permit the kind of discussion that I should like to make on this subject. Therefore in closing I will say, let us all put our shoulders to the wheel, let us uphold the hands of our great President, let us appreciate the enormity of the program that he is now sponsoring, and, above all, let us as quickly as possible as Members of Congress do everything in our power to aid the distressed and downtrodden to the extent that once more we may have a happy, smiling citizenship as in the days gone by.

Mr. Chairman, I yield back the balance of my time.

Mr. COX. Mr. Chairman, will the gentleman yield for a question before he yields the floor?

Mr. McCLINTIC. I prefer to yield back the balance of my time.

Mr. BACHARACH. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, the gentleman from Oklahoma just said that this bill and its various features had been subjected to the microscope. I rather think that we used a telescope to get a little distance and vision as to what may happen rather than to analyze it under a microscope.

However, in the first place I wish to call attention to the statement made yesterday by the distinguished gentleman, the leader of the majority, a statement that I say was most unfair. I think everybody will realize it who stops to consider the attitude of the Republicans in the House during this session. Mr. BYRNS said:

> Mr. Speaker, I want to ask the very kind attention of the House during the few minutes I am privileged to occupy, and I am sure my friends upon the Republican side will understand when I say that my remarks are going to be particularly addressed to my Democratic colleagues [applause], because it is evident that we can expect little support for any Democratic effort to hasten the passage of any measure proposed by the President of the United States in the effort to relieve the distress in this country, from the remarks that have been made.

Now, I think that is certainly a most unfair statement. The gentleman from Tennessee is at all times so eminently fair that I think he must have suffered from a temporary aberration in order to make a statement of this kind. I do not think the Republicans have been obstructionists in any degree in this session. We got a very severe licking last fall and I think we have been taking it in about as good a sporting way as we can be expected to, and we have gone along with and supported the administration in a way that does not warrant a criticism of this kind.

The gentleman from Tennessee said further:

> This is the administration's bill. Do not make any mistake about that. Every line of it has been written and proposed by those representing the administration, except that feature which carries the question of taxes.

Let me say that this question of taxes also came as nearly direct as it could from the administration. The Director of the Budget submitted four plans to us, and on motion of one of the members of the majority side we voted on plan no. 1 and adopted it, because they had 14 votes to our 11.

So there was no further consideration of any other plan than the one presented by the Director of the Budget. I asked one or two members of the committee whom I felt were near the throne and might be in close contact with the President, if we deferred making our recommendation and waited for the President to send a message, had the President any other subject matter under consideration in relation to taxes or had he anything except the four plans that were outlined at that time. I was told the President had no other plan than the subject matter that was laid down in the four plans that were submitted to us.

Personally I supported the motion of the gentleman from Massachusetts [Mr. McCORMACK] for a limited sales tax, plus a raise in the normal rates. Of course, what we hear constantly stressed in connection with this bill is the necessity for emergency legislation. This is an emergency, and I am afraid that the word "emergency" in the days to come is going to plague you about as much as the word "normalcy" did our side of the House a few years ago. There is this difference, however: The emergency is with us and normalcy I do not think ever arrived.

There is no question about the tremendous power that has been granted to the President of the United States in this legislation, but, again, the emergency is cited as making it necessary. If you closely analyze the power that is conferred upon the President in this bill it makes the distinguished dictator, Mussolini, look like an Egyptian mummy. [Laughter.]

Whether a great plan of public works, with a very small percentage of them self-liquidating, is a sound procedure at this time, I am not quite certain, but if one criticises an existing program the least he can do is to make his criticism as constructive as possible and offer something that is better, and in the absence of this I may say that I am ready to go along and support this bill. [Applause.]

There is another proposition involved here and that is the tax problem that we discussed a minute or two ago. Last year we had a subcommittee of the Ways and Means Committee appointed to discuss and consider the problem of double taxation as between the Federal Government and the State and other subdivisions. Now we are going to tax dividends, under this bill, three times—not double taxation but triple taxation. Dividends pay a tax at the source of origin and they are subject to a surtax over $6,000, and now they will be subject to the normal rates of 6 and 10, and therefore we are taxing dividends three times in this bill.

When we discussed the sales tax I asked the Director of the Budget, Mr. Douglas, whether in the computation of the revenue this would bring in they had subtracted the revenue produced under the existing excise taxes on radio, refrigerators, jewelry, and other commodities and he said, "No; we do not intend to lose any revenue. We intend to leave those taxes plus the sales tax." I said that that would be double taxation, because a great many commodities would pay a tax twice. He said, "We cannot afford at this time to lose any revenue", and he added, "Many things, Mr. Congressman, in this country are taxed twice."

Mr. COX. Will the gentleman yield?

Mr. CROWTHER. I yield.

Mr. COX. With respect to the attitude of industry which now professes an interest in labor, would industry have wanted this bill if it had been indicated that the committee expected to write into the law a selective manufacturers' sales tax or would industry have wanted the bill if provision for meeting the cost of the building program were to be made so that the cost would be met by the issuance of currency, which would mean the cheapening of money and, therefore, putting a part of the burden upon industry itself?

Mr. CROWTHER. Let me say to the gentleman from Georgia that industry, as it was represented at the hearing, apparently wanted this bill. I do not think we had anybody there who was against the bill, with possibly a single exception. They were against the methods of taxation, but I do not remember that anybody was against the bill and the United States Chamber of Commerce, the American Federation of Labor, and various groups and individuals were not finicky about the method of taxation, although this did not agree with the former attitude of the American Federation of Labor against a sales tax.

Mr. RAGON. If the gentleman will permit I should like to call his attention also to the endorsement of the bill by the Grange and the American Farm Bureau Federation.

Mr. CROWTHER. Yes; and they did not offer any great objections to the method of taxation. They offered some new methods of taxation, just as we did among ourselves, but they said they would not quarrel with the method of raising the revenue, although, let me say right here, I fail to see the necessity for raising any revenue at this time.

Thirty percent of this money is a gift, as it was described by the Director of the Budget, and, therefore, 70 percent has to be repaid. I know it has been said that you cannot immediately start your amortization unless you have provided for it by what is termed a certain and sure revenue, but it seems to me that if 70 percent is to be repaid—and the bill says, parenthetically, it is to be loaned on reasonably sound security—what is the necessity of levying any taxes at this time; and on the other hand, I think the Democratic Party and its leaders are meeting themselves coming back traveling in circles, so to speak, with respect to their policy of inflation.

I voted against inflation because I do not think it is a sound policy, but you folks made it a sound policy and paved an avenue up to the front door of the White House and you gave the President the privilege of issuing $2,000,000,000 worth of non-interest-bearing currency. The policy of issuing bonds with the necessary provision for raising revenue by taxation to go along with it evidently was anathema to the Members on the Democratic side of the House and I know that the inflationists said that it was wrong and reactionary, but you did not go to the White House to find out if that plan could be applied to this bill. This could have been done very handily and it would have been completely under control. Instead of doing this, you provided for renewing the old game of issuing bonds with the necessity of providing revenue by taxation.

In the committee the necessity was stressed of making this bond issue of over $3,000,000,000 very attractive by making the revenue for amortization very certain and sure.

In my opinion, you missed a very favorable opportunity of trying out your currency-inflation plan.

But let me say further that the problem before the Ways and Means Committee to provide revenue was not the only tax problem. Every one of the 10,000 subdivisions in the country who undertake public-works activity will immediately create a tax problem for themselves. So in addition to our own problems, there will be 10,000 new local problems of taxation to provide for payment of loans. If you Democrats are sincere in your contention that the inflation policy is sane, it seems to me that there should have been some recommendation for its use at this time, and save the necessity of producing revenue where the interest alone will cost $3,000,000 in the next 20 years.

Mr. COX. If the gentleman will yield, the representatives of industry were very frank to state that they wanted the law in order that they might set up commodity agreements which now are under the ban.

Mr. CROWTHER. Oh, let me say that I am in favor of that. If we can do what is sought under the bill, if we can bring capital and labor together in 100 percent agreement, it well deserves the encomiums and praise of all the American people. I am for that a hundred percent, and I believe it would be of great advantage to the social and economic development of the country.

Now, may I suggest in passing that while the purpose of the bill is to raise the "economic level" of this country by controlling and restricting domestic competition, there is no provision for the control or restriction of competing commodities made in foreign countries. Even under existing conditions the foreign nations are finding this a good country to sell in but a poor country to buy in.

With the increase in price levels that is hoped for as a result of the passage of this legislation, it will be a still better country for foreign nations to sell in. Bernard M. Baruch, head of the War Industries Board during the World War, spoke of this weakness in the bill and called attention to it in an address in Washington on May 19. He said:

> Finally this process is certain to raise American costs even further above world costs and to require additional protection against importations. Coupled with the further effect of the farm bill to raise prices, all this struggle suggests inconsistency in domestic policy with any plan to lower tariffs in the World Economic Conference.
>
> "But", he says, "that can be ironed out."

It will not be ironed out; there is no time to iron it out, no opportunity to propose an amendment. If I had an opportunity, I would offer section 8 of the Connery bill, which I insert at this point:

> To insure a purchasing power on the part of the American consumers the Secretary of the Treasury is hereby directed, while this act continues in force and effect, to prohibit the entry of foreign-made goods, which goods are similar or comparable to goods produced in the United States of America, if such foreign-made goods are entered at total landed costs which are less than American cost of production of similar or comparable American-made goods. The Secretary of the Treasury is hereby authorized to make findings of the cost of production, and his decision shall be final.

Now, it is dangerous to make predictions. Somebody said that we ought not to be allowed to quote from the CONGRESSIONAL RECORD after 30 days, because of consequent embarrassment to the Members.

I have been embarrassed about a prediction I made as to the return of prosperity after the passage of the Smoot-Hawley tariff bill. I have been taken to task on several occasions because of a prophecy in the making of which I was absolutely sincere.

But my Democratic friends made just as bad a prediction when they said that the Smoot-Hawley bill would cost the country billions of dollars, when as a matter of fact the prices came down so that they did not pay the cost of production.

There is no question but that the great body politic of the people are behind the President and behind this Congress. I sacrifice just as much of individual fundamentals and faith as does the gentleman from Oklahoma [Mr. MCCLINTIC] when I support the Democratic side of this proposition, especially when I have no opportunity to put in what I think would be a saving clause, because industry in this country will say to you and submit evidence to you that their policies and troubles are not all domestic troubles, but that their part time for labor and their necessity of reducing wages is a result of unfair foreign competition and that ought to be given consideration in this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CROWTHER. Under the granted privilege of extension of remarks I present a short description of the provisions of the bill.

H.R. 5755

This bill confers upon the President of the United States greater power than has ever been vested in an executive during our Nation's history. Title I of the bill attempts to complete what labor and capital have tried to accomplish for years with limited success, and that is, a hundred percent cooperation. This means wage agreements, regulation of the hours of labor, honest price and trade agreements, elimination of unfair competitive practices, and an end of cutthroat competition that has driven a multitude of small industries to the wall. During the life of this legislation all agreements, codes, and licenses are to be exempt from the provisions of the antitrust laws of the United States.

Provision is made for the submission of voluntary trade agreements to the President which he may approve if clearly defined policies are made a part of the instrument. The exact language of the bill is:

> That such associations or groups shall impose no inequitable restrictions on admission to membership therein and are truly representative of such trades or industries or subdivisions thereof.
>
> Also—
>
> That such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them.

Penalties are provided for violations of code procedure and such violation is termed a misdemeanor and the fine is $500 for each offense.

After public notice and hearing as he may specify, the President may license business enterprises in order to make effective these codes of fair competition or agreements. The President also has the power to revoke any such license or agreement, after due notice and opportunity for a hearing, for violations of the terms or conditions thereof. Penalties are also provided for attempts to carry on a business for which such license is required consisting of 6 months' imprisonment or a $500 fine, or both.

The Federal Trade Commission is to aid the President by making such investigations as may be necessary to enable him to carry out the provisions of this section of the act.

Before any code or agreement or license is approved it must contain the following conditions: It must provide that employees shall have the right to organize and bargain collectively through representatives of their own choosing; that no employee or one seeking employment shall be compelled as a condition of employment to join any organization or to refrain from joining a labor organization of his own choosing; that employers shall comply with the maximum hours of labor, minimum rates of pay, and other working conditions approved or prescribed by the President.

The President is authorized, so far as practicable, to afford every opportunity to employers and employees to establish by mutual agreement standards of maximum hours of labor, minimum rates of pay, and such other working conditions as may be necessary.

When no such mutual agreement has been approved by the President, he may order an investigation of the labor practices, policies, wages, hours of labor, and so forth, and after such hearings as he deems advisable he is authorized to prescribe a limited code of fair competition, fixing the factors as heretofore mentioned.

The bill further provides for a great program of public works. The Administrator under the direction of the President is to prepare a comprehensive program, which is to include construction, repair, and improvement of public highways and parkways, public buildings and publicly owned instrumentalities and facilities, conservation and development of natural resources, control, utilization, and purification of waters, prevention of soil erosion, development of water power, transmission of electrical energy, and construction of river and harbor improvements. Low-cost housing is to be constructed under public regulations and slum clearance projects are to be taken care of. Such naval vessels and aircraft as do not conflict with the London Naval Treaty of 1930 are to be constructed.

The President is authorized to construct, finance, or aid in the construction or financing of any public-works project. He may also upon such terms as he shall prescribe make grants to States, municipalities, or other public bodies for construction, repair, or improvement of such projects, the grant being limited to 30 percent of the cost of labor and materials. Of course a grant is a gift.

Four hundred million dollars of the three billion and three hundred million is set aside for emergency construction of public highways and related projects. I offered an amendment providing that at least 400 million should be specifically provided to finish the Federal building program which would include the post offices at Schenectady and Amsterdam. The amendment was not accepted by the Committee but I am hopeful that these projects will be included in the general public-buildings provision.

No convict labor is to be employed in these projects, and all materials must be produced, mined, or manufactured in the United States.

Thirty hours of labor a week on public works is the limit prescribed, and where they are qualified preference is given to ex-service men with dependents.

The revenue necessary to amortize interest and sinking fund in the $3,300,000,000 bond issue amounts to $220,000,000 annually.

The committee adopted plan no. 1 presented by the Director of the Budget, consisting of a raise in normal income tax from 4 and 8 percent to 6 and 10. Dividends are also to be taxed, their former exemption being repealed. An additional Federal tax of three quarter cents a gallon on gasoline was also adopted. The income-tax raise is expected to yield 46 millions, the dividend tax 83 millions, and the gasoline tax 92 millions, a total of 221 millions.

The minority voted unanimously against this method of raising the revenue and so did one member of the majority. I cannot understand the prejudice against the sales tax. It is the fairest tax in the world, and the American Federation of Labor, through their leader, William Green, agreed to accept it although they have always opposed it.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, I want to refer to a statement the gentleman from New York [Mr. CROWTHER] just made with reference to the use of Treasury notes to meet these expenditures. His statement was that 70 percent of the $3,300,000,000 is to be secured and that thereby there was no necessity to issue bonds. Of course, I know that such expression was used inadvertently. As a matter of fact, the only portion secured is the 70 percent of loans made to municipalities, States, and different political subdivisions. The $400,000,000 that will go to road building, the money that will go into Federal construction, into river and harbor work, flood control, and scores of other activities to put the unemployed to work will not come within the 70-percent feature. Only the 70 percent of loans made to States or their subdivisions are secured.

The gentleman from New York [Mr. CROWTHER], who is a very capable Member of this Congress, knows that I have favored currency-expansion legislation. There are two reasons why I do not want to see Treasury notes meet these expenditures. One, that we must sell something like $2,000,000,000 worth of bonds, $1,900,000,000, to be exact, to refinance short-time paper within the next few weeks, and there is the question of the effect upon their market. There is another reason in my mind. I want to save the issuance of currency, with the hope in my heart that the World War veterans may be able to get that currency issued under the Owen plan in payment of their bonus certificates. [Applause.] We must have controlled inflation. I believed in it when it was unpopular. I believed it was the hope of our country when the payment of the bonus was before us. Time has justified that position. The power to have controlled inflation even without its exercise has started us well on the road to recovery.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. COX. Was there anything in the way of the committee that prevented it from putting the bonus provision in the bill before the House?

Mr. VINSON of Kentucky. The gentleman from Georgia, who has had quite an experience here, knows that we could have gone into the various realms of legislation. We could have taken the depreciated-currency legislation that the gentleman from New York wanted. We could have written a tariff act. We could have had a complete revenue bill. We could have presented some measures that might have a beneficial effect upon the cotton mills of Georgia, the gentleman's State. We could have brought in all kinds of legislation, but there are times for all things, and the purpose of this legislation is to put the unemployed to work. My distinguished friend from Georgia [Mr. Cox] says that if this law passes, the turning point in this Nation's history will have been reached. I say to the distinguished gentleman that the turning point in our history has already been reached.

When this bill is passed by this House and it becomes law, it will place within the power of the President discretionary power to rear an economic structure that has collapsed and to build anew upon the ruins. The turning point has already been reached, and so far as the constitutional argu-

ment is concerned, the language of the great liberals in the Supreme Court recognizes that a new day has arrived. That day has arrived and a new deal is in course of consummation.

We have passed an agricultural bill increasing agricultural-commodity prices. Attached to that bill was the currency legislation which will mean so much to our country. This bill is a supplement of that legislation. This bill tends toward the employment of millions of unemployed. When it reaches the Supreme Court, it will be considered in the light of fair decisions and in the light of our present-day experience and conditions.

In discussing title I, I say that the powers granted there are discretionary. Further, the powers are temporary. The antitrust laws are not repealed. They are suspended insofar as they come in conflict with this law, for a temporary period, in order that an economic structure may be built. The gentleman from Georgia in a query to some gentleman endeavored to quote Mr. Richberg in answer to a gentleman on the committee that this bill was contemplated to construct monopolies, and he referred to page 60 of the hearings. Mr. Chairman, Mr. Richberg is the general counsel for the brotherhoods, and he had as much to do with the labor provisions in this bill, probably more, than any other man. He said they were fair to labor.

In answer to the question of the gentleman from Minnesota [Mr. KNUTSON], let me quote from the bill:

That such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises, and will not operate to discriminate against them, and will tend to effectuate the policy of this title.

My friends, it is an easy matter for a shrewd lawyer to pick out a particular sentence in a particular paragraph and stress it, but you must read the declaration of policy of this bill. You must read it. Every line in title I is to effectuate the purpose set forth in the preamble of that title, or its declaration of policy. It reads as follows:

DECLARATION OF POLICY

SECTION 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate commerce, affects the public welfare and undermines the standards of living of the American people is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate commerce which tend to diminish the amount thereof and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

Mr. COX. Will the gentleman yield?

Mr. VINSON of Kentucky. I will be very happy to yield.

Mr. COX. Will the gentleman permit me to call his attention to the language of Mr. Richberg, on page 56 of the hearings?

Mr. VINSON of Kentucky. That was not the page to which the gentleman referred a moment ago.

Mr. COX. I know it was not; but I will come to that later. At the bottom of page 56 I find this:

It has been the desire of the trade associations, from the employers' standpoint, to be permitted to get together and make agreements establishing standards of fair competition—

And then later—

Agreements such as have been developed in a great many industries where they have attempted trade-association operations, for the purpose of eliminating unfair practices, and also, let us say, for the purpose of establishing price levels on which the industry felt it could survive. Of course, those agreements have run ahead on into the Sherman law and the other antitrust laws, because they tended to restrict competition, to restrain competition in interstate commerce.

Mr. VINSON of Kentucky. The gentleman stops too soon. Now I want to read something on page 57 of the hearing, quoting from the same gentleman:

Now, the difficulty that is met in this bill is this: Any suggestion that the antitrust laws simply be repealed would turn us back, without Government restraint, into the field of developing monopoly and monopoly control of prices and output, which would be abhorrent to the general senses of the American people who, I think, still believe that a private monopoly is indefensible.

The very purpose of this bill, the foundation rock, is to prevent monopolies. Such purpose is expressly written into the law. Regardless of the desire of a particular trade group or industrial group as to what they might want to do, the law says that such code or codes are not designed to promote monopolies or limit or oppress small industry, and will not operate to discriminate against them, and will tend to effectuate the policy of this title. It is not contemplated to lay down a national code for all industries.

If you find an industry that a national code would fit, well and good; but throughout this bill you have it for a trade or industry or subdivision thereof. I asked Senator WAGNER what "subdivision" meant. I asked Mr. Douglas with reference to "restricted area or zone", and the testimony is, without contradiction, that these codes of agreement will apply to particular areas in the sections where conditions are different from the conditions in other sections. The question of locality and the question of skilled employees is specifically mentioned as an important factor.

Mr. COX. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. COX. Industry wanted this bill because it permitted the setting up of a trade agreement. Now, will not that industry immediately fix prices, which defeats the normal operation of the law of competition, and is that not what industry wanted?

Mr. VINSON of Kentucky. I do not agree that this is a price fixing bill as such. It is a bill that intends to put unemployed to work, to give them a living wage, to permit them to live as Americans should live; to permit a fair price to be secured for their commodities. You may have a voluntary code, my friends——

Mr. COX. Will the gentleman yield?

Mr. VINSON of Kentucky. I regret very much, but my time is limited.

You may have a voluntary code. If an industry came in with a voluntary code, before that can become operative it must have the approval of the President of the United States.

Mr. BANKHEAD. Will the gentleman yield?

Mr. VINSON of Kentucky. In just a moment, please. Before you can have a voluntary code, those sending it must show two things, that there is no inequitable restriction on admissions to membership and that they are truly representative of the trades or industries involved. Now, I yield to the gentleman from Alabama.

Mr. BANKHEAD. With reference to the constitutional construction of modifying the antitrust provision, did the committee have in mind the principles laid down in the recent case of *Appalachian Coal Co.* v. *United States?* It seems to me the gentleman might well incorporate a part of that decision in his remarks.

Mr. VINSON of Kentucky. I, as one member of the committee, had that decision in mind. It affected my particular section. It may be said the Supreme Court went a long way in that opinion, but it shows the trend of the times, and it is the supreme law of the land.

Mr. JENKINS. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. JENKINS. In view of the fact that the Appalachian decision was favorable to the States of Kentucky and West Virginia what, in the gentleman's opinion, will this bill do to promote the coal industry of Ohio, to permit it to revive itself?

Mr. VINSON of Kentucky. Well, I certainly think the industry in which the gentleman is interested will be helped. There is no difference in our opinion. We both believe that the coal industry will be revived. If we felt there was anything in this bill that would cripple the coal industry I am certain the gentleman from Ohio would not support it and I would not.

It is necessary for us to realize that this bill is aimed at national economic recovery. Even now the coal business

in Kentucky and West Virginia is improving by leaps and bounds. The general economic condition is vastly improved. But, we must admit that such improvement must be helped along, steadied, and pushed forward by increased buying power. In my opinion, this is the legislation that will have maximum effect in starting the wheels of industry to turn permanently. Once started, they will naturally accelerate. With the factory wheels turning there will be a demand for coal, and this industry, at the lowest ebb in its history, will get upon its feet.

Take the coal industry for example: When there is a demand for coal caused by the wheels of industry turning every individual in the immediate and surrounding vicinity of the mines is directly benefited; buying power is created; money and credit change hands; increase in the velocity of currency takes place, not only in the immediate vicinity but the purchases necessary for this work reach every State in the Union and the labor in those States. They have increased buying power; they go into the market; other men and women are put to work—they have increased buying power. Throughout this entire country people are able to buy the products of the farmer at a fair price. This gives them increased buying power. In turn, they purchase the products of the factory and the mines—this gives them added buying power, and so on until our people will be a prosperous, contented people.

Now, I want to submit one fact that has not been developed, and that is with reference to the consumer. He gets into this picture. The consumer has a representative in this deal. The representative of the consumer is the President of the United States.

Mr. COX. Oh, he is the representative of all the people.

Mr. VINSON of Kentucky. He is the representative of the people in respect to these agreements and these codes. The code or agreement must be a fair code or agreement, and this bill gives the President the power, as a condition of his approval, to impose such conditions and include such requirements for the making of reports, the keeping of accounts, and so forth, for the protection of consumers, competitors, employees, and others.

Mr. COX. Will the gentleman not permit me to take him back again to the testimony of Mr. Richberg for a moment?

Mr. VINSON of Kentucky. I can not yield further. My time is very limited.

In paragraph (d), on page 4, power is given the President to create an involuntary code, and then later on in the bill he has a right to prescribe a limited code, a code that only deals with the question of hours, the question of minimum pay, and working conditions in the industry.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. VINSON] has expired.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. VINSON] 5 additional minutes.

Mr. VINSON of Kentucky. The statement has been made that this is a manufactured bill, a canned bill. Since I have been in Congress I have had something to do with bringing out many bills. I have never seen a bill that has been amended as many times or given more careful consideration than this particular bill.

Mr. COX. If the gentleman will yield, with the exception of the tax provision, the original bill as sent down to the committee has not suffered the dotting of an "i" or the crossing of a "t."

Mr. VINSON of Kentucky. Oh, my! I can understand now the vision of the gentleman if that is the consideration he has given to this bill.

Mr. COX. I have copies of both bills and have compared them very carefully.

Mr. VINSON of Kentucky. There was a committee print. I think I can see the viewpoint of the gentleman. He is honestly mistaken. After we concluded our work a new bill was introduced. It was used as the basis for discussion in committee. I can point out between 30 and 50 amendments to the original bill, which was later reintroduced by Chairman DOUGHTON, of the Ways and Means Committee, as amended by the committee; and, of course, the gentleman from Georgia did not know about that. He did not know the changes the committee has made in respect of the original bill.

Mr. COX. I have studied both bills. I dare say I have studied them more carefully and closely than the gentleman if the gentleman's statement means to reflect his understanding of the two bills.

Mr. VINSON of Kentucky. I mean that I can point out probably 50 changes made by the Ways and Means Committee in the original bill introduced by the gentleman from North Carolina [Mr. DOUGHTON].

Mr. Chairman, the statement has been made that the income tax on incomes above $10,000 has been increased only 3 percent. I am sure the gentleman who made that statement was sincere; but when you get to juggling figures, things are not always made to appear in their true relationship. Let me tell you what this increase is. There may be just complaint as to the burden or as to the excessiveness of the increase, but certainly none as to its lightness of burden. They talk about a 50-percent increase on $4,000 net income. That is true; but when you get above $4,000 net income the increase is 25 percent on the normal rate. It is increased from 8 percent to 10 percent. This is carried not only from $4,000 to $10,000, but it goes from $4,000 to the maximum figure, even though it should be $50,000. In other words, the normal rate is increased 25 percent on all incomes over $4,000.

Do not forget we have a surtax, and in the high brackets this rate is 55 percent. When you add the normal rate of 10 percent to the surtax you have a Federal tax of 65 percent of the income. If you live in Wisconsin, you would have to pay 15 percent as a State income tax, which would make a total tax of 80 percent of such income of a person as may fall in the highest bracket.

I wish to call attention to a committee amendment which will be offered. It is a provision to eliminate net losses. This was a provision which was incorporated in the Revenue Act of 1932 that passed the House. The Senate took it out. Before the act of 1932 you could carry losses over for a period of 2 years. In other words, as Mr. Morgan had a severe loss in 1929 he was entitled to carry over the loss he sustained in 1929 and offset it against income which was earned in 1930 and 1931. This amendment meets that situation. This amendment eliminates the carry-over for 2 years. It eliminates the carry-over for 1 year. The committee amendment which is to be offered provides that the loss must be taken in the year in which it was sustained, and this certainly is a salutary provision. I am happy in having sponsored this in the last Congress even before the Morgan exposé.

Another committee amendment will be offered to put the tax on electric energy on the producer instead of the consumer, in conformity with the action of the House taken a few days ago. We are controlled by the action of the House in this respect.

A number of other committee amendments will be offered, probably a dozen. It may be the gentleman from Georgia did not know about them.

Mr. COX. Yes; I knew about them because a member of the committee made the statement yesterday that he proposed to do that, and the statement was made as an inducement to the House to adopt the rule, which was adopted, under which this bill is being considered.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. VINSON of Kentucky. I do not want to be misunderstood in referring to the committee amendments that are to be introduced. The amendments to which I referred originally are amendments to the original Doughton bill in addition to those offered upon the floor today, and there are, I would say, at least 30 such amendments.

This bill has been referred to as creating a dictatorship in this country. I do not believe it goes that far; but with twelve or fourteen millions of our people out of work, with

millions and hundreds of millions of dollars of Federal money, State money, county and city money being expended to provide a mere living to millions of our citizens, it is high time work of this character were done that tends toward the employment of our people.

We may prate about the Constitution of the United States. No man loves it more than I do. Constitutionality is a personal consideration. However, I believe that the law of self-preservation, the first law of nature, will have its effect in the consideration of the constitutionality of this or any similar bill. [Applause.]

Justice Brandeis' language in minority opinion in New State Ice Co. against Liebmann is very illuminating in this respect:

The people of the United States are now confronted with an emergency more serious than war. Misery is widespread in a time, not of scarcity but of overabundance. The long-continued depression has brought unprecedented unemployment, a catastrophic fall in commodity prices, and a volume of economic losses which threatens our financial institutions. Some people believe that the existing conditions threaten even the stability of the capitalistic system. Economists are searching for the causes of this disorder and are reexamining the base of our industrial structure. Business men are seeking possible remedies. Most of them realize that failure to distribute widely the profits of industry has been a prime cause of our present plight. But rightly or wrongly, many persons think that one of the major contributing causes has been unbridled competition. Increasingly, doubt is expressed whether it is economically wise or morally right that men should be permitted to add to the producing facilities of an industry which is already suffering from overcapacity. In justification of that doubt men point to the excess capacity of our productive facilities resulting from their vast expansion without corresponding increase in the consumptive capacity of the people. They assert that through improved methods of manufacture, made possible by advances in science and invention and vast accumulation of capital, our industries had become capable of producing from 30 to 100 percent more than was consumed even in days of vaunted prosperity; and that the present capacity will, for a long time, exceed the needs of business. All agree that irregularity in employment—the greatest of our evils—cannot be overcome unless production and consumption are more nearly balanced. Many insist there must be some form of economic control. There are plans for proration. There are many plans for stabilization. And some thoughtful men of wide business experience insist that all projects for stabilization and proration must prove futil unless, in some way, the equivalent of the certificate of public convenience and necessity is made a prerequisite to embarking new capital in an industry in which the capacity already exceeds the production schedules. Whether that view is sound nobody knows.

The objections to the proposal are obvious and grave. The remedy might bring evils worse than the present disease. The obstacles to success seem insuperable. The economic and social sciences are largely uncharted seas. We have been none too successful in the modest essays in economic control already entered upon. The new proposal involves a vast extension of the area of control. Merely to acquire the knowledge essential as a basis for the exercise of this multitude of judgments would be a formidable task; and each of the thousands of these judgments would call for some measure of prophecy. Even more serious are the obstacles to success inherent in the demands which execution of the project would make upon human intelligence and upon the character of men. Man is weak and his judgment at best is fallible.

Yet the advances in the exact sciences and the achievements in invention remind us that the seemingly impossible sometimes happens. There are men now living who were in the habit of using the age-old expression, "It is as impossible as flying." The discoveries in physical science, the triumphs in invention attest the value of the process of trial and error. In large measure, these advances have been due to experimentation. In those fields experimentation has, for 2 centuries, been not only free but encouraged. Some people assert that our present plight is due, in part, to the limitations set by courts upon experimentation in the fields of social and economic science and to the discouragement to which proposals for betterment there have been subjected otherwise. There must be power in the States and the Nation to remold through experimentation our economic practices and institutions to meet changing social and economic needs. I cannot believe that the framers of the fourteenth amendment, or the States which ratified it, intended to deprive us of the power to correct the evils of technological unemployment and excess productive capacity which have attended progress in the useful arts.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, at the outset I draw attention to my insertion in my remarks of a typical code of practice that might be used by any typical trade association within the purview of title I of this act, and I ask unanimous consent to insert this in the RECORD.

Mr. CROWTHER. Reserving the right to object, Mr. Chairman, has this been submitted to the "brain trust"?

Mr. CELLER. I am the "brain trust" in this regard. [Laughter.]

The CHAIRMAN (Mr. LAMNECK). Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. The distinguished gentleman from Pennsylvania [Mr. BECK] complains about the vast powers conferred upon the President by title I of the National Industrial Recovery Act.

However, these powers are no greater, nor any less, than those granted to the head of the War Industries Board in 1918. Incidentally, President Wilson took it upon himself to set up the War Industries Board by a mere letter addressed to Bernard M. Baruch, under date of March 4, 1918. The letter constituted the charter of the Board. The set-up of the Board was not even grounded in legislation. The letter is as follows:

THE WHITE HOUSE,
Washington, March 4, 1918.

MY DEAR MR. BARUCH: I am writing to ask if you will not accept appointment as Chairman of the War Industries Board, and I am going to take the liberty at the same time of outlining the functions, the constitution, and action of the Board as I think they should now be established.

The functions of the Board should be:

(1) The creation of new facilities and the disclosing, if necessary, the opening-up of new or additional sources of supply;

(2) The conversion of existing facilities, where necessary, to new uses;

(3) The studious conservation of resources and facilities by scientific, commercial, and industrial economies;

(4) Advice to the several purchasing agencies of the Government with regard to the prices to be paid;

(5) The determination, wherever necessary, of priorities of production and of delivery and of the proportions of any given article to be made immediately accessible to the several purchasing agencies when the supply of that article is insufficient, either temporarily or permanently;

(6) The making of purchases for the Allies.

The Board should be constituted as at present, and should retain, so far as necessary and so far as consistent with the character and purposes of the reorganization, its present advisory agencies; but the ultimate decision of all questions, except the determination of prices, should rest always with the chairman, the other members acting in a cooperative and advisory capacity. The further organization of advice I will indicate below.

In the determination of priorities of production, when it is not possible to have the full supply of any article that is needed produced at once, the chairman should be assisted and, so far as practicable, guided by the present priorities organization or its equivalent.

In the determination of priorities of delivery, when they must be determined, he should be assisted when necessary, in addition to the present advisory priorities organization, by the advice and cooperation of a committee constituted for the purpose and consisting of official representatives of the Food Administration, the Fuel Administration, the Railway Administration, the Shipping Board, and the War Trade Board in order that when a priority of delivery has been determined there may be common, consistent, and concerted action to carry it into effect.

In the determination of prices the chairman should be governed by the advice of a committee consisting, besides himself, of the members of the Board immediately charged with the study of raw materials and of manufactured products, of the labor member of the Board, of the Chairman of the Federal Trade Commission, the Chairman of the Tariff Commission, and the Fuel Administrator.

The chairman should be constantly and systematically informed of all contracts, purchases, and deliveries in order that he may have always before him a schematized analysis of the progress of business in the several supply divisions of the Government in all departments.

The duties of the chairman are:

(1) To act for the joint and several benefits of all the supply departments of the Government.

(2) To let alone what is being successfully done and interfere as little as possible with the present normal processes of purchase and delivery in the several departments.

(3) To guide and assist wherever the need for guidance or assistance may be revealed; for example, in the allocation of contracts, in obtaining access to materials in any way preempted, or in the disclosure of sources of supply.

(4) To determine what is to be done when there is any competitive or other conflict of interest between departments in the matter of supplies; for example, when there is not a sufficient immediate supply for all and there must be a decision as to priority of need or delivery, or when there is competition for the same source of manufacture or supply, or when contracts have

not been placed in such a way as to get advantage of the full productive capacity of the country.

(5) To see that contracts and deliveries are followed up where such assistance as is indicated under (3) and (4) above has proved to be necessary.

(6) To anticipate the prospective needs of the several supply departments of the Government and their feasible adjustment to the industry of the country as far in advance as possible, in order that as definite an outlook and opportunity for planning as possible may be afforded the business men of the country.

In brief, he should act as the general eye of all supply departments in the field of industry.

Cordially and sincerely yours,

WOODROW WILSON.

MR. BERNARD M. BARUCH,
Washington, D.C.

Briefer than the letter was the Executive order, under the so-called "Overman Act", which ratified the existing status of the War Industries Board. That Executive order reads as follows:

I hereby establish the War Industries Board as a separate administrative agency to act for me and under my direction. * * * The functions, duties, and powers of the War Industries Board, as outlined in my letter of March 4, 1918, to Bernard M. Baruch, Esq., its chairman, shall be, and hereby are, continued in full force and effect.

It may be said, and has been said, that that was a time of war; that we are now in a time of peace. That is hardly true. Judge Brandeis, in a famous dissenting opinion (*New State Ice Co.* v. *Liebman*, 285 U.S.Repts. 306) says:

The people of the United States are now confronted with an emergency more serious than war. Misery is wide-spread in a time, not of scarcity but of overabundance. The long-continued depression has brought unprecedented unemployment, a catastrophic fall in commodity prices, and a volume of economic loss which threatens our financial institutions. Thus, emergencies of peace may be just as acute and damaging as those of war.

I say to Mr. BECK, the War Industries Board did not injure the Constitution nor will the National Industrial Recovery Act.

Much has been said about the possibility of the Supreme Court's declaring title I unconstitutional. The Supreme Court, which declared the emergency rent laws constitutional, will certainly declare title I of this act constitutional. *Marcus Brown Holding Co.* v. *Feldman* (456 U.S. 170), which arose in New York City, and *Block* v. *Hirsh* (256 U.S. 135), which arose in the city of Washington, took away the right of landlords to charge anything that they would for leases on residential property. This right was denied to the landlords on the ground of the scarcity of buildings and dwellings. A very recent Supreme Court case, the *Appalachian Coal case,* should still all ideas that the Court will declare this bill, if enacted, unconstitutional. There 70 percent of coal operators combined to form a selling agency. It really was and is an agreement to fix prices and limit production. This bill would permit just that.

However, even the minds of the members of the Supreme Court are not static; they move onward. They realize, or ought to realize, that the Court should not have the right to place a bar upon experimentation in the fields of social and economic science. As Judge Brandeis said in the dissenting opinion above, in the case of the New State Ice Co. against Liebman, at 311:

There must be power in the States and the Nation to remold, through experimentation, our economic practices and institutions to meet changing social and economic needs. I cannot believe that the framers of the fourteenth amendment, or the States which ratified it, intended to deprive us of the power to correct the evils of technological unemployment and excess productive capacity which have attended progress in the useful arts.

The judge cautioned the court that to stay experimentation in things social and economic was the gravest of responsibilities, and denial of the right to experiment might be fraught with serious consequences to the Nation.

Title I of the instant bill is a great experimentation. It is really the declaration of independence of industry; independence from the age-worn shackles of the antitrust laws.

Recently two men came to my office in New York, and with serious demeanor, asked me to close the door to my office and draw the window blinds. They wanted to speak to me in the utmost secrecy. In whispering tones they told me they represented a large manufactory and that there were five such manufactories, the proprietors of whom were members of a trade organization. They have for 2 years past been agreeing upon certain practices in the trade, including that of price fixing. They wished to know their rights under the pending bill and whether they were safe from prosecution as the result of their price-fixing arrangements for the past 2 years. I told them that if this bill were passed, they could enter into a code of practice in their industry whereby they could limit production, allocate production, fix prices, set minimum hours of employment, arrange wage scales, and exchange credit facilities; in fact, do anything that would further the best interests of the industry, provided these practices were fair and equitable to the public, to labor, and to themselves, and would not offend against the policy of the act, as found in section I, title I, of the instant bill; said declaration of policy being as follows:

TITLE I—INDUSTRIAL RECOVERY

DECLARATION OF POLICY

SECTION 1. A national emergency productive of wide-spread unemployment and disorganization of industry, which burdens interstate commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practice, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

My good friends in my office breathed a sigh of relief and seemed especially happy when I told them that if this bill were passed they could freely and openly do what they had heretofore been doing by indirection and clandestinely.

That, my good friends, is the nub of the situation. Many trade organizations, stealthily and behind closed doors, have been making all kinds and manner of agreements as to wage conditions, prices, and credit facilities. The preservation of the life of their business demanded this. The antitrust laws have been violated right and left. No law of Congress can stop economic law. The changing economic law requires a changed statute.

It is becoming more and more evident that blind competition, with its ruinous cutthroat prices, is strangling industry by causing the widest kind of fluctuation in supply and demand, as well as uttermost waste and cruel unemployment. As Robert S. Brookings so wisely said recently, our problem is to work out some method by which we may obtain the benefits of competition with as little as possible of accompanying disorganization. "We know from sad experience that blind, ignorant competition has failed to make its reasonable contribution to earnings and our national economic needs." Industrialists must be permitted to band together and put their houses in order, and arrange fair equitable codes of practice governing the industry.

It would be unfair to attribute our present economic distress to the Sherman law. However, no sensible man can ignore the fact that the Sherman law and the interpretations placed upon it by our Supreme Court is one of the causes of that distress. Instead of being an aid to business it has become a hindrance. The Sherman law is called "An act to protect trade and commerce." It has been converted into a statute to injure and cripple trade and commerce. Appropriate economic planning that the economists have been advocating, and for which forward-looking business men have been yearning, is impossible under the Sherman law.

The law has been interpreted by the Supreme Court as an act to insure business against restraint, and by that token has become a law that forces competition in committing wastes. The Sherman law originated in the abuses brought about by the creation of so-called "trusts" and "monopolies" during the last 2 decades of the last century. These monopolies were a result of the fierce individualism that seemed to dominate during these decades. It is still sound law to prevent monopolies; and if the Supreme Court interpretations of the Sherman law had been limited to the pre-

vention of monopolies and trusts, there would be no need today for this pending statute. But the Supreme Court went further than the sponsors of the Sherman law intended. Senator Sherman said that he aimed at "substantial monopoly, injurious to the public."

Chief Justice Fuller, in 1895, pointed out that all the law did was to strike at combinations, contracts, and conspiracies to monopolize trade and commerce. No one wishes to repeal the Sherman law so far as it obtains against monopolies, but its development and interpretation and the uncertainties of its application have given the statute a scope and effect far beyond real beneficial results. In other words, the Supreme Court has developed the statute far beyond its original purpose. Therein lies the difficulty. The Supreme Court failed to distinguish between a conspiracy and a combination. It held all combinations to be conspiracies. Innocent combinations were confounded with guilty combinations. As a result natural and fair and equitable agreements among members of the same industry, to avoid overproduction and wastes and destructive competition, were forbidden. The instant bill seeks to bring the statute back to the common law and permit combinations, provided they do not monopolize, or tend to monopolize, and provided same are fair and equitable.

It was never within the realm of the common law to prevent combinations or agreements among tradesmen. The common law only prohibited combination when that combination became a conspiracy to monopolize or an agreement to oppress. The Supreme Court failed to follow this common law. It seemed to think it had a mandate under the Sherman law to hold that any restraint of trade was bad and that all competition is good.

It is said that we turned the hands of the clock backward 5 centuries when the Supreme Court made such a pronouncement.

Great havoc was caused by the *Northern Securities case* in 1903 when the Supreme Court, by a 5-to-4 decision, announced the principle that no mutual restraints were permissible; that same were prohibited by the Sherman law. Had the minority view in the *Northern Securities case* prevailed, there would have been no need now to amend the Sherman law. Furthermore, the views of the minority in that case were quite consistent with the well-established principles of the common law.

It is interesting to note that Justice Holmes, one of the minority, pointed out that if the competition with third parties is not restrained or oppression practiced against them, or if monopoly is not aimed at or achieved, then no aspect of the combination can be harmful. "Quite to the contrary", said Holes, "such combinations might easily be beneficial to the public interests." He went on further to say that all trade agreements that aimed at the elimination of excess production or the maintenance of fair prices must be deemed legal.

Title I of the instant bill imports and permits exactly what Justice Holmes said in his dissenting opinion in the *Northern Securities case*. Title I says that, with the approval of the President, or anyone he may designate, any trade organization can enter into an agreement among its members to eliminate excess production and maintain fair prices.

If we look at the language of the Sherman Act—

Justice Holmes said—

it says nothing about competition. It deals with restraints of trade and with monopoly. There was no objection at the common law to combinations in restraint of trade, unless they amounted to monopoly, or unless they intended to oppress or restrain strangers to the combination. The prohibitions of the Sherman law were suggested by the trusts, the objection to which, as everyone knows, was not the union of former competitors, but the sinister power exercised or supposed to be exercised by the combination in keeping rivals out of business and ruining those who were already in. * * * It was the ferocious extreme of competition with others, not the cessation of competition among the parties, that was the evil feared.

The Sherman Act has been interpreted dozens and dozens of times, and each time it has been interpreted differently. In fact, the meaning of this statute rests on so much uncertainty that I think I am almost safe in assuming that no two judges anywhere can agree as to its proper meaning. After 40 years of hairsplitting, the judges of our Supreme Court are all still in disagreement. In the Freight Association and Joint Traffic Association cases, 1897 and 1898, a divided court held the act applicable to all restraints, whether reasonable or not.

In the *Northern Securities case* in 1903, a divided court said the act went beyond the common law and held that all restraints, whether monopolistic or not, were banned. Eight years later, in the Standard Oil and Tobacco cases, a divided court held that reasonable restraints were not within the ban of the statute. Nine years later, in 1920, in the Steel case, four judges considered the public interest and the beneficial economic effects and held that the agreement, if in the public interest and benefit, was valid. Three judges dissented and said they were—

unable to see that public policy or the assumed disastrous effect upon foreign trade of dissolving the unlawful combination is sufficient to entitle it to immunity from the enforcement of the statute.

In the *Shoe Machinery case*, 1918, four justices held that the statute applied to so-called "tying" contracts under patents. Three held a contrary view. In the *Beechnut Packing Co. case*, in 1922, five justices held a plan for resale of defendant's products illegal. Four justices said the statute had nothing to do with the case. In 1924, in the *Leather Workers case*, the courts disagreed as to what constitutes interstate commerce under the law. In the *Maple Flooring and Cement cases*, in 1925, by a vote of 6 to 3, it was held that the public interest must always be considered in passing upon a combination that tended to stabilize trade and industry and produce fair price levels and to avoid the wastes which attend unintelligent conduct of enterprises. The minority in that case said:

We may confidently expect the destruction of that kind of competition, long relied upon by the public for the establishment of fair prices, and to preserve which the Antitrust Act was passed.

The *American Column and Lumber case*, in 121, was a case where the court held that an association for the mere exchange of information was illegal under the Sherman law. Justice Holmes, however, for the minority, said that a combination merely to get knowledge and information about the trade was certainly not illegal. In the *Trenton Potteries case* five judges held that agreements to fix prices were not reasonable restraints of trade, and therefore were illegal. Three justices dissented. These three justices perhaps were realists and knew that the trade organizations do not usually reduce their agreements to writing or to any formalities, but rather rely upon what are known as "gentlemen's agreements." These agreements might well be called "bootlegging" agreements. They are without the law but are resorted to because of the law.

Not even the so-called "rule of reason", as laid down in the *Standard Oil case*, has rescued the statute from uncertainty. In fact, it has created more uncertainty. It is an indefinite and clouded standard. One can read and reread the 16,000 words of the Tobacco Trust and the Standard Oil decisions and not be able to form even a vague idea of what is meant by "reasonable" or "unreasonable" restraint. It is manifest that if the Supreme Court cannot give a plain definition of what a business man may or may not do, then certainly it is cruel and barbarous to charge the business man with violation of a law which is so ambiguous and uncertain in meaning. The business man, therefore, is entitled to have the law made clear. This bill does just that.

Is it not time, therefore, to change the act and allow these combinations, provided they be just and equitable, even though they do fix prices and adjust labor conditions and involve exchange of credit information? It is a fallacy to say that the law of supply and demand must have full sway. The fact is that free competition and the unhampered law of supply and demand has forced prices below the cost of production. This has driven men out of business, with consequent increase of unemployment and reduction of consumption demand. All this in turn has developed the dangerous spiral leading to our economic distress.

Let there be trade agreements to lift up commodity prices. It has been said that agreements under the bill cannot be made to fix a fair price. This is not so. If it were so, the bill would not be worth a tinker's dam. If the tanner can make the leather out of the hide with a profit, and the shoe manufacturer knows that he can make a fair return in the manufacturing of shoes out of that leather, and the wholesale distributor and retailer can sell the shoes at a profit, and the bankers are willing to extend credit facilities to finance these operations, then wages will increase, more jobs will be afforded, and in turn there will be a greater consumption demand. Only with increase of commodity prices and the destruction of overproduction and the doing-away with cut-throat competition will this be brought about. The codes of practice and the agreements indicated under title I will bring about this result. The combinations involved in these agreements will be under strict Government regulation. There will be no monopoly. There should be no abuses.

Furthermore, the bill has a duration of 2 years. If it works well, it can and will be extended indefinitely.

In preparation for my remarks on this bill I have been in touch with Mr. Junkin, of the Commercial Law Division, and Mr. Judkins of the Trade Association Section of the Department of Commerce. They have given me valuable assistance and have submitted to me what has been called a "Magna Carta" for trade associations. This document is to be credited to these two gentlemen as well as to Mr. Feiker, Director of the Bureau of Foreign and Domestic Commerce, and to his assistant, Mr. Dewey, as well as to other distinguished gentlemen of the Department of Commerce. Because of the interests involved in this act throughout the business world, and because many lawyers will be wrestling with the problem of such trade organizations, I herewith submit a typical charter for a typical trade organization, contemplated under title I of the act:

PREAMBLE

Whereas in the past the economic and industrial development of this country has been predicated upon the principle of independence within the industry and independence of the industry in relationship to other groups; and

Whereas at the present time, increasing experience and wider vision indicate the fundamental interdependence of industry not only within the industry, but with all groups in the social fabric:

Therefore, we the (blank) industry do hereby organize and create the (blank) trade association, for the mutual benefit and advantage of those employed by it, of those engaged in allied industries, of those supplying our materials, of those distributing our output, of those consuming our products, and of all those interested in the development, improvement, and betterment of our methods, and in our place in the social and economic organization of the Nation—all in pursuance of the National Industrial Recovery Act.

ARTICLE I—MEMBERSHIP

This association, recognizing the interest of other groups in the prosperity, welfare, development, and conduct of the (blank) industry, and desiring the cooperation, the benefit of thought and research, and the suggestions of all those interested in that interdependent structure which affect the welfare of those engaged in this industry, hereby creates the following types of membership:

Active membership: Any individual, firm, or corporation in the group is eligible to become an active member of this association.

Cooperative membership: Any individual, firm, corporation, or organization engaged in related lines, suppliers, distributors, service bodies, scientific groups, representative of other trade, scientific or service bodies, or representative of labor, or consumers is eligible to this form of membership and may enjoy the facilities of the secretary's office in the promotion of matters of mutual interest, the privilege of the floor at open sessions, may be assigned to committees, or, if deemed desirable, may even be elected to office, but shall not have the privilege of voting.

Associate membership: Any individual, firm, corporation, or organization members of either of the above classes of membership may enter one or more associates who by virtue of certain qualifications in the scientific service, promotion, legal or social fields may be in a position to further the activities and objectives of the association, but privileges of this group are to be no greater than those set forth in the cooperative membership group.

ARTICLE II—ECONOMIC OBJECTIVES

Whereas the welfare and development of an industry depend upon its stable progress and its planned and proper growth, its limitation of production to consumer demands; and

Whereas the interest of those dependent upon or connected with the industry is vitally intertwined with the accomplishment of this purpose;

Now, therefore, this association shall have for its basic purpose a broad vision not only of its own interests, but the interest of those dependent upon it, catering to it, or dealing with it; and for this purpose this association shall study, investigate, and make research into all those factors which may affect its economic stability, growth, prosperity, and welfare.

For example:

1. Economic planning by the association: (a) Model plan for individual firm; (b) model plan for the entire industry; (c) model plan for interrelated industries.

2. Economic planning in its broadest aspects, cooperating with other trade and professional groups and the Government in "national economic planning."

3. Preparing surveys as to: (a) Seasonal fluctuations affecting sales product; (b) cyclical fluctuations, etc.

4. Preparing surveys as to the long-term trends of practices in: (a) Production and the prevention of overproduction and its reasonable limitation to consumer demand as well as allocation of production among members of the industry; (b) capital-goods investments; (c) marketing; (d) transportation; (e) labor and personnel problems; (f) trade practices and ethical standards; (g) changes in consumer needs and demands and regulation of production in accordance therewith.

5. Statistical activities (to further planning possibilities)—

A. Current statistics of production or trade: (a) Capacity; (b) purchases; (c) production; (d) stocks on hand; (e) orders, unfilled; (f) cancelations; (g) shipments; (h) prices; (i) returned goods; (j) inquiries; (k) bids; (l) contracts.

B. Labor statistics: (a) Number employed; (b) pay rolls; (c) personnel training.

C. Management or cost statistics: (a) Uniform cost accounting (classification of accounts); (b) cost estimating; (c) standard forms for orders, bills, bids, contracts, etc.; (d) cost studies of, 1, budget; 2, overheading; 3, production; 4, depreciation; 5, obsolescence; 6, shipping; 7, turnover; 8, stock or inventory control; 9, maintenance of a research library and laboratory.

D. Forecasting research as to sales possibilities: (a) Consumer needs, potential purchasing power, relation of competing products and possibilities of acceleration by advertising programs; (b) based on new inventions in production equipment, etc; (c) based on equipment expansion.

E. Research into cooperative buying or bulk quantity commitment.

ARTICLE III. BUSINESS OBJECTIVES

Whereas an industry which does not render true service to the public, or an industry which is without true profit to itself, must eventually face elimination.

Now, therefore, this association shall have for its immediate purpose the conduct of activities looking toward the betterment of its product, the elimination of wasteful practices, the promotion of high standards of practice, the making of fair and equitable agreements as to prices, the development of public confidence, and the dissemination of knowledge about the industry's products—their usefulness and place in the economic scheme—all in the interests of the public welfare, the industry, and labor.

For example:

1. Cooperative advertising of products to: (a) Manufacturers and distributors in this and related industries; (b) professional advisers (as architects, engineers, etc.); (c) the consumer.

2. Market research: (a) Discovering and defining logical market areas of each product; (b) determining probable long-term market growth factors; (c) determining normal seasonal fluctuations in sale and consumption; (d) determining the responsiveness in sale of each product to the business cycle influences.

3. Product research: (a) As to materials now used; (b) as to new materials; (c) as to new or improved products; (d) as to new uses for present products.

4. Industrial standardization: (a) Standard specifications for raw and semiprocessed materials; (b) standard specifications for equipment and supplies purchased; (c) sponorship of standards for articles produced promoting uniformity and interchangeability of parts; (d) trade association certification service ("Standard quality") and quality trade-mark.

5. Simplified practice.

6. Operation research: (a) Regarding equipment now used; (b) regarding contemplated new equipment; (c) regarding contemplated manufacturing methods; (d) regarding contemplated new utilization of by-products or waste materials.

7. Credit activities: A. Establishment of a credit bureau to—(a) Operate within the association; (b) cooperate with other associations; (c) cooperate with commercial credit agencies. B. Establishment of a collection-bureau service.

8. Transportation problems: (a) Establishment of a traffic department, concerned with rates and classification matters; (b) cooperation with Regional Joint Advisory Boards; (c) clarification of overseas shipping problems; (d) improvement of transportation facilities.

9. Insurance problems: (a) Securing equitable rates and uniform schedules; (b) securing more adequate coverage or protection; (c) studying feasibility of cooperative insurance arrangements; (d) acting as insurance service bureau for members.

10. Cooperative deliveries.

11. Cooperative warehousing.

12. Price fixing: (a) The gathering of data so that fair and equitable agreements can be made to reach fair price standards provided same be in the interests of the industry, the public, and labor, and provided further that such agreements will not monopolize or tend to monopolize the industry, and provided further that such agreements be in conformity with the letter and spirit of the National Industrial Recovery Act.

ARTICLE IV. SOCIAL OBJECTIVES

Whereas the economic future and progress of industry are predicated upon the welfare, health, safety, economic independence, and freedom from uncertainty of those without whose services the industry could not exist:

Now, therefore, this association shall have for its third purpose the study and formulation of the needs, and plans for meeting the needs, of those engaged in this industry, whether management or labor or production or distribution.

For example:

1. Stabilization of employment: (a) Employment surveys as to wages, hours, personnel, efficiency, adaptability, etc.; (b) placement service; (c) cooperation with public or private employment agencies.
2. Unemployment insurance.
3. Employee retirement plans.
4. Training schools for employees: (a) For apprentices, manual workers, foremen, salaried workers, salesmen, and executives.
5. Living and working conditions: (a) Health, hygiene, and welfare provisions; (b) plant sanitation; (c) hospital and medical care; (d) employee recreation.
6. Employee safety plans: (a) Safety campaigns or contests; (b) first-aid instruction.
7. Savings funds and stock-purchase plans.
8. Encouragement of conciliation and arbitration in disputes or misunderstandings with employees.
9. Woman and child labor policies.
10. Public relations: (a) Press contact; (b) Government contact (local, State, and Federal); (c) public participation in problems of trade; (d) educational projects, tributes to industrial or social leaders, etc.; (e) public information bureaus; (f) advertising, etc.

ARTICLE V. LEGAL OBJECTIVES

Whereas new laws affect industry; and

Whereas new industries and new relationships with industries result in laws; and

Whereas it is to the interest of this industry, in seeking to abide by existing laws, to have a proper voice in the development of those new laws which may affect this industry directly, or in its relationship to others:

Now, therefore, this association shall have for its fourth purpose the study of pertinent laws, the dissemination of information concerning them, and the formulation or criticism of those proposed projects which may concern it, and the development of those activities, functions, and purposes which may properly be within its scope. And this association will always conduct itself consistent with the policy announced in section 1, title I, of the National Industrial Recovery Act, which is as follows:

TITLE I—INDUSTRIAL RECOVERY

DECLARATION OF POLICY

SECTION 1. A national emergency productive of wide-spread unemployment and disorganization of industry, which burdens interstate commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

For example:

1. Objectives as to existing laws to: (a) Study and determine legal means to further all major and minor objectives; (b) make available information concerning laws and decisions; (c) perform service in litigation involving association policy; (d) assist in relations with governmental regulatory bodies; (e) standardize or improve forms and terminology of commercial and legal documents, etc., peculiar to trade; (f) defend the legality and propriety of the association's established trade practices; (g) encourage the use of commercial arbitration settling when best suited in misunderstandings or disputes.
2. Objectives as to proposed legislation to: (a) Keep posted on all legislative proposals, State and Federal, affecting the industry and related industries, (1) supply of raw materials, (2) transportation, (3) communication, (4) production control, (5) etc.; (b) initiate desirable legislative reforms; (c) promote uniformity of State legislation, etc.

In conclusion, I want to take this opportunity to give credit where credit is due. I desire to draw your attention to the fact that the real author of the original National Industrial Recovery Act is Hon. Meyer Jacobstein, former Representative in Congress from Rochester, N.Y. I worked with him on this bill many months ago; he has collaborated with Dr. Harold G. Moulton of the Brookings Institution of Washington, and he was one of the first to draw the President's attention to the efficacy of such an act. It was he who sold the idea to the President. Unfortunately, he has been shunted out of the picture. Of course, Senator ROBERT F. WAGNER has done yeoman service and deserves great credit, as does furthermore, Mr. Lewis Douglas, Director of the Bureau of the Budget, who, despite his multifarious duties, has contributed much to the final fashioning of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Chairman, the national industrial recovery bill puts into concrete form a new social and economic philosophy. It appears that for the first time the Congress of the United States is asked to recognize the joint state of capital and labor in the prosperity of the Nation. Too often in the past groups of men have held that wages were a necessary evil and were to be kept down to the lowest possible level. They were a charge on industry and hence retarded business and commerce. On the other hand, many employees have felt that private corporations had little right to a reasonable profit; that the country could be prosperous if wages were high regardless of the condition of the various private enterprises.

Ladies and gentlemen, this bill recognizes the inescapable fact that durable prosperity is predicated upon the well-being of both employer and employee.

Under title I of this bill, the employer is protected from ruthless competition—the kind of competition that is one of the causes of the sweatshop. This will make it possible for him to join with decent members of his trade in setting a reasonable price for his product. The old philosophy of laissez faire is abolished by this bill. That philosophy brought neither large profits to the employer nor decent living conditions and a living wage to the employee. We can well be rid of it.

In a sense this bill is a magna carta for labor. Labor is given the right to a minimum wage, decent working conditions, and reasonable hours of work. If a trade cannot agree upon such humane and decent standards, the President is authorized to refuse to license such a business and it will be unable to sell its goods in interstate commerce. This certainly is a landmark in legislative history. Undoubtedly the constitutionality is aided by the existence of the national emergency. Without such emergency such legislation would not be possible. It is my sincere hope, however, that once we have compelled the ruthless minority who prey upon labor to give labor a decent wage, that never again will these men be permitted to continue their sweatshops.

The seeming prosperity of the Coolidge administration was but a mirage that did not slake a thirst of toiling laborer. There was a terrific gap between the income received by the laborer and the income received by the broker and financier. This bill states the new American philosophy, "The new deal and the square deal." Labor and capital must share alike in the prosperity of the country.

A progressive administration will see to it that no corporation is allowed to become a monopoly; a progressive administration will see to it that sound industry be fostered. We have gone a long way from the small shop of colonial days. New conditions demand new rules. We cannot return to unbridled private enterprises even if we would. This bill recognizes the implications of the new day and goes a long step toward providing honest industry with a chance to gain a reasonable profit. This bill helps insure labor a living wage, a chance to work under decent conditions, and the opportunity to participate in the prosperity and heritage of America. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, although there are some features of this bill which do not meet with my approval, especially the reemployment and relief tax section which provides for the method of raising the revenue to support this great measure for relief, I am informed, and I believe that it is generally understood by the Members of the House, that a motion to recommit, for the purpose of reporting in

an alternative plan for this revenue, will be offered under the rule, and Members will have an opportunity to vote on that plan. But who could undertake to draft into legislation so comprehensive a plan, designed at once to encourage national industrial recovery, foster fair competition, adjust the hours and working conditions of labor, and to create widespread employment without some imperfections? It is the main objective of this bill, the creation of employment, which calls forth my enthusiastic support.

The gentleman from New York on the Republican side who spoke against this measure yesterday stated that he voted with great pleasure to support the President on the economy bill but that he would not support the President on what he termed "this extravagant program." In short, he has expressed the utmost willingness to support legislation which has taken away earning power, and consequently buying power, from the Government worker and pensions from disabled soldiers, which has also represented buying power in every town and hamlet of our country, but refuses to support creative legislation which will produce buying power among the rank and file of Americans. He terms this the extravagance program of the President because the President of the United States, in a heroic and courageous effort, strikes at the roots of this economic evil and asks for the passage of this legislation which, in one bold stroke, would stimulate industry which has fallen into chaotic decay, would assist labor, which has lost its effective force because of the inoperation of the law of supply and demand, and which would make uniform minimum wage and maximum hours of employment conditions throughout our country, and, above all, would create opportunities for employment for tradesmen, craftsmen, and unskilled labor in a great diversity of occupations throughout this land.

Because of this effort to accomplish for industry that healthy condition which, of its own initiative, it has been unable to maintain because of lack of cooperation, overproduction, short-sighted policies, and exploitation of labor, the gentleman from New York characterizes this as an attempt to sovietize industry. He attempts to deprecate the effectiveness of this measure by claiming that it will not create employment for the 6,000,000 men claimed for it but that it will only provide employment for a million five hundred thousand men.

Even if we were to grant this latter assertion, does not the gentleman think that, even if this number of men could be given jobs so that they may earn an honest day's pay and once again maintain self-respect, provide for themselves and families, and be removed from the overburdened welfare lists of their cities and private charities, this result would justify the raising and expenditure of this money? Does the gentleman not feel that, by providing these men with earning power and consequently buying power, countless others would also be benefited? Does he not realize that these men must live and spend a good part of this money, and that in so doing other people are employed to supply them? These people, in turn, must also spend, thus creating employment for still more people—and so on; it would permeate throughout our entire economic structure. Or does the gentleman still hold to the Republican theory that the only method of restoring prosperity is to refinance the bankers and defunct corporations so that they may provide dividends to the holders of their overcapitalized and watered stock? His own party was in control in the throes of this depression, and no such heroic and courageous effort as the present one came from its leadership. Now that this great effort to create, as his Republican colleague from Pennsylvania stated, "a social invention which will match our mechanical invention" has been offered, he condemns it in such deprecating terms. Our great President, when he took his oath of office on the steps of this Capitol, promised the American people action. He started the next day and has never let up in his brave efforts in facing squarely the difficulties and recommending swift and direct action going directly to the seat of the cancerous growth which has steadily sapped the vitality of our national existence. This is the greatest measure of all that have come before the Congress. It is the measure for which the American people have been anxiously waiting.

The eloquent constitutional lawyer from Pennsylvania has deplored the assault upon the Constitution which, in his opinion, this measure makes. It was called to his attention that, in 1917, great and plenary powers were conferred by the Congress on the War Industries Board. His reply, in effect, was that, of course, in time of war great latitude must be given to those in charge of our national defense. But could the gentleman think of any more devastating invasion upon our national security and existence than has been brought about by the present emergency? Does the gentleman realize that our whole national life, industry, labor, agriculture, are being threatened with ruin? This is the greatest emergency we have ever faced. Extraordinary methods and measures will be required to fight this war. Courage and confidence are now needed as never before at any time in our history and, if necessary, rather than let the creeping paralysis which is threatening our national life make any further progress, we must transcend the strictly literal and technical interpretation of the Constitution in our struggle for survival. It has been my contention and my honest belief that prosperity will not return until we are able to place in the pockets of the ordinary American a week's wages, a large part of which he will spend and thus promote further employment.

On the theory that the benefits thereof would sift down through our economic system, we have poured great sums of money into the top of this system. It has drained off like water in sand and has left no appreciable beneficial traces. Now it is time for us to bolster up the foundations of our economic system by placing this assistance with the workers. This will aid other workers and will eventually permeate our whole economic structure. The previous policy has failed miserably to effect any measure of recovery. The proposed policy will result in lending assistance to those people who are most direly in need. The Republican Party has tried the one experiment and it has failed. Let us now try helping that man at the bottom of the economic ladder who has so often, in the last campaign, been referred to as the "Forgotten Man."

Mr. CROWTHER. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, like most of the bills that have come before us at this extra session of the Congress no chance is given to amend this bill. We cannot dot an "i" or cross a "t." We must accept the bill as a whole, or else we must reject it as a whole. This is true notwithstanding the fact that there are three different and unrelated titles contained in it.

The first title is designed to promote cooperation among trade groups and for the elimination of unfair competition by the formulating of codes for the regulation of such industries. The second title provides for a huge construction employment program through the expenditure of about three and one third billions of dollars. The third title contains some miscellaneous provisions and seeks to amend the emergency relief and construction act.

Title 2 is a tax measure, and three distinct methods are combined in order to raise the revenues for the gigantic construction program contemplated by the bill. This title proposes to raise the normal income-tax rates; it proposes to increase the present excise tax on gasoline; and it proposes to subject corporate dividends to the payment of normal rates of income taxes.

If an opportunity were given to vote separately upon the different unrelated subjects dealt with, or if opportunity were given to vote separately upon the different specific tax provisions of the bill, there is scarcely a Member who would endorse all of these provisions as now written. This is especially true concerning the methods proposed for raising the revenues necessary to pay for the public works and the renewed employment of labor which the bill contemplates.

In the consideration of any tax measure we should give favorable thought to any suggestion that might relieve the grievous load of taxation carried by our people and that

might transfer it even in small degree to foreign people, provided that the suggestion is just and equitable. And in this connection I call attention to the fact that the tolls charged for use of the Panama Canal should come in for a rightful share of the increased burden of taxation which the bill levies upon our industries. If the bill proves to be a success, then it will increase commerce and industry in huge proportions and the carriers of our freight, both on land and at sea, will reap a harvest of renewed and increased returns. The Panama Canal is undoubtedly the greatest work for the benefit of trade and commerce ever accomplished by mankind since the morning stars first sang together; and it will continue to bless generations of time until the trumpet shall sound an eternal end to earthly things. It was opened to traffic in 1914, and since then it has been used by the commerce of the world in great and increasing proportions, except that its early years were hampered by landslides and its traffic reduced by war conditions, and during the past few years the general economic distress has lessened its usefulness.

The report of the Governor of the Panama Canal for 1932 shows that at the close of the fiscal year the total capital investment was $533,106,009.47 and the net receipts for that year were about $11,751,896.32. Consequently, the net receipts represented a return of about 2 percent on the capital investment.

I submit that this is not an adequate return. It is not as large a return as the net interest at 3 percent which is charged against the operations of the Canal as a bookkeeping proposition in each fiscal year. Two percent falls far short of what we should expect the Canal to pay. Under the rate decisions of our courts railroads are sometimes allowed by the courts to receive as high as 6 percent. And if this bill will restore trade and commerce, then those who use the Canal will be benefited materially and they should expect to aid us in restoring the conditions which will have brought renewed and increased incomes to them.

The very essence of this bill is to restore trade and commerce and if this is done then the commerce which goes through the Canal should help to pay the bill, and increased tolls should be charged for transit through the Canal. Those who dance should be willing to pay the fiddler.

The Panama Canal Act of August 24, 1912, contains general provisions for the levying of tolls and authorizes the President to establish rules for measurement of vessels. There are limitations in the act. Confusion has arisen in practice concerning the formula which is to be used in ascertaining the net tonnage of the vessel. This is a technical matter. But the point is that the statutes with reference to these tolls should be amended and the President should be given power to increase these tolls so as to return an income commensurate with the services afforded by the Canal and pay from 4 percent to 6 percent upon the capital investment. This proposition is simply a good business proposition. We should require an adequate return for service rendered and capital invested.

Moreover, an increase of these tolls would result in increased payments by foreign shipping and shippers. In the fiscal year of 1932 tolls paid by foreign shippers were 53 percent of the total, those paid by United States ships in intercoastal trade were 33 percent, and those paid by United States ships in foreign trade were 14 percent.

In order to double the net return of approximately $11,000,000 paid last fiscal year, it would not be necessary to double the tolls, because the overhead and expense of its officers and management would not increase. Any increase of tolls above the present rates would go immediately to the net-profit account without being used for the necessities of the Canal and its management.

It is believed that a small percentage of increased tolls could be charged and thereby double the amount of the net returns of the Canal. If we increased its net receipts by $10,000,000, then it is plain that $5,300,000 of the increase would be paid by foreign shipping; that $3,300,000 would be paid by United States ships not in competition with foreign shipping; and that only $1,400,000 would be paid by United States ships which compete with foreign bottoms.

And an increase of $10,000,000 per year would be equitable because the bill will restore many times that amount to the shippers who will enjoy the use of this great engineering work. This item should be included within the bill, and any future investigation which the Ways and Means Committee may make for taxation purposes should include a careful examination of this subject.

I submit this for your future consideration, knowing that it cannot be incorporated within the terms of the present bill because of the special rule which the majority here adopted; which will keep off all amendments and all modifications, although they may be good ones.

The bill has much that is objectionable; nevertheless there are fifteen to sixteen millions of men out of employment, and these men must have bread. This bill is the only means which the administration has offered them to regain a job and a livelihood and a chance to feed their wives and children. Therefore we will pass it in the belief that it is a humanitarian measure and one that is forced upon us by necessity. The cry of our people for bread must be answered.

Mr. CROWTHER. Mr. Chairman, I yield 12 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. BACHARACH. Mr. Chairman, as is generally known, I am keenly interested in having a sales tax substituted for the tax provisions of the bill reported by the Ways and Means Committee and which we are not considering.

By the imposition of a moderate sales tax I believe we can eliminate the proposed increase in tax on incomes of individuals, the normal tax on corporation dividends, the three fourths of a cent gasoline tax; and, in addition, we could eliminate the following excise taxes of the Revenue Act of 1932 (all of which taxes are extended by this bill): Tires and tubes, amounting to $15,000,000; automobile trucks, $20,000,000; radios, $3,000,000; tax on banks checks, $40,000,000.

In my opinion, a manufacturers' sales tax of 2¾ percent will be sufficient to accomplish that result and raise the revenue called for in this bill.

It is absolutely unfair, as provided in this bill, that persons who are working for a living should be assessed a 50-percent increase in income taxes when those with incomes of $1,000,000 would pay an increase of only 3½ percent. If our Democratic brethren wanted to put an additional tax on all individuals, why not make it a straight 10-percent increase, which would have treated all taxpayers alike and bring in $60,000,000 instead of $43,000,000, as estimated receipts in the pending bill?

We are now taxing the dividends of corporations very substantially at the source under the normal tax, and they are also subject to the surtax. We talk about "spurting" up industry and increasing business under the first sections of the bill, and at the same time we seem to be determined to do everything we can to retard business instead of promoting it by the imposition of new taxes.

Mr. SNELL. Will the gentleman yield there?

Mr. BACHARACH. Yes.

Mr. SNELL. Did I understand the gentleman to say that if we put a straight 10-percent increase in the normal tax all along the line it would bring in more money and at the same time treat everybody exactly alike?

Mr. BACHARACH. That is absolutely true, because the receipts from income taxes for the fiscal year is estimated at $600,000,000, and a 10-percent increase would amount to $60,000,000, whereas under the increase in income taxes in the plan carried in this bill it is estimated to bring in only $43.000,000.

Mr. SNELL. And the increase would apply to all the people alike?

Mr. BACHARACH. Yes. Why do we talk for the sales tax? Canada has had a sales tax for over 10 years, and the present law carries a rate of 6 percent. It is working exceptionally well, is easy to administer, and the receipts are very satisfactory. They have had a sales tax since 1920,

and they have varied the rates from time to time as business conditions demand.

Under the proposed plan we would eliminate all taxes on clothing and medicines and on a number of other commodities. In Canada they have a long list of exemptions, but, on the other hand, they tax some things that I would not favor taxing. A year or two ago we had before our committee representatives of the Canadian Government, who testified as to the merits of their sales tax, and we sent our own experts to Canada to investigate their sales tax, and they reported that the Canadian tax was working exceptionally well. I know that the Members of the House who have gone to Canada and made a study of their sales tax have returned with the thought that Canada had a very fine system of taxation.

This is not a new fad with me or with many Members of the House who favor a sales tax. We all realize that we must raise by taxation the money necessary to run the Government, and in my opinion after trying many other schemes, the only fair and equitable way to do it is to adopt a sales tax.

Take the situation just disclosed by the investigation now being conducted by the Senate Banking and Currency Committee: There could not have been any such evasion of taxes under a sales tax, because after all it is the man with the most money that spends the most, and for that reason the Government would receive more money.

In addition to that, a sales tax is one of the easiest taxes to collect. In Canada, although it is a small country, the receipts vary from $40,000,000 to $100,000,000, and it never costs them more than 5 percent for the collection of the tax.

Now, I intend to support a motion which will be offered to recommit the bill to eliminate the taxes I referred to at the beginning of my remarks and substitute therefor a manufacturers' sales tax of 2¾ percent. I think we should find that after we once get such a law into effect—and remember that this sales tax is nothing new in this country—we have 48 States that now have a sales tax of one form or another—every State has a gasoline tax, and 15 States have other taxes in addition——

Mr. RAGON. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. RAGON. I want to call the gentleman's attention to the fact that in this bill we carry a provision that after certain events occur—like the repeal of the eighteenth amendment and when the receipts of the Treasury are more than the expenditures, and we can afford to do it—this tax will pass out of the picture. Certainly we will know more about the repeal of the eighteenth amendment in 3 or 6 months.

Mr. BACHARACH. Then, I want to ask the gentleman, why did the committee propose a tax that cannot continue for more than a year?

Mr. RAGON. What tax is that?

Mr. BACHARACH. The general tax that you have put on—the excise tax.

Mr. RAGON. The excise tax was put on to broaden the base so as to give more confidence in the bonds. The gentleman knows that it takes some time to erect the machinery to collect.

Mr. BACHARACH. I am glad the gentleman called my attention to that. The sales tax, if it went into effect the 1st of July, by the 1st day of August we would begin to get the revenue. Under the present set-up in the bill, you will not get a dollar of new revenue until the end of March 1934. Now I want to call attention to the revenue to be derived from a 2¾-percent sales tax such as I have suggested. It is estimated that it would bring in about $313,000,000, based on present business conditions.

As a matter of fact, business conditions are improving so it is reasonable to expect that the revenue would be considerably more than that.

Mr. McCORMACK. Will the gentleman yield?

Mr. BACHARACH. I yield.

Mr. McCORMACK. Is it not a fact that in the last fiscal year, if we had had a manufacturers' excise tax of 2½ percent, excluding medicine and clothing and food, it would be sufficient, with the amendment proposed by the Ways and Means Committee.

Mr. BACHARACH. I think it would be.

Mr. HAINES. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. HAINES. I am rather confused. The gentleman said a moment ago that he would exempt clothing and medicine.

Mr. BACHARACH. And food.

Mr. HAINES. The gentleman from Massachusetts [Mr. McCORMACK] includes food.

Mr. BACHARACH. That is correct. It was my intention to include that also.

Mr. HAINES. It was mentioned this morning by the gentleman from Wisconsin [Mr. FREAR] that it would take 2 years before a sales tax could be put into operation.

Mr. BACHARACH. I will say this much for Mr. FREAR. He and I have been on the Ways and Means Committee for a great many years. He has always been opposed to a sales tax and still is. I am friendly to a sales tax and have been ever since I have been in Congress.

Mr. HAINES. I voted against the sales tax last year, but I am rather changing my mind about it.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. Yes.

Mr. SNELL. The gentleman is a member of the Ways and Means Committee. What argument was used in the committee for extending this special discriminatory sales-tax provision of the bill in preference to a general equally distributed sales tax?

Mr. BACHARACH. The gentleman is speaking now about the extension?

Mr. SNELL. Yes.

Mr. BACHARACH. I would say that they slipped that over on the Republican members of the committee.

Mr. RAGON. Oh, I went to the gentleman personally myself and told him.

Mr. BACHARACH. After it was passed; yes.

Mr. RAGON. Oh no; I beg the gentleman's pardon. I told him before.

Mr. BACHARACH. Even so, no one else knew it.

Mr. RAGON. And the gentleman said it was all right.

Mr. SNELL. What were the arguments used that they should have these special sales taxes instead of a general sales tax?

Mr. BACHARACH. Of course, there is every reason in the world for that. The reason is that there is an election coming along next year, and for that reason the Democrats are putting it in this year. They are afraid to face the issue a year from now.

Mr. BRITTEN. Will any opportunity be given to the House to vote on a motion to recommit, including a manufacturers' sales tax?

Mr. BACHARACH. Yes. That will be done this afternoon. There will be a motion made to recommit.

In conclusion, I reiterate that the tax burden proposed by the bill is improperly distributed upon certain classes and certain industries, and that a fairer apportionment of such burden could have been secured by other proposals made to but rejected by the committee. [Applause.]

I have no criticism of the general features of the national industrial recovery bill. In the present emergency I cheerfully subscribe to measures which give reasonable assurance of providing for employment and for the revival of business. It must be realized, however, that the success of these general provisions of the bill depends more on their judicious administration than on the mere wording of the legislation. The President is faced with a tremendous task in executing the plans outlined in the bill.

To the taxing provisions of the bill, as contained in section 208, I cannot give approval.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, my good friend from Georgia [Mr. Cox], at the outset of his remarks, said that he was fearful of the loss of many of his good friends in the House because of the position that he has taken against the passage of this bill. The gentleman need have no fear in this respect.

The position he takes evidences courage on his part, an adherence to his convictions, and a willingness to express his convictions, even when it is apparent that the great majority of the Members of the House differ from him. Instead of losing, my distinguished friend retains the many friendships that he has always possessed and strengthens the admiration that we entertain toward him, not only for his ability but for his courage. Courage is a necessary element of leadership. My friend possesses that element. Mr. Cox made another significant statement, that this is a very serious hour because of the magnitude of the problems that confront us. It is because of the fact that this is a very serious hour, by reason of the magnitude of the problems that confront us, that many who never expected a year or two or three or four or five years ago to ever vote for this kind of legislation are willing to vote for the passage of this bill at this time in the hope that it will tend to solve some of the problems that confront us today.

Last February the people of America were in a very disheartened state of mind. Lack of unity existed everywhere. There was no unity between the executive and the legislative branches of the Government; there was no unity in business, nor among the people generally; there was lack of confidence and a strong feeling of fear prevalent throughout the entire country. Since March 4—and I say this impersonally, not desiring to express myself at this time directly or indirectly in criticism of the last administration—the entire situation has changed. Unity exists between the executive and legislative branches of the Government; unity is beginning to assert itself in business, confidence has reasserted itself, and as confidence reasserts itself, fear begins to vanish from the minds of the people.

All of this has been because of the leadership of President Roosevelt. All of us cannot agree with everything that President Roosevelt recommends, but one thing is certain, and that is his program in the main has been the influence which has brought about the change in the minds of the American people which has occurred between March 4 and the present date. He presents to us this bill and asks the Congress of the United States to pass it in order that he might further carry out the program that he has in mind for the rehabilitation of industry and for the relief of the unemployed and of the distressed in the United States. The industry-control feature of the bill is probably the most important part of the program which he has in mind for the rehabilitation of industry and of our people. After listening to the evidence before the Committee on Ways and Means, I am satisfied to support this bill.

I do not consider it a delegation of legislative power, but as a statement of broad legislative policy, with the delegation of broad powers of discretion in administration to the President and to the executive branch of government. I am of the opinion that in the future the Congress of the United States, in view of the crowded conditions that confront us, in view of the rapid changes economically and socially that have taken and will continue to take place, in view of the force of economic law itself, we will be compelled to delegate more and more to the administrative unit broad discretionary powers of administration, with Congress outlining in a broad, general way the legislative policy which we think would be for the best interests of the American people.

This bill does not set up a dictatorship, and I make that statement with all due respect to any of my distinguished friends who have opinions to the contrary. This constitutes a broad delegation of administrative power, necessary to meet the emergency that confronts us. This is legislation to meet an emergency, not legislation that we are considering and passing during a normal period, but legislation to meet an emergency situation; and such legislation, in my opinion, should be flexible and elastic so that those through whose hands it is administered will have the discretionary administrative power to meet changes as they may occur. I subscribe to such legislation at this time. I think that in our own minds each and every one of us realizes that in these days it is for our best interests for Congress to establish the broad legislative policy and not to undertake to regulate every action on the part of the person or persons through whom the law will be administered. This particular bill states, in broad terms, the legislative policy and gives to the administrative unit, to the President of the United States, the only man in the United States whose constituency is the entire country, broad powers of administration. I subscribe to it in these days. In normal times I subscribe to broad delegation of administrative powers, as necessary from a practical angle, to meet the rapid changes that economic law has in the past and will in the future rapidly bring about.

Of course, I recognize there are two sides to the public works bill. I recognize that some feel that $3,300,000,000 is too high. I recognize that some men may feel honestly that it is deflationary. I do not say that I disagree with them in their opinion if they entertain it, but we have to give employment, we have to do something, as far as we can, in order that government itself, through direct activity, may relieve the unemployment situation in conjunction with those benefits that will flow from the passage of the first and primary feature of the bill—the control of industry. The exercise of the agency of government when necessary, as now, to control industry, or to enable industry to control itself for the general welfare, while unfortunate, is a proper exercise of its secondary functions. There is nothing radical about it. It is unfortunate that we have to resort to this kind of legislation; but in this crisis, with large groups of our people socially and economically affected, with no private agency remaining to cope with the situation, to control and regulate the situation for the common good and for the general welfare, there is one agency left, and that agency we are justified in resorting to; that agency is the Government of the United States.

This bill is consistent with the present predominating political thought. It is true that it is a step that practically all of us would not like to see ourselves compelled to take at this or any time, but the emergency calls for action. Private enterprise, private agencies have collapsed. They are unable to cope with the situation, and we must turn to government, and we provide for the use of the power and influence of government to enable business, for a period of 2 years at least, as provided in this bill, to regulate itself, if possible, for the common good and for the general welfare. If business refuses to do it, then we give to the President the power to compel industry to do what ought to be done.

I do not want to discuss the constitutional question because I realize there is a serious question involved. However, my mind meets with that of my friend from Ohio [Mr. JENKINS], that in this emergency the Supreme Court will recognize that the legislation is aimed at, and for this period aimed at the common good in a great crisis, and that they will construe this act from that angle, recognizing its necessity, its expediency, and its response to existing public opinion.

In the inability of private agencies to cope with a situation that threatens the general welfare there is only one agency that remains, and that is government. Under such conditions, in an emergency, we are justified, in fact, it is our duty, to resort to the use of such agency, if by the use and exercise of the powers of government we can bring favorable results for the common good. There are times when government must undertake some particular activity to assist affected groups, which, while not obligatory, is expedient or necessary for the general welfare.

The pending bill constitutes an unusual and extraordinary use of the powers of government, justified only by the conditions that exist; unfortunate, but necessary and expedient. This legislation must be viewed in the light of existing conditions. Viewing it as I do, with great regret that

exsting conditions compel me to do so, I consider it my duty to vote for such legislation with the hope that conditions will so improve in the near future that its continuance will not be necessary. It is not a question of our personal feeling with reference to such legislation. The primary question is, What is necessary for the general welfare of all the people? The general welfare is paramount to individual opinions, desires, or ambitions of any citizen or group of citizens.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCORMACK. I want to speak briefly on the tax features of this bill. The President said that the tax features in this bill, taxes to raise the amount necessary to pay the interest and amortization charges, must be definite and certain. We all agree with that view. Taxes must be definite and certain. They must be definite and certain to assure the sale of the bonds.

The Committee on Ways and Means has reported an increase in the normal rates for incomes from 4 to 6 percent and 8 to 10 percent. The committee has recommended the normal income-tax rate being applied to dividends. There has also been recommended an increase of three quarters of 1 cent on each gallon of gasoline. These taxes are deflationary. Such taxes tend to limit the benefits which will flow from the public-works feature of the bill. The taxes reported are imposed upon people who are already overburdened. They are placed upon groups and classes of our citizens who cannot afford to stand any additional taxes at this time. Of course, they will, if these tax features are passed, but the effects will be very deflationary.

The purpose of the public-works feature of the bill is to expand. It has an inflationary objective—to expand construction and to relieve unemployment—and yet there are attached to the bill taxes which are deflationary and which will interfere with the maximum benefits that will be obtained from this feature of the bill if the taxes were not so deflationary.

Mr. DUNN. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DUNN. Is this, in the gentleman's opinion, the best bill the Ways and Means Committee could report in order to give jobs to the unemployed?

Mr. McCORMACK. Of course we all have our individual opinions. I suppose I could sit down and write a bill that I would consider a better one. There are some provisions that could be improved upon, but we have to compromise at times. We have to give and take in legislating. Furthermore, let me say that the executive and legislative branches of government are responding to public opinion today.

The legislative branch of government is not supreme today. The executive branch of government is supreme in response to public opinion; and I subscribe to that public opinion in this emergency. I am willing to subscribe to a public opinion that will make the executive branch of government in these times predominant and the most influential so far as the public mind is concerned. The executive branch of the Government sent this bill up here. The President thinks it will accomplish the maximum amount of good. I may have different opinions in some respects, but I am satisfied to accept this representing our composite views, as the best that can be passed by this Congress.

To come back to taxation, three quarters of 1 cent a gallon is added to the tax on gasoline. Gasoline is already overtaxed. How are you going to answer to your automobile owner and others in your district affected by this tax? What about your middle classes, whose income taxes have been seriously increased and who will be affected also by the tax on dividends and by the gasoline tax? The middle class is the substantial class of the citizenry of any country. The middle class is the bulwark of sound and substantial government. Our middle class in the main represents the average persons who have climbed up the ladder of economic and social life, and as members of the middle class earn $4,000, $5,000, $6,000, $8,000, or $10,000 a year and pay their taxes. This is the class that takes care of relatives and friends who are less fortunate economically. This class has the greatest burden of any of the classes that pay taxes.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. McCORMACK. I am going to support the motion to recommit for a limited manufacturers' excise tax [applause] food, clothing, and medicine exempt, with a repeal of the tax on bank checks and a repeal of the special excise tax against automobiles, letting them come under the 2½ or 2¾ limited manufacturers' excise tax that will be the subject of the motion to recommit.

If I can be recognized by the Speaker, I intend to make the motion to recommit for a 2½-percent manufacturers' excise tax, food, clothing, and medicine exempt; repeal the tax on bank checks; repeal the excise tax on automobiles and accessories, to be placed in the category paying the 2½ percent in the motion to recommit.

Such a tax is the broadest possible and, therefore, the fairest in this emergency. The average person will be taxed considerably less under this method than by the taxes recommended by a majority of the Committee on Ways and Means. The taxes in the pending bill must be paid, in the main, by the middle class of citizens and by the worker. The person with an income in excess of $10,000 a year bears very little of these taxes. With food, clothing, and medicine exempt, the average person will have a slight burden imposed upon him in comparison with the burden imposed by the tax provisions of the pending bill. Furthermore, the imposition of the manufacturers' excise tax will create a feeling of confidence which will assure greater success in the sale of bonds necessary for the carrying out of the public-works program of this bill. A highly deflationary tax will be harmful to the success of the public-works program. While all taxes are deflationary, nevertheless, when necessary to impose them, particularly in an emergency, the least deflationary and depressing method should be resorted to. We are confronted with a condition and not a theory and, if necessary to cope with the situation, principle should be temporarily suspended.

I hope the Members will consider this and realize that the manufacturers' excise tax is the most equitable to impose at this time; the least deflationary in its character of any proposed. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I propose to vote for this legislation.

I am not in accord with several of its provisions, and the gentleman who has just left the floor, the gentleman from Massachusetts, has very well expressed my views regarding some of the features of this bill, particularly the taxing features of it; and when his motion to recommit the bill is made, I shall vote for it. I favor a manufacturers' sales tax in lieu of the increase in normal income taxes. I am also against a further tax on gasoline.

I am going to vote for this bill, Mr. Chairman, entirely on the ground of the emergency with which we are confronted. I dare say that 3 years ago this legislation would not have received a dozen votes in this body, but today we are confronted with a condition that requires us to make many concessions in an effort to meet them. One provision of the bill I am heartily in accord with, and that is that it expires in 2 years.

I have a telegram here that I received yesterday from the chairman of the relief committee of the county where I live. This is typical of conditions that prevail generally throughout the country but probably somewhat accentuated in southern California by reason of certain climatic conditions that attract people to that section of the country at certain seasons of the year. The chairman of the relief

committee wired me yesterday that in Los Angeles County there are 110,000 families being fed daily, with an average of 3.9 persons to the family, making a total of approximately 430,000 people being helped daily by charity. This condition has placed on the people of this section a tremendous hardship which they cannot bear indefinitely.

The people of that county during the past 10 months, according to this telegram, have spent $20,000,000 of their own funds, and they have pending in that State at this time an election to be held on June 27 calling for a bond issue of another $20,000,000 with which to meet this emergency.

These are the conditions which prompt me, if you please, to support this measure. I dislike to confer on any board or commission such arbitrary powers as are conferred here, but I can afford to yield much when the relief of human suffering is at stake.

May I say, Mr. Chairman, I am voting for this measure with no illusionment that it is going to solve the problem entirely. It may, and I think it will, do a great deal toward helping the situation. A year ago, if you remember, Congress authorized through the Reconstruction Finance Corporation loans to the total extent of $3,800,000,000. Up to this time the Reconstruction Finance Corporation has advanced money in different forms to industry in the sum of $2,600,000,000, and this money has already gone into circulation to a large extent for the purpose of relieving unemployment; yet it has hardly made a dent in it. A year ago it was said we had 11,000,000 people out of employment. Today it is said we have anywhere from 13,000,000 to 14,000,000 out of employment. We do not know what the extent of unemployment would have been had it not been for the steps we have taken; but no Member of this House should vote for this bill believing it is going to entirely solve the problem, because, after all, while this legislation calls for $3,300,000,000 in advancements, it actually provides only $2,100,000,000 more than is already available. Provision is made in the bill for the discontinuance of the functions of the Reconstruction Finance Corporation, and any margin left in the Reconstruction Finance Corporation in the way of loaning power is transferred to this new organization. The loan powers left in the Reconstruction Finance Corporation amounts to $1,200,000,000, and this is merged into the $3,300,000,000 provided for in this bill.

So, as a matter of fact, we are only making available an additional sum of $2,100,000,000 instead of the $3,300,000,000. I shall vote for the bill, and hope it will be enacted into law. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 7 minutes to the gentleman from New York, [Mr. WADSWORTH.]

Mr. WADSWORTH. Mr. Chairman, obviously, it is impossible, in a period of 7 minutes, to even attempt to discuss the provisions of this extraordinarily important measure, a measure which contains three separate and distinct proposals, as I see them.

In approaching a discussion of it, brief as this discussion of mine must be, I cannot help giving some consideration to what might be termed the power of hysteria. Most of us have lived through at least one period of political hysteria. By this I mean hysteria and excitement which inevitably accompany a state of war and which, certainly, characterized the atmosphere in America during the World War. There have been other periods prior to that time of a similar character. In reading the history of my country I note that immediately following the Civil War such a spirit seized upon great multitudes of people. This had its effect in the so-called "reconstruction period", a most distressing and disastrous effect, and one which we now greatly regret.

Out of the hysteria and the excitement of the World War came the eighteenth amendment to the Constitution. I think no one will contend that had it not been for that excitement the eighteenth amendment would not have been submitted by the Congress nor ratified by such a number of States. It has taken 14 years, practically, for us to retrace our steps toward a correction of the ghastly error committed in 1918 by the ratification of that Amendment. [Applause.] It has been a long battle, waged around a fundamental question of government, and for one I rejoice that that battle is about to be won. I think I am not wrong in saying that today we are in a period of excitement and hysteria. It is easy to understand why this is so, and I am leveling no criticism at the American people or their representatives in any capacity.

I have been wondering, as I endeavor to be philosophical about these things, what would emerge from this period which would involve, eventually, and perhaps sooner than most of us expect, another great battle on a fundamental question. I am now led to believe that title I of this bill will seize the attention of those who have some regard for the fundamental principles of our Government and Constitution and that around it and whatever may follow it in the way of future legislation will wage one of the greatest battles politically that the country has ever known. I may be wrong about this. It is dangerous to prophesy. Time alone can tell, but I think I am right. The gentleman from Pennsylvania [Mr. BECK] spoke his convictions upon it yesterday and demonstrated to you the extraordinary importance of it from a constitutional standpoint. I shall not attempt to discuss it from a constitutional standpoint. I am not a lawyer, and, as my good friend, George Moses, of New Hampshire, once said, I have not even been admitted to the bar. [Laughter.] But it strikes me that the gentleman from Illinois [Mr. KELLER] struck the keynote of this whole situation when he said yesterday in relation to this measure, "We ought to understand that what we have always held as individualism in America has come to an end."

I think his analysis of the purpose of this measure is correct. Individualism in America will come to an end if legislation of this type and character is placed upon our statute books and kept there. I know it is contended that this legislation is meant to be kept in force but for 2 years, but, Mr. Chairman, many of its supporters and some of its authors have every hope and conviction that it will become the permanent policy of America. Certainly the gentleman from Illinois [Mr. KELLER] believes so. Certainly my good friend, Senator ROBERT F. WAGNER, believes so. He is one of the principal authors of this bill and made the statement in a hearing before the Senate committee that when the 2-year period expired undoubtedly the legislation would be continued in effect; if not in this exact form, in some form very similar to it.

So I think we cannot console ourselves in the belief that this is simply temporary. For this represents a school of thought becoming more influential in America, a school of thought which has gained force and adherence as a result of this depression but whose adherents are looking far beyond the termination of this depression and are intent upon transforming the whole picture—industrial, political, and social—of American life.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman from New York 2 additional minutes.

Mr. WADSWORTH. The end of individualism in America! I cannot help but believe that this means the end of real liberty and the substitution of bureaucracy—the hard, heavy, cold hand of bureaucracy—upon the daily lives of millions and millions of Americans.

If this shall be the policy adopted here, and continued hereafter, then, indeed, I am sorry for my sons and their sons, for they and their contemporaries will have to live in a country whose people shall be regimented, controlled, guided, and, finally, compelled to adopt whatever methods of life government imposes upon them.

You may think that I am exaggerating the possibilities of this situation. I think I am not, if I understand the tendency of this legislation and the intent of those who are its principal authors and defenders. This is but the beginning. It is the beginning of one of the greatest political battles in our history, a battle to be waged around a fundamental question of government. Should this legislation go

to the statute books and 2 years hence be repeated, as certainly a determined effort will be made to have it repeated, then this battle will start. And it may take up another 14 years to correct another ghastly error in government emanating from a period of hysteria. [Applause.]

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Chairman and ladies and gentlemen of the Committee, I listened with a great deal of interest to what the gentleman from New York [Mr. WADSWORTH] said, and if we were in anything like normal condition in this country and in the world I should feel disposed to share his opinion. But I am not willing at this time to wrap the conditions of this country in the cold legalism of an inflexible Constitution, made at a time back when our forbears wore silver buckles on their slippers, long stockings, knee breeches, and powdered wigs. [Laughter.]

We are in a condition worse than any we were ever placed in before in this country. The gentleman from New York speaks about the reaction following different wars that we have had. I would call his attention to the fact that is well known by every man who walks up and down the streets of our cities and highways of our rural communities, that never has such an economic condition ever confronted this country in all its history.

We granted in war time powers to the President greater than we are giving by this bill. Men lifted up their voices in the well here against that delegation of authority as we have in this bill. They saw the same catastrophe in the future.

But when the occasion for these extraordinary powers had passed we lapsed back into normal exercise of the powers under the Constitution of the United States.

Now, I think the Constitution of the United States is one of the greatest documents that was ever penned by man. I have always viewed the greatness and the very genius of the Constitution to be found in the fact that it was a flexible Constitution. I never viewed it as an inflexible document. I have always thought that my Constitution could reach down and take us out of the condition we are in now, and do it immediately.

Certainly the fathers of the Constitution, living in that time when we were 30 days from Europe, when a steamboat whistle might have frightened Thomas Jefferson and George Washington nigh unto death, certainly they looked into the future and drafted a Constitution that might meet the necessity of today.

Now, I am used to hearing the oratorical efforts of my friend from Pennsylvania, but let me say that he was well answered by another gentleman from Pennsylvania. I have listened to the gentleman from Pennsylvania [Mr. BECK] and I am indebted to him for many pleasant hours that he has spoken on the Constitution. I am used to hearing the legalistic paroxism of my friend from Georgia, who uses them against practically every bill that comes up. But I refuse to dress my Constitution of the United States with the silver buckles, the long stockings, and powdered wigs of 150 years ago. [Applause.] If they had been here when the antitrust law was passed in the nineties, they would have howled that Congress could not pass such an act because it was unconstitutional. Now they come in here for the sake of industry, for the sake of labor, for the sake of agriculture, and ask, not for the repeal of the antitrust law but for the suspension of a law that has proved to be for the disadvantage of the economic conditions of this country. They receive from some Members the cold consolation that someone believes it is unconstitutional. This bill sets up the standards by which the President shall act. For the purposes of this bill he becomes the agent of Congress. He simply pursues a course we direct and follows a path which we blaze out.

That is all there is to it. They can holler unconstitutionality all they want to, but when they end up they will be just like the gentleman from Pennsylvania [Mr. BECK] who practically admitted yesterday that the Supreme Court would hold the bill constitutional.

The idea of this bill is to stop the fellows who are exploiting the sweat and blood of American labor. We had an illustration in one of our States of a certain manufacturing concern. There were gentlemen on the committee from that State. The proposition was brought up by a great manufacturing concern coining advantage out of the desperate condition of their laborers.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. RAGON. Not now. The concern said to these people, "If you come in here and work for 50 cents or a dollar a day, then we will open our mills and give you an opportunity of employment." What is to be the reply of the great breadline that is living off the cold and merciless charity of the world? They went in of course, and what was the result? Those industrial racketeers went into the markets of this country and practically put out of business every industry of a similar nature. Do you want to continue that? Is that square shooting? No. It is the purpose of this bill to stop such things as that.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. RAGON. Not now. The gentleman from New York [Mr. WADSWORTH] said a while ago that this was the building up of a plan. Knowing some of the gentlemen who are back of this, and knowing their antipathy to bureaucratic government, I say that is the furtherest-flung piece of argument I have ever listened to. The bill provides specifically for a 2-year tenure of this industrial act. I have not the time to go farther as I should like to into a legal argument on this, but I shall pass on so that I may give the House some information upon the tax question.

As suggested by several speakers here, when we got down to the financing of this public-works' program a number of different ways were suggested by which it might be done. If you are going to set up a bond issue of this amount, the all-important thing in the issuance of the bond is the setting up of a certain, definite revenue base for the retirement of those bonds. If you do not do that, what will happen? You will have difficulty in the first place in negotiating the sale of those bonds, and whenever you have that, you will have to sell them at a reduced price, and when you sell them at a reduced price you have a reflected influence on other Government bonds. Then you have a further influence upon your Federal Treasury. So, unless you get a definite and certain revenue base for this bond issue, I would not vote for the bill, because it would be too dangerous if you did not do that. Several suggestions were made. One suggestion was to issue paper money to pay this. We have already empowered the President with a tremendous power for expansion, and I see there has been inaugurated a controlled expansion of currency that is having, as I said, a good effect, but to turn loose on this country $3,300,000,000 of uncontrolled currency is too dangerous. It is entirely too dangerour to our Treasury and to the welfare of our people to think about it. My friends on the Republican side, and my friend from Massachusetts [Mr. MCCORMACK], suggested a sales tax. I think just here it should be said that the minority members of this committee, the Republicans, worked shoulder to shoulder with us in the preparation of this bill, every word of it, and the only variance we had was upon the sales-tax question. What about a sales tax? I am willing to go down the line for a sales tax if you cannot do it in any other way. Listen to this significant statement. Mr. William E. Green, president of the American Federation of Labor, whose opposition to the sales tax is well known by every American, said:

> Gentlemen, I say to you as members of this committee, that this bill is so important to the economic welfare of this country that I would agree to any kind of a tax, including a sales tax, but give the people of this country this bill.

That was echoed by Mr. Harriman, the president of the chamber of commerce, the voice of industry in this country. That statement was practically made also by Chester Gray, the representative of the American Farm Bureau, and, with the exception of the sales tax, was practically made by a representative of the American Grange.

What about the sales tax? The testimony we have before us and the testimony we had a year ago was that it would

take a rather cumbersome piece of machinery to put it effectively to work. In order to keep the sales tax from being pyramided, you have to go into a system of licensing; and you cannot put this in operation in any 30 or 60 days. That is my contention. Then, again, it is well to remember that about 24 States of the Union have passed legislation enacting a sales tax. New York, for instance, has recently put on a 2-percent sales tax. I think Mississippi has a 2-percent sales tax.

Mr. WHITTINGTON. Three percent.

Mr. DOUGHTON. And North Carolina has one of 3 percent.

Mr. RAGON. And that is a direct retail sales tax that you pay for when you buy your piece of cheese in a grocery store. There is no doubt about the fact that a manufacturers' sales tax for the first 4 or 5 months will necessarily and naturally be pyramided.

All right. If you put 2½-percent sales tax on now, including the possibility and probability of pyramiding it, what will you have in North Carolina? You will be putting on those people, in practical effect, a 6-percent sales tax. I do not think you should do it. I think you should take into consideration also this fact, and I am saying this as a man who has always supported the eighteenth amendment. I voted for its submission, but I am saying to you frankly I do not think it will be 12 months before that amendment will be repealed. I am giving it 18 months at the outside. I have been in politics long enough, I think, to understand the public sentiment and public thought, and I think the eighteenth amendment is doomed, and I think it is doomed inside of 18 months.

The CHAIRMAN. The time of the gentleman from Arkansas [Mr. RAGON] has again expired.

Mr. COOPER of Tennessee. Mr. Chairman, I yield to the gentleman 5 minutes which has been allotted to me.

Mr. RAGON. I thank the gentleman very much.

Now, gentlemen, the moment the eighteenth amendment is voted out of the Constitution there will rise up all of the old revenue laws that touched the liquor traffic, and when that is done it will bring in anywhere from $250,000,000 to $300,000,000, in addition to the present tax on beer as we have it. So why go to the trouble of setting up this cumbersome machinery for the collection of a sales tax, which you may not need in 12 months, and with the possibility of continual pyramiding on the part of anyone who touches it? I say to you it is not good business, nor is it good business sense.

The committee considered all those things, and in light of the facts before it, we decided the best thing was the taxes we put in.

Mr. CONNERY. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. CONNERY. I am always pleased to listen to the gentleman, but I was wondering why the Ways and Means Committee has used 3½ hours and the Chairman of the Committee on Labor cannot get one minute to explain what happened to the 30-hour week? [Applause.]

Mr. RAGON. I thought the gentleman would get his time on the other side.

Mr. CONNERY. I cannot get it on either side.

Mr. RAGON. That is the side the gentleman should get it from.

Mr. DUNN. Will the gentleman yield for a question?

Mr. RAGON. I yield.

Mr. DUNN. Does the gentleman not think this bill would go far to wipe out the sweatshops in the United States?

Mr. RAGON. There is no question in the world about it.

Mr. DUNN. If it does nothing else but that, it is a damned good bill. [Laughter.]

Mr. RAGON. Now, the normal tax in this bill on the first $4,000 is increased from 4 percent to 6 percent. From $4,000 to the top it is increased from 8 percent to 10 percent. Some have said we only increased it 20 percent—all the upper bracket. I think if you will figure it out you will find it is 25 percent.

Then we put a tax on gasoline. That is irksome to us all, I know, but it is a tax that is absolutely certain.

Now, let me tell you this much more. The tax on gasoline, under this bill, gets more favor than any other industry that the bill touches for this reason: I am acquainted very well with the oil industry in this country. Every man here from an oil State knows the dilapidated and wrecked condition of the oil industry. They are looking forward to this bill to give the President power to bring the recalcitrant oil firms in under one of these agreements, a mandatory agreement, in order that they can limit production, as many of the States want to do, but find they cannot do, as well as to even up the industry and make every man share alike its burdens and everyone enjoy its advantages. That is one good thing for the oil industry.

The next thing is there are $400,000,000 carried in this bill for the purpose of construction of highways in this country. That, my friends, goes more to the advantage of gasoline than any other feature of the bill.

Now, this bill comes from the White House. Let us say that frankly. This bill is the composite of four men who sat around the table together and took the propositions submitted from labor, from agriculture, and from industry, and molded them all into this one bill. It is not the product of the minds of four men. I dare say it is the product of the minds of 400 men, and it is brought down here to us as a bill that we think will do more toward the rehabilitation of industry than any legislation yet proposed. Listen, my friends. We have been hollering here what we were going to do for these 12,000,000 idle people in the United States. The time has come to either fish or cut bait. You may not like the bill that is brought in here by this committee. My friend from Pennsylvania seems to have a distaste for General Johnson as administrator, and he is the only man I have ever heard who ever reflected on the ability of General Johnson, who is one of the strongest characters I ever met. You may not like him and you may not like Lewis Douglas, but, my friends, back of this proposition I put to each of you, I would burn it into your conscience and your minds, if you do not do something in this bill, in the name of Him that paints the lily and guides the sunbeams, what are you going to do for the 12,000,000 hungry men and women, little children, if you please, holding up their hands in supplication to you? They say to the man in the White House, "Our faith looks up to thee." What are you going to do about it? Oh, we may not like this, we may not like that, but, gentlemen, there is one thing certain that around the interest of the common man in this country there is rotating the heart of a great and good man in the White House. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I wish to say that the Ways and Means Committee of the House will be the loser by the ascendency to the judiciary of the gentleman from Arkansas [Mr. RAGON], who has just spoken. [Applause.]

I yield 3 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, of course, it is useless to attempt to cover a subject of this importance in the 3 minutes allotted. There were some phases of the bill I wished to discuss. I shall refrain from doing so and content myself with the statement that I should have liked the opportunity to have discussed the subject of taxation, and likewise should have liked the opportunity to have at least proposed some amendments to the taxation feature of the bill.

I dislike especially the increases in income tax on the moderate incomes and likewise the increased tax on gasoline. These taxes can only add new burdens to the people who can least afford to bear them.

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, in the short time at my disposal I wish to discuss the taxation features of this bill, and more particularly the tax on gasoline.

The taxation of gasoline in this country by Federal, State, and municipal governments has gotten to be nothing less than a racket. It has gotten to the place where today if you base it upon the wholesale price of the product the average State tax plus the Federal tax amounts to a total rate of 240 percent, and based upon the average retail price it imposes a sales tax of 48 percent.

We are invading a field which has been preempted by the States to the extent that 37.9 percent of all the taxes raised in the States of this country—that is, State taxes—are taxes upon automobile transportation, and over half of these taxes are taxes upon gasoline. Thus almost one fifth of all State taxes are raised from gasoline.

I object to this tax particularly because it is another tax upon the already tax-burdened farmer. He has to bear the burden of this tax to a greater extent than any other industry. The farmers of this country use practically 25 percent of all the gasoline that is consumed, and I call the attention of those who represent agricultural sections that in some of the agricultural States the farm consumption of gasoline for motor vehicles and tractors is more than half the total consumption of gasoline in those States. The farmer does not use gasoline for joy riding. He uses it because tractors and motor transportation with him have become a necessity.

The gasoline tax is a tax the farmer is not in a position to pass on. It is a part of his production costs, and for several years now he has not been making the cost of production. In other words, he has been living off of capital instead of income.

Now let me conclude by calling to your attention the fact that there appeared before this committee when the tax features of this bill were under consideration representatives of several great agricultural organizations; and they were very emphatic on this occasion, as they have been in the past, in opposing this tax upon gasoline and in stating that it meant placing a new burden upon the American farmer at a time when he is least able to bear it.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, it is proposed by the pending bill to issue bonds of $3,300,000,000. Of this amount, $400,000,000 is to be allocated for the construction of highways. Under the old method or former method of alloting this money among the several States, known as the "Federal Highway Act", one third was allotted on the basis of population, one third on the basis of area, and one third on the basis of public-road mileage. Under the present bill this is to be changed. It is not to be allocated in that manner; neither is it to be allocated on the basis of unemployment. The bill provides that three quarters of the money shall be allocated on the basis of the Federal Highway Act and one quarter on the basis of population. This means that one half of the $400,000,000 would be expended on the basis of population, one quarter on the basis of area, and one quarter on the basis of public-road mileage. In my own State this would mean a loss of approximately $800,000, and it is interesting to note that the Empire State of New York would receive under this plan $25,400,000 for its 12½ million people, while the State of Wyoming would receive $4,000,000 for its 225,000 people. There are 60 times as many people in the State of New York as there are in the State of Wyoming, but New York would receive only six times as much money as Wyoming.

Nearly 80 percent of all of the automobiles made in the United States are manufactured in or near the district which I represent in Michigan. It would cost each year $26,500,000 interest on the $400,000,000 allocated for the construction of roads, which everyone knows is an expenditure directly connected with the automobile industry.

That industry now has become the largest industry of the United States. This bill asks that industry not to pay just twenty-six and a half million dollars to cover the interest on the amount of money allocated to it by this bill, but it asks that the automobile industry shall yield $92,000,000 per year, or four times the amount of the carrying charges for the money given to that industry, and it is interesting to note that of the total amount of carrying charge or interest on this huge amount, amounting to $220,000,000, 42 percent is directly chargeable to the automotive industry of this country, which is an unfair and unjust discrimination against the greatest industry in the land today.

It is interesting to note that since the Federal Government has imposed a tax on motor vehicles, that $1,263,000,000 has been paid into the Federal Treasury, while the Government has returned or distributed to the several States as aid toward the construction of roads $1,190,000,000, or $73,000,000 less than it has received from this particular industry. This is proof positive that the automotive industry has paid its way and more. Therefore, I believe that the additional tax of three quarters of 1 percent on gasoline, and the continuation of the 1-cent tax for another year, is a severe blow to the industry and will tend to decrease its volume and sales and it will cause unemployment instead of putting more men to work. I may add that motor vehicles have paid 37⅝ percent of the total or gross revenue received by the States of the Union.

I say that the industry cannot stand this added burden and that it will do more harm than good.

If we really desire to balance the Budget without adding this enormous sum of $220,000,000 per year on the taxprayers of the country, I should like to have someone explain, who may be better informed on monetary matters than I am, why the Government could not issue sufficient money with which to pay the $7,000,000,000 of Liberty bonds and thereby save the people of the Nation $280,000,000 per year each year in interest.

It is my hope that a motion to recommit this bill might prevail in order that this injustice and discrimination to America's greatest industry may be corrected. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON]

Mr. CHRISTIANSON. Mr. Chairman, I have listened with great interest to the able gentlemen who have discussed this measure. There is much in the bill, and in the motive behind it, which must command my support; but there are also provisions which do not have my approval. I find myself very much in agreement with my distinguished colleague, Mr. KNUTSON, who, as a member of the Ways and Means Committee, proposed that the public-works program be financed without adding to the already too heavy bonded indebtedness of the Government.

Yesterday I voted against the adoption of the rule under which we are working, for I believed that an opportunity should be given the Members of this House to change the revenue provisions of the bill. I am sure that if an opportunity had been given to offer amendments, Members, irrespective of party, would have voted to change the provision which increases the burden of the small taxpayer 50 percent, and that of the man with an income of $1,000,000 a year only 3½ percent.

I hope that it may not be too late even now to make a change. Events have happened within the last few days, in the very shadow of this Capitol, which have altered the situation which confronted the Ways and Means Committee when it began consideration of this bill. Disclosures have been made of the methods by which men receiving great incomes evaded their taxes, not in part but in whole. It has been shown that the most powerful banking house in America, if not in the world, made no contribution whatever to the support of the Government in 1931 and 1932, and practically none in 1930. Advised by adroit lawyers, the masters of high finance found loopholes in the income-tax law through which they were able to make their escape. By offsets and deductions, by the devious device of setting up the right losses at the right time and in the right way, they were able to show that, technically they had no incomes.

I do not believe that the Ways and Means Committee, had it had the knowledge since disclosed, would have recommended that the public-works program be financed by increased taxes on the rank and file of the people—those of

small incomes who are already overburdened. I do not believe that this committee, composed of just, honorable, and thoughtful men, would have voted to exact 7½ cents more from the workingman who puts 10 gallons of gasoline in his modest automobile when he leaves for a week-end trip into the country had it known that the great banking house of J. Pierpont Morgan pays not one dollar of tax upon its income.

When the committee framed this bill it was confronted by a Treasury statement showing that despite increased rates and lowered exemptions the income tax had returned nearly $300,000,000 less in 1933 than during the corresponding period in 1932; but it did not know some of the reasons for this shrinkage. It had not had opportunity to consider how income-tax receipts in the higher brackets could be greatly increased by repealing the provisions which allow deductions for capital losses.

The situation has changed, and therefore I believe that in fairness to the committee we should recommit this bill, with appropriate amendments, so that it may be reconsidered in the light of evidence which was unavailable when its taxing provisions were framed. If we fail to do this, we shall be unjust, not only to the members of the committee, but to ourselves; for we shall place ourselves in a position where we cannot vote for a measure highly essential for the economic rehabilitation of the country without also voting for the continuance of an inequitable tax system which robs the poor and exempts the rich.

If we undertake to finance unemployment relief by imposing increased taxes upon the people whose modest incomes now suffice only to meet their bare needs, we may fool ourselves, but we shall not fool our constituents. Of how much avail will it be, as a measure for creating employment, to take away from the family man with only $3,000 income, $10 a year in addition to the tax he already pays? The net result will be that he will have $10 less to spend for food, clothes, shoes, and other necessaries. There will be $10 less flowing into the channels of trade and commerce. There will be $10 less available for wages for men who produce food, clothes, shoes, in order that there may be $10 more available for wages for other men, who carry mortar and lay bricks. There will be no increase in the total of purchasing power, no increase in the volume of business. There will only be a shifting of activity, which will result in slow and continuing starvation of the businesses in which most people are normally engaged, and a sudden but brief gorging of the construction business, which furnishes employment to only a small group. Such a program, instead of restoring normality, would still further unbalance our lop-sided economy.

We are only robbing Peter to pay Paul, if we finance public works by levying additional taxes upon those who already put all they earn back into consumption.

This legislation will not accomplish its purpose unless we recruit for the battle against depression those dollars which do not now do their full duty, the slacker dollars hiding in the safe dug-out of unspent and unspendable accumulation, the dollars which do not buy goods and commodities, the dollars which do not hire men, the dollars which shirk taxes.

Personally I believe that we should finance the public-works program without issuing any more tax-exempt securities, without furnishing additional bombproof retreats for slacker dollars. We have voted to give the President power to issue currency. Let him issue $3,300,000,000 of it, and let us provide an annual retirement tax of $132,000,000 to redeem the currency in 25 years, and let that tax be paid, not by those who already pay too much, but by those who now pay nothing.

But if we are not yet ready to adopt the direct and sensible expedient of financing the public-works program and restoring to the money of the people its former value, at one time and in one operation, then I ask in the name of the overburdened people who have no smart lawyers to teach them how to evade their taxes, not to place the whole weight of reconstruction on those whose backs are already bent, but to make those who in the past have shirked their responsibility make up for their defaults, even to the extent of contributing out of their accumulations. There is no reason why those whom another Roosevelt would have called "malefactors of great wealth" should be allowed to escape with all their loot intact.

Do not spare those who by their unbounded greed and ruthless power have brought this curse upon the country.

Let those who have wrecked America help rebuild it!

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, I am heartily in favor of the bill now before the House for consideration, referred to as a bill to encourage national industrial recovery. I welcome the opportunity to vote for a measure that, if enacted into law, will bring relief to millions of the unemployed in this country, which, according to Mr. William Green, president of the American Federation of Labor, now exceeds 13,000,000.

First, the bill provides for an appropriation of $3,300,000,000 for public works and construction projects; and, second, reduces the hours of labor through administrative agencies, as provided for in title 1 of the bill.

Two years ago, a sincere effort was made by a number of Members of the Senate and was supported by a group of Members of this House to secure an appropriation of several billion dollars to provide public work to stem the tide of the depression and, at this time, Mr. William Randolph Hearst proposed, as a remedial measure, a bond issue of $5,000,000,000. I heartily and promptly endorsed that method of relief because I recognized in it a sincere effort to relieve suffering and put men back to work, and so stated on this floor at that time.

Our country today is faced with a condition unparalleled in the 150 years of its history, and threatens the breaking down of our present economic system. In this, the wealthiest of all nations, there are more than 13,000,000 capable workers with millions more of their dependents who are suffering because of unemployment.

We are in the midst of the most violent and sudden economic changes our country has ever experienced. To adjust ourselves to these changes a new social policy must be adopted. Of all the principal measures advocated for this purpose, those that provide shorter hours of labor offer the most logical and direct steps without placing an additional burden on the Public Treasury.

Mass production made possible by the progress of mechanical invention and by the application of high-geared efficiency created a new era and changed this Nation from a static agricultural to a dynamic industrial country. This notable change is reflected in the fact that during the 10 years preceding the depression not 1 percent of all foreign immigration into the United States has settled upon the farms. The consequent growth in urban industrial centers has raised certain unforeseen and difficult problems. We cannot stop progress. We must recognize that we are living in the machine age. We must deal with the fact that the economic status of the workingman has been profoundly affected. There is today a labor-saving device for every branch of industry. This condition has displaced millions of working men and women and has been one of the primary causes for the serious unemployment condition of this present day.

The workingman is not responsible for these present conditions of unemployment. The dynamics of a mechanical age is the cause. In 1929, the last so-called "normal year", the railroads of this country were operated by 250,000 fewer employees than in 1920. Since the depression, commencing in 1930, several hundred thousand railroad employees have been added to this list. Synchronized music has displaced over 9,000 musicians, many of them artists of notable talent. The number of mechanics employed in the manufacture of automobiles, including bodies and parts, between the prosperous years of 1925 and 1927 was decreased by 56,796. Still further decreases were made between the years 1926 and 1929, regardless of the fact that more automobiles were manufactured in 1929 than in 1926.

In the men's-clothing trade a power machine operated by not more than two persons displaced 200 skilled clothing cutters. In the iron and steel industry, on an average, 1 man now does the work that 45 men used to. On a trans-Atlantic liner there used to average 120 stokers; now 3 men do this work, dressed in spotless white, by merely turning a valve. The New Edison Co. has installed an automatic mechanism that operates an electric distributing station which supplies enough power to light 300,000 homes without one human being in the plant; an operator 3 miles away handles the switch and has perfect control at all times.

Students of agriculture tell us that while it took 3 hours of human labor to produce a bushel of wheat in 1900, in 1932 three minutes of machine labor will do the same thing. The relation is 50 to 1. Thus mass production, stimulated by mechanical invention, has taken its toll of man power in every industry. This displacement must be compensated for by a 30-hour working week to avoid the disaster of widespread unemployment on the one hand and overproduction on the other.

Thus, mass production stimulated by mechanical invention has taken its toll of man power in every industry. This displacement must be compensated for by a 30-hour working week if we are to avoid complete disaster.

Are we to go on displacing men, taking millions of workers out of the consuming market, constantly increasing our facilities and powers to produce without developing a market corresponding with our ability to produce? There was not enough attention paid in the past to the market situation, the adjustments that were necessary to absorb these men who were constantly being displaced. We have absolutely failed to adjust working time corresponding with our increase in the facilities of production. We have gone ahead attempting to work 6 days a week and 8, 10, or 12 hours per day under the new order just as we did under the old. We have not enough work to keep men employed 6 days per week, 8 hours per day and 10 hours per day. That is out of the question because of the wonderful mechanical development that has made men more efficient. Furthermore, there must be an adjustment of the working time in order to take up the slack of unemployment caused by the depression.

Mr. William Green, president of the American Federation of Labor, in testifying before the Committee on Labor on the 30-hour week bill, stated as follows:

> Even though we could by the exercise of some magic wand establish the favorable conditions of prosperity of 1929 on an 8-, 10-, or 12-hour day, as prevailed, and the long work week, we could not absorb more than 55 percent of our unemployed, and that we would still be menaced by a large standing army of unemployed. It is simply impossible to reemploy the idle unless you reduce the hours of labor. Mechanization and increased use of power has effected that condition. This is the basis of it all.
>
> Yes; I have repeatedly said that we must either bring the unemployed back into employment by reducing the hours of labor, making such adjustments as are necessary, so that these adjustments will conform with the increased efficiency of the workers, caused by the mechanization of industry, or support a large, permanent, standing army of unemployed. Idle workers must be given employment through the 6-hour day and 5-day week, or we must support a large standing army of unemployed.

Mr. Chairman, these economic changes and this displacement of man power call for important readjustments.

There are two schools of thought dealing with the problem. First, there are certain groups of industrialists and employers of labor who, for their own selfish interests, are taking advantage of unemployment and the surplus in the labor market to bring down the standards of wages and of living. These misguided men, referred to as cutthroat industrialists, if permitted to do so, would gladly reduce all labor to the condition of serfdom which unfortunately exists in certain sections of this country.

In contrast to this selfish school of thought, we have the advanced humanitarianism fostered by American working men and women who maintain that one of the primary functions of the Government is to protect life and make it easier and happier for the toiling masses who are so deeply responsible for the production of this Nation's wealth. Fortunately for all of us, the example of this intelligent humanitarianism is felt in many spheres of industry; thank Heaven, there are many enlightened employers in this country who are working with public and civic bodies and with organized labor to stem the tide of reaction.

Mr. Chairman, I have referred to the Black-Connery 30-hour week bill. I do not hesitate to state that the Senate bill 158, unanimously reported to this House by the Committee on Labor, to which it was referred but which did not contain a public works and construction program, was otherwise a far superior and better balanced bill than the bill now under consideration. The Black-Connery bill gave protection to American industry and American labor and protection which unfortunately is not provided for in the bill under consideration. This failure has been referred to by no less authority than Bernard M. Baruch, and I quote from an article published in the San Francisco Examiner, under date of March 20, as follows:

> American industry must have more protection against cheap imports if it is to succeed in creating jobs and raising wages, Bernard M. Baruch said tonight before the Brookings Institute.
>
> Baruch, who headed the War Industries Board during the war, praised the present Federal emergency program for economic recovery, but warned the assembled economists to "examine carefully" recent and pending legislation designed to place all American industry under Federal regimentation.
>
> Baruch questioned the effectiveness of controlling industry, fixing minimum prices and establishing higher wages for more employees, and at the same time letting down the bars to cheap foreign importations by reducing tariffs.

Mr. Chairman, the American manufacturer and the American workingman is entitled to the same protection given the farmer in the emergency agricultural relief bill, which passed the House on March 20, the Senate April 28, and was approved by the President on May 12. This applies to interstate or foreign commerce, as follows:

> The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported.

In further proof of this necessity of protecting American industry and American labor, I quote again from the statement of Mr. William Green, president of the American Federation of Labor:

> The opportunity to ship into this country goods manufactured at a price with which no American manufacturer can compete can be met in two ways: First, by the provision in the Connery bill; and, second, by a countervailing tax. In my judgment, no tariff can be sufficiently high to meet the debased foreign currency conditions in Europe and other foreign countries. That cannot be fixed by a rigid tariff act.

The rule under which this bill is being considered does not permit amendments except by the committee which has the bill in charge. I sincerely hope that the committee, in fairness to American manufacturers, will amend the bill under consideration by adding thereto what was known as section 8 of the Black-Connery bill unanimously reported to the House by the Committee on Labor, which reads as follows:

> To insure a purchasing power on the part of the American consumers the Secretary of the Treasury is hereby directed, while this act continues in force and effect, to prohibit the entry of foreign-made goods, which goods are similar or comparable to goods produced in the United States of America, if such foreign-made goods are entered at total landed costs which are less than American cost of production of similar or comparable American-made goods. The Secretary of the Treasury is hereby authorized to make findings of the cost of production, and his decision shall be final.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Chairman, coming from northwestern Pennsylvania, the tax features of this bill are of peculiar interest to me and my people and especially the additional tax imposed upon gasoline, for it was there that oil was first discovered and the second largest industry in the United States had its birth.

About 1 year ago, as an emergency measure, Congress placed a Federal tax of 1 cent per gallon upon gasoline. This bill proposes to add three quarters of a cent. This is a field of taxation that was preempted by the States back in 1919, when the State of Oregon imposed a tax of 1 cent per gallon. It is a matter about which various States have gone

wild. I wonder if you know to what extent gasoline is taxed by the States?

I have here the rates for Harrison County, Miss., where there is a State tax of 6 cents per gallon, a county tax of 3 cents per gallon, and to this would be added the Federal tax of 1¾ cents per gallon, making a total of 10¾ cents.

The average price of gasoline received by the manufacturer during 1932 was 4 cents per gallon. This represents a tax of more than 372 percent.

All of us, from city and from country, have the interests of the farmer at heart. The Federal tax of 1 cent per gallon, imposed as an emergency measure a year ago and to continue for 1 year only, has cost the country $135,000,000, and as the farmers consume one fourth of the motor fuel of the country, the farmers contributed $33,750,000 of this tax. The additional tax of three fourths of 1 cent, proposed in this bill, would raise $92,000,000 more, and the farmers would pay $23,000,000 more in motor-fuel taxes. The farmer's tax upon his motor fuel would be increased 68 percent.

[Here the gavel fell.]

Mr. COCHRAN of Pennsylvania. Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein a table showing taxes levied on gasoline by the various States and to also include therein certain testimony given before the House Ways and Means Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COCHRAN of Pennsylvania. I have prepared from the records of the United States Department of Agriculture, Bureau of Roads, and will insert at this point in my remarks a table showing the rates of tax imposed by the various States upon motor fuel as of December 31, 1932, the gross receipts from such tax, the amount in gallons of fuel consumed in the United States during that year, and the percentage of change in consumption:

State gasoline taxes, 1932—Tax earned on motor-vehicle fuel

[From Table G–1 (1932), U.S. Department of Agriculture]

State	Gross tax	Tax rate, 1932			Gasoline, or other fuel for motor vehicles, taxed	
		Cents per gallon		Date of rate change	Net gallons taxed	Percent change
		Jan. 1	Dec. 31			
Alabama	$7,000,502	5	6	11/5	136,421,624	−16.1
Arizona	3,479,597	5	5		58,004,441	−10.4
Arkansas	5,709,727	6	6		86,082,940	−22.2
California	40,124,804	3	3		1,204,295,149	−9.4
Colorado	6,134,473	4	4		136,730,489	−12.6
Connecticut	4,687,912	2	2		234,229,379	−0.9
Delaware	1,145,986	3	3		36,338,331	1.7
Florida	14,508,777	7	7		207,268,239	−11.8
Georgia	11,938,809	6	6		198,980,154	−10.3
Idaho	2,539,950	5	5		45,554,550	−12.3
Illinois	29,988,421	3	3		958,468,356	−1.1
Indiana	17,938,367	4	4		418,489,040	−7.2
Iowa	10,693,343	3	3		299,004,568	−17.9
Kansas	10,204,096	3	3		247,349,852	−8.1
Kentucky	8,202,889	5	5		164,057,785	−6.9
Louisiana	8,300,840	5	5		166,014,436	−11.7
Maine	4,397,400	4	4		105,167,540	−4.0
Maryland	7,902,161	4	4		187,505,794	.9
Massachusetts	16,805,808	3	3		550,642,607	−1.4
Michigan	21,730,941	3	3		681,044,263	−6.4
Minnesota	11,352,359	3	3		333,351,913	−9.7
Mississippi	6,071,654	5½	6	6/1	96,732,445	−16.4
Missouri	9,183,199	2	2		447,484,670	−2.8
Montana	3,421,504	5	5		53,803,120	−10.9
Nebraska	7,893,113	4	4		195,236,623	−14.1
Nevada	868,091	4	4		18,177,920	−6.5
New Hampshire	2,710,386	4	4		65,971,040	−0.7
New Jersey	20,963,688	3	3		553,914,175	−3.0
New Mexico	2,362,264	5	5		43,845,055	−17.7
New York	43,690,844	2	3	3/1	1,485,127,929	−2.8
North Carolina	14,124,630	6	6		231,727,434	−7.2
North Dakota	2,842,042	3	3		61,190,398	−9.6
Ohio	36,123,658	4	4		856,729,484	−12.9
Oklahoma	9,661,097	4	4	1/1	241,527,434	−4.3
Oregon	6,315,052	4	4		140,066,134	−9.7
Pennsylvania	30,289,915	3	3		1,009,663,827	−6.7
Rhode Island	2,020,740	2	2		92,701,236	−2.0
South Carolina	6,261,560	6	6		103,748,781	−14.1
South Dakota	4,174,644	4	4		74,083,694	−12.7

State gasoline taxes, 1932—Tax earned on motor-vehicle fuel—Continued

State	Gross tax	Tax rate, 1932			Gasoline, or other fuel for motor vehicles, taxed	
		Cents per gallon		Date of rate change	Net gallons taxed	Percent change
		Jan. 1	Dec. 31			
Tennessee	12,185,360	7	7		174,076,575	−15.8
Texas	30,071,589	4	4		676,593,941	−11.3
Utah	2,174,318	4	4		54,297,788	−10.0
Vermont	1,874,648	4	4		46,866,212	−4.7
Virginia	11,484,414	5	5		216,191,996	−5.6
Washington	12,329,201	5	5		220,930,195	−9.7
West Virginia	5,184,836	4	4		123,544,775	−8.3
Wisconsin	16,346,591	4	4		373,710,495	−13.4
Wyoming	1,418,145	4	4		35,453,612	−10.6
District of Columbia	2,053,901	2	2		101,774,858	17.9
Total	548,888,246				14,250,173,296	−7.5
Weighted average rate		3.6 cents				

An inspection of this table discloses that gasoline pays a sales tax in every State of the Union and in the District of Columbia, at rates varying from 2 to 7 cents per gallon, and that 33 of the States have fixed this sales tax at from 4 to 7 cents per gallon. In other words, 33 of the States impose a sales tax upon gasoline of 100 or more percent. In addition to these sales taxes imposed by all of the States, the cities and counties of some of them have imposed like levies for their use, with the result that in some localities gasoline pays a sales tax in excess of 372 percent.

The disproportionate tax burden imposed upon the gasoline and motor-vehicle industries is apparent when we consider that in 1930, before the Federal Government began to tax gasoline, the two industries mentioned paid more than $1,000,000,000 to the States, while the total State revenue receipts for that year were $2,243,110,000. In other words, the motor vehicle and gasoline industries paid 37.9 percent of the total revenue receipts of all the States in 1930.

This table shows that the consumption of gasoline in 1932 declined in 46 of the States in amounts as high as 22.2 percent, the average decline for all the States and the District of Columbia being 7½ percent. Manifestly, the larger part of this decline is due to the economic condition of the country, but the dire effect of excessive taxation is shown by the fact that by far the greatest decline in consumption was in those States which imposed the highest gasoline taxes.

A decline in the consumption of gasoline reflects not only a decrease in the use of motor vehicles but also a decline in their manufacture and sale. Motor-vehicle registrations in 1932 declined at the rate of 200,000 per month. As in the case of the decline in consumption of gasoline, we must recognize that the major cause is the economic situation; nevertheless, excessive gasoline sales taxes, excessive automobile and accessories sales taxes, and excessive automobile and operators' license fees contribute largely to this result.

Furthermore, excessive gasoline taxes, and all gasoline taxes over 3 cents per gallon are excessive, invite the bootlegging of gasoline, with the consequent loss of all revenue and the demoralization of honest prices to the consumer. The gasoline bootlegger flourishes in those States imposing excessive taxes, and the honest dealers there can meet the unfair competition only by offering an inferior grade of gasoline at a lower price. Thus honesty is penalized and fraud rewarded.

The net result to the oil industry is a decreased demand for its products and at decreased prices. The cost of production of oil in western Pennsylvania is quite accurately estimated at $2.50 per barrel, while the price received for it, at the time I am speaking, is $1.32 per barrel.

To increase this Federal tax by three fourths of a cent will tend to further depress this price. In my congressional

district the average oil well produces daily about as much oil as a good Holstein cow produces milk, or about one eighth of a barrel. Most of these wells are owned by independent producers, many of them by farmers; and many of the owners are now almost bankrupt. They cannot operate their wells much longer at such a loss.

Pennsylvania, New York, Ohio, and West Virginia produce what is known as the Pennsylvania grade of oil, the quality of which is unequaled in the world. Will you Representatives from Ohio take notice? Your State has 35,000 producing oil wells, which is one ninth of the total number in the United States. Their average daily production is less than one half barrel. Will you Representatives of the other oil-producing States take notice? There are 350,000 producing oil wells in the United States, 250,000 of which produce less than 1 barrel per day. These "stripper wells" are the backbone of the oil industry and relief in the form of higher prices must come to their owners or they will be abandoned; once abandoned they will be lost forever, an irreparable damage to the country, for the small revenue each produces would not justify reopening.

Time will not permit me to discuss another injustice of this bill, namely, increasing by 50 percent the tax upon small incomes. If enacted in law, this provision will measurably decrease the attendance next year at American colleges and universities.

The remedy for the tax injustices of the bill was suggested by William Green, president of the American Federation of Labor, in his testimony before the Ways and Means Committee last Friday. I quote his testimony, from pages 113–114 of the hearings:

Mr. GREEN. Now we come to the sales tax. Labor has always been, and is uncompromisingly, opposed to the principle of the sales tax. We feel that it is a form of taxation that is unjust in operation and that it bears more heavily upon the masses of the people than it does upon those who are best able to bear the taxation burden.

We are so fundamentally opposed to it that under ordinary circumstances we would object strongly to the imposition of a sales tax, particularly if this sales tax were to be imposed for the purpose of raising revenue to pay the ordinary running expenses of the Government. You will always find labor before committees and in the halls of Congress opposing the enactment of such legislation as that.

Speaking now for myself, because I cannot represent all the views of all our labor representatives, since many of them differ from me, I have arrived at this opinion only after careful thought and study: That is, that if this character of tax is imposed for the purpose of raising this money in order to drain the pools of unemployment, and to get people out of their suffering, after 4 years of the very greatest human distress conceivable because of unemployment, and if it is the intention to spend the money thus raised in the towns and in the cities, as I have suggested, in order to tackle the problem of unemployment at the home, then I would be willing, as a representative of labor, to favor the imposition of a sales tax for the purpose of raising that money, but with this proviso, that it should be carefully safeguarded and made to apply only in this emergency, and to automatically end when the purpose of this bill has been served.

I agree with Mr. Green, but, going further, I propose that food, clothing, and medicine be exempted from such tax. A general manufacturers' sales tax (exempting food, clothing, and medicine) of only 1.8 percent would produce the needed revenue, and its imposition would fall so lightly upon all that it would be felt by none. What sound argument can be advanced against a proposition so fair, and so satisfactory to the accredited spokesman for labor? What sound argument can be advanced in favor of crushing sales taxes upon a few selected industries, at rates as high as 372 percent?

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Chairman, on the bill itself no man knows whether the enactment of the measures means that it is merely a temporary program which leads us out of our present distress back to traditional Americanism, or leads us on to greater fields of communism. At the same time, no man knows whether standing still now will save traditional Americanism or lead us on into still greater economic and social chaos. For my part, I choose to take the bill. [Applause.]

The subject which I wish to discuss now primarily is the tax feature. The proposed motion to recommit, offered by the gentleman from New Jersey, will, if accepted to this bill, in my honest judgment, do almost as much for America as the bill itself. We know that credit has been unduly contracted. Congress has been responsible for part of this. A year ago, at the very time when we needed check circulation more than anything else, Congress enacted a check tax and undertook to penalize by millions of dollars each year the very thing which we needed most. Give us the Bacharach amendment and lift from America the check tax and much will be gained in credit circulation.

Mr. TREADWAY. Will the gentleman yield?

Mr. MCGUGIN. Yes.

Mr. TREADWAY. In connection with the statement the gentleman is just making, let me say that the gentleman from Massachusetts [Mr. MCCORMACK] has recently announced that he expects to offer a motion to recommit.

Mr. MCGUGIN. Irrespective of which motion is finally submitted, I am for the motion that is submitted, whether it be the McCormack amendment or the Bacharach amendment. [Applause.]

Let me go a little further. Lift from the oil industry of America the gasoline tax and, mayhap, you have done much for one great industry. Lift from the automobile industry the discriminatory tax placed upon it and, mayhap, you have done much. It is written in the scheme of things that you cannot penalize two great industries like the oil industry and the automobile industry without every other industry in the United States paying a penalty. There is some justice yet in the economic world, if there is none in the political world.

When we have done this there is only one place to turn and that is to a manufacturers' sales tax, with drugs, food, and clothing exempt.

There is no good reason, ordinarily, presented against this tax. Usually it is fear, a sort of political fear, which is ill-founded either in politics or in reason. The opposition to a general sales tax always promises, as a substitute, to collect the needed tax off of the rich, and yet the bill itself answers that statement. This bill which the committee has brought in does not collect it from the incomes of the rich, but collects it from the earnings of the great middle class in this country.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. STOKES].

Mr. STOKES. Mr. Chairman, you gentlemen who are lawyers will remember better than I do the famous case of McCulloch against The State of Maryland, in which Chief Justice Marshall told us, and truly told us, "the power to tax involves the power to destroy, and the power to destroy may defeat and render useless the power to create."

It is well that we should consider carefully these significant words.

The issuance of this huge amount of Government bonds to pay the interest and sinking fund of which about $220,000,000 additional tax must be placed on the American taxpayer each year is, as the gentleman from Pennsylvania [Mr. WATSON] remarked, giving us war taxes in peace times.

I shall vote to recommit this bill in favor of a sales tax.

We have already spent in public works nearly one half billion dollars with no very marked increase in employment. England has found that the extensive building of public works did not help unemployment.

Mr. MacDonald wrote as follows regarding public works:

After the most careful examination of all the relevant considerations, the Government has, however, reached a definite decision to discontinue the policy of attempting to deal with unemployment by a system of state-assisted relief works.

Experience has, however, shown that the amount of employment provided by the vast expenditure on these schemes has been very small in comparison with the total volume of unemployment and that the policy is completely unequal to the task of dealing with unemployment on a large scale.

Despite putting in hand of relief works of an estimated value of nearly $923,000,000, the greatest number of persons directly employed on works falling under the main classes of relief works at any time was 114,000.

I voted for the economy bill, because I believed the balancing of our Budget would restore confidence and thus reduce unemployment.

As Dr. Butler said—

> The practical and straightforward way to balance the Budget is not to tax more, but to spend less. The real slogan of the people of the United States should be "Stop spending our money."

It is undoubtely true that when taxation rises to a point beyond the capacity to pay, the revenue falls instead of increasing, as shown by the tax on real estate in our large cities.

The people of this country are industrious, intelligent, and very resourceful. They do not need to be controlled by dictatorial power in order to help stimulate business recovery. Their own spirit of enterprise will bring it about as soon as conditions warrant. Nor can we hope to have a return to normalcy all at once. It is bound to be a slow process, responding only to patient treatment. The best stimulus we can give is a reduction of taxation, especially on real estate and rents, and in so doing help the farmer, the homeowner, and the poor man all together, and then prosperity will return slowly, perhaps, but surely.

Conditions which prevailed in England after the Napoleonic wars were very similar to those of today, namely: (1) Trade depression, (2) unemployment, (3) wages at starvation point, (4) heavy taxation, (5) huge debt and recurring deficits, (6) declining exports and imports. Finally in 1841, Sir Robert Peel came into power and applied really sound remedies.

In the fifties and sixties Gladstone followed on. Under the magic stimulus of public economy, reduced taxation, balanced budgets, trade began to advance by leaps and bounds.

The facts are so plain and the precedent so clear and conclusive and the lessons so easy to learn that none of us can fail to see the importance of doing likewise today.

Let us have faith in our country, but let us not paralyze her by severe taxation.

As Lowell says in speaking of our Nation:

> They love her best who to themselves are true,
> And what they dare to dream of, dare to do.

[Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. McFADDEN. Mr. Chairman, I am concerned about the power Congress is proposing to give to a centralized group who will control the operation of this particular legislation. I have particularly in mind that class of industry in the United States which has been built up by careful planning, independently owned and controlled, where the lives of men have been devoted to that industry. These industries have been built up, scattered all over the country, and are the backbone of American industry in the United States. I am not referring to the big trusts. The financial groups that we hear so much about these days have time and again tried to get control, to worm themselves into these industries and take them away from the owners, the people who have built them up.

You are creating an organization here now that is going to be able to control these industries. Under the operation of the provisions of this law, they may be forced to consolidate with competitors that are owned and controlled by the very group of people who have been trying to break into privately owned industries. Big business wants to swallow independent business that remains in the United States. Big private banking houses in New York want these small independent profit-making industries.

I am wondering what these industries that have been built up by the owners with their own money, with genius and brains, who have treated the employees properly and are the very lifeblood of many small communities, are going to say or do when they are called before this board and are told that they no longer can control their own business, and that, unless they obey the dictates of big bankers and big business, their main competitors, they will have to consolidate their business with other groups of business people—these other groups of people may be the very persons who have been trying for years to take the business away from them.

That is one of the dangers that I see in the bill. Further than that, I want to say to you and the administration that this department of Government which you are setting up here today must not be managed by the type of men we are hearing about who are controlled by the financial group appearing and other similar groups of New York bankers who will later appear for examination before the Senate Banking Committee at the other end of the Capitol. [Applause.] This administration has got to purge itself of that J. P. Morgan & Co., Kuhn, Loeb & Co., Speyer & Co., Warburg group of private bankers' control or you are going to have revolution in the United States. It cannot continue any longer.

This is to be an institution for the control of industry, all industry, privately owned industry. You have already given control of the railroads, you have already given control of the farming industry, you have given control of the finances of the country to the banker groups.

I simply want to warn the administration that this cannot continue. The people have rights in these United States, and when they awake they will take their rights.

Now, in the few brief moments that still remain I want to refer to the tax features provided in the bill.

I need not tell you that I have been seeking for a long time to get the Income Tax Division of the Treasury Department to collect taxes due the United States. If you would, if this Congress would report out a resolution of investigation which will result in unearthing the reasons why the Income Tax Division does not function we might collect hundreds of millions of dollars that are actually due at this time.

Who is holding up my resolution to do this? What must be done to get action in this House to make the Income Tax Bureau of the United States Treasury do its duty, and collect taxes that are being fraudulently withheld? Is it that these tax-racketeering lawyers and certified public accountants are so strongly intrenched, or are the Mellons, Morgans, and Dohertys so strong politically, that they can even reach the leadership in this House?

Of course, I had every evidence in the Hoover Administration that Morgan, Mills, Ballantine, and Burnet had no intention of interfering with this ring of income-tax racketeers. We were all led to understand that when the Administration changed the money changers would be thrown out of the temple, but they are still permitted to operate and apparently are being protected, and the regime is to be perpetuated. The definite proof of this is the appointment of Dean G. Acheson, formerly of the law firm of Covington, Burling and Rublee, Union Trust Building, Washington, D.C. This firm of lawyers, with whom Mr. Acheson was connected, are the attorneys for Price, Waterhouse and Co., a British accounting house and one of the largest practitioners in income-tax matters before the Treasury Department. They represent hundreds of the leading taxpayers.

On November 21, 1931, I asked Andrew W. Mellon, Secretary of the Treasury, to disbar this company from practicing before the Treasury Department in connection with any income-tax or other matters on evidence that I was submitting to the Department. I pointed out to Mr. Mellon that over a period of years this accounting firm, in collusion with large taxpayers, had been defrauding the United States Government in the receipt of taxes due the Government and suggested that each one of this firm's clients' tax accounts be completely audited and prosecuted. Did Mr. Mellon do this? He did not. On the contrary, in a letter to me under date of November 24, 1931, he defended the activities of this concern, and on December 1, 1931, I sent him additional definite information as to the fraudulent practices of Price, Waterhouse & Co., and submitted definite cases of tax violations running into tens of millions of dollars and called attention for immediate action on account of possible running of the statute of limitations. On Decem-

ber 9, 1931, I again called his attention to these violations and referred him to a conspiracy action that had been entered into between the representatives of these taxpayers, the acting Attorney General of the United States, and himself. Mr. Mellon refused to take any action looking toward the prosecution of these tax violations.

On March 26, 1932, I directed a letter to Ogden L. Mills asking for a report inasmuch as 6 months had elapsed since I had notified the Department of this irregularity, and on April 1, Mr. Ogden L. Mills, the then Secretary of the Treasury, replied that the Department had the matter under consideration.

On June 4, 1932, I introduced a resolution which was referred to the Rules Committee. Extensive hearings were held but Speaker Garner and the Rules Committee failed to carry out their agreement to report favorably on this rule at the last session of Congress.

On May 5, 1933, I sent the following letter to Hon. William H. Woodin, Secretary of the Treasury:

MAY 5, 1933.

HON. WILLIAM H. WOODIN,
Secretary of the Treasury, Washington, D.C.

MY DEAR MR. SECRETARY: On March 26, 1932, I addressed the enclosed letter to Hon. Ogden L. Mills, then Secretary of the Treasury. His answer is also enclosed. This matter concerns substantial amounts due to the Treasury of the United States.

Mr. David A. Olson has filed several cases of tax evasion with the Bureau of Internal Revenue. These cases have been in the hands of the Bureau for more than a year. There has been much correspondence and conversation about these cases, but to date no one has been able to secure from the Bureau or the Treasury any definite statement as to the disposition of these matters.

Officials of all parties are working earnestly to evolve means to meet the Government's pressing need of funds, and it seems to me that definite steps should be taken to determine what sum in evaded taxes can be collected in the Olson cases and even more important that those sums be collected and made available for the Treasury.

It is with the hope that you will agree with this statement of the Nation's financial condition that I am addressing you with this request for information.

Has the Bureau of Internal Revenue completed its investigation of these cases or of any of them? What sum has been collected?

What sum of money has been discovered to be due to the Government and from whom?

I shall appreciate your early reply.

Sincerely yours,

L. T. MCFADDEN.

Up to this time I have not had the courtesy of a reply. But during this period of time one of the attorneys for Price, Waterhouse & Co., as heretofore stated, has been made an Assistant Secretary of the Treasury, succeeding A. A. Ballantine. His particular duties are the Income Tax Division of the Treasury Department.

Mr. Acheson apparently has had, or may still have, very interesting clients, as is indicated by a letter from a resident of California that has just come to me. In referring to his appointment as Assistant Secretary of the Treasury, this correspondent says: "He is the man who appeared recently on the Pacific coast representing a syndicate of New York bankers in connection with the purchase of Russian bonds at a discount." It was said that this New York syndicate was in possession of special information in regard to the recognition of Russia by the United States, and it was indicated that on the basis of this inside information this New York syndicate was attempting to buy up from the present unfortunate holders of Russian securities in the United States these bonds.

The House of Representatives should know who Mr. Acheson is and whom he represents. The hearings before the Senate Banking Committee have disclosed the fact that he is on the preferred list of friends of J. P. Morgan & Co. I am sure that the Membership of this House will understand how impossible it is to expect that these fraudulent tax cases, which I am insisting be investigated, can be investigated and the taxes collected and the taxpayers dealt with in the same manner that the tax-evasion case of Charles E. Mitchell, president of the National City Bank, is being dealt with. I am definitely calling this serious matter to the attention of the administration; and their action in regard to the retention of Mr. Acheson in the Treasury will disclose whether or not the administration intends to deal with these fraudulent tax cases or whether they are going to respond to the demands of political and financial pressure that can be brought to bear by the Mellons; the Morgans; the Kuhn, Loebs; and the H. L. Dohertys.

These influences are now trying to control the appointment and confirmation of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue. This appointment should not be confirmed by the United States Senate.

The public-utility interests, of the type of H. L. Doherty, are doing everything that they possible can to secure the appointment of Mr. Helvering for this position. I have already shown the Members here that the tax returns of H. L. Doherty, of Cities Service, one of the largest public utilities, should be investigated. It is significant, too, when we understand that Mr. Helvering's appointment is satisfactory to the attorneys practicing before the Income Tax Division of the Treasury Department.

I am reliably informed that Mr. A. W. Mellon has been in Washington the past few days in consultation with Mr. Acheson and the attorneys for Price, Waterhouse & Co. It is not surprising that Mr. Mellon would be here in Washington at this time during the questioning of the members of the firm of J. P. Morgan & Co.

One of the interesting developments of this investigation discloses the fact that the firm of J. P. Morgan & Co. is a copartnership, each partner having an interest in the assets of the copartnership. Therefore it becomes necessary upon a partner leaving the firm or a new partner coming in to estimate the value of the partnership assets as the basis upon which such incoming or outgoing partner may be protected in his investment.

Under Mr. Morgan's statement when Mr. S. Parker Gilbert came into the J. P. Morgan firm, he assumed a sale of the assets of the Morgan firm and thereby reached a valuation predicted upon the sale of the Morgan firm assets. This assumption is not an actual sale but is an assumed price on the assets of the Morgan firm that is fixed by the Morgan firm and whether the property is purchased or sold, the completed transaction is based upon what may be termed the value fixed by Morgan himself, and is not established by an actual sale of the property as contemplated under the income tax law. The whole procedure is one of fiction, the whole price fixed on sale and purchase is fiction, the assumption as a result of the sale is fiction, the estimated losses of $21,000,000 deducted from the income of the firm for the year involved is nothing but a fictitious transaction, which if tested in the courts by the Treasury, would be decided in favor of the Government. If Mr. Morgan is permitted to thus evade the law, which requires the actual sale of the property, then every farmer in the United States has a right to assume a purchase and sale of his own farm, when the farm prices are less than his cost, and make his own showing of the loss.

On the other hand, the merchant in the small town may estimate a sale of his merchandise for the same reason. He may make the sale of the merchandise at a price in his own mind, purely theoretical and imaginary, doing the same as Morgan does, and estimating the price at less than the wholesale price at which he purchased the goods, and can thereby deduct the estimated loss from the income-tax return on the basis of a sale having transpired.

It was mentioned by the Morgan partners that they had taken advantage of a loophole in the income tax law. I am reliably informed that there is no such loophole, and if the Treasury Department would only take action against the Morgan partners to collect the tax which was due for that calendar year, their action would be sustained by the courts.

In the case of Lazard-Freres, a New York partnership, the partners of that firm did the same thing in 1929, and I am reliably informed by a man who was present during this transfer that the attorneys in the case feared that if the Government took action to collect the tax, as legally due, they would be unable to successfully sustain their position in the courts.

Thus it is known to the Bureau of Internal Revenue and the Secretary of the Treasury that the question is a debatable one, and yet there has never been an attempt of the Treasury Department to settle the rule. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield 3½ minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, there is no doubt in the world that we are passing through the greatest revolution in our history, if not in the history of man; and this particular bill, so far as our country is concerned, is the keystone in this revolution. It is the most far-reaching in its effect upon the Constitution and upon the life of the people of any legislation that has been proposed here in these few weeks. For 150 years we have built up here on a distinctly American principle and American method the greatest and most beneficent social structure the world has ever seen. We are proposing now in 2 short months by a series of hastily conceived legislative acts to remake that entire structure. We do not know how this new machinery will work when it starts, but I am willing to predict that the unexpected byproducts of these laws will be as disastrous as they are surprising when they lay hold of the people.

I hope this bill when it is recommitted will come back with a sales tax. It seems to me a very simple proposition. Here is a man with an income of $10,000 a year. He wants to buy a new table or a new set of dishes or a new automobile, but he cannot do it because you are increasing his income tax. He is the one man who is paying now more than he ought to on his income. You are, in this bill, increasing his income tax 50 percent. If you will put a tax upon the automobile, on the table, on the set of dishes at the place where they are manufactured, he can pay that 1 or 2 percent, give work to the workman, give a profit to manufacturer, and everyone would be better off all around. For that reason I shall vote to recommit the bill and hope it will come back with the sales tax, and then, much against my will, I may vote for the bill itself.

It is time the American people waked up to what is happening here in Washington. We are, in this bill, not to mention a long list of others recently passed under gag rule, placing American industry under the President as dictator. We propose to regiment the American worker in such fashion as to denude him of his status as a free citizen. Under this bill no industry can start or function except it is licensed and controlled by a Washington bureaucrat. The bill scraps the safeguards of the Sherman Act. It makes mockery of the Civil Service law. It carries the American employer and employee farther toward the Russian system than has been attempted in any other country in the world.

We may be in the dawn of a new age. American individualism may be worn out as a mother of life. We may be under necessity of adopting a scheme of collectivism which, in essense, will turn out to be a denatured communism. But in doing all this as a substitute for the old American scheme of self-help, let us realize that we must say good-by to the Constitution under which we have advanced gloriously for 150 years.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. VINSON of Kentucky. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts from the Supreme Court decisions.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, in Scotland no Scotchman ever learned to swim until they began to build toll bridges in Scotland. The Scotchman then learned to swim as a matter of sheer necessity, and this particular bill pending in the House today is here, I would say, by the same token, namely, as a matter of strict necessity. I listened attentively to the learned argument of the gentleman from Georgia [Mr. COX], and I listened to the brilliant argument of my friend from Pennsylvania [Mr. BECK]. However, when I hear such an argument affecting the constitutionality of a measure like this, or on the effect of this measure on our organic act, I recall that series of delightful essays Peter Finlay Dunn wrote some years ago in which he had Mr. Dooley talking to Mr. Hennesey. I remember the observation, and I think my friend from Pennsylvania will remember it also, that Dooley once made on the Supreme Court. He said that the Supreme Court always followed the election returns. Therefore I am not particularly mindful of the constitutionality of this measure, because I believe that ultimately the Supreme Court will follow the election returns and will place its stamp of approval upon this bill.

We are confronted with brilliant argument in behalf of and brilliant argument in opposition to this measure, and a cursory analysis will develop the fact that the argument in opposition proceeds from the head and the argument in behalf of the bill proceeds from the heart. I think of the millions who are unemployed today, the people about whom Abraham Lincoln was so solicitous, the people who were the chief solicitude of men like Robert Owen, the great humanitarian from England, and of St. Francis of Assisi, and of all those other great humanitarians who have gone down the corridors of time. These millions of distressed and unemployed are on the heart side of the pending measure. On the other side we have the cold intellect that is too often concerned with the pure logic of a measure of this kind, or with its constitutionality, or its propriety of form. It is exemplified by such renowned men as Herbert Spencer, Voltaire, Rosseau, and others, who were given to theoretical and abstract speculation upon the question of whether something fitted in with the inherent rights of human kind, or the theory and logic of individualism. But, Mr. Chairman, the mind is no match with the heart in persuasiveness; constitutionality is no match for compassion. I see nothing else to do except to cast my lot upon the humanitarian side and to vote for this bill, because the millions of unemployed feel that there is here a possibility of employment. To them it is a prophecy of hope, a harbinger of glad tidings, a note of cheer.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. TREADWAY. Mr. Chairman, I yield the remainder of my time to the gentleman from Illinois [Mr. BRITTEN].

The CHAIRMAN. The gentleman from Illinois is recognized for 3½ minutes.

Mr. BRITTEN. Mr. Chairman, I should like order for a moment while I disclose something that will be of interest to my friends on the Democratic side. Young James Roosevelt, the son of President Roosevelt, was on the air last night. He was in Boston. Here is what he said.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Not now. He began his address with the history of the Morgan family and its close relationship with Boston and New England.

He defended "the unquestioned honesty and integrity of the House of Morgan and its head" over the radio last night, says the United Service. Now, this is the point that affects the Congress, your side and our side just the same. I am inclined to believe that when James Roosevelt made this address last night he had one of the tax bills now before us in his hand.

Mr. FITZPATRICK. Will the gentleman read the rest of it?

Mr. BRITTEN. Yes.

Mr. FITZPATRICK. Then give us the whole story.

Mr. BRITTEN. Certainly. He said:

> Most of you probably read the papers, where almost every headline told of the fact that J. P. Morgan paid no income tax in 1931 and 1932. That probably gave you a shock.
>
> The fault lies not with Mr. Morgan but with the law and those who draw the laws and allowed such a thing to be.

Mr. DOUGHTON. Mr. Chairman, I make the point of order that the gentleman is out of order. He is not confining himself to the bill.

Mr. BRITTEN. The concluding remarks of young Roosevelt refer directly to the lax methods of our taxing laws, and the opportunities for evasion.

Mr. DOUGHTON. I make the point of order, Mr. Chairman. The debate must be confined to the bill.

Mr. BRITTEN. Very well. The trouble, my friends, Mr. Roosevelt says, is with Congress in allowing these things to prevail, and that is what I want to read. You should hear his own language.

Mr. DOUGHTON. Mr. Chairman, a point of order. The gentleman is not confining himself to the bill.

Mr. BRITTEN. "In this bill," I am referring to the bill.

Mr. DOUGHTON. Mr. Chairman, a point of order.

Mr. BRITTEN. Very well. I will confine my remarks to the bill.

In this bill we are going to perpetuate the very thing of which young Roosevelt complained. If the revenue-raising features of the bill had been written by J. Pierpont Morgan himself he could not have treated himself and his millionaire friends more generously. The so-called "little fellow" is again to carry the burden of taxation.

Mr. PALMISANO. Will the gentleman yield?

Mr. BRITTEN. No; not now.

This revenue-producing measure provides for a tax on incomes in the lower brackets where your friends and my friends are found, and which increases their taxes 3,000 percent, and only increases by 15 percent the upper brackets where the millionaires are found.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. Yes; I yield to my friend.

Mr. O'CONNOR. The gentleman knows of course that Mr. J. P. Morgan was able to charge——

Mr. BRITTEN. Oh, the gentleman also is talking out of order. [Laughter.]

Mr. O'CONNOR. But the gentleman mentioned Mr. Morgan's name. He is a distinguished citizen of my city.

Mr. BRITTEN. Very well. Go ahead.

Mr. O'CONNOR. The gentleman knows that the reason Mr. Morgan could charge off his losses in a succeeding year was due to the Republican income tax bill of 1921. [Applause and laughter.]

Mr. BRITTEN. I hold no brief for any Republican bill, but I do expect the Democratic side of the House with its tremendous majority to legislate correctly now, and you are not doing it.

Mr. COOPER of Tennessee. That amendment is in this bill.

Mr. BRITTEN. When they increase the dividend tax 3,000 percent in the lowest bracket and in the next bracket 1,500 percent, and then only increase your friend Morgan by 15 percent the bill should be amended or defeated. I shall vote to substitute a manufacturers' sales tax for all tax increases carried in the pending bill.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. You are again playing into the hands of the plutocrats and millionaires. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. Mr. Chairman, I yield back the remainder of my time. [Applause and laughter.]

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Texas [Mr. BLANTON] such time as he may desire.

Mr. BLANTON. Mr. Chairman, I am deeply grateful to my good friend from North Carolina [Mr. DOUGHTON], our distinguished Chairman of the Ways and Means Committee, for yielding me this opportunity to be heard in this debate.

When from the historic east steps of this Capitol, Franklin D. Roosevelt on the 4th day of last March took the solemn oath of President of these United States, he took over as he entered the White House a republic sick unto death. It had been sick for 12 years, during all of which time it was continually growing worse. First, it had been weakened by a severe attack of yellow jaundice it contracted from the Daugherty-Denby-Fall epidemic that broke out with the Harding administration; and while thus bed-ridden, it was robbed by the Doheny and Sinclair Capones of the Coolidge administration; and almost succumbed under the repeated surgical operations performed in the name of high finance by Dr. Mellon and Dr. Smoot-Hawley, with its disease so malignant and contagious that it and its markets were quarantined from the rest of the world. And during the last 4 years it has suffered stroke after stroke, and heart failure after heart failure from the boxes of orchids which the Hoover-Mellon-Meyer-Mills day and night nurses permitted the House of Morgan regularly to bedeck its orderlies with. Let me repeat that this patient, the Republic of the United States, was sick unto death on the 4th day of last March.

At least 12,000,000 heads of families were out of jobs. They had been out of jobs for months—aye, some of them had been out of jobs for several years. They were footsore and disconsolate. Their good wives and beloved little children were underfed, were underclothed, were not properly housed, were cold without fuel, had no money for medicine or doctors, and were desperate.

Twenty million farmers could not get the cost of production for their products, the result of 12 months of hard labor. They could not pay their taxes. They could not meet their installment notes. They could not pay their interest due. Mortgages on their homes were being foreclosed. Their households were being sold under the sheriff's hammer. Naturally they were desperate. They realized that they were virtually under bondage to the houses of Morgans.

Centuries ago Mellons and Morgans were called Pharaohs. The people of Israel were under bondage to them. A man named Moses was drafted to lead the people out of the wilderness. He was Israel's leader. He formulated plans and policies. He initiated a program. But here and there arose a grumbler. Each grumbler wanted to follow his own ideas. They wanted Moses to use the paths others had mapped out. Some expressed displeasure about one thing and some about another. This grumbler wanted to lead and not follow. That grumbler tried to throw obstacles in the way. But the people of Israel were in a terrible dilemma. They were milling around, lost in an interminable wilderness. They wanted to get out. They realized that the old, beaten paths used by others availed nothing. They were tired of the old deal. They wanted a new deal. So they finally had confidence and followed Moses. And he led them out. And the place he took them to was a land flowing with milk and honey.

The people of the United States last year were tired of being in bondage. They were tired of milling around lost in a wilderness. They were tired of the old deal. They wanted a new deal. So they drafted Franklin D. Roosevelt as their Moses to lead them out. He has accepted the leadership. The people have confidence in him. Oh, there are some grumblers. There always will be grumblers. But the people demand that their leader be allowed to frame his own plans and policies. They want him to map out the way. They want Congress to permit their leader to put into effect his program. It is Franklin D. Roosevelt's program the people want tried out.

This is the President's special session of Congress. It was called for the express purpose of giving the President a chance to put into effect his plans and policies. The President is mapping out the course. The paths are being chosen by the President. This bill is the President's bill. He has had it prepared, consistent with his own ideas. He says that it is a vital part of his program. He says that he needs it to bring about the early economic recovery of our sick Republic. We have tried out all the other doctors. They have failed. It is a new doctor now in charge of the patient. Already we see signs of hope. The sick Republic is no longer in a state of coma. It is rapidly convalescent. It is upon the medicine of Dr. Roosevelt that improvement has resulted. He says the patient needs more medicine. This bill is one of the doses. When I employ a doctor, I believe in taking his medicine. So I am going to vote for this bill (National Recovery Bill). For I am backing the President.

With the exception of one subject—bringing intoxicating liquor back, against which I am pledged to my constituents—I have backed the President in all of his plans and policies. With that exception I have given him 100-percent support.

And excepting intoxicating liquor, I am going to continue to give the President my hearty support 100 percent. He is the Moses who is leading us out of the wilderness. Unless some leader leads us out, we will die milling around with no chance to get out. And as surely as did Moses in the days of Pharaoh, I firmly believe that President Roosevelt is going to lead the sorely harassed people of America out of the wilderness into a land of milk and honey.

But the President needs your help and mine. He is human. His arms will grow tired. We all must help to hold up his arms. He needs our sympathy. He needs our encouragement. He needs our backing. We must keep the grumblers away. We must stand between him and the obstacles. We must help to conserve his physical and mental resources. We must not allow his strength to be taxed. We must keep from him all worries and harassments. We must let him realize that he has a solid phalanx behind him.

The President has frankly acknowledged that he will make some mistakes. Otherwise he would not be human. His administrators have made serious mistakes in doing injustices to our veterans, both of the World War and the Spanish-American War. But we all know that the President's heart is sympathetic. We know that he will not permit these injustices to stand. And our patriotic veterans all know now that a committee of this House is waiting on the President and is advising him of these injustices and is recommending to the President that they be remedied, and we who know the heart of the President know that he will remedy these injustices. And the veterans of the United States know that this Congress will do justice to them. So let no one speak unkindly of the President. Let no one prematurely misjudge him. Let all of us give him a chance. And he will lead us into the land flowing with milk and honey. I am back of the President 100 percent from now on, save and except on the one subject of intoxicating liquor. [Laughter and applause.]

Mr. BLANTON. Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, the bill known as "the public works bill" is one of the most important measures that has been recommended by the President at this session of Congress; and when it has been properly administered, will accomplish much for the relief of the unemployed and others who are in distress. It will go far toward restoring our country to a state of normalcy.

I will not undertake to discuss the bill generally but will only make a brief statement in regard to the provision for emergency highway construction. This bill provided that the aggregate amount expended on Federal-aid highways should not exceed $400,000,000. I conferred with and assisted the committee in the preparation of this bill, and as Chairman of the Committee on Roads of the House appeared before the Ways and Means Committee and submitted three important amendments which were accepted by the committee and afterward adopted by the House. One of these amendments is of great importance to the States having unexpended balances of Federal-aid funds and unable to match the same. This amendment authorizes the highway commissions of the States to use these funds with which to match these unobligated balances of Federal-aid funds without any contribution from the State. The State of Alabama, which I represent in part, will receive under the provision of this measure $8,500,000 Federal-aid funds and has a balance of $4,000,000 unexpended Federal-aid funds, which, under the provision of the amendment just referred to, will secure this additional $4,000,000 without any contribution from the State of Alabama. So if the Senate approves this bill as it will pass the House today and meets with the approval of the President, as it no doubt will, Alabama will receive during the next 2 years a total sum of $12,500,000 Federal-aid funds.

I am now and have been for many years a strong advocate of Federal-aid appropriations for roads. I have been a member of the Committee on Roads of the House continuously for the past 18 years, and for 3 years have been chairman of the committee. I assisted in the preparation of the original Federal-aid highway bill in 1916.

The following is a statement of the amounts which have been expended by the Federal Government since 1916:

Federal-aid expenditures from July 11, 1916, to June 1, 1933	$1,198,342,287
Emergency advance (act of Dec. 20, 1930)	79,203,719
Emergency construction highway funds (act of July 21, 1932)	46,438,819
Total to June 1, 1933	1,323,984,825

Miles improved with regular Federal aid and emergency funds to May 1, 1933, 105,834.

Under construction May 1, 1933, 14,209.

I am submitting, herewith, data relative to the expenditures by the States and local units during the period 1921 to 1931, also a statement relative to the present status of the Federal-aid highway system.

During the 11-year period, 1921 to 1931, the State highway departments of the several States expended about $7,000,000,000. During the same period the local units of government, such as counties, townships, and so forth, expended approximately $6,500,000,000, making a total of about $13,500,000,000 in the 11-year period.

The present approved Federal-aid highway system consists of about 205,000 miles. Of this mileage about 90,000 miles have been improved with a type of surfacing satisfactory for traffic. Some of this mileage, however, will require widening and other minor relocation changes to improve alinement. Many existing railroad grade crossings on this mileage should be eliminated and narrow bridges widened. About 104,000 miles have been improved by building to a standard grade and surfacing with a low-type surfacing. Much of this mileage will ultimately require raising to a higher standard of surfacing. The remaining 11,000 miles of the present system are unimproved. It is apparent, therefore, that much remains to be done to bring the Federal-aid system to a standard adequate for the traffic it is serving.

The foregoing gives you an idea of the wonderful progress made in highway construction since 1916. Two things have contributed very largely to create a sentiment for better highways—one, the coming of Federal-aid appropriation; and the other, the coming of automobiles and other motor vehicles.

The people of the Nation have demanded better highways and they will continue to do so until our great Federal-aid system has been completed.

There is a greater percentage of every dollar expended for highway construction that goes into labor than the expenditure of any other public funds. At least 85 to 90 percent of every dollar so expended goes into labor, including the preparation of the material, the transportation, and the actual building of the highways.

We cannot afford to permit the discontinuance of Federal-aid highway appropiration until our great system of highways is completed. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. CONNERY].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 4 minutes.

Mr. LAMBETH. Will the gentleman yield?

Mr. CONNERY. I yield to my colleague.

Mr. LAMBETH. A little while ago the gentleman from New York [Mr. WADSWORTH] said that this bill spells the end of individualism in America, meaning, I suppose, so-called "rugged" individualism. Does the gentleman from Massachusetts agree with me that the kind of individualism it seeks to end is "ragged" individualism?

Mr. CONNERY. Yes. I certainly agree with the gentleman. This bill will end "ragged" individualism by providing decent wages and outlawing "yellow dog" contracts and sweatshop conditions.

Now, Mr. Chairman, I am going to vote for this bill. I am going to vote against the sales-tax amendment which Mr. MCCORMACK will offer. [Applause.] I have the greatest re-

spect and friendship for my colleague from Massachusetts [Mr. McCORMACK]. I know he is sincere in offering his motion to recommit. But a sales tax is a tax on the poor. They try to camouflage it by calling it a painless tax. The idea of a sales tax is to chloroform or etherize the worker and his family as is illustrated in the extraction of a tooth by a dentist, the plan being first to render the patient unconscious and when he comes to he will find himself and his family carrying the burden of taxation for the Federal Government. They call it painless, meaning that the manufacturer will pass on the tax to the little fellow after he sells him the furniture or the products you have been talking about this afternoon, and the little fellow will be fleeced without knowing it. The wage earner and his family have to spend their all to live. Therefore, under this sales-tax amendment, they would have to pay a tax upon everything they would purchase. The moneyed man has a surplus after paying for his living expenses, and the sales tax does not apply to such surplus. I do not agree with the proposition of increasing the normal taxes on the middle classes. Nobody here likes that, but two wrongs do not make a right. When this bill gets over to the Senate, perhaps they will put in an excess-profits tax, thus providing a real cure for the situation, but they certainly will not put in a sales tax.

I hope the House will defeat the sales-tax proposition, and I hope the House will pass this bill.

Let me say in reference to the remark of my distinguished colleague from Arkansas [Mr. RAGON], when I was asking for time on this bill that I ought to get my time from the Republican side, meaning, facetiously, I suppose, that that is where I belonged, on the Republican side, because I vote my convictions on all public questions and refuse to be led around by the nose. [Applause.] I want to say to the gentleman from Arkansas that I do not yield to any Member of this House on my Democracy. I know I am just as good a Democrat as the gentleman from Arkansas, but if his idea of a Democrat means being a rubber stamp, then I am not that kind of a Democrat. [Applause.] I take my Democracy from Thomas Jefferson and Andrew Jackson, and they were not rubber stamps. [Applause.]

The Members of this House know that we had the 5-day week 6-hour day bill before the Committee on Labor, that we had long hearings on it and heard all the leading industrialists, farm groups, and labor leaders of the country give their views before this committee. That bill was reported unanimously and favorably by the Committee on Labor; but, as the Speaker said in a newspaper statement, it was put in the refrigerator, it was put on ice; in other words, the leadership would not allow it to come up for action by the House. Why? The best knowledge I have on the matter is that the President did not want the bill because it applied to foreign manufacturers as well as to American manufacturer, forcing the foreigner to work a 5-day week 6-hour day if he wanted to ship his goods to us in commerce. It would be obviously unfair to force our workers and manufacturers to work only 5 days and 6 hours daily and then allow the foreigners to work any number of hours at low wages and then compete in our markets with our own people. I want to call the attention of the Ways and Means Committee to the fact that in the present bill, on page 4, the following language occurs:

> Any violation of such standards in any transaction in or affecting interstate commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended.

The Federal Trade Commission Act, as amended, says that commerce means interstate and foreign commerce. So the same proposition is carried in this bill and the terms of this bill will apply to foreign manufacturers as did the terms of the Connery bill which they did not let us bring up. I call that to the attention of the House. The framers of this bill probably thought they were getting away from the foreign-import problem when they were getting away from the Connery bill, but it is in this bill, and I am mighty glad it is for the sake of protection for American workers, farmers, and manufacturers.

President Green, of the American Federation of Labor, who appeared before the Ways and Means Committee, said he favored this bill. Why? Because there is $3,300,000,000 for public works in the bill. The American Federation of Labor would rather have the Connery bill that the Committee on Labor brought out, but believing that no bill could get through Congress without the Presidential O.K.; and fearing to lose the public-works appropriation unless they favored the bill, Mr. Green went on record for this bill.

The American Federation of Labor at its last national convention went on record by a tremendous majority against the sales tax. Do not forget that. By a tremendous majority they voted against the sales tax.

When Mr. Green appeared before the Ways and Means Committee, he said that, as a last resort in an emergency, speaking for himself alone and not for the American Federation of Labor, he would accept a sales tax. I want the House to know this.

I hope this bill will pass. It does not do everything I want. I should like to see in it, as I say, an excess-profits tax. Under the rule adopted yesterday I cannot offer such an amendment. I hope they will put that on in the Senate. I hope in the Senate they will put in some provision that will make J. P. Morgan pay his income tax. I hope they will put in something over there that will protect the little fellow. We cannot get everything we want, but in this bill there is a minimum-wage provision and there is the abolition of the "yellow dog" contract, and the elimination of sweatshops, and let us hope that when we come back in January we will abolish child labor as we did in our bill, and do some more things for the benefit of labor in the United States.

In conclusion may I state that one of my reasons for supporting this bill is that it was sponsored in the Senate by Senator WAGNER, of New York, who has sought constantly to improve the conditions of labor, who has continually championed the cause of the under dog. Knowing him as I do, I cannot feel that this bill, which he sponsored after consultation with the White House experts, is entirely satisfactory to him; but I do know that he is trying to help labor in this bill, and, with that object in mind, I am in hearty accord with him and I feel sure that this bill will do much to control the big monied interests of this country and bring about at least partial justice to the exploited, crushed masses of the workers of the Nation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. Under the rule the bill is considered as having been read. The Chair recognizes the gentleman from North Carolina, the Chairman of the Ways and Means Committee, to offer committee amendments.

Mr. DOUGHTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

> Committee amendment offered by Mr. DOUGHTON: On page 12, in line 8, after the word "agreement", insert the words "or any commitment to bid upon or purchase bonds."

Mr. DOUGHTON. Mr. Chairman, this amendment is simply to make the language in this part of the bill conform to language in other parts of the bill. It is just a perfecting amendment.

The amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

> Committee amendment offered by Mr. DOUGHTON: On page 13, line 17, after the word "units", insert the following: "*Provided further*, That this section shall not be applicable to public works under the jurisdiction or control of the Architect of the Capitol or of any commission for which such Architect is the contracting and/or executive officer."

Mr. DOUGHTON. Mr. Chairman, this is simply to leave jurisdiction of the improvements in the Capitol or Senate and House Office Buildings with the Architect of the Capitol or with congressional commissions, where it is under present law.

The committee amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DOUGHTON: On page 13, line 18, strike out the word "quickly", and in line 19 insert the word "quickly" before the parenthesis.

Mr. KVALE. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, in a short time we are going to have to pass upon a motion to recommit. I am not going to discuss the committee amendment before us, but if someone does not interpose objection to my addressing myself to the motion to recommit, I want to remind the Members of the House sitting in Committee of the Whole of some facts with reference to this sales-tax proposition, for there will not be opportunity to discuss it when it is offered.

I am going to skip by the alternatives we had before us, the alternative of paying the cost of this public-works program by issuing new currency instead of by inflicting new taxes on the people to pay the interest on tax-exempt bonds and to amortize them. Our choice today lies between two alternatives, and limited as we are by the rules, they are these:

On the one side a tax upon the man of modest means, a heavy increase in his income taxes and almost no increase in the taxes of the wealthy. No substantial change, mind you, in the tax structure with respect to the surtaxes on the large incomes or the large inheritances, but a sharp increase in the normal tax rates on the modest income and a continuation of the nuisance taxes.

This is one picture; the other alternative is a tax upon the necessities of life, disguise it as you may, a tax upon the sales, a tax upon consumption, a tax that is directly in the face of and in contradiction of everything the administration is trying to do in the way of increasing the purchasing power of the people and in building up their aggregate national income and restoring values and inflating, if you choose to call it that, or expanding our resources and our earning power.

This is the choice you are going to be faced with in just a short time and I hope the lines will stand firm. I hope you will defeat the amendment that is going to be brought in; and for myself, in attempting to give my assistance to the defeat of that amendment, I am going to go farther and say that I regretfully cast my vote in opposition to the entire measure, not because I am not heartily for a public-works program, not that I do not trust the President of the United States in his effort to control and revive activity in industry, but because I feel that we should have had a chance to bring in amendments to all three titles of this measure, a chance which we were denied when the rule was voted yesterday, despite the opposition that we were able to bring against it.

So when this choice comes to take a sales tax or to take the tax which is in the measure at the present time, I shall choose the lesser of two evils, and trust that another body will make corrections in the measure which will permit us to vote for the conference report when it is brought in. But I shall stand against the sales tax that grinds down the earning power of the people and works directly against any program of recovery or inflation, to which we have been committed by earlier measures which have been crowded through this body.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DOUGHTON: On page 15, strike out lines 19 to 23, inclusive, and insert in lieu thereof the following:

"SEC. 204. (a) For the purpose of providing for emergency construction of public highways and related projects, the President is authorized to make grants to the several States in an aggregate amount of $400,000,000, to be expended in accordance with the provisions of the Federal Highway Act, approved November 9, 1921, as amended and supplemented, except as provided in this title, as follows."

Mr. DOUGHTON. Mr. Chairman, this is an amendment suggested by the Chief of the Bureau of Roads and also requested by the Committee on Roads of the House.

Mr. O'MALLEY. Will the gentleman yield? When was that request made by the Committee on Roads of the House? I happen to be a member of the committee and I know nothing about it.

Mr. RAGON. It was made last Saturday.

Mr. DOUGHTON. The chairman and two other members of the committee appeared before our subcommittee.

The amendment provides that the disbursement of the $400,000,000 for public roads shall be made through the same channels as the appropriation for roads under the present program, except as otherwise provided in this measure.

Mr. BLANCHARD. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. BLANCHARD. This is not the amendment that changes the allocation of funds?

Mr. DOUGHTON. No; it is not.

THE AMERICAN GOVERNMENT WAS NOT FOUNDED ON THE PRINCIPLES OF A DICTATORSHIP

Mr. BUSBY. Mr. Chairman, quite a number of Members who wanted to express themselves on this legislation, because of the limited time given for debate, were not permitted to do so.

UNITED STATES HAS GREAT RESOURCES

I think that America is such a great and wonderful country, with such boundless resources and such a high degree of training and intelligence, that it would be practically impossible to keep it from reviving under any kind of management under which the Government might be administered. I do not believe that with the great people we possess throughout the length and breadth of our country and the great natural resources the United States could continually be kept in the condition we find it today by the administration of economic affairs through rules laid down by men. I am certain we will come out of this condition, regardless of the type of legislation proposed today or any other legislation which does not seek to bind us hand and foot into a permanent condition of slavery.

THE UNITED STATES WILL RECOVER

We are going to come out of all this, regardless of what laws we enact or regardless of the fact that we do not enact any laws, because the people of the country are great.

I think that our Nation and our Government has been built up on certain fundamental principles, but I do not believe these principles will be preserved long if we continue to enact this kind of legislation, which is absolutely in contravention of those principles.

The Chairman of the Committee on Rules, Mr. POU, who has served 32 years in this House, said yesterday on the floor of this House: "Under this bill the President of the United States is made a dictator of industry."

Dictatorship is not in accord with the spirit of Americanism. A dictatorship was not one of the principles on which America was founded, and for that reason, given by those who advocate this legislation, I am compelled to vote against it.

When I go out of Congress I will go out with a good conscience and a feeling that I have served my country the best I could in keeping the oath that I took when I became a Member of this House. [Applause.]

I am one of those who believe "that the powers not delegated by the Constitution of the United States, nor prohibited by it to the States, are reserved to the States, respectively, or to the people." I think when we abandon the Constitution we are abandoning the fundamentals on which we built this great Nation.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. BUSBY. Yes.

Mr. JOHNSON of Oklahoma. I should like to ask the gentleman, whom I have learned to admire very much, and

whose ability I appreciate, how, in his judgment, the public-building program could be carried out?

ABANDON THE GOLD STANDARD AND GIVE US MORE MONEY

Mr. BUSBY. The gentleman and others know that for 2 years I have advocated this course by the Government: That if we go off the gold standard and put more money into circulation and take the people who manipulate the bank credit of the country for their selfish interests out of control of the Government, we will come out of this depression without surrendering the liberties of the people. [Applause.]

NATIONAL DEBT WILL BE INCREASED $10,000,000,000

The national debt of the United States is being increased at a very rapid rate. Before the program of expenditure which has been outlined by the President and his advisers is completed the national debt will have been increased ten or twelve billion dollars from what it was at the low level in 1930. It is presumed that this added debt will be financed by the sale of Government bonds. If so, then the interest burden that will be placed upon the taxpayers of the Nation will be something like $400,000,000 to $500,000,000 annually. These bonds will be tax exempt, so that their holders will pay no taxes to help meet this enormous increased burden of interest that must be met by the country.

THE FARMER WHO BORROWED AND SPENT

Our Nation is proceeding very much like a farmer who has a farm not heavily burdened with debt but no money. This farmer decided that he would place a $4,000 mortgage on his farm and secure some immediate cash. This he does. Then persuades himself to believe that he has reached a streak of prosperity because he has come into possession of ready money by mortgaging his farm at a high rate of interest. This farmer takes the money, goes out and clears useless tracts of land, digs ditches in uncultivated portions of his land, and makes extensive but useless improvements in order to give employment to idle labor on his farm. He wakes up near the end of his heyday of extravagance and expenditure to find that he has spent his patrimony like the proverbial drunken sailor. And the only thing he has left is the farm heavily laden with debt, a mortgage with maturing interest, and ditches he does not need.

He finds that it is impossible for him to raise funds to meet the interest, and his second state is worse than the first.

INCOME OF THE PEOPLE AND THE GOVERNMENT SHRUNK TWO THIRDS

The Government of the United States today is facing the fact that the annual income of all the people amounts to not much more than $30,000,000,000, when the average annual income for the years from 1923 to 1929, inclusive, was 78½ billion dollars. In other words, the shrinkage in the income of the people, as well as the shrinkage in the income of the Government, is about 66⅔ percent, or about $47,000,000,000 per annum. The shrinkage in the market value of all property is almost as much and the Government Budget has likewise become two thirds out of balance because of the loss of the incomes of the people.

Unemployment has resulted and every evil to society caused by unemployment is now upon us.

ONLY ONE PROBLEM TO BE MET—DEBT

One thing, and one thing only, must be dealt with and remedied in order to relieve our people of the deplorable condition in which they find themselves. Debt is the millstone about the neck of the Government. The increased burden of interest that is piling up on the taxpayers of the Nation. Debt likewise is weighing down every State, county, city, and district government; debt is the impassable barrier that is stopping the progress of the farm owners; those in cities and towns who have the small home as well as those who own more expensive homes. It is the burden being borne by every person and organization which has "promised to pay."

A PEOPLE OVERWHELMED WITH DEBT IS A PEOPLE IN SLAVERY

Any Nation or people overwhelmed with debt is a Nation in bondage and slavery, and doomed to suffer want and privation until debt is wiped out or until the paying power of the people is reestablished to that point where payments can be made with ease and comfort to liquidate the debt obligation.

Debts are always created in the light of circumstances existing at the time the sale or contract is completed. The probable paying power is reckoned by the debtor who obligates himself to pay.

BUYING POWER OF THE PEOPLE IS THE ONLY THING THAT CAN HELP

The only thing that will permanently help this Nation is to revive the buying power and earning power of the people so as to enable them to escape the burdens of debt. There are not but two phases of the problem necessary to be considered; one side of it is debt, the other side is destitution because of it.

THE PRESIDENT'S ADVISERS

The President and his advisers—I am inclined to believe that it is more his advisers who have determined upon a course which I do not believe will ever bring our Nation back to that degree of independence and prosperity to which its natural resources and the integrity of its people, with their great learning and capabilities, entitle it to. We will revive, but in spite of the kind of laws proposed here today.

GOVERNMENT IS DEFLATING BY SELLING BONDS

Like the farmer who mortgaged his farm and imagined that he is making progress because he has some ready money raised through the mortgage, our policy is to sell billions and more billions of interest-bearing, tax-exempt United States mortgages, or Government bonds, which cover all of the future earnings of the people and all the properties of the Nation. This may be termed a policy of "inflation", but the reverse is true: it is deflation and a process of tightening credits. To illustrate: A bank is about to loan a business man $10,000 in order that he may speed up operations and enlarge his business; but the bank learns that the Government is to sell an issue of 4-percent bonds, and, since these are first mortgages on all of the property of the people and on all of the future incomes of the people, the banker decides that instead of making the loan to the business man he will buy Government bonds. He does so and transfers the credits, which belong to the depositors or the people dealing with the bank, to the United States in exchange for the bonds.

When the business man comes back to the banker to complete the loan he had asked for he is told that the bank thought it more safe to do so and had decided to purchase Government bonds with the $10,000. Therefore, could not make him the loan.

That procedure is going on all over the country, and the Government itself, instead of inflating the currency and bank credits, is contracting that credit and robbing business of the opportunity of securing the relief it must have if there is ever to be a revival of conditions in this country.

GOVERNMENT BONDS

Bonds, Government bonds, have these qualities. They are, first: a general debt or mortgage against all of the property of the Nation and the future incomes of its people, as these may be taken through the exercise of the taxing power; second, they bear interest and constantly add a burden to the taxpayers; third, they have no circulating or legal-tender privilege, but when once bought they "freeze" or retire from other use that much credit which might be had by business. These are the leading qualities of a national bonding debt, but there are other reasons incident to these that cause the banker-minded and selfish advisers, who almost always control the financial policies of every administration, to favor issuing bonds, regardless of whatever party is in power.

ADVANTAGES TO BANKERS IN ISSUING BONDS

Some of the advantages to the big banker in issuing Government bonds are these: They will certainly be repaid at maturity with accrued interest unless the Government fails, goes bankrupt, and ceases to exist; next, they are tax exempt and those who receive returns from Government bonds are

not called upon to bear any part of the burden of Government.

Next, they are "liquid", and the more Government bonds we have in existence the more stable will be our banking set-up; because Government bonds can always be sold without very much risk of them depreciating in the market, since they are first mortgages on all of the people and all of the property of the Nation. Another advantage, they are payable in gold.

To sum it all up, a Government heavily bonded with a towering national debt is a Government sold to, owned, and controlled by the financial lords to which it has bowed for financial aid.

MONEY OR CURRENCY

I will call your attention to currency or money as a Government obligation first; it is a general debt against the people and obligates all of their property and the future incomes of the people are obligated to redeem money at its face value. Some have thought currency would and could be redeemed in gold, but informed persons never have believed this thing to be impossible, and recently, at a time when this country had more gold than any other country in the world and almost as much gold as it has ever had at any time, it failed to "redeem" the currency.

WEALTH OF THE NATION AND INCOMES OF THE PEOPLE IS ALL THAT MAKES BONDS OR MONEY VALUABLE

The wealth of the Nation and the income or earnings of the people, with the added intrinsic value of the trivial amounts of the gold and silver as commodities, is all that makes bonds of the Government good, and it is what makes the money of the Government good. Nothing else. The second quality of currency is that it is legal tender in payment of all debts. A third element, and one which is rebelled at by the financial lords, is that it does not bear interest.

BONDS AND MONEY

To restate: Bonds are a debt of the Nation bearing interest, do not have legal-tender or circulating privileges, and "freezes" the credits, cripples business. Money is a general debt of the Government, has circulating and legal-tender privileges, does not bear interest, and "frees" credit and business from the oppression of debt.

THE MEDIA OF EXCHANGE MACHINE

The media of exchange of this country is about $5,000,000-000 currency and $50,000,000,000 of bank credit. Forty-two billions of this belong to the depositors and eight billions to the banks. Bank credits are practically broken down at this time, because there is no purchasing power in the masses of the people. So when a bank make a loan on a house or a farm or something else, it cannot expect in the event the borrower does not repay to offer the house or farm or any other things securing a loan at a public sale and have some bidder buy in the property and return money to the bank for the loan made.

BREAKDOWN IN BANKS CAUSED BY LOSS OF BUYING POWER IN THE PEOPLE

The breakdown in our banking system as an agency to furnish credit or "check money" for business has come about directly because of the failure of the purchasing power of the people, which would make it safe for the bank to extend loans on property believing that it would be able to sell the pledge at public auction. This means that some person able and interested in buying the property in the event the borrower should default in paying his loan would be paid by the purchaser of the pledge. When the buying and paying power of the masses of the people is destroyed, the efficiency and use of the banking system is destroyed. Then all banks must arrive at that point where they are "unsound."

UNITED STATES BONDS ONLY DEPENDABLE LIQUID ASSETS

And there is no liquidity or dependable "liquid assets" obtainable by banks except United States Government bonds. That is one reason why the banker element of this country are crying out for a program to be put into operation by the President where more bonds and still more bonds be issued and sold to them by the Government.

PITTSBURGH BANK 98 PERCENT LIQUID

Recently I was in Pittsburgh, Pa., and was told that one bank there, owned and operated by one of the leading financial families of this country, had $150,000,000 of deposits and that it had on hand $138,000,000 of Government bonds, "first mortgages against all the people"; $5,000,000 in cash in its vaults; and some other millions of the best types of bond obligations to be had. So this bank had obligations to the amount of $150,000,000 due its depositors, and it held debts of the Government, money and bonds, to the amount of $143,000,000.

All banks could not do this, because there is not enough currency and not enough bonds. All the big banks are trying to shift onto Government bonds and obligations, while they pass the commercial paper and the undependable securities to the little banks. The big bankers then complain because the small banks fail as a result of having been worked into this undependable situation.

MONEY AND BANK CREDIT ONLY 30 PERCENT EFFICIENT

Bank credit and currency as a media of exchange are not now doing more than 30 percent of the work they did from 1920 to 1930. Bank credit is broken down, and the little amount of currency that is in existence has hidden out because the holders of it know that it is impossible for $5,000,000,000 of currency (not more than one half of this amount could be secured by the banks) to redeem and pay off $50,000,000,000 of bank deposits or bank debts promised by the bankers to the people.

QUIT SELLING BONDS AND PAY OUT SOME CASH

I come to the point I wish to present: It is absolutely impossible for this country to permanently reach a sound financial condition by continuing to sell its bonds. No nation can lend itself or its people out of debt. Such a course is deflation. It is a policy of contraction. Money must be used by the Government to pay current expenses, debts, or any other Government operation cost so as to place in the hands of business media of exchange. Three billion dollars would very probably be sufficient because, according to best authorities, a dollar placed in trade will do about 100 transactions a year. This would give an increase of some $30,000,000,000 in exchange power. This will also furnish a basis for a considerable increase as a base for bank credits, not as loans but as new deposits, and new money in the banks.

PRESIDENT SHOULD PUT NEW MONEY INTO BUSINESS

I repeat that it is absolutely imperative that the President, regardless of the selfish interests of the banker-minded element that surrounds him and his advisers, exercise some of the inflationary powers given him recently by the Congress and put into the field of commerce and business sufficient new currency to revive and restore the broken down media-of-exchange machine. Without doubt the public mind or mass psychology plays an important part on business. Before President Roosevelt came into power it had been heralded throughout the country that $2,000,000,000 of new money would be put into circulation. He told us in his inaugural address that the country should have sound but adequate currency.

INFLATION MUST COME

We have enacted another law which would authorize the President to displace $3,000,000,000 of Government bonds with a like amount of currency. The people became enthused over the prospects of a return of business because business and the price level are always exactly in proportion to the effective work of the media of exchange. So we began with the very beginning of the administration to go forward with accelerated speed, based solely on hope and enthusiasm.

WE HAVE GONE THUS FAR ON ENTHUSIASM

Enthusiasm has been the foundation for practically all of the recovery that business has experienced up to this time. The only way that we can tell when we have sufficient

money, bank credits, and media of exchange available to business is by the commodity price level and the action of business. The action of business and the commodity price level can absolutely and certainly be controlled by our present Federal Reserve set-up, if it has unselfish, disinterested, conscientious and intelligent management by those administering it.

It can never work satisfactorily to the people when placed in the hands of individuals who are on the inside of manipulations, and who are hooked up with as well as servile to international banking institutions dominated by the Morgans, the Mitchells, the Normans, the Wiggins, the Baruchs, Mellons, Mills, Meyers, and the innumerable satellites that form this galaxy of financial operators who have preyed upon the people and wrecked the economics of the Nation.

NOT NECESSARY TO ABANDON THE CONSTITUTION

It is not necessary for this Congress to tear down the Constitution which has formed the foundation on which has been builded this great nation. It is not necessary for the Members of this House to abandon the pledge we took as representatives of the people "to support the Constitution of the United States." It is not necessary to commit innumerous infractions against all the teachings that we have reversed as being the bulwark of the liberty of the people by enacting legislation such as this bill to tear them down even temporarily. It is only necessary to drive out the money changers and take over the Government again for the people; restore the currency which it is the constitutional duty of the Congress to do, and thereby enable the people to reengage in business and labor so they may rise up from their condition of want, suffering, and beggary and again be restored a free American citizenship from a condition of mendicancy to which they have been subjected by the poor management of their affairs.

I say again, I still believe "that the powers not delegated by the Constitution to the United States nor prohibited by it to the States are reserved to the States respectively or to the people." I still believe that when I took the oath of office as a Representative in Congress of the people of one of the districts of these United States, that that oath obligated me to "support and defend the Constitution of the United States against all enemies, foreign and domestic", that I "bear true faith and allegiance to the same", and that I "well and faithfully discharge the duties of the office on which I am about to enter", meant something.

BILL H.R. 5755 NOT THE WORK OF THE PRESIDENT

I do not believe that the bill H.R. 5755, reported and considered by the House of Representatives, was the brain child of President Roosevelt. I do not believe its enactment into law and its execution as a statute would be for the best interest of the people of our country. It is filled with special privileges for the favored and wealthy interests, from that part which provides for the raising of $3,300,000,000 to the provision which levies an added income of 50 percent on the small taxpayer and no increase in income on the large taxpayer. The provisions of this bill, according to the Chairman of the Rules Committee, subjects us, to use his language, to a dictatorship. The Chairman of the Ways and Means Committee has shown by the RECORD of May 25 that the chief witness sponsoring this bill was one Mr. Harriman, president of the United States Chamber of Commerce. Such influences should not prevail. I feel that I am best serving my country when I cast my vote against this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON].

The amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 17, line 8, after the word "State", insert "three quarters."

On page 17, line 11, after the first comma, insert "and one quarter in the ratio which the population of each State bears to the total population of the United States according to the last decennial census."

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment, and that for the purpose of submitting a question to the chairman of the committee. He and the members of the committee recognize the fact that I have been making a strenuous and honest effort to obtain an amendment that would clarify certain verbiage in sections 202 and 203. I had every assurance from the Rules Committee as well as from the Ways and Means Committee members that this would be done. And a short time ago I was informed by the chairman that the committee has been advised, and is of the opinion, that this amendment is not necessary and that the thing I am trying to accomplish by the amendment, to clarify and make positive that relief and aid for which I have contended, and for which the mayors of various cities appealed, is already included in the bill. The amendment reads as follows:

On page 13, line 25, after the figure "202", strike out the semicolon and insert a comma, and add the following: "such financing to be made by loans to, or the purchase of the bonds, tax-anticipation warrants, or securities of the State or political subdivision thereof which is to construct such project or projects."

Is that correct?

Mr. DOUGHTON. That is what the drafting experts assure us. I brought the amendment of the gentleman to the attention of the committee. It was debated at length. We consulted with the drafting experts, and they assured us that it was already provided for in the bill and that it would be surplus if included again.

Mr. RAGON. I might say that that was the idea of not only the Senate experts, but also of the House experts. They contended that perhaps the gentleman's amendment might limit it, and that the way it is now, it is as broad as the universe, and that they thought the purpose of the gentleman would be accomplished more readily by leaving the bill as it is now, rather than putting in possibly a limitation.

Mr. SABATH. And for that reason you firmly believe the amendment is not necessary?

Mr. DOUGHTON. That is true.

Mr. SABATH. I will take the gentleman's assurance and hope that the much-needed financial aid to the several municipalities will be not denied them, as it has up to this date.

Mr. FULLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. BURNHAM. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

There was no objection; and the Clerk again reported the amendment offered by Mr. DOUGHTON.

Mr. FULLER. Mr. Chairman, this amendment offered by the committee seriously affects more than two thirds of the States of the Union. It absolutely reorganizes their road appropriation and allocation from what it has been in the past, in 32 out of 48 States. It takes a large amount of money from 32 States and gives a great deal more to 16 other States. Under the law we have been operating under in building our roads since 1916 all road money from the Federal Bureau of Roads has been allocated one third on population, one third on area, and one third on road mileage. That present law is the same as in this bill, but since it was inserted in the bill the committee has had a change of heart, and now it offers an amendment which changes this rule, and provides that in the allocation of this $400,000,000 it will be allocated on the basis of one fourth to area, one fourth to mileage and one half to population. If this amendment is adopted here is what it will do. The following schedule shows substantially the amount each State will receive, also the amount each State will lose or gain by the adoption of this amendment:

State	Total	Amount gained	Amount lost
Arkansas	$7,765,000		$236,000
Alabama	8,553,000	$28,000	
Arizona	4,757,000		1,102,000
California	16,276,500	736,000	
Colorado	6,491,000		1,000,000
Connecticut	3,257,000	940,000	

State	Total	Amount gained	Amount lost
Delaware	$1,694,000		$300,000
Florida	5,258,800		160,000
Georgia	10,180,000		216,000
Idaho	4,127,500		884,000
Illinois	18,928,000	$2,000,000	
Indiana	10,287,000	128,000	
Iowa	9,744,000		628,000
Kansas	9,696,000		1,200,000
Kentucky	7,774,000	61,000	
Louisiana	6,076,000		260,000
Maine	3,318,000		240,000
Maryland	3,879,000	480,000	
Massachusetts	7,756,000	2,000,000	
Michigan	13,377,100	800,000	
Minnesota	10,512,000		720,000
Mississippi	7,039,000		164,000
Missouri	12,343,000		170,000
Montana	6,751,000		1,668,000
Nebraska	7,486,000		1,000,000
Nevada	4,014,000		1,240,000
New Hampshire	1,879,300		160,000
New Jersey	7,440,000	1,908,000	
New Mexico	5,259,000		1,292,000
New York	25,411,000	5,200,000	
North Carolina	9,805,300	180,000	
North Dakota	5,389,000		1,066,000
Ohio	16,644,400	1,280,000	
Oklahoma	9,175,200		456,000
Oregon	5,871,750		892,000
Pennsylvania	21,018,000	3,860,000	
Rhode Island	2,060,000	60,000	
South Carolina	5,584,500	(1)	
South Dakota	5,576,300		1,120,000
Tennessee	8,646,100		80,000
Texas	23,910,300		1,640,000
Utah	3,902,300		788,000
Vermont	1,793,100		208,000
Virginia	7,614,900	92,000	
Washington	6,075,800		328,000
West Virginia	4,719,500	304,000	
Wisconsin	9,874,000		96,000
Wyoming	4,037,800		1,100,000

[1] Practically even.

All the Western States except California will be wiped out as far as their progressive program is concerned. Roads in California will be of only local use if the States west of the Mississippi River are deprived of aid to build roads across the prairies and Rocky Mountains.

Mr. EATON. What about New Jersey?

Mr. FULLER. It profits to the extent of $2,000,000, of course.

Mr. MARTIN of Oregon. What about Oregon?

Mr. FULLER. Oregon loses $892,000. Washington loses $328,000.

Mr. ROGERS of New Hampshire. What about New Hampshire?

Mr. FULLER. New Hampshire loses $160,000.

Mr. LAMNECK. What about Ohio?

Mr. FULLER. Ohio gains.

Mr. MANSFIELD. What about Texas?

Mr. FULLER. Texas will lose $1,640,000.

Mr. FORD. What about California?

Mr. FULLER. California gains.

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Arkansas be extended for 5 minutes.

The CHAIRMAN. The time of the gentleman has not yet expired.

Mr. HASTINGS. I ask it now.

Mr. KOPPLEMANN. Mr. Chairman, I object.

Mr. HASTINGS. What about Oklahoma?

Mr. FULLER. Oklahoma loses to the extent of $456,000.

Mr. BOLAND. Is it not a fact that if this committee amendment is not adopted, that the State of Pennsylvania will lose over $3,000,000?

Mr. FULLER. Oh, no. The State would get the same proportion as it is getting now. It will profit under the proposed amendment approximately $2,000,000.

Mr. BOLAND. Oh, no.

Mr. FULLER. I know it will. I decline to yield further. Mr. Chairman, I would like to yield to these gentlemen, but I cannot. These figures came from the Bureau of Public Roads, from Mr. McDonald, the Director. I am a member of the Committee on Roads and nine tenths of the Roads Committee are against the amendment. The chairman of the committee, Mr. ALMON, is here and wants an opportunity to speak against this amendment.

I doubt if a majority of the Ways and Means Committee, if they were all polled, would be in favor of this amendment. I know many of them are not, and will not support this measure today.

Mr. BACHARACH. Will the gentleman yield?

Mr. FULLER. I cannot yield, on account of lack of time.

Here is the argument for this amendment, and it is not a just one: It is said there is more unemployment in the densely populated cities. That is true, but this is practically all the money that we people in the 36 States will get out of this $3,300,000,000 relief fund. The other $3,000,000,000 is going where it ought to go. It is going to the big cities of the Nation, to take care of those who are hungry and destitute.

They will obtain this money, according to the terms of the bill for Navy improvements, the building of hospitals, improvement of docks and harbors, building of ships, all as permanent improvements, and for like permanent improvements for the Army. They will receive more than any other portion of the United States and practically the greatest amount of the money that will be used for housing purposes. We are perfectly willing, and it is nothing more than right, that their destitute and needy should be taken care of; it is these densely populated localities that will receive the greatest portion, as they are today, under the $500,000,000 relief bill. It is not fair nor right to change the law in order to give more money out of this road fund to these localities. These 32 States that are suffering a loss need this money for road-building purposes and by reason of them having this portion they will put their unemployed to work and it will save a drain upon the $500,000,000 relief fund and loans from the Reconstruction Finance Corporation.

Every State west of the Mississippi, with the exception of California, sustains a most material loss. The Republicans have always pursued the policy of making liberal appropriations to the Western States, on account of so much public lands, and their inability to build continental highways by local taxation. To adopt this amendment would mean that as soon as the Democrats got in power, as soon as the West sent their great number of Democratic Members here, it will be the policy of the Democratic Party to slap them in the face and to take away from them that which they have been receiving from Republican administrations.

The provisions of this allocation permits the Government to not only use this money upon Federal highway projects but to build and improve secondary and feeder roads. Therefore, this money would go into every community and would take care of the unemployed and we would be able to survive this panic with very little, if any, dole or charity from the relief funds. The great States of the North and East should realize that they cannot prosper unless the great agricultural South and Northwest prosper. If the 16 States that are to materially profit by reason of this amendment vote solely from a financial standpoint, and do not consider the rights of their sister States, then, of course, this amendment will be adopted in the House. We cannot believe, however, if adopted, that it will ever become the law. The committee has offered no argument nor any substantial reasons as to why the law should be amended. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. KOPPLEMANN. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. All debate is exhausted.

Mr. KOPPLEMANN. I do not understand it so, Mr. Chairman.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from North Carolina.

Mr. CONNERY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CONNERY. Under the rules could the gentleman from Connecticut [Mr. KOPPLEMANN] move to strike out the last words?

The CHAIRMAN. He could not.

Mr. KOPPLEMANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KOPPLEMANN. My contention is that the 5 minutes was not consumed in behalf of this amendment.

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] consumed 5 minutes in support of his amendment. The gentleman from Arkansas [Mr. FULLER] consumed 5 minutes in opposition to the amendment. All time is exhausted.

The question is on the amendment offered by the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DOUGHTON. I should like to inquire if I have any time remaining?

The CHAIRMAN. The gentleman from North Carolina consumed 5 minutes, most of which he yielded to his colleagues. The gentleman from Arkansas [Mr. FULLER] consumed 5 minutes. Under the rules, all debate on this amendment is exhausted.

The question is on the adoption of the amendment offered by the gentleman from North Carolina.

Mr. MALONEY of Connecticut. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MALONEY of Connecticut. Are we to assume that the States not mentioned by the gentleman from Arkansas——

Mr. O'MALLEY. Mr. Chairman, a point of order. That is not a parliamentary inquiry.

Mr. CLARKE of New York. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman is not stating a parliamentary inquiry.

The question is on the amendment offered by the gentleman from North Carolina [Mr. DOUGHTON].

The question was taken; and the Chair announced he was in doubt.

Mr. GOSS, Mr. McCLINTIC, and Mr. BLANTON demanded tellers.

Tellers were ordered, and the Chair appointed Mr. DOUGHTON and Mr. FULLER to act as tellers.

The committee again divided; and the tellers reported there were ayes 194 and noes 165.

So the amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DOUGHTON: Page 17, line 13, after the word "State", where it appears the second time, insert a comma and the words "and such funds may also be used in lieu of State funds to match unobligated balances of previous apportionments of regular Federal-aid appropriations."

The committee amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DOUGHTON for the committee: Page 18, line 10, insert the following:

"(f) Whenever, in connection with the construction of any highway project under section 202 or 204 of this act, it is necessary to acquire rights of way over or through any property or tracts of land owned and controlled by the Government of the United States, it shall be the duty of the proper official of the Government of the United States having control of such property or tracts of land, with the approval of the President and the Attorney General of the United States, and without any expense whatsoever to the United States, to perform any acts and to execute any agreements necessary to grant the rights of way so required, but if at any time the land or the property, the subject of the agreement, shall cease to be used for the purposes of a highway, the title in and jurisdiction over the land or property shall automatically revert to the Government of the United States, and the agreement shall so provide."

Mr. KVALE. I rise in support of the committee amendment, Mr. Chairman.

Mr. BANKHEAD. Mr. Chairman, will not the gentleman from North Carolina [Mr. DOUGHTON] make a brief explanation of what this is?

Mr. DOUGHTON. The purpose of this amendment is to avoid the necessity of coming to Congress for authorization for permission where it is desired to construct a road or highway across a military reservation or property of the United States, provided the approval of the President and the Attorney General is secured.

Mr. GOSS. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. GOSS. Would that include War Department property?

Mr. DOUGHTON. Any property owned by the Government, I understand.

Mr. GOSS. I mean property of the Government under the control of the War Department.

Mr. DOUGHTON. I so understand.

Mr. GOSS. So that the bridge at The Dalles, Wash., permission to build which has been objected to when bills seeking this authority have come before the House, could be built under this provision?

Mr. DOUGHTON. It is to avoid the necessity of coming to Congress for affirmative legislation to build a highway across or secure right of way across property of the United States, provided approval is obtained from the President and the Attorney General.

Mr. KVALE. Mr. Chairman, I hope the committee will listen for 1 minute to a two-sentence editorial, which appears in today's News. It reads as follows:

With the people indignantly demanding that the income tax be changed in such a way that the Morgans and their kind can no longer escape, some short-sighted Members of Congress ask, Why not substitute the sales tax for the income tax?

The answer is simple.

Morgan and his partners paid an income tax of about $11,000,000 for 1929. How much tax would they have paid under the sales tax method?

Mr. MILLARD. Mr. Chairman, I make the point of order the gentleman is not confining his remarks to the amendment.

The CHAIRMAN. The Chair sustains the point of order.

Mr. KVALE. I have read the editorial. I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The amendment was agreed to.

Mr. DOUGHTON. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. DOUGHTON: Page 18, line 4, strike out the word "directly."

The amendment was agreed to.

Mr. RAGON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. RAGON for the committee: Page 21, after line 25, insert a new subsection, as follows:

"(d) Effective as of January 1, 1933, sections 117, 23(i), 169, 187, and 205 of the Revenue Act of 1932 are repealed. In cases where the effect of this subsection is to require for a taxable year ending prior to June 30, 1933, the making of an income-tax return not otherwise required by law, the time for making the return and paying the tax shall be the same as if the return was for a fiscal year ending June 30, 1933."

Mr. RAGON. Mr. Chairman, I think some explanation of this amendment should be made for the information of the House.

It is our purpose in this amendment to cure as much as we can the defects that have recently shown the country just how ineffective some of our tax laws are by permitting some of our great financiers to avoid taxes.

In 1921 we passed a law permitting individuals and corporations to carry their losses over 2 years. In 1932, last year's session, we cured that so as to provide no carry-over so far as the House is concerned, but the Senate wrote in a provision limiting the carry-over to 1 year.

Under the provisions of the amendment I have offered, the 2-year carry-over is cut out altogether and an individual may take his loss only in the year in which it occurred.

Now, may I speak frankly here? There has been a great deal of criticism, as suggested by the gentleman from Minnesota just a moment ago as to a certain investigation that is going on in the Senate now. I am frank to say to you that I doubt very much whether there was anything dishonest or in any way subject to criticism upon the part of the parties who were the beneficiaries of the escapement of the tax. It was due entirely to our tax provisions. For instance, if in 1932 a man made $5,000 which was subject to tax, he had the right to a credit on that of $10,000 he lost in 1929. If he lost an additional $5,000 in 1931, you can see he was excused from paying any taxes whatever, notwithstanding the fact he had made money in 1930 and 1931.

Our purpose is to make the individual take the credit for losses, which is right because they hit the big fellow and the little fellow alike, in the year in which they are sustained.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. RAGON. We cannot, of course, make this retroactive, the gentleman understands.

Mr. BRITTEN. That was not my idea. The gentleman stated a concrete case which was entirely correct, but I am thinking of the big manipulator who has a tremendous loss in depreciated stocks one year but only sells half of the stock one year and sells the other half in the succeeding year.

Mr. VINSON of Kentucky. He does not get that loss if he does not sell it. It may depreciate in value but as long as he holds it he does not get any allowance for the loss in his income-tax return.

Mr. BRITTEN. Of course, he does not, and that is how he is going to evade the law, even under this amendment,

Mr. RAGON. I may say to my friend that he has to sell it and take his loss, and he then takes his loss in the year in which the loss occurs. He is not allowed to spread it over a period of 2 years.

Mr. BRITTEN. But he does take the loss in the year in which he sells the stock.

Mr. RAGON. Yes; and he is entitled to that loss. I do not think we want to shut off a loss of that kind.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. SHOEMAKER. Has the committee considered a gross-earning tax to supplement the present income tax? There would be no chance to avoid a tax of that kind by anyone.

Mr. RAGON. That is a very pertinent question and some of us have had that very heavy on our minds and hearts, but in that event you are getting to the point where you would have to readjust all your present graduated income taxes.

Mr. SHOEMAKER. It looks as though we are going to have to do that anyway.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. RAGON. Mr. Chairman, I offer a perfecting committee amendment.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Page 22, after line 14, insert a new subsection, as follows:

"No interest shall be assessed or collected in respect of any period prior to September 15, 1933, upon such portion of any amount determined as a deficiency in income taxes as is attributable solely to the amendments made to the Revenue Act of 1932 by this act."

Mr. RAGON. Mr. Chairman, this is simply to carry out the purposes of the last amendment and is what might be called a "perfecting amendment" to the amendment which has just been agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

Mr. RAGON. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Page 23, after line 9, insert a new subsection, as follows:

"(1) Effective as of the fifteenth day following the date of the enactment of this act, section 616 of the Revenue Act of 1932 is amended to read as follows:

"'SEC. 616. Tax on electrical energy.

"'(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.

"'(2) Despite the provisions of this subsection the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this subsection on electrical energy furnished before the 15th day following the date of the enactment of this act, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this subsection had not been enacted.'"

The CHAIRMAN. Under the rule the Committee automatically rises.

The Committee accordingly rose; and the Speaker having resumed the chair, Mr. LOZIER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, and under House Resolution 160 he reported the bill back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule the previous question is ordered. Is there a separate vote demanded on any amendment?

Mr. BLANTON. Mr. Speaker, I demand a separate vote on the Doughton amendment, on which there was a teller vote in the committee.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were adopted.

The SPEAKER. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Page 17, line 8, after the word "States", insert "three quarters."

On page 17, line 11, after the first comma, insert "and one quarter in the ratio which the population of each State bears to the total population of the United States according to the last decennial census."

Mr. BLANTON. And on that amendment, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222, nays 181, not voting 27, as follows:

[Roll No. 48]

YEAS—222

Adair	Brunner	Culkin	Farley
Allen	Bulwinkle	Cullen	Fiesinger
Andrew, Mass.	Burch	Darden	Fitzgibbons
Andrews, N.Y.	Burke, Calif.	Darrow	Fitzpatrick
Arnold	Burnham	Delaney	Flannagan
Auf der Heide	Cady	Dickstein	Focht
Bacharach	Carley	Dingell	Ford
Bacon	Carter, Calif.	Dirksen	Foss
Bakewell	Cavicchia	Ditter	Foulkes
Beam	Celler	Dobbins	Gambrill
Beck	Church	Dockweiler	Gavagan
Beiter	Clark, N.C.	Dondero	Goldsborough
Berlin	Clarke, N.Y.	Doughton	Goodwin
Black	Cochran, Pa.	Douglass	Goss
Bland	Colden	Doutrich	Granfield
Bloom	Cole	Drewry	Gray
Boehne	Collins, Calif.	Duffey	Greenwood
Boland	Condon	Dunn	Griffin
Bolton	Connery	Durgan, Ind.	Griswold
Boylan	Connolly	Eaton	Haines
Brennan	Cooper, Ohio	Edmonds	Hancock, N.Y.
Britten	Corning	Eltse, Calif.	Hancock, N.C.
Brooks	Crosby	Englebright	Harlan
Brown, Mich.	Crowe	Evans	Hart
Brumm	Crowther	Faddis	Harter

Hartley	Lehr	Peyser	Sweeney
Healey	Lesinski	Polk	Swick
Hess	Lewis, Md.	Powers	Taber
Higgins	Lindsay	Prall	Thom
Hollister	Luce	Ramsay	Thompson, Ill.
Holmes	Ludlow	Ransley	Tinkham
Hooper	McCormack	Rich	Traeger
Imhoff	McFadden	Richardson	Treadway
James	McGrath	Robertson	Truax
Jenckes	McLean	Rogers, Mass.	Turpin
Jenkins	McLeod	Rudd	Umstead
Johnson, W.Va.	Major	Sabath	Underwood
Kahn	Maloney, Conn.	Sadowski	Wadsworth
Kee	Mapes	Schaefer	Waldron
Kelly, Ill.	Marshall	Schuetz	Walter
Kelly, Pa.	Martin, Mass.	Schulte	Warren
Kennedy, Md.	Mead	Secrest	Watson
Kennedy, N.Y.	Meeks	Seger	Weaver
Kenney	Merritt	Sirovich	Weideman
Kinzer	Millard	Sisson	Welch
Kloeb	Muldowney	Smith, Va.	West, Ohio
Kniffin	Musselwhite	Smith, W.Va.	Whitley
Kocialkowski	Nesbit	Snyder	Wigglesworth
Kopplemann	O'Brien	Somers, N.Y.	Wolcott
Kramer	O'Connell	Stalker	Wolfenden
Kurtz	O'Connor	Stokes	Wolverton
Lambeth	Oliver, N.Y.	Strong, Pa.	Woodruff
Lamneck	Palmisano	Stubbs	Woodrum
Lanzetta	Parker, N.Y.	Studley	Young
Larrabee	Parsons	Sullivan	
Lehlbach	Pettengill	Sutphin	

NAYS—181

Adams	Dickinson	Lanham	Robinson
Allgood	Dies	Lea, Calif.	Rogers, N.H.
Almon	Disney	Lee, Mo.	Rogers, Okla.
Arens	Doxey	Lemke	Romjue
Ayers, Mont.	Driver	Lewis, Colo.	Ruffin
Ayres, Kans.	Duncan, Mo.	Lloyd	Sanders
Bailey	Eagle	Lozier	Sandlin
Bankhead	Eicher	Lundeen	Scrugham
Beedy	Elizey, Miss.	McCarthy	Sears
Biermann	Fernandez	McClintic	Shallenberger
Blanchard	Fletcher	McDuffie	Shannon
Blanton	Frear	McFarlane	Shoemaker
Boileau	Fuller	McGugin	Sinclair
Brown, Ky.	Fulmer	McKeown	Smith, Wash.
Browning	Gasque	McMillan	Spence
Buchanan	Gibson	McReynolds	Steagall
Buck	Gilchrist	McSwain	Strong, Tex.
Burke, Nebr.	Gillette	Maloney, La.	Swank
Busby	Glover	Mansfield	Tarver
Byrns	Green	Martin, Colo.	Taylor, Colo.
Caldwell	Gregory	Martin, Oreg.	Taylor, S.C.
Cannon, Mo.	Guyer	May	Taylor, Tenn.
Carden	Hamilton	Miller	Terrell
Carpenter, Kans.	Hastings	Milligan	Thomason, Tex.
Carpenter, Nebr.	Henney	Mitchell	Thurston
Carter, Wyo.	Hildebrandt	Monaghan	Tobey
Cartwright	Hill, Ala.	Moran	Turner
Cary	Hill, Knute	Morehead	Utterback
Castellow	Hill, Samuel B.	Mott	Vinson, Ga.
Chapman	Hoeppel	Murdock	Vinson, Ky.
Chase	Hoidale	O'Malley	Wallgren
Chavez	Hope	Oliver, Ala.	Wearin
Christianson	Howard	Owen	Werner
Cochran, Mo.	Huddleston	Parker, Ga.	West, Tex.
Coffin	Hughes	Parks	White
Collins, Miss.	Jacobsen	Patman	Whittington
Colmer	Jeffers	Peavey	Wilcox
Cooper, Tenn.	Johnson, Minn.	Peterson	Willford
Cox	Johnson, Okla.	Pierce	Williams
Cravens	Johnson, Tex.	Ragon	Wilson
Cross	Jones	Ramspeck	Withrow
Crump	Keller	Rankin	Wood, Ga.
Cummings	Kleberg	Rayburn	Zioncheck
Dear	Knutson	Reece	
Deen	Kvale	Reilly	
DeRouen	Lambertson	Richards	

NOT VOTING—27

Abernethy	Fish	Montague	Reed, N.Y.
Buckbee	Gifford	Montet	Reid, Ill.
Cannon, Wis.	Gillespie	Moynihan	Simpson
Claiborne	Hornor	Norton	Snell
Crosser	Kemp	Perkins	Sumners, Tex.
De Priest	Kerr	Pou	Wood, Mo.
Dowell	Marland	Randolph	

So the amendment was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Pou with Mr. Snell.
Mr. Abernethy with Mr. Dowell.
Mr. Sumners of Texas with Mr. Simpson.
Mrs. Norton with Mr. Reid of Illinois.
Mr. Montet with Mr. Perkins.
Mr. Kemp with Mr. Gifford.
Mr. Fish with Mr. De Priest.
Mr. Montague with Mr. Reed of New York.
Mr. Kerr with Mr. Buckbee.
Mr. Crosser with Mr. Moynihan.
Mr. Cannon of Wisconsin with Mr. Claiborne.
Mr. Marland with Mr. Randolph.
Mr. Wood of Missouri with Mr. Gillespie.

The result of the vote was announced, as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. McCORMACK. Mr. Speaker, I move to recommit the bill with instructions.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McCORMACK. I am opposed to the bill in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read the motion to recommit, as follows:

Mr. McCORMACK moves to recommit the bill (H.R. 5755) to the Committee on Ways and Means with instructions to strike out all of section 208, except subsections (f) and (g), and to report the bill back to the House with an amendment inserting in lieu of the portion stricken out a general manufacturers' excise tax of 2½ percent, from the scope of which all sales of food, clothing, and medicine shall be exempt. The said tax shall be in lieu also of the following manufacturers' excise taxes imposed by title IV of the Revenue Act of 1932: Tax on tires and inner tubes (sec. 602); tax on automobiles, trucks, and accessories (sec. 606); tax on radio receiving sets, etc. (sec. 607); and in lieu of the following miscellaneous taxes imposed by title V of the Revenue Act of 1932: Tax on checks, etc. (sec. 751); tax on use of boats (sec. 761); and to report the bill back forthwith with the following amendments:

Strike out all of section 208, except subsections (f) and (g), which shall become subsections (a) and (b), respectively; and insert the following new title following section 209 of the bill:

TITLE II

A. MANUFACTURERS' EXCISE TAX

"SEC. 210. Imposition of tax.

"(a) There is hereby imposed a tax of 2½ percent of the sale price on the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

"(1) sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture;

"(2) sales by a licensed manufacturer to a registered dealer of articles for further manufacture to be resold to a licensed manufacturer or to a registered dealer;

"(3) sales by a licensed manufacturer to any person of articles for further manufacture to be resold to a licensed manufacturer, but only if such articles are delivered by the first licensed manufacturer to the second licensed manufacturer;

"(4) sales for exportation;

"(5) sales to a State or political subdivision thereof, or any agency thereof, of articles for use solely in the exercise of a governmental function; and

"(6) sales of articles hereinafter specifically exempted and articles taxable under section 601 (c) (2) or (3) of the Revenue Act of 1932, relating to tax on brewer's wort, malt syrup, grape concentrate, and so forth, or section 617 of the Revenue Act of 1932, relating to tax on gasoline.

"(b) In addition to any other tax or duty imposed by law, there is hereby imposed a tax of 2½ percent ad valorem on every article imported into the United States, unless—

"(1) the consignee (within the meaning of the Tariff Act of 1930) is a licensed manufacturer (or his agent) and the article is an article for further manufacture;

"(2) the consignee (within the meaning of such act) is a registered dealer (or his agent) and the article is an article for further manufacture to be sold to a licensed manufacturer or to a registered dealer;

"(3) the article is imported by a State or political subdivision thereof, or any agency thereof, for use solely in the exercise of a governmental function; or

"(4) the article is specifically hereinafter exempted or is taxable under section 601 (c) (2) or (3) of the Revenue Act of 1932, relating to tax on brewer's wort, malt sirup, grape concentrate, etc., or section 617 of the Revenue Act of 1932, relating to tax on gasoline.

"(c) The tax imposed under subsection (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

"(1) the value on which such tax shall be based shall be the sum of the dutiable value (under sec. 503 of such act) of the article plus the duties, if any, imposed thereon under any provision of the customs laws;

"(2) for the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article; and for the purposes of section 336 of such act (the so-called 'flexible tariff provision') such tax shall not be considered a duty;

"(3) such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

"(4) no drawback of such tax shall be allowed under section 313 (a), (b), or (f) of the Tariff Act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials;

"(5) such tax shall be imposed in full, notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of any country; and

"(6) when he deems such action to be in the interest of the revenue, the Secretary may direct that such tax with respect to any class of articles designated by him shall be levied, assessed, collected, and paid in the same manner and subject to the same provisions of law as the tax imposed by subsection (a).

"(d) No tax shall be imposed under this title upon the sale or importation of the following articles:

"(1) Food for human or animal consumption (including those grades and forms of articles chiefly used as food for human or animal consumption in the form in which sold or after processing or as material for such food) and tea and coffee.

"(2) Medicines.

"(3) Wearing apparel for any part of the body.

"(4) Agricultural products.

"(5) Garden or field seeds.

"(6) Malt sirup, in containers of not less than 50 pounds each, to a baker for use in the making of bread.

"(7) Water not in closed containers.

"(8) Bibles, comprising the books of the Old or New Testament, or both.

"(9) Rosaries, chaplets, medals, and similar articles of religious devotion; hymn books, prayer books, and manuals of religious devotion.

"(10) Altars, pulpits, communion tables, baptismal fonts, and shrines; parts thereof; religious statuary and pictures; collection envelopes, plates, and baskets; cassocks, banners, and articles of regalia worn on the person or carried in the hand; tapers, lights, and candles; sanctuary oil; all the foregoing when manufactured exclusively for use in houses of worship.

"(11) Tobacco or tobacco products."

(e) Exemption under this section of sales or importations shall be allowed or granted only upon compliance with the regulations.

"SEC. 211. Tax on sales by registered dealers: (a) There is hereby imposed on the sale or other disposition by a registered dealer of any article sold to or imported by him free of tax by virtue of his registration, if not sold as an article for further manufacture to a licensed manufacturer or registered dealer, a tax of 2½ percent of the price (subject to the provisions of section 212 (a)) at which such article was sold to such registered dealer, plus, in the case of an imported article, the amount of duties imposed thereon under any provision of the customs laws, if not included in such price. If the Commissioner determines that the records with respect to any article are inadequate, such article shall be held to be sold otherwise than as an article for further manufacture to a licensed manufacturer or registered dealer.

"(b) If the Commissioner determines that it is not necessary in the interests of the revenue to trace the identity of articles of any class in the hands of registered dealers, the regulations may provide a method of determining the proper tax liability of registered dealers with respect to articles of that class without regard to the identity of the individual articles.

"(c) Articles of such classes as the Commissioner may prescribe may (in accordance with the regulations) be sold to or imported by registered dealers free of tax when it is impracticable to determine whether or not they will be resold as articles for further manufacture to licensed manufacturers or registered dealers, and the tax provided for in subsection (a) shall be imposed with respect to such articles if not so resold.

"SEC. 212. Sale price: (a) Generally.—In determining the sale price of an article there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the sale price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations.

"(b) Sales on consignment.—In the case of an article sold on consignment, the sale price shall be the fair manufacturer's price for the article.

"(c) Retail sales by licensed manufacturer.—In the case of an article sold by the manufacturer or producer thereof at retail (or directly to the consumer or user), the tax shall (if based on the sale price) be imposed upon the price at which so sold, except that in the case of any such article ordinarily sold at wholesale (or directly to the consumer or user at prices varying with the quantity or character of use) by manufacturers or producers, the tax shall (if based on the sale price) be imposed upon the fair manufacturer's price for the article.

"(d) Installment sales: In the case of a contract for the sale by a licensed manufacturer of an article wherein it is provided that the sale price shall be paid to the manufacturer by installments, and the title to the article sold does not pass to the purchaser thereof until a future date notwithstanding partial payment by installments, or in the case of a conditional sale, each partial payment shall be regarded as a sale and there shall be imposed upon each payment that part of the tax which is proportionate to the part of the sale price represented by such payment.

"(e) Leases and royalties: If a licensed manufacturer leases an article or transfers the right of using the article but not the title thereto, or imposes a royalty on the use of an article, each payment with respect to the article shall be treated as a sale and the tax shall (if based on the sale price) be imposed upon the amount of such payment. Any such lease, transfer, or imposition of royalty on the use of any article by a registered dealer shall be treated as a sale.

"(f) Manufacture under contract: For the purposes of this title a person who manufactures or produces an article for another person who furnishes materials and retains title thereto, shall be regarded as the manufacturer or producer of the article, and the tax shall be imposed upon the first payment, or, if the tax is based on the sale price and there is more than one payment, the tax shall be imposed pro rata upon each payment; except that the person so furnishing materials shall be regarded as the manufacturer or producer of the article (1) if the article is to be resold by him and the effect of the application of this provision is to require him to be licensed under this title, or (2) if he is a licensed manufacturer.

"(g) Use or transfer of article in special cases: If a manufacturer or producer—

"(1) uses (including use as material in repair work), otherwise than as an article for further manufacture, an article manufactured or produced by him, or sold to or imported by him free of tax by virtue of his license;

"(2) transfers the title to an article by gift;

"(3) transfers the title to, or the right to use, an article to any person (otherwise than through an arm's-length transaction) at less than the fair market price;

such use or transfer shall be considered a sale for the purposes of this title, and the sale price shall be the fair manufacturer's price for such article, with allowance for any tax previously paid with respect to any materials used in manufacturing or producing the article.

"(h) For the purposes of this section the fair manufacturers' price for an article shall be a fair manufacturers' or producers' sale price for the article at the place of manufacture or production, as determined by the Commissioner, by reference to actual sales or to costs of manufacture or production, or otherwise.

"SEC. 213. Overpayments, credits, and refunds: (a) A credit against tax under this title, or a refund, may be allowed or made—

"(1) To a licensed manufacturer, in the amount of any tax under this title which has been paid with respect to an article for further manufacture purchased by him.

"(2) To a manufacturer or producer when he becomes licensed, in the amount of any tax paid under this title with respect to articles for further manufacture on hand when the license is granted.

"(3) To the exporter, in the case of an article sold for exportation or exported for sale, in the amount of any tax paid under this title with respect to the article.

"(4) To a licensed manufacturer or registered dealer who has paid tax under this title with respect to an article, when the sale price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona-fide discount, rebate, or allowance, in the amount of that part of the tax proportionate to the part of the sale price which is refunded or credited.

"(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with the regulations.

"(c) In no case shall interest be allowed with respect to any amount of tax under this title credited or refunded.

"(d) In no case shall both credit or refund under subsection (a) and remission or drawback under the customs laws of the tax imposed by this title be allowed on account of the exportation of an article.

"(e) No overpayment of tax under this title shall be credited or refunded (otherwise than under subsection (a)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected the amount of tax from the vendee, or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article, or unless he files with the Commissioner written consent of such ultimate purchaser to the allowance of the credit or refund.

"SEC. 214. Licensed manufacturers and registered dealers: (a) Manufacturers and producers: Every manufacturer or producer (except as hereinafter provided) is hereby required to take out an annual license, in accordance with regulations, and shall pay a fee of $2 therefor. Licenses under this section shall expire upon June 30 of each year.

"(b) Exemptions: No license shall be required (but a license may be granted upon application) in the case of a manufacturer or producer (other than a manufacturer or producer of articles taxable under section 601 (c) (2) or (3) of the Revenue Act of 1932, relating to tax on brewer's wort, malt sirup, grape concentrate, etc.)—

"(1) if a farmer, with respect to his agricultural products; or

"(2) if for the preceding year the total sale price of all articles (other than exempt articles) manufactured or produced by him was less than $20,000; or

"(3) if, in the case of a manufacturer or producer not engaged in manufacture or production of articles (other than exempt articles) during the whole of the preceding year, such manufacturer or producer files with the Commissioner a statement under oath that to the best of his belief the probable total sale price of all articles (other than exempt articles) to be manufactured or produced by him during the year for which the exemption is

claimed will be less than $20,000; but in the case of any manufacturer or producer exempted under clause (2) or (3) of this subsection, if the Commissioner determines, on the basis of sales for any period during the year for which the exemption was granted, that the probable total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer during such year will not be less than $20,000, or if the total sale price of all articles (other than exempt articles) manufactured or produced and sold by such manufacturer or producer during such year reaches $20,000, such manufacturer or producer shall thereupon be required to be licensed.

"(c) Dealers and importers: A dealer in or importer of articles for further manufacture to be sold to licensed manufacturers or registered dealers may be granted an annual registration by the Commissioner, upon application in accordance with regulations and payment of a fee of $100. Registrations under this subsection shall expire upon June 30 of each year.

"(d) Revocation or cancelation of dealer's registration: If the Commissioner finds that a registered dealer has violated any provision of law applicable to the tax imposed by this title, he may revoke his registration. If the registration of any registered dealer is revoked, he shall not be entitled to registration within a period of 1 year after such revocation. The registration of any registered dealer may be canceled upon application by him.

"(e) Tax on revocation, cancelation, or expiration of registration: If a registered dealer's registration is revoked or canceled under subsection (d), or if a registered dealer's registration expires and is not renewed, he shall pay the tax imposed by this title (as if on a taxable sale at the time of revocation, cancelation, or expiration) on all articles purchased or imported by him free of tax by virtue of his registration and not resold by him prior to such revocation, cancelation, or expiration.

"(f) Tax on registered dealer on date title ceases to be in effect: Every dealer or importer registered on the day on which the tax imposed by this title ceases to be in effect shall pay the tax imposed by this title (as if on a taxable sale on such date) on all articles purchased or imported by him free of tax by virtue of his registration and not resold by him on or before such date.

"(g) Tax on expiration of manufacturer's or producer's license: If a manufacturer or producer ceases to be licensed before the date on which the tax imposed by this title ceases to be in effect, he shall pay the tax which would be imposed on a sale to him, as of the date on which he ceases to be licensed, of all articles purchased or imported by him free of tax by virtue of such license and not used as articles for further manufacture in the manufacture or production of articles on the sale of which tax has been imposed under this title prior to such date.

"SEC. 215. Returns, records, and payment and collection of tax:

"(a) Every licensed manufacturer or registered dealer and every person liable for any tax under this title (other than tax levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930) shall make monthly returns under oath and pay the tax to the collector for the district in which is located his principal place of business, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall be made on or before the last day of each month for the preceding month, and shall contain such information and be made in such manner as the regulations prescribe.

"(b) The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid.

"(c) Every licensed manufacturer and registered dealer, and every person liable for any tax imposed by this title (except tax levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930) shall keep such records, render under oath such statements, and comply with such regulations, as the Commissioner with the approval of the Secretary may from time to time prescribe. Whenever in the judgment of the Commissioner necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the Commissioner deems sufficient to show whether or not such person is liable for tax under this title (except tax levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930), and the amount of any such liability. All records required under authority of this section with respect to any sale shall be kept in such manner as to be readily accessible to the Commissioner or his agents for a period of 4 years from the last day of the month after the month in which such sale was made, unless the Commissioner authorizes the destruction of such records at an earlier date, or unless an agreement under section 611 determining the amount of liability under this title with respect to such sale is approved by the Secretary or Under Secretary.

"(d) In case any other person acquires from or against a licensed manufacturer or registered dealer, by operation of law or as a result of any transaction not taxable under this title the right to sell any article, the sale of such article by such person shall be taxable as if made by such licensed manufacturer or registered dealer, and such person shall be liable for the tax.

"SEC. 216. Evasion of tax: (a) Diversion of articles sold for exportation—No article the sale of which has been exempted from tax under section 210 (a) (4) (relating to sales for exportation) shall thereafter be sold for use, or used, in the United States, unless the person so selling or using it pays the tax which would have been imposed on such sale if it had not been so exempted.

"(b) Tax on sales to or importations by licensed manufacturers or registered dealers: If the Commissioner finds that payment of tax under this title is being evaded or is likely to be evaded by a licensed manufacturer or registered dealer, or a class of licensed manufacturers or registered dealers, he may require that the tax shall be imposed on the sale to, or the importation by, such licensed manufacturer or registered dealer, or class of licensed manufacturers or registered dealers, of any class of articles (even though articles for further manufacture or for resale to licensed manufacturers or registered dealers as articles for further manufacture). Credit or refund of tax so imposed may be allowed on proof by a licensed manufacturer that such articles have been used as articles for further manufacture in the manufacture or production of articles on the sale of which tax has been paid, or by a registered dealer that such articles have been resold to licensed manufacturers or registered dealers as articles for further manufacture.

"(c) Sale of article purchased as article for further manufacture: If a licensed manufacturer sells an article purchased or imported free of tax by virtue of his license he shall be liable for tax under this title in the same manner as if such article were an article manufactured or produced by him.

"SEC. 217. Tax on manufacturer or producer not licensed: Any manufacturer or producer not licensed or required to be licensed under this title, who sells an article and adds to the price any amount as tax under this title on such sale, shall be liable for tax under this title equal to such amount; and any such person who sells an article at a price represented to include tax under this title on such sale shall be liable for tax under this title on such sale.

"SEC. 218. Contracts for sale entered into—regulated rate: If any person (1) is subject to governmental regulation with respect to the sale price of an article with respect to which a tax is imposed under this title, or (2) has, prior to March 1, 1932, made a contract for the sale, on or after the effective date of this title, of an article, with respect to the sale of which a tax is imposed by this title, or with respect to which a tax is imposed by this section, and such contract does not permit the adding, to the amount to be paid thereunder, of the whole of such tax, and does not provide that the vendor shall pay such tax, then the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price, or the price subject to regulation, as the case may be. If such a contract was made with the United States, no tax shall be imposed under this title.

"(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section —. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

"SEC. 219. Final agreements: The Commissioner (or any officer or employee of the Bureau of Internal Revenue, including the field service, authorized in writing by the Commissioner) is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person for whom he acts) in respect of the tax imposed by this title (including the basis or method upon which such liability shall be determined or computed) for any period (past or future) specified in such agreement. If such agreement is approved by the Secretary or the Under Secretary, within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact, (1) the case shall not be reopened as to the matter agreed upon, or the agreement modified, by any officer, employee, or agent of the United States, and (2) in any suit, action, or proceeding, such agreement or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded; except that in its application to sales made after the date on which it is approved or agreed to, such agreement shall be held to be modified to the extent necessary to conform to any change in the law after such date.

"SEC. 220. Effect of changes in administrative decisions: No amendment or revocation of any regulation, ruling, or decision of the Commissioner or Secretary (or any official authorized in writing by either of them to make rulings or decisions which shall be subject to this section) in force at the time of the sale of an article, shall have the effect of increasing the liability under this title of any person with respect to such sale beyond his liability determined in accordance with such regulation, ruling, or decision in force at the time of such sale.

"SEC. 221. Applicability of administrative provisions: All provisions of law (except criminal penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as applicable and not inconsistent with this act, be applicable in respect of the tax imposed by this title.

"SEC. 222. Penalties: Any person willfully violating any provision of this title or any provision of law in respect of the tax imposed by this title, shall (in lieu of any other criminal penalty provided for therein) be fined an amount equal to one half the amount of tax evaded or not paid or collected and accounted for (or if such amount cannot be determined to the satisfaction of the court, or if no tax was evaded or not paid or collected and accounted for, then not more than $1,000), or imprisoned not

more than 6 months, or both, together with the costs of prosecution.

"SEC. 223. Exclusion of tax from gross income: If a licensed manufacturer or registered dealer includes in his gross income for income-tax purposes any portion of his gross receipts paid to the United States as tax under this title, he shall be allowed such amount as a deduction from gross income for income-tax purposes; but no deduction in respect of such tax shall be otherwise allowed under section 23 (c) or (d) of the Revenue Act of 1932 (income tax).

"SEC. 224. Regulations: The Commissioner, with the approval of the Secretary, shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title insofar as it relates to taxes on sales. The Secretary shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title insofar as it relates to taxes which are to be levied, assessed, collected, and paid in the same manner as duties imposed by the Tariff Act of 1930.

"SEC. 225. Definitions: When used in this title—

"(a) The term 'article' includes commodities of every description, including gases and electricity, and also including any commodity used for producing power, heat, or light; but does not include real property.

"(b) The term 'licensed manufacturer' means a manufacturer or producer licensed or required to be licensed under this title.

"(c) The term 'registered dealer' means a dealer or importer registered under this title.

"(d) The term 'manufacturer or producer' means any person (including a State, political subdivision thereof, or agency thereof) who manufactures or produces any article (but does not include the importer of an article), and includes a printer, publisher, lithographer, engraver, photographer, and producer of motion-picture films.

"(e) The term 'manufacture or produce' includes fabricate, cure, tan, dress, dye, bleach, blend, bottle, can, mix, spin, weave, refine, and process or manipulate in any manner, but does not include repair, nor the cleaning or ginning of cotton, nor the cleaning or threshing of grain, nor the preparation of beverages for consumption on the premises where prepared.

"(f) The term 'article for further manufacture' means only an article (1) which is to be used in, wrought into, attached to, or used as a covering or container for an article to be manufactured or produced for sale which will be subject to tax under this title, or (2) which is consumed in the process of manufacturing or producing such an article, but does not include plant equipment, machinery, or tools.

"(g) The term 'United States', when used in a geographical sense, includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(h) The terms, 'imported' and 'importation' mean, respectively, brought and bringing into the United States from any port or place outside thereof.

"(i) The terms 'exported' and 'exportation' mean, respectively, shipped and shipment to any port or place outside of the United States or laden and lading as bunker coal, other fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war of any foreign nation, vessels employed in the fisheries or in the whaling business or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States, or between the United States and any of its possessions.

"(j) The term 'agricultural products' means agricultural (other than forestry) products in the broadest sense, not processed (further than by cleaning and ginning or cleaning and threshing) by any person other than the original producer thereof, or an association of such producers, organized and operated on a cooperative basis.

"(k) The term 'farmer' means a producer of agricultural products.

"(l) The term 'exempt article' means an article the sale or importation of which is, under section 210 (d), exempt from tax.

"(m) The term 'regulations' means regulations prescribed under this title by the Commissioner and approved by the Secretary.

"SEC. 226. Personnel: The Secretary is authorized to appoint, in the office of the Assistant Secretary in Charge of Fiscal Offices, two officers at salaries of $7,500 per annum, and in the Bureau of Internal Revenue, one deputy commissioner at a salary of $5,000 per annum, and, subject to the Classification Act of 1923, as amended, such other officers and employees as are necessary to administer the provisions of this title.

"SEC. 227. Effective date—date of expiration: This title shall take effect on the 30th day after the date of its enactment, except that sections 214, 219, 224, 226, and this section, shall take effect on the date of the enactment of this act, and shall be in effect for a period of 2 years following such enactment, except that the provisions of section 208 shall apply to the taxes imposed under this title.

"SEC. 228. The taxes imposed by this title shall be in lieu of the taxes imposed by sections 602, 606, 607, 751, and 761 of the Revenue Act of 1932.

"SEC. 229. Short title: This title may be cited as the 'Manufacturers' Excise Tax Act of 1933.'"

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 137, nays 265, answered "present" 1, not voting 27, as follows:

[Roll No. 49]

YEAS—137

Adair	Ditter	Kahn	Robertson
Andrew, Mass.	Dockweiler	Kelly, Ill.	Rogers, Mass.
Andrews, N.Y.	Dondero	Kennedy, N.Y.	Rogers, N.H.
Bacharach	Doutrich	Kenney	Sadowski
Bacon	Drewry	Kinzer	Sandlin
Bakewell	Eaton	Kleberg	Schaefer
Beam	Eltse, Calif.	Kopplemann	Sears
Beck	Englebright	Lamneck	Seger
Beedy	Evans	Lea, Calif.	Smith, Va.
Berlin	Faddis	Lehlbach	Stalker
Black	Focht	Lehr	Stokes
Bland	Foss	Lesinski	Strong, Pa.
Bolton	Foulkes	Luce	Sutphin
Britten	Gavagan	McCormack	Swick
Brown, Mich.	Gibson	McDuffie	Taber
Buchanan	Gillette	McGugin	Tinkham
Burch	Goodwin	McLean	Traeger
Burke, Calif.	Goss	McLeod	Treadway
Burnham	Granfield	McMillan	Turpin
Cady	Guyer	Maloney, Conn.	Utterback
Caldwell	Haines	Martin, Mass.	Wadsworth
Cavicchia	Hancock, N.Y.	Merritt	Waldron
Clarke, N.Y.	Harlan	Millard	Watson
Cochran, Pa.	Hart	Milligan	Weideman
Cole	Harter	Moran	Whitley
Collins, Calif.	Hartley	Muldowney	Wigglesworth
Cooper, Ohio	Healey	Musselwhite	Wilcox
Corning	Hess	Nesbit	Williford
Cox	Higgins	Parker, N.Y.	Wilson
Crowther	Hoeppel	Peterson	Wolcott
Culkin	Hollister	Powers	Wolfenden
Darden	Holmes	Ramspeck	Woodrum
Darrow	Hooper	Ransley	
Dear	Hope	Reece	
Dingell	Jacobsen	Rich	

NAYS—265

Adams	Cravens	Hill, Knute	May
Allgood	Crosby	Hill, Samuel B.	Mead
Almon	Cross	Hoidale	Meeks
Arens	Crosser	Howard	Miller
Arnold	Crowe	Huddleston	Mitchell
Auf der Heide	Crump	Hughes	Monaghan
Ayers, Mont.	Cullen	Imhoff	Montet
Ayres, Kans.	Cummings	James	Morehead
Bailey	Deen	Jeffers	Mott
Beiter	Delaney	Jenckes	Murdock
Biermann	DeRouen	Jenkins	O'Brien
Blanchard	Dickinson	Johnson, Minn.	O'Connell
Blanton	Dickstein	Johnson, Okla.	O'Connor
Bloom	Dies	Johnson, Tex.	O'Malley
Boehne	Dirksen	Johnson, W.Va.	Oliver, Ala.
Boileau	Disney	Jones	Oliver, N.Y.
Boland	Dobbins	Kee	Owen
Boylan	Doughton	Keller	Palmisano
Brennan	Douglass	Kelly, Pa.	Parker, Ga.
Brooks	Doxey	Kennedy, Md.	Parks
Brown, Ky.	Driver	Kloeb	Parsons
Browning	Duffey	Kniffin	Patman
Brumm	Duncan, Mo.	Knutson	Peavey
Brunner	Dunn	Kocialkowski	Pettengill
Buck	Durgan, Ind.	Kramer	Peyser
Bulwinkle	Eagle	Kurtz	Pierce
Burke, Nebr.	Edmonds	Kvale	Polk
Busby	Ellzey, Miss.	Lambertson	Prall
Byrns	Farley	Lambeth	Ragon
Cannon, Mo.	Fernandez	Lanham	Ramsay
Carden	Fiesinger	Lanzetta	Rankin
Carley	Fitzgibbons	Larrabee	Reilly
Carpenter, Kans.	Fitzpatrick	Lee, Mo.	Richards
Carpenter, Nebr.	Flannagan	Lemke	Richardson
Carter, Calif.	Fletcher	Lewis, Colo.	Robinson
Carter, Wyo.	Ford	Lewis, Md.	Rogers, Okla.
Cartwright	Frear	Lindsay	Romjue
Cary	Fuller	Lloyd	Rudd
Castellow	Fulmer	Lozier	Ruffin
Celler	Gambrill	Ludlow	Sabath
Chapman	Gasque	Lundeen	Sanders
Chase	Gilchrist	McCarthy	Schuetz
Chavez	Glover	McClintic	Schulte
Christianson	Goldsborough	McFadden	Scrugham
Church	Gray	McFarlane	Secrest
Claiborne	Green	McGrath	Shallenberger
Clark, N.C.	Greenwood	McKeown	Shannon
Cochran, Mo.	Gregory	McReynolds	Shoemaker
Coffin	Griffin	McSwain	Sinclair
Colden	Griswold	Major	Sirovich
Collins, Miss.	Hamilton	Maloney, La.	Sisson
Colmer	Hancock, N.C.	Mansfield	Smith, Wash.
Condon	Hastings	Mapes	Smith, W.Va.
Connery	Henney	Marshall	Snyder
Connolly	Hildebrandt	Martin, Colo.	Spence
Cooper, Tenn.	Hill, Ala.	Martin, Oreg.	Steagall

Strong, Tex.	Terrell	Vinson, Ky.	Whittington
Stubbs	Thom	Wallgren	Williams
Studley	Thomason, Tex.	Walter	Withrow
Sullivan	Thompson, Ill.	Warren	Wolverton
Sumners, Tex.	Thurston	Wearin	Wood, Ga.
Swank	Tobey	Weaver	Woodruff
Sweeney	Truax	Welch	Young
Tarver	Turner	Werner	Zioncheck
Taylor, Colo.	Umstead	West, Ohio	
Taylor, S.C.	Underwood	West, Tex.	
Taylor, Tenn.	Vinson, Ga.	White	

ANSWERED "PRESENT"—1

Allen

NOT VOTING—27

Abernethy	Fish	Montague	Reed, N.Y.
Bankhead	Gifford	Moynihan	Reid, Ill.
Buckbee	Gillespie	Norton	Simpson
Cannon, Wis.	Hornor	Perkins	Snell
De Priest	Kemp	Pou	Somers, N.Y.
Dowell	Kerr	Randolph	Wood, Mo.
Eicher	Marland	Rayburn	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Snell (for) with Mr. Bankhead (against).
Mr. Fish (for) with Mr. Reid of Illinois (against).
Mr. Simpson (for) with Mr. Pou (against).

Additional general pairs:

Mr. Abernethy with Mr. Dowell.
Mr. Kemp with Mr. Gifford.
Mr. Montague with Mr. Reed of New York.
Mr. Kerr with Mr. Buckbee.
Mr. Marland with Mr. Randolph.
Mr. Rayburn with Mr. Perkins.
Mrs. Norton with Mr. Moynihan.
Mr. Somers of New York with Mr. Hornor.
Mr. Cannon of Wisconsin with Mr. Wood of Missouri.
Mr. Gillespie with Mr. Eicher.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. RAGON. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 325, nays 76, answered "present" 1, not voting 28, as follows:

[Roll No. 50]

YEAS—325

Adair	Chapman	Eagle	Hoeppel
Adams	Chavez	Eicher	Holdale
Allgood	Church	Englebright	Holmes
Almon	Claiborne	Evans	Howard
Andrews, N.Y.	Clark, N.C.	Faddis	Huddleston
Arens	Clarke, N.Y.	Farley	Hughes
Arnold	Cochran, Mo.	Fernandez	Imhoff
Auf der Heide	Coffin	Fiesinger	James
Ayres, Kans.	Colden	Fitzgibbons	Jeffers
Bacharach	Cole	Fitzpatrick	Jenckes
Beam	Collins, Calif.	Flannagan	Jenkins
Beedy	Colmer	Fletcher	Johnson, Minn.
Beiter	Condon	Focht	Johnson, Okla.
Berlin	Connery	Ford	Johnson, Tex.
Biermann	Cooper, Ohio	Foss	Johnson, W.Va.
Black	Cooper, Tenn.	Foulkes	Kahn
Blanchard	Cravens	Frear	Kee
Bland	Crosby	Fuller	Keller
Blanton	Cross	Fulmer	Kelly, Ill.
Bloom	Crosser	Gambrill	Kelly, Pa.
Boehne	Crowe	Gasque	Kennedy, Md.
Boileau	Crowther	Gavagan	Kennedy, N.Y.
Boland	Crump	Gibson	Kenney
Boylan	Culkin	Gilchrist	Kleberg
Brennan	Cullen	Glover	Kloeb
Britten	Cummings	Goldsborough	Kniffin
Brooks	Darden	Goss	Knutson
Brown, Ky.	Dear	Granfield	Kocialkowski
Brown, Mich.	Delaney	Gray	Kopplemann
Browning	DeRouen	Green	Kramer
Brunner	Dickinson	Greenwood	Lambeth
Buchanan	Dickstein	Gregory	Lamneck
Buck	Dies	Griffin	Lanzetta
Bulwinkle	Dingell	Haines	Larrabee
Burch	Dirksen	Hamilton	Lea, Calif.
Burke, Calif.	Dobbins	Hancock, N.C.	Lee, Mo.
Burke, Nebr.	Dockweiler	Harlan	Lehr
Burnham	Dondero	Hart	Lemke
Byrns	Doughton	Harter	Lesinski
Cady	Douglass	Hastings	Lewis, Colo.
Caldwell	Doutrich	Healey	Lewis, Md.
Cannon, Mo.	Doxey	Henney	Lindsay
Carden	Drewry	Hess	Lloyd
Carley	Driver	Higgins	Lozier
Carter, Calif.	Duffey	Hildebrandt	Lundeen
Carter, Wyo.	Duncan, Mo.	Hill, Ala.	McCarthy
Cary	Dunn	Hill, Knute	McClintic
Celler	Durgan, Ind.	Hill, Samuel B.	McCormack
McDuffie	O'Malley	Schaefer	Truax
McFarlane	Oliver, Ala.	Schuetz	Turner
McGrath	Oliver, N.Y.	Schulte	Turpin
McGugin	Owen	Scrugham	Umstead
McKeown	Palmisano	Sears	Underwood
McLeod	Parks	Secrest	Utterback
McMillan	Parsons	Shallenberger	Vinson, Ga.
McReynolds	Patman	Shoemaker	Vinson, Ky.
McSwain	Peavey	Sinclair	Wallgren
Major	Peterson	Sirovich	Walter
Maloney, Conn.	Pettengill	Sisson	Warren
Maloney, La.	Peyser	Smith, Va.	Weaver
Mansfield	Pierce	Smith, Wash.	Weideman
Marshall	Polk	Smith, W.Va.	Welch
Martin, Colo.	Prall	Snyder	Werner
Martin, Oreg.	Ragon	Somers, N.Y.	West, Ohio
May	Ramsay	Spence	West, Tex.
Mead	Ramspeck	Steagall	White
Meeks	Rankin	Stubbs	Whittington
Millard	Rayburn	Studley	Wilcox
Miller	Reece	Sullivan	Willford
Milligan	Reilly	Sumners, Tex.	Williams
Mitchell	Richards	Sutphin	Wilson
Montet	Richardson	Swank	Withrow
Moran	Robertson	Sweeney	Wolcott
Morehead	Robinson	Taylor, Colo.	Wolverton
Mott	Rogers, N.H.	Taylor, Tenn.	Wood, Ga.
Muldowney	Romjue	Thom	Woodruff
Murdock	Rudd	Thomason, Tex.	Woodrum
Musselwhite	Ruffin	Thompson, Ill.	Young
Nesbit	Sabath	Thurston	Zioncheck
O'Brien	Sadowski	Tobey	
O'Connell	Sanders	Traeger	
O'Connor	Sandlin	Treadway	

NAYS—76

Allen	Connolly	Kinzer	Rogers, Mass.
Andrew, Mass.	Cox	Kurtz	Rogers, Okla.
Ayers, Mont.	Darrow	Kvale	Seger
Bacon	Deen	Lambertson	Shannon
Bailey	Ditter	Lanham	Stalker
Bakewell	Eaton	Lehlbach	Stokes
Beck	Edmonds	Luce	Strong, Tex.
Bolton	Ellzey, Miss.	Ludlow	Swick
Brumm	Eltse, Calif.	McFadden	Taber
Busby	Gillette	McLean	Tarver
Carpenter, Kans.	Goodwin	Mapes	Taylor, S.C.
Carpenter, Nebr.	Guyer	Martin, Mass.	Terrell
Cartwright	Hancock, N.Y.	Merritt	Tinkham
Castellow	Hartley	Monaghan	Waldron
Cavicchia	Hollister	Parker, Ga.	Watson
Chase	Hooper	Parker, N.Y.	Wearin
Christianson	Hope	Powers	Whitley
Cochran, Pa.	Jacobsen	Ransley	Wigglesworth
Collins, Miss.	Jones	Rich	Wolfenden

ANSWERED "PRESENT"—1

Wadsworth

NOT VOTING—28

Abernethy	Dowell	Kerr	Randolph
Bankhead	Fish	Marland	Reed, N.Y.
Buckbee	Gifford	Montague	Reid, Ill.
Cannon, Wis.	Gillespie	Moynihan	Simpson
Corning	Griswold	Norton	Snell
De Priest	Hornor	Perkins	Strong, Pa.
Disney	Kemp	Pou	Wood, Mo.

So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The Clerk announced the following pairs:

Mr. Corning (for) with Mr. Wadsworth (against).
Mr. Bankhead (for) with Mr. Snell (against).
Mr. Randolph (for) with Mr. Griswold (against).
Mr. Pou (for) with Mr. Reid of Illinois (against).

Additional general pairs:

Mr. Disney with Mr. Dowell.
Mr. Montague with Mr. Simpson.
Mr. Fish with Mr. Perkins.
Mr. Kemp with Mr. Reed of New York.
Mr. Gillespie with Mr. Buckbee.
Mr. Hornor with Mr. Gifford.
Mr. Strong of Pennsylvania with Mr. Moynihan.

Mr. WADSWORTH. Mr. Speaker, being paired with the gentleman from New York, Mr. CORNING, I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct the subsection letters to correspond with the amended bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

NATIONAL INDUSTRIAL RECOVERY BILL—EXENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks in the RECORD on this bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. TERRELL. Mr. Speaker and Members of the House, the title of this bill, "To encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works", sounds mighty well to those who are out of work and must have employment in order to feed themselves and their families, and it sounds well to all of us who have suffered and who are still suffering from this awful depression, which has depressed the minds and souls of men and has left in its wake failures, bankruptcies, bread lines, and suicides.

But high-sounding titles cannot stand up against cold-blooded facts and figures embodied in this act. The unemployment relief seems desirable, necessary, and almost imperative, but this could be accomplished without burdening the people with $3,300,000,000 more taxes and without destroying the antitrust laws enacted to prevent monopoly and to protect the weak against the strong, and without striking down our constitutional safeguards which have protected our people through a century and a half of progress and development, and built up the greatest and richest country in the world through individual effort and initiative, without dictation from the Government and without a dictator to control every effort and activity of the people from the cradle to the grave.

There is such a crying need for unemployment relief and such an imperative demand from all sources for assistance from the Government, that we are all in sympathy with these demands and the necessity of doing everything in our power to relieve the distress. The situation is so serious that we are scarcely able to think straight and to work out a safe and sensible plan to take care of the situation.

I would like to be able to follow the leaders of this House on this measure, and to follow the great humanitarian in the White House, but my knowledge of the principles upon which this Government is founded, and the results to follow from the flagrant violation of our organic law and the striking down the inalienable rights of the people to follow their chosen pursuits, secure in their independence and initiative to work out their own salvation without dictation from king, prince, or potentate, impels me to vote against this measure.

I cannot get my consent to confer upon the Federal Government the authority to go into the States and control wages and the hours of labor, the amount of products produced and every detail of private industry, including all rules and regulations under which every article of commerce is produced and priced. This is wrong in principle, even if it were authorized by the Constitution, and I do not think there is a Member of the House who will seriously contend that the Constitution authorizes such a law.

Congress enacted a law some years ago regulating child labor in the factories of the various States, and Senator Joseph Weldon Bailey, of Texas, father of Mr. BAILEY, now in the House, opposed the measure and stated that it was unconstitutional, and the Supreme Court promptly declared it unconstitutional. Persisting in its right to control labor in the States, Congress submitted an amendment to the States in 1924, authorizing the Congress to regulate child labor in the different States. This amendment has been pending for 9 years and has been ratified by 9 States. At this rate of ratification it will take 27 years longer to become a part of the Constitution. This Congress cannot afford to wait that long, so it is going ahead to regulate wages, hours of labor, and everything else connected with the business of this country, whether it is constitutional or not, under the cry of "emergency, general welfare, and imperative public necessity."

This bill proposes to issue interest-bearing, tax-exempt bonds to the amount of $3,300,000,000, and to levy additional taxes upon the people to the amount of $220,000,000 annually to pay the interest on these bonds in order to put on a program of public works to relieve unemployment—and we all want to relieve unemployment, and start this country on the road to prosperity. This bill proposes to increase the gasoline tax from 1 cent per gallon to 1¾ cents per gallon. It proposes to raise the income tax on all incomes of $4,000 or less, from 4 to 6 percent, and on incomes up to $10,000 from 8 to 10 percent, an increase of 50 percent upon small incomes, thus placing the burden of taxation on those of small incomes, who are the backbone of business, industry, and agriculture and the mudsills of this Government, while the increase on higher incomes is insignificant.

The gasoline taxes are almost doubled. The States are now using this tax as almost the sole revenue to build and maintain public highways, which are an absolute necessity in this day of rapid transportation and communication for business purposes, and this tax levied by the States is as high as 8 cents per gallon in some States, which makes it almost prohibitive and lessens transportation. I submit that this field of taxation should be left entirely to the States, and I would repeal all Federal taxes on gasoline, if I could.

These additional taxes should not be levied upon the people at this time. No more interest-bearing, tax-exempt bonds should be issued by the Government. The present Congress has provided through the farm-mortgage bill, the home-mortgage bill, Muscle Shoals, and emergency relief measures about $5,000,000,000 in bonds and the pending bill with $3,300,000,000 bond issue, will make our total bonded indebtedness approximately $28,000,000,000, almost as great as the peak of the indebtedness at the close of the World War, including the many billions loaned to foreign governments.

No government can borrow itself out of debt or create and maintain prosperity with a $28,000,000,000 debt hanging over it and an annual interest payment of approximately $1,120,000,000. It is too great a tax upon the annual productivity of the country. No country can carry such a load and remain prosperous.

This Congress has authorized the President to expand the currency by the free coinage of silver at a ratio to be fixed by himself, or by reducing the gold content of the dollar, not exceeding 50 percent, or by the issuance of currency to an amount of $3,000,000,000. He is authorized to use any or all of these methods to expand the currency and raise the commodity prices to a proper parity with the value of the dollar.

He has not exercised any of these powers, but commodity prices and stock-market prices have advanced in anticipation of the expansion of the currency, and when this anticipation becomes a reality, you will see prices of farm and factory products and wages advance to a point where agriculture, industry, governments, and people can survive.

Now, I propose to show how this employment and public-works plan can be financed and immediately relieve the unemployment situation without issuing interest-bearing bonds.

The President should exercise the authority already conferred upon him to issue $3,000,000,000 in Treasury notes or currency, exactly like the currency issued upon Government bonds deposited in the Treasury by the banks.

This money should bear no interest, but should be good for all debts, public and private. The courts have held that the debts can be paid in currency, as there is not enough gold to pay them.

It would be good money for the transaction of all current business and the payment of wages, and issued as needed to pay for public works, as now contemplated by this bill. It should be redeemable in lawful money at the option of the Government, 1 year after date. There would probably not be more than $1,000,000,000 issued and used in any one year, and redemption might never be necessary, and it would tend to raise wages and commodity prices gradually, and they must be raised to a higher level before general prosperity can be restored.

With a gradual improvement in all business lines, normal tax collections would be restored, and if prices and wages tended to increase too rapidly the Government could begin to redeem this money and withdraw it from circulation and there would be no need for issuing more money or continu-

ing a big public-works program when business assumes normal proportions.

Understand that I would not redeem any of this money until farm prices and wages reach the average level between the years 1918 and 1928, a period when times were fairly good and people could pay debts and taxes with the products of the farm. Now, some of you call this fiat money, or printing-press money. All Government money is fiat, for without the stamp of the Government it cannot be used as a measure of value or a medium of exchange. I want to show you that this money issued in proper quantities is just as good and sound as the money issued on bonds. The silver in a dollar is worth in bullion value only about 30 cents, but it passes currently for 100 cents because it has the fiat of the Government on it.

This money would be backed by all the resources and taxing power of the Government just as the bonds are backed by the strength and resources of the Government, and there can be no difference in the value of this money and the value of the bonds, and both could be issued in such vast quantities as to impair their value, but nobody is proposing to issue money in such quantities as to impair its value or impair the credit of the Government.

It was asked some days ago in this House:

> If the Government can issue money, why could it not issue enough to pay all expenses of the Government and not tax the people?

That question was propounded by an able Member of this House, and he well knows that the Government could not issue enough currency to continue the payment of expenses of the Government for any considerable length of time without impairing the value and purchasing power of the dollar, and he knows, also, that the Government cannot continue to issue bonds in unlimited amounts without lowering the value of the bonds and impairing the credit of the Government. The Government bonds did fall below par during the war and immediately thereafter, and those of us who were not able to hold our bonds long enough to get face value were compelled to sell and take our losses.

There is a twofold reason for issuing Government currency to start these public works. First, it saves millions of dollars in interest; and, second, it puts the money immediately and directly into circulation without passing through banks with a "rake off", as is done when it is issued on Government bonds and cannot get into circulation until somebody borrows it and starts an industry of his own and pays it out for labor and the products of labor. This is a questionable and circuitous route, and we do not have time to wait for this process of evolution.

Nobody is advocating the issuance of currency in unlimited amounts and without control or redemption, and those who howl from the housetops about fiat money and printing-press money are not fooling the people but are playing into the hands of criminal corporations and financial highjackers, who have imposed burdens upon the people, robbed the Government of just taxes, destroyed confidence, brought honorable banking into disrepute, and wrecked our financial structure, and they should be scourged from the banking profession as Christ scourged the money changers and thieves from the temple.

Reverting to the regulation and control of industry, this is a double-barrel bill, containing at least two separate and distinct propositions—one controlling wages and the hours of labor in industry, including prices and the output of the products of the factories; the other a public-works program for unemployment relief, which appeals to everyone with humanitarian impulses, and which is necessary to prevent a further lengthening of the bread lines and a further continuation of public charity until business is sufficiently revived to absorb idle labor and start the country on the road to recovery. Those of us who are in sympathy with suffering humanity, and who are willing and anxious to do everything in our power that can be legally done to relieve the distress of the people, are greatly disappointed that these measures are combined in one bill to force us to swallow the unpleasant dose of surrendering the rights of the States to manage their own internal affairs and the rights of the citizens to manage their own private business without Government control or dictation in order to provide means of relieving unemployment and preventing actual suffering.

We are further disappointed that a rule has been adopted to prevent the offering of amendments to the bill unless they are offered by the committee. This prevents a Member from exercising his constitutional authority to assist in framing and passing desirable legislation. It is a dangerous policy and reverses the Democratic practice for a hundred years.

I am profoundly impressed with the present trend of events and greatly alarmed for the future at the present tendency to abandon the principles upon which our party was founded and to strike down all constitutional safeguards and launch the ship of state on an uncharted sea in a storm of passion and reckless action.

Times change and men change with them, but sound principles endure forever. We cannot at one fell stroke radically and recklessly change the whole plan and system of government which has made this the greatest and strongest Government in the world, without grave danger of destroying constitutional government and substituting in its stead a communistic government, with a sympathetic and humanitarian dictator in command, who may be substituted at any time with a Mussolini, a Hitler, or a Stalin, who might use these tremendous powers conferred by this bill in a manner not contemplated by its supporters, and to the great detriment and irreparable harm of the public.

Revolutions never go backward, and when we once abandon the principles upon which this Government was founded and guided to its present state of leader of the world, in education, finance, and civilization, there is no turning back but a constant command to go forward and grant more power to the Government to control every activity of the people; and initiative and individual effort, the pillars of the Government, will be weakened and finally destroyed and the Republic will be no more.

I invite your attention to a few paragraphs of the famous 15-minute inaugural address of the founder of the Democratic Party, Thomas Jefferson:

> Peace, commerce, and honest friendship with all nations—entangling alliances with none.
>
> The support of the State governments in all their rights as the most competent administrations for our domestic concerns and the surest bulwarks against antirepublican tendencies.
>
> A wise and frugal government which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvements, and shall not take from the mouth of labor the bread it has earned.
>
> Agriculture, manufacture, commerce, and navigation, the four pillars of our prosperity, are most thriving when left most free to individual enterprise.

These maxims are very timely, and it seems that the great, constructive statesman was endowed with the gift of prophecy and could see through the mist of time and penned these immortal lines for this particular occasion.

Mr. TRUAX. Mr. Speaker, Members of the House, my vote will be cast for this bill because it is the President's measure, because it will employ several million men, it will start the wheels of industry turning, and finally it gives no choice of an alternative—it must be this bill or none at all; hence this bill is supported with some mental reservations. It is to be preferred a thousand times over a general sales tax.

In the first place, the gag rule that has been forced upon the Members of this House for the purpose of passing this bill without the dotting of an "i" or crossing the "t" is the most obnoxious of all gag rules that have been jammed down our throats. As in similar administration legislation, the flag has been waved and the party whip cracked with the old platitude "this is the President's bill, and unless you follow the President blindly you are unpatriotic, un-American, and only a pseudo-Democrat." This in the face of the fact that President Roosevelt, in his own humbleness and with his great breadth of mind, smilingly admits that he is not right all the time, that he does not expect "to make a hit every time he goes to bat." Moreover, I am one who

declines to believe that the section of this bill authorizing additional taxation of the little fellow and allowing the ultra-rich to go practically scotfree, is any part of the President's program.

More than 300 Democrats sit on the floor of the House today. What reason is there to distrust these 300 Democrats? Particularly distrustful of the 115 new Democrats some appear to be. Why do they not trust these new Democrats? Is it because they are conservative; is it because they are reactionary? No. These cannot be the reasons, since the new Democrats were elected on a progressive, so-called "radical" platform, guaranteeing the people a new deal. These new Democrats may not have been here as long as some, but, on the other hand, their mentality is just as keen and sharp, and their hearts beat just as fully for the common people as any. Can it be that there is a fear of the liberal thoughts and liberal tendencies and the liberal desires to legislate for the good of all the people? Certainly not.

Offering my apologies for inserting personal allusions in this RECORD, I am constrained to state that 1,206,000 voters in the State of Ohio saw fit to send me here as their Representative at large. Not as a piece of driftwood did I float in on the flood tide of votes for the greatest man who ever sat in the Presidential chair, Franklin D. Roosevelt. In my humble judgment, these people voted for me because they believed in the principles which I enunciated, and they had confidence that I would fulfill the pledges made. Those pledges were:

First. Moratorium against foreclosure of real-estate mortgages.

Second. A $2,000,000,000 refinancing corporation for farmers.

Third. A $2,000,000,000 refinancing corporation for home owners.

Fourth. Enactment of the Frazier bill or some similar measure for the further refinancing of farms at 3 percent interest and amortization charges.

Fifth. Expansion of the national currency.

Sixth. Payment of the soldiers' bonus with new currency.

Seventh. No reduction in compensations or pensions for disabled war veterans.

Eighth. Remonetization of silver.

Ninth. Decentralization of wealth.

Tenth. Repeal of eighteenth amendment and modification of Volstead law.

Eleventh. Repeal of nuisance taxes.

Twelfth. Impose heavier income taxation in the higher brackets, heavier inheritance, gift, and estate taxes.

Thirteenth. Strengthen Sherman antitrust law.

Fourteenth. Bank-reform legislation.

Taking inventory at this time, I find that pledges nos. 2, 3, 5, 10, 14 have been fulfilled, thanks to the President having initated and Congress having enacted legislation covering these pledges. Unfortunately for thousands of farm and home owners, no action has been taken on no. 1, even though I have introduced three bills that provide for effectual and immediate suspension of all real-estate foreclosures in the United States because of delinquency in payment of interest, principal, or taxes.

A petition to relieve the committee of further consideration of the Frazier bill and bring it to the floor of the House for consideration initiated by Mr. LEMKE, has been signed by me.

When the independent offices appropriation bill was debated under the 5-minute rule on the floor of the House, I offered an amendment which, if adopted, would have meant payment of the soldiers' bonus within 1 year. I also signed the petition on the Speaker's desk to pay the bonus now with new currency.

I voted "no" on the so-called "Economy Act", which takes $375,000,000 away from disabled war veterans.

I am ready to support meritorious legislation for the remonetization of silver.

I shall introduce at an early date a bill to levy a capital tax upon all swollen fortunes.

The bill now under consideration, H.R. 5755, unfortunately does not repeal nuisance taxes, it reenacts them with an additional levy of three fourths of a cent on each gallon of gasoline.

To support this bill I must seemingly reverse my position on certain pledges, which are heretofore enumerated. However, I want to assure my many constituents that such a change of position does not necessarily mean that I am turning about-face on these campaign pledges. In fact, the reverse is quite the contrary. I will take them in their numerical order and find that only nos. 11, 12, and 13 are affected. Since we are voting for this bill under a gag rule which prohibits all amendments except those offered by the committee, it is an utter impossibility to repeal present nuisance taxes, as outlined in no. 11.

I would point out, however, that these taxes were not, nor are they now, a part of the Democratic platform or program. These taxes were enacted under a Republican administration. They are perhaps the least objectionable of all of this form of taxation, since in 95 percent of the cases the tax is paid to the Government by the manufacturer, processor, or producer and are not handed on to the consumer. As practical examples of this I would cite the tax on tires, rubber goods, toilet articles, jewelry, furs, automobiles, radios, electric refrigerators, sporting goods, candy, and soft drinks. Practically only one instance can be pointed out in this list where the tax is passed on directly to the consumer—automobiles. We are today purchasing all the rest of the majority of those commodities listed at lower prices than ever before in history, while the retail price of chewing gum and soft drinks remains the same as before the tax was levied.

We are correcting in this bill the atrocity that was perpetrated on consumers by the last Congress in the imposition of the iniquitous 3-percent levy on consumers' electrical energy. When we vote for this bill, we place this tax on the shoulders of those who should justly bear it—the Power Trust.

Some contend that the gasoline tax should not be made a part of the Federal Government's taxation program, that this is wholly a prerogative and function of the various States. I cannot agree with the proponents of such a course. The Federal Government is spending annually millions of dollars for the building of highways and in this very bill we are appropriating $400,000,000 for the financing of highways and kindred projects in the various States. Again, gasoline taxes in the past seem to have been absorbed almost entirely by the industry. In the State of Ohio we now pay 4 cents State tax and 1 cent a gallon Federal tax, yet the consumer is buying gasoline cheaper than at any time since the war. In my judgment, the three-fourth cent additional levy will be absorbed by the oil industry. Retail prices of gasoline will not mount and if so only very temporarily. Every owner of an automobile can see the tangible results of this tax in new and better roads, safer roads, wider roads, and in the widening and straightening out of narrow bridges, dangerous curves, and corners.

The acme of perfection in auto-vehicular transportation will not be reached, however, until the rubber-tired freight trains are taken off the public highways and either placed back on steel rails or compelled to build roadways of their own. It is not only the danger and destruction to roads that is costly, but the human danger to life and limb is far costlier. The increase provided in this bill on smaller incomes I am unalterably opposed to, particularly in view of the fact that the increase of incomes in the higher brackets is only slight, ranging from 3 percent to 5 percent. Were it within my power to legislate single-handed, I would make it so that on all incomes in excess of $100,000 per year, that 75 percent of that excess should go back to the Government which made it possible, eventually meaning a redistribution to the distressed from whence it came originally—from the toil, and sweat, and blood of the common people. In the case of the modern Captain Kidds and Sir Francis Drakes who boldly roam the high seas of international finance and

banking, capturing small bankers, ruining investors and other worthy people, and then brazenly defying the Government by not paying income taxes at all, such as is now exhibited by the degrading spectacle of J. P. Morgan & Co. in the investigation in the United States Senate. I would not permit these plutocrats to escape scotfree as is now being done. I would make a graduated capital-tax levy and a graduated gross-income tax which would catch all of the multimillionaire crowd and force them to pay their just share of the cost of government.

The many technical provisions in our present income tax laws are bad. They favor the rich at the expense of the poor. That is no reason, however, why immediate steps should not be taken to block up the holes, to stop the leaks. If this were done, there would be little need for taxation such as we are imposing in this bill. We are taking such action in this bill.

There is outstanding today as obligations of the Government $13,000,000,000 and more of tax-exempt bonds. I would place a tax upon the incomes derived from these bonds. I would recall the war bonds and retire them with an issue of new currency and save the Federal Government $700,000,000 interest charges per year to the international bankers who pay no income taxes themselves.

There is, however, one outstanding good tax feature in this bill; that is the provision that subjects dividends to the normal rates of tax, which will bring into the Federal Treasury an estimated yearly income of $83,000,000.

When we vote for this bill we are voting for a reduction of our salaries, since the provisions of this bill practically double the income tax that Members of Congress pay. This should dispel effectively the propaganda disseminated by the plutocratic press that Members of Congress invariably vote against reductions in their own salaries. Personally, I am willing to make the sacrifice in the hope and belief that it will give jobs to thousands and thousands of our people who are now depending upon charity for the support of themselves and their families.

Another good feature of this bill is the statement of the President that when, and if, the eighteenth amendment is repealed, thereby providing sources of revenue running into many millions, forthwith these taxes which we are now enacting will also be repealed. The legalization of beer is a success, people are now buying beer legitimately and openly and for it the Federal Government is deriving needed revenue that formerly found its way into the slimy coffers of the highjackers, bootleggers, and rumrunners.

Now we come to no. 13. Upon first thought this bill seems to cast aside the Sherman antitrust law. I would point out to you, gentlemen, however, that this law has been practically nullified for the past 12 years. Never in the history of this or any other country have the trusts become so arrogant, have mergers been so prevalent, and monopoly so firmly entrenched as during the past 12 years. As evidence, I present the chain systems. Chain grocery stores, chain drug stores, chain hardware stores, chain clothing stores, chain dry-goods stores, chain gasoline and oil stations, and many others too numerous to mention. These hydraheaded monsters of monopoly pounce upon village, town, and city and rent the choice business locations. Independent merchants cannot compete with the chains because they do a credit business and have not the volume of buying or selling power. The chain outfits, however, located in New York and Chicago do a cash-and-carry business. Their volume of business is huge, they take all of the available cash out of each community once a week and deposit it in the vaults of Wall Street to further concentrate and centralize the swollen fortunes of the idle rich.

Monopolistic control and domination cannot get much worse than it is today. You cannot throw a man out of bed when he is already lying on the floor. So after a careful study and analysis of this section of the bill, my firm belief is that this measure in the hands of that great world's leader, a man of, by, and for all the people, Franklin D. Roosevelt, will be materially strengthened. Moreover, I think I can see an opportunity for the Government which now is a Government of the people, by, and for the people, to eventually own or control the big monopolies that today are festering sores in the tribute they levy upon the people. I refer to the railroads, the power trusts, the gasoline trusts, and other public-utility corporations. They, like vampire bats, suck the very lifeblood from the people's veins.

The American Federation of Labor supports this bill and many other labor organizations support it. The majority of clear-thinking people back home support it. I can see no good reason why I should not support it. This bill perhaps is the most important piece of legislation of the President's rehabilitation program. Upon him depends the success of this and all similar measures. The people believe in the President. He has not only won their admiration and their hearts, but their confidence as well. In him they trust, to them he appears as a Moses who will lead the country from darkness to light. This is his bill. I support it in the conviction that he will administer it honestly, fairly, and equitable.

Before concluding, a word about the man who I understand is to be appointed administrator of this far-reaching bill at this time is not amiss. I have known the gentleman, Gen. Hugh S. Johnson, since 1923. I met him at the national wheat convention held in Chicago in 1923. At that time the farmers of the Northwest were asking the President and Congress to fix the price of wheat at $1.75 per bushel. It was then that the agricultural debacle began. Gen. Hugh Johnson, with his bosom friend, the Honorable G. N. Peek, who is now administrator of the farm relief bill, were there fighting for the cause of the farmer.

These two gentlemen began their fight in 1921, and now their pioneer effort and trail-blazing have been successful after a 14-year-old fight and struggle. General Johnson, as so many of our illustrious men, is a product of the soil, having been born in Illinois and later moving with his parents to Oklahoma. He was the first cadet to be sent to West Point from that State. Upon graduation he was assigned to the Cavalry Service, and saw service on the border with General Pershing. When that great catastrophe and earthquake occurred in San Francisco, General Johnson was the gentleman assigned to take care of the relief and reconstruction work. He was a hero in the World War, and having been made a brigadier general at 42, later was assigned to the War Industrial Board as the representative from the Army.

On that Board he sat with his bosom friend and coworker, Hon. George N. Peek, who was in charge of the finished industrial products with the exception of war ammunitions. He has a brilliant intellect with remarkable executive ability and has always been known among his associates as an unusually efficient executive. Although an industrialist in 1921 engaged with Mr. Peek in manufacturing farming implements, General Johnson was one of the first in this country to see that the agricultural pauperism which started in that year was a cancerous growth in the Nation's economic progress, and that eventually that cancer would pull the whole Nation down with it.

Mr. WHITE. Mr. Speaker, we are here today enacting a measure that is just another expedient to bolster the deficiency caused by the failure of this Government to perform one of its functions to give this country a sound workable money system adequate to the needs of business and to insure the free play of the law of supply and demand by protecting new enterprise, new business organizations, and small competitors engaged in the service of supplying the needs of our people at competitive prices.

By the new and novel plan to be put in operation by this measure, this Government disregarding economic law is to sanction the price-fixing methods of the several groups of men and business organizations that have more responsibility than any other factor for the pitiful condition that the people of this country find themselves in today.

Mr. Speaker, the progress and development made in this country up to now can be traced and credited to the adherence to the policy of fair dealing, to the policy of permitting

the free play of the law of supply and demand, safeguarded by regulations that insured fair competition and prohibited unfair trade practices designed to restrict trade.

Mr. Speaker, is there a man in this House who will say that our Government has been diligent in preventing price fixing and restraint of trade by unfair competition and unfair trade practices during preceding administrations? Why, Mr. Speaker, we are in a period when the stifling of new enterprise by the ruination and the destruction of small competitors has set at defiance economic laws that govern supply and demand.

The administrators of the Government have stood idly by and permitted the resources of the producers of this country to be drained to the point of exhaustion by the organized profiteering manufacturing interests of this country, and as a result the great majority of our people engaged in the basic industries, such as agriculture, lumbering, and mining, are in a state of financial ruin. These industries, the source of the natural wealth of this country, the foundation of our business structure, and the source of all material prosperity, unable longer to carry the load laid upon it by these profiteering monopolies, lie prostrate; and the monopolies themselves are involved in the ruin they have brought about.

My friends, to illustrate what has transpired in this country let me outline the conditions that have obtained in the business world in recent years. Gradually the prices of the controlled manufactured articles, necessities used in our basic industries, agriculture, lumbering, and mining and kindred producing industries have been raised and fixed at profiteering levels maintained by the ruthless destruction of competitors by any and every artifice that could be devised to crush and drive out of business new or small competitors, in many cases organizations comprised of enterprising young men who invested their money and gave their time and talent to supply the needs of these industries at a fair profit.

My friends, in passing across this country the abandoned small factory or plant, relics of these ruined business organizations, can be found in most every community, mute witnesses to the rapacious methods of monopolistic profiteering business organizations of this country. We are told that this policy of rule or ruin is the result of the operation of the old law of the survival of the fittest. Mr. Speaker, let me ask the Members of this House, Has their Government permitted the "survival of the fittest"?

What has been the result of permitting the draining of the financial resources of the millions engaged in our basic industries? What has been the result of piling up huge money surpluses by these profiteering business organizations?

My friends, the record of these operations and machinations comprises the blackets pages in our Nation's business history. Many of these profiteering organizations, with annual incomes almost as great as their total capitalization wrung from the producers of this country in order to palliate their injustices, were forced to the expediency of stock split-ups to spread the disbursement of their swollen profits resulting in stock market quotations which enticed the public into a frenzy of speculation and drove security prices to abnormal and unsafe levels. The banking interests of this country, realizing the danger menacing our business and financial structure, sought to check the speculative frenzy by the shifting of the supply of money being loaned to speculators by raising the discount rates. But the closing of this source of money supply proved ineffectual, and money continued to flow into the speculative market to the consternation of bankers and financiers, and the wild orgy of speculation continued out of bounds and out of reason.

Mystified financial writers called it "bootleg money", but at last the phenomenon was solved. It was money flowing from the huge surpluses of profiteering industrial organizations; money wrung from the producers of the country; money that should have remained in the hands of the people that produce the wealth of this country; money that would have been a bulwark of safety in times of business stagnation and credit contraction, now in the hands that despoiled the producer and wrecked the banking and business structure of this country.

My friends, we are on unsafe ground. We have been led into an unsafe banking and business system in this country. Other leaders have sounded a call to retreat, but let me warn you that safety does not lie in the direction we are attempting to follow in enacting this law. There is no safety in following a course that opposes the operation of economic law. We must strike from business the shackles forged by the ruinous monopolies. We cannot follow them into this maze of price control; to do so will bring disaster to our business, to our country, and to our people.

My friends, this speech is not a speech, but merely the printed extension of remarks made necessary by the denial of the right to address the House through a rule denying a representative of some hundred thousand people of the great State of Idaho the right to be heard on one of the most vital pieces of legislation that Congress has had under consideration.

Mr. Speaker, let me assure the men in control of the organization of this House that the people of this Nation are aroused and vigilant; that the issue of taxation without representation was settled on July 4, 1776, and our people declared anew their adherence to this principle of government on November 8, 1932.

Mr. GRIFFIN. Mr. Speaker, the provisions of this bill which pertain to the problems of industrial recovery are ingenious and I believe in every way admirable and workable. The creation of a Federal emergency administration of public works inaugurates a program which I should like to see elaborated and perfected into a permanent agency of our Government under a Cabinet officer to be known as "the Secretary of Public Works."

THE TAXATION FEATURE BAD

The part of the bill which presents the greatest difficulty is the program for raising the money. The bias brought about by long years of tinkering with our taxation laws or by ignorance of its fundamental principles seems to be insuperable, unconquerable, and unchangeable.

Notwithstanding our experience, as the result of raising the tax rates in the Revenue Act of 1932, we are asked to continue the nuisance taxes and the exorbitant tax rates which have so completely failed in raising the revenue anticipated.

FAILURE OF 1932 TAX INCREASES

Please consider these figures, which even those who run may read:

Income-tax receipts before and after

Receipts of fiscal year up to May 22, 1932	$889,494,988
Receipts of fiscal year up to May 22, 1933	595,805,396
Shortage	293,689,592

Representing the failure of the act of 1932 to bring results.

With this example before us, we are asked to deliberately embark on a program planned to further increase the burdens on the income-tax payers, utterly oblivious, apparently, of the inevitable and invariable law of "diminishing returns."

NEW RATES ON SMALLER INCOMES ABSURD

Increasing the income tax 50 percent on incomes under $4,000 per annum from 4 percent to 6 percent is absurd. The Treasury returns show that such incomes in 1930 yielded only $6,962,164, as against $465,445,657 from incomes over $4,000 per annum. But inequitable as it is, the increase will prove futile; for under the deductions and exemptions, which still remain in the law, few will pay any tax whatever and there can be no possible material increase in the yield.

THE NUISANCE TAXES CONTINUED

The increase of three fourths of a cent on gasoline is equally unwarranted. Added to the present tax of 1 cent a gallon, it is tantamount to a sales tax of 1¾ cents, which, estimating the sales price at 10 cents a gallon, is tantamount to a sales tax of 17½ percent plumped right on the backs of the consumers.

Three-cent postage means an increase of 50 percent. The taxes on telegrams and amusements are equivalent to a 10-percent tax on customers, yet the committee balked at a sales tax! What else are all these nuisance taxes if not sales taxes?

OUR TAX SYSTEM INVITES EVASIONS

While instituting these ruinous rates not a move has been made to simplify the income tax law and wipe out the complicated brackets and deductions which have made our entire income-tax system an ignominious failure.

Our income-tax system seems to me to have been deliberately planned to invite evasions and enable wealthy corporations and individuals to escape their just share of the tax burdens of their country.

There is much agitation at this moment over the revelations before the Senate committee which disclose the utterly unexpected denouement that one of the wealthiest men in the world paid not a single cent of income tax for the years 1931 and 1932.

Well, we can spare ourselves the torture of worrying about it when we recognize the fact that "it was all according to law" and that we ourselves are responsible for the foolish and iniquitous provisions which permit such outrageous evasions. We must remember, too, that the gentleman we all have in mind was not alone in the role of a "tax-free favorite" of a stupid law.

1,429,877 TAX-FREE INDIVIDUALS

Yes, there were 1,429,877 individuals whose returns in 1931 showed no net income and thus escaped taxation. Yet their gross income was disclosed by their filed statements to have amounted to $21,665,505,860. Think of it! Is this not a stupendous amount to be thus permitted to escape taxation? Yet, that is nothing to the evasions permitted to corporations.

231,287 TAX-FREE CORPORATIONS

Please look at these figures given me by Commissioner David Burnet in a letter dated May 25, 1932.

TABLE A.—*Corporation income-tax returns for 1930 filed to Aug. 31, 1931*

	Total	Corporations reporting net income	Corporations reporting no net income
Number of returns	445,699	214,412	231,287
Gross sales	$102,300,000,000	$66,500,000,000	$35,800,000,000
Miscellaneous income	17,950,000,000	12,650,000,000	5,300,000,000
Aggregate of gross sales and miscellaneous income	120,250,000,000	79,150,000,000	41,100,000,000
Cost of goods sold	78,200,000,000	48,900,000,000	29,300,000,000
Miscellaneous deductions	40,623,000,000	24,623,000,000	16,000,000,000
Aggregate of cost of goods sold and miscellaneous deductions	118,823,000,000	73,523,000,000	45,300,000,000
Net income	5,627,000,000	5,627,000,000	
Deficit	4,200,000,000		4,200,000,000
Income tax	618,000,000	618,000,000	

NOTE.—Less than half of corporations filing returns showed net incomes and paid taxes. Also, that 231,287 corporations reporting no net incomes showed gross incomes aggregating $41,100,000. Cost of goods sold and "miscellaneous deductions" are the loopholes through which corporations as well as individuals escape taxation.

THE DUTY OF CONGRESS

It is incumbent upon Congress to devise some method by which the loopholes for these evasions shall be effectually and permanently closed. Yet, strange to say, Congress has given no thought to the matter up to the present moment. Instead of experimenting with futile higher tax rates and imposing nuisance taxes on the consumer, the first thing that ought to be done is to wipe out from our income tax laws the complicated brackets and absurd deduction allowances.

DEDUCTIONS FOR LOSSES IN STOCK SPECULATION

One of the most unwarranted of these deductions is that for losses in stock speculation, because, first of all, it is against public policy and encourages gambling—a vice which, when it reaches food and the necessaries of life, actually becomes a crime.

REMEDIES SUGGESTED

To get at the evasions by which tax returns are made showing no net incomes, various plans are in process of trial.

TAX ON GROSS INCOMES

Mississippi has put into operation a tax of 2 percent on gross incomes. It includes the incomes of professional men—lawyers, doctors, dentists, and so forth, and every trade or calling. No one escapes. All are called upon to bear their share without exception or qualification, starting with incomes of $1,500, if married, and $750 if single. The law was an instantaneous success. In the short time it has been in operation it has wiped out the State's deficit. I ask my colleagues to consult with the Representatives in Congress from Mississippi as to the success of this innovation. Collier's Magazine for November 19, 1932, gives a very interesting account of this mode of taxation, written by Walter Davenport.

OTHER STATES FOLLOWING

On May 1 of this year the "gross income tax law" passed by the Indiana State Legislature goes into effect. The only exemption is that the first $1,000 of income is not taxed.

THE NEW YORK METHOD

In New York the attack on fraudulent evasions is made in another way. By chapter 228 of the laws of 1933 the State legislature has abolished all of the deductions which in the past have opened the doors to fraud and misrepresentation in tax returns and has imposed in addition a flat emergency tax of 1 percent upon the net incomes of all who are required to file returns.

CONGRESS MUST ADOPT EITHER ONE OR THE OTHER METHOD

Congress must adopt either one or the other method. Personally I believe that the tax on gross incomes is the fairest, and I believe the plan I proposed in my resolution in 1932 (H.J.Res. 381) and on which I addressed the House on May 7 of last year, ought to be given serious consideration. I reintroduced it in amended form on May 19, 1933:

[House Joint Resolution 186, Seventy-third Congress, first session]

IN THE HOUSE OF REPRESENTATIVES,
May 19, 1933.

Mr. GRIFFIN introduced the following resolution; which was referred to the Committee on Ways and Means and ordered to be printed.

Joint resolution to raise additional revenue by reinstating the income-tax rates for individuals and corporations in force prior to the enactment of the Revenue Act of 1932, and, in place of the increases provided by said Revenue Act of 1932, to provide a special income tax of 1 cent on each dollar of gross income for the calendar years of 1933, 1934, and 1935

Resolved, etc., That the income-tax rates for individuals and corporations in force prior to the enactment of the Revenue Act of 1932 (Public 154, 72d Cong.), approved June 6, 1932, namely, the rates as prescribed in Public Resolution No. 23, Seventy-first Congress, which was approved December 16, 1929, are hereby reinstated and restored and shall take effect as of January 1, 1933.

SEC. 2. That there shall be levied, collected, and paid by individuals and corporations, irrespective of and in addition to, the income tax they are subject to under the existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income for the calendar years of 1933, 1934, and 1935.

SEC. 3. In computing the income tax on the income-tax return required, the taxpayer shall be permitted to include the gross income tax in the deductions allowed by law.

SEC. 4. This joint resolution shall take effect as of January 1, 1933.

The bill in its final form, it may be remarked, is changed to meet certain objections. As first introduced on May 7, 1932, it simply consisted of the first paragraph providing for the cent-a-dollar tax. This was before the passage of the Revenue Act of 1932, which so foolishly raised the income-tax rates—an increase which, as I have said, has increased the Nation's deficit by $293,000,000 in the 11 months of its operation. I had hoped it might have obviated the unnecessary raise in rates.

Section 2 of the bill, therefore, provides for a return to the income-tax rates of 1929, and section 3 meets the objections touching the charge of double taxation. I, therefore, provide that the gross income tax paid by the taxpayer may be included in the deductions allowed by law.

MY ARGUMENT FOR THE GROSS INCOME TAX (SPEECH OF MAY 7, 1932)

The basic idea of my plan is to put a 1-cent-per-dollar tax on the overhead, irrespective of the existing income tax law. Let them work out their manipulations in avoidance of taxation in their income-tax returns and take advantage of the exemptions and deductions allowed by the existing law, so long as we retain its stupidities, on the statute books.

But tell them, "On your gross income you will hereafter pay 1-cent-per-dollar tax on your receipts, in addition to

the usual income tax." By that I mean the income taxes put into effect on January 1, 1929.

THIS IS PRACTICALLY A SALES TAX

In effect, it is manifest that this proposal is tantamount to a sales tax of 1 cent on the dollar; but it is one that is fundamentally just because it exempts no one whatever. It is a true sales tax, because it is computed at the source on the receipts from what is sold, and not on what is bought or consumed. To tax what the consumer has to buy is a consumption tax. It is a nuisance tax and a fraud on the consumer. It is a despicable fraud, because it taxes those whose necessities are greatest. It is unscientific because the tax is imposed not only on the original cost, but upon all intermediate profits—from the original down to the very last transaction. It taxes not only the employed, who have good wages with which to buy, but also those who are living from hand to mouth, thus making their poverty more difficult to bear.

A tax imposed on the product or thing is slapped squarely on the consumer. While if a very small tax is drawn out at the fountainheads, it etherealizes to nothing by the time it reaches the backs of the consumers.

BUT NOT A MANUFACTURERS' SALES TAX

While I say that the gross income tax here proposed is a sales tax in effect, it is not a manufacturers' sales tax, to which I am bitterly opposed. The objection to the manufacturers' sales tax is that it is aimed at a particular group. It is usually filled with exceptions. The moment the operation of a tax measure is directed against a specific group or groups it becomes unfair and ineffectual. It lessens the spread of taxation and thus increases the burden on those who are obliged to come under it.

OBJECTIONS MET

The gross income tax plan has encountered some objections:

First. From corporations. Their objections I answered in this way:

It is suggested that it is wrong to impose a tax on corporations, which "report" no net income under the income tax law. That, however, is not where the wrong is done. The real wrong is done to the taxpayers of the country in the loose provisions of the law which allow gross earnings to be frittered away by padded pay rolls, bonuses, exemptions, imaginary deterioration of plant, and technical losses, which enable them to escape taxation. It is, of course, true that these exemptions are intended to mitigate the drastic provisions of the income tax as applied to corporations. But it would be better to lessen the unreasonable exactions on corporate bodies than to continue rates which tempt them to exaggerate the exemptions to which they are reasonably entitled.

The fact is that the showing of no net income is a mere matter of bookkeeping. A corporation doing business, year in and year out, without showing an actual net profit is unthinkable. A corporation doing business without profit must necessarily eat into its capital and is, to that extent, perpetrating a fraud on its stockholders. The sooner such corporations wind up their affairs and go out of business the better it will be for themselves, their stockholders, their competitors, and the general public. They are a potential fraud on investors so long as they are encouraged to exist.

OBJECTION OF SMALL RETAILERS

It is represented that the margin of profit to small retailers is so small that it would be unfair to impose this tax on their gross incomes. In the first place, they would be entitled to the minimum deduction of $1,500 per annum at which the tax begins, because the bill does not propose to levy the tax on those whose income does not require them to make a return.

In the second place, this tax is universal and affects equally all who are obliged to make returns. Therefore, as it applies to all equally in every calling and in every line of business, it puts them all on the same basis in competition and gives no advantages to any.

HOW THE GROSS-INCOME TAX WORKS

Corporations: A corporation selling $1,000,000 worth of goods would pay a $10,000 tax. If the article they manufactured and sold was, for instance, frying pans, and they manufactured and sold 4,000,000 of them at 25 cents each, the tax on each frying pan would figure out about one fourth of 1 cent—too small to be shifted, pyramided, or otherwise burdensome to the consumer.

Individuals: With respect to individuals the Internal Revenue Bureau reveals that under the present law few, if any, married men drawing less than $4,000 a year pay any income tax whatever. First, they are allowed $3,500 exemption, and then $400 for each child. Under my bill a married man drawing $4,000 would pay $40 and would have the satisfaction of knowing that he was contributing something for the relief of his country in its present emergency. This, it seems to me, is a good deal better than standing a cut of several hundred dollars in his salary as the present indications point out is likely to happen.

THE TRUE BASIS OF TAXATION

The complicated methods of modern taxation are due to greed and selfishness of certain groups to evade and avoid their share of the Nation's burdens.

The direct tax is the simplest and most desirable. What the consumer pays goes direct into the Government Treasury, less the trifling cost of collection.

With indirect taxation the tendency is to pyramiding the cost, thus exacting more from the consumer than goes to the Government.

The way to meet our failures in taxation methods is not to increase the complexity of the structure by elaborate exceptions, purporting to be for the benefit of the under dog, but to recognize no class whatever, treating all equally.

OBJECTIONS TO PUNITIVE TAXES

Until some way is found to root out greed from the human heart, men will strive to accumulate wealth. The more you try to take away from them by taxation, the greater will be their effort to recoup such losses by gouging the consumers. Excessive taxation thus becomes a boomerang and hurts those it is intended to help.

There is no excuse for taxation except to run the Government. It is not the proper function of government to use taxation as an instrument to reform human nature.

EQUALITY IN TAXATION

The fundamental principle to be scrupulously followed is to avoid invidious class distinctions. No self-respecting American gives any thanks to legislators who try to curry favor with the masses by putting them in an exempt or special class. I believe every decent citizen would rather pay his tithe or ratio of the Government expense by a direct tax than to be robbed by the thousand and one methods of indirect taxation devised by unscrupulous demagogues.

EVERYONE SHOULD CHIP IN

From the figures furnished me by the Bureau of the Census on March 13 of this year, I find that there are in the United States 18,882,794 persons of all ages gainfully employed, and that their average annual earnings are "slightly less" than $1,518.

The following is the break-down:

Distribution, by class, number, and compensation, of those gainfully employed persons whose compensation was reported to the Bureau of the Census

[All figures in this table refer to the calendar year 1929 except those for electrical industries, which relate to 1927]

Class	Number	Compensation
Total	18,882,794	$28,657,490,000
Manufactures:		
Salaried officers and employees	1,567,138	4,195,501,000
Wage earners (average for the year)	8,838,743	11,620,973,000
Mines and quarries:		
Salaries officers and employees	52,633	137,639,000
Wage earners (average for the year)	806,418	1,091,990,000
Distribution:		
Retail (full-time employees only)	3,833,581	5,189,670,000
Wholesale	1,605,042	3,010,130,000
Construction:		
Salaried officers and employees	102,836	302,067,000
Wage earners	828,772	1,467,542,000
Hotels, total employees	291,259	257,034,000
Electrical industries, total employees [1]	956,372	1,384,944,000

[1] Central electric light and power stations, electric railways, telephones, and telegraphs.

Out of these 18,882,794 persons gainfully employed only 1,429,675 made income-tax returns in 1930. Less than a million made returns in 1932.

If all of these 18,882,794 persons who are gainfully employed at the present moment paid a tax of 1 cent a dollar, we would derive an income of at least $800,000,000, based on the relative returns of previous years.

A FIELD UNTOUCHED

According to the census of 1930 there were 36,994,695 persons, 25 years and over, gainfully employed. Yet in that year only 3,376,552 persons made income-tax returns, and of that number only 1,946,675 paid any tax whatever. Of course, the other 35,000,000 paid their share of taxation; but they paid it indirectly by having the tax burdens of others shifted over upon their backs, and, no doubt, in larger proportion than they should properly bear. By a proper system of taxation they would and should be relieved of the whole batch of nuisance taxes and the indirect taxes which are shifted over upon them. The gross income tax will do this. It will abolish all the nuisance and indirect taxes and let each individual bear his just pro rata of the Nation's burdens.

GENERAL SUMMARY

1. A tax on gross incomes is, as nearly as possible, painless taxation. It spreads the base and lightens the load for all.

2. It will make over 400,000 corporations pay taxes instead of 200,000. It will make millions of individuals contribute instead of only 1,900,000.

3. It will put the burden on those who have instead of upon those who have not.

4. It will impose the tax at the source so gently and equitably that it cannot be shifted, evaded, or pyramided.

5. It spreads a light tax equitably among many, making all citizens tax conscious.

6. It avoids evasions and puts an end to "No net-income returns."

Mr. EICHER. Mr. Speaker, although limitation of time for debate has made it impossible for me to express my views on the floor, I feel it to be due my colleagues and my constituents that my reasons for supporting this epoch-making legislation be outlined in the RECORD.

My vote was cast for the rule because of the practical impossibility otherwise to secure the enactment, without fatal emasculation, of the admirably conceived industrial-recovery plan of the President. For the same reason it will be cast for the bill on final passage regardless of the particular taxation rider it may contain to defray the cost of the program. I would prefer no bond issue, for I am opposed to further use of tax-exempt securities in Government financing. The already authorized currency, with its 4-percent annual retirement provision, could be used without danger to the Government's credit and would avoid the deflationary effect of a burdensome tax which will largely offset the benefits expected from the public-works expenditures.

But I shall not quarrel with the administration over the method of financing to the extent of opposing the essential stimulus for the reemployment of labor contained in the bill.

As to the sources of revenue that must be tapped under the President's plan, I also have my preferences; but I shall not carry these preferences to the extent of utter and irreconcilable opposition. I do not like business-throttling increased income taxes, nor gasoline taxes, nor the continuance of the existing nuisance taxes; and I do not like general sales taxes, even with food, clothing, and medicines exempted.

I introduced several weeks ago and called to the attention of the Ways and Means Committee members a bill to levy a tax on stock-exchange sales, and I am convinced that a levy of one half of 1 percent on the money value of such sales would provide sufficient revenue to finance the entire public-works project. With the business revival that will follow on the heels of the increased employment of labor, it could be painlessly collected, and at the same time it would operate as a most necessary curb upon the excessive speculation that may otherwise bring us again to the brink of an economic abyss. But whatever taxes the Congress may finally determine upon, regrettable as the necessity for their imposition may be, I indulge the hope and the confidence that that will be of short duration, because the imminent repeal of the eighteenth amendment will at once transfer the needed millions from the dirty coffers of the bootlegger and will remove this burden and other tremendous burdens from the bowed back of legitimate business.

The bugaboo of unconstitutionality, so legalistically and rhetorically held up before the committee on yesterday by the learned gentleman from Pennsylvania [Mr. BECK], should not alarm. From the time of John Marshall no doubt has remained that our Constitution was operative as an expansible mantle of protection for popular government, and not as a strait-jacket. Rugged individualism has been swallowed up in the maw of mass productionism that has been encouraged by the policies of the last decade, resulting in socially destructive monopolistic development in spite of restrictive statutes. A certain measure of social control must be resorted to, else no hope remains for the existing system. It is exactly for the purpose of restoring the lost individualism of both employer and employee in industry, and to make conditions of fair, open, and honest competition again possible, that the paternalistic admonitions to be administered to industry under this bill are so vitally necessary at this time. When the drooping economic structure again holds up its head, there need be no public fear that a representative Congress will permit undue governmental control to continue.

Mr. GRAY. Mr. Speaker, this panic was caused by a fall of values, the price level and the wage scale, brought about by the secret contraction of money and credits and resulting in a failure of earnings and income, destroying the buying and consuming power of the great masses of the people. A restoration of prosperity requires that the buying and consuming power of the great masses of consumers be first restored to them. And this can only be done by raising commodity values and the wage scale back to a higher level to be permanently stabilized there.

While this bill providing for an appropriation of over $3,000,000,000 will restore employment temporarily at a lower wage level and to certain laboring classes, it will not restore the buying and consuming power of the great masses of the people nor restore the same to the limited class permanently. Unless the relative value of money and commodity prices is changed, and which change can only be brought about by restoring the volume and supply of money in circulation, the prosperity stimulated will be temporary and will fall back as soon as the money provided is exhausted and the money expended will find its way back to certain banks to be hoarded.

It is true that this expenditure for highways and new buildings will not be wasted and will bring a partial recovery of consuming power to a part of the people temporarily and for a time.

And this appropriation of money could be justified if it were not for the increase of the already heavy tax burden upon the people. If this partial and temporary expedient must be resorted to, the present tax burden could be avoided and the same or better results accomplished otherwise. I voted consistently against the special rule brought out for the consideration of this bill to prevent all amendments in order to gain an opportunity to offer an amendment whereby the amount required could be raised by issuing non-interest-bearing currency notes to that amount. This would have avoided the heavy tax burden and the millions of interest which must be paid on the bonds to be issued.

As the rule has prevailed, and as I am not a member of this committee, I am now barred here from offering as an amendment the bill I have filed in the House today, H.R. 5800, as follows:

[H.R. 5800, Seventy-third Congress, first session]

A bill to restore and stabilize commodity values and the price level

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to issue United States notes in such amounts and at such times as may be necessary to accomplish the purposes of this act. Such notes shall be issued pursuant to existing law, except that the limitation contained in section 6 of the act of June 20, 1874, on the amount of United States notes which may be outstanding shall not apply, and all the provisions of existing law shall apply to such notes when issued.

SEC. 2. United States notes issued under this act shall be used to—

(1) Take up and retire maturing bonds and similar obligations of the United States;

(2) Pay the current expenses and obligations of the Federal Government; and

(3) Carry out the program of public works authorized under the Emergency Relief and Construction Act of 1932, and all public works authorized and which may hereafter be authorized as a measure or measures of relief.

SEC. 3. After the date of the enactment of this act, and until the index number of wholesale all-commodity prices as shown by the Bureau of Labor Statistics of the Department of Labor is equal to index number of the wholesale all-commodity prices for the calendar year 1926 as so shown, no bonds or similar obligations of the United States shall be issued. Thereafter, the Secretary of the Treasury shall, in such manner and at such times as will in his judgment best maintain and stabilize the wholesale price of commodities at the 1926 price level, issue bonds and similar obligations of the United States and retire and cancel or issue United States notes under this act.

SEC. 4. The Secretary of the Treasury is authorized and directed to make such rules and regulations as may be necessary to carry out the purposes of this act.

There has been no reason offered here showing why United States non-interest-bearing currency notes should not finance this program of works and construction. This currency has now been declared good and sound by both Houses of Congress and by the President, and the power to issue the same has been conferred upon the President. It would save the present tax burden and the people over $150,000,000 annually. It is opposed and prevented here by the money lenders, who demand this pound of flesh interest before the bill can be made a law. And they have educated the people using the words "fiat money" and "inflation" to make them believe in and demand interest-bearing bonds instead of non-interest-bearing currency. And this educated demand of the people is here reflected back upon their representatives to hold them in line and keep interest-bearing bonds in the bill.

There is a special reason why this amendment should have been offered and adopted to this bill at this time. We are suffering today not only from a failure and destruction of the buying and consuming power, but from a failure and destruction of the tax-paying power of the people, a failure of the ability of the people to pay taxes, high taxes, low taxes, or any taxes.

Following the close of the great World War, certain international financiers and bankers, to increase the value of their war-debt claims and bonds, organized a criminal conspiracy under a secret gentlemen's agreement. To carry out and complete this organized movement, a secret bankers' meeting was held May 18, 1920, in Washington, D.C., behind closed doors and curtains, and in the very shadows of this Capitol; and, in the name and style of "the orderly deflation committee of the American Bankers' Association", a secret resolution was passed calling upon the Federal Reserve Board to contract the volume and supply of money.

Following this secret bankers' meeting, the Federal Reserve banks, under order of the Federal Reserve Board, contracted and withdrew from circulation more than one half of the money and credits of the country. Following and under the laws of money, as money was contracted and withdrawn from circulation, the value of all money, money contracts, and the war-debt claims and bonds, held by these manipulating financiers and bankers, were doubled, tripled, and multiplied in value; and under the same economic and monetary laws, values, the price level, and the wage scale were forced down to ruinously low levels, which destroyed not only the buying and consuming power of the people but their taxpaying power as well.

Under this fall of values, the price level, and the wage scale, the people have been deprived of their means, earning and income, of their all with which to pay taxes. Their taxpaying power has been destroyed, has been withdrawn and taken from them. Under this failure of earnings and income, this destruction of the taxpaying power, the people cannot both pay taxes and live, and every impulse of nature and life, calls men to live before the payment of taxes. Their only means with which to live is their property, substance, and homes, and without which men are cast adrift upon the sea of uncertainty, facing want, suffering, and distress, not only themselves alone but those who by nature are dependent upon them for food, clothing, and shelter.

Under the natural impulse of men to live, the law of peace, order, and property must give way to the higher laws of life; and will give way to the higher laws of life when men are forced to choose between the law of peace, order, and government and the higher law of the right to live.

While the people are suffering today from a failure of the taxpaying power and the inability to pay taxes, even low taxes, we are taxing the people to loan money and finance the great banks of the country, solvent and insolvent. We are taxing the people to loan money and finance the railroads of the country without earnings or dividends with which to pay either interest or principle. We are taxing the people to loan money and finance the insurance companies of the country, some of which are paying their high officers more than $200,000 each as salaries. We are taxing the people to loan and finance the farm lenders and mortgagees to the amount of $3,000,000,000, under the name of farm relief, but for the benefit of the lenders.

We are taxing the people to make loans in millions to the several States of the Union to pay out as a dole or for works to furnish employment. And we are now proposing to tax the people to finance a $3,000,000,000 program for buildings we do not need and which we may never need, and many of which we should not build now, even if they were needed. We are still plunging headlong in a mad orgy of spending toward the shoals and breakers of national insolvency and bankruptcy and to pile still higher the burdens of crushing taxes as a choice of prosperity measures and over measures which call for no taxes and no interest charge to the people.

The tax charge upon the people has grown until today it is over $14,000,000,000 annually, or an average per-capita charge of $116. The total debt charge upon the people is $203,000,000,000, or an average debt charge of $4,300, with an annual interest charge of $115. The total tax and interest is over $22,000,000,000. The average per-capita tax and interest charge is over $200. This every man, woman, and child must pay before they can provide themselves with the necessaries and comforts to live.

This staggering tax and interest charge is paid by the great, common, laboring consuming classes. Sometimes the people, staggering under the burdens of taxation, in righteous wrath and indignation, demand a tax law requiring an equal tax payment from money, capital, and wealth, and enact their demand into law. Then if the statute runs the galling gauntlet of the shrewd and crafty and the ablest constitutional lawyers which money and high salaries can buy, and the tax is assessed and levied, the certain special few men upon whom the tax will fall, in control of industry and production, and the power to fix the price and control the supply and distribution of the necessaries, with the power of a king and the flourish of a despot they shift the tax back upon the people and levy and assess the same upon the necessaries and comforts to be collected from the helpless individual man, and they make the people pay their taxes.

I quote here from the Honorable Calvin Coolidge, late President of the United States, speaking upon another phase of taxation, but incidently observing as follows:

Taxing the rich to help the poor; the poor not helped but hurt. Taxes have to be collected by the rich before they are paid. They

are collected from all the people. A higher tax means real wages are lower, the cost of living is higher, the chance to work is less, every home is burdened, the value is decreased, the quality of the food, clothing, and shelter of the children is reduced.

This statement of the great ex-President is true and strongly and explicitly stated. I only disagree with him in one particular—as to the remedy. Instead of exempting the rich because the rich shift the tax back upon the poor, instead of giving up the right to tax the rich and leave the poor to bear the burdens of unequal taxation, I would find some way, I would devise some means and method to tax the rich as well as the poor by taking control of industry away from the rich to protect the poor and make the rich pay their own taxes.

The economic or industrial power, the power to control business and industry, the power to control the supply and distribution of the vital necessaries of life, is a greater power than the taxing power, a greater or a rival power than of the power of the Government itself. While the power to control the price level, control supply and distribution of the vital necessaries of life remain in the control of any certain few men, there is no way provided under the taxing power to enforce an equalization of the burdens of taxation. There is no way to force the levy and collection of equal taxes from corporate wealth, from the certain special few.

But the labor and the consuming masses must not only pay the tax charge but must pay the interest charge upon the staggering, increasing total national debt. They must pay the interest charge upon the corporation debt of $76,000,000,000, all of which is reflected back upon the consuming masses. They must pay the interest charge upon the urban mortgage debt of $37,000,000,000. They must pay the interest charge upon the bank loans of $35,000,000,000. They must pay the interest charge upon State and county debts of $25,000,000,000. They must pay the interest charge upon the national debt of over $20,000,000,000. They must pay the interest charge upon the farm-mortgage debt of $9,000,000,000. They must pay the interest charge upon life-insurance policy loans of $3,000,000,000. They must pay the interest charge of retail installment loans of $3,000,000,000. They must pay the interest charge upon usurious pawnbrokers' loans of $1,000,000,000. They must pay the interest charge upon a total staggering debt of over $203,000,000,000. And now we are proposing to make them pay interest upon an additional loan of over $3,000,000,000 to stimulate temporary prosperity among a part of the people by spending.

The taxes for the payment of both interest and principal of this huge amount must be collected from the people and will be collected from the common consuming classes. Andrew Mellon, ex-Secretary of the Treasury and multimillionaire, has not paid his taxes. J. P. Morgan, world financier and banker and many times a billionaire, has not paid his taxes. Thousands of like bankers and manipulating financiers have not and will not pay their taxes. But we have collected from the soldiers by withholding from the pensions and disability allowances. We have collected from the wage earners and small-salaried men by taking the tax from their pay envelops. We are now to assess this tax against the small-income man, who is helpless and dependent, unable to employ crafty constitutional lawyers, has no standing in court, and will be compelled to pay promptly or suffer the penalty for default.

There is only one way to save and conserve the people's scant earnings and income, and their property, substance, and home, by which and in which to live—and that is to stop, reduce, and suspend the assessment and collection of taxes until their earnings and income are restored, until their ability to pay taxes and live—their taxpaying power—is restored, until their power to pay both taxes and live is returned and made secure to them. The assessment and collection of taxes must be stopped, reduced, or suspended. The costs and expenses of public affairs must be reduced to bare necessity, must be brought down to the common level with the ability of the people to pay.

This huge tax and interest burden should not be added and piled higher until there is a restoration of the tax- and interest-paying power of the people. There is only one way to meet the costs of this huge expenditure of money without intolerable burdens upon the people before there is a restoration of the taxpaying power. That way is by a resort to United States non-interest-bearing currency notes in place of the interest-bearing bonds and the present taxes to be imposed. If this administration program must be tested and tried out and experimented with on the theory that prosperity can be brought back by temporarily and artificially restoring the buying and consuming power of a comparatively limited number of people, the experiment ought to be made and the theory tested and tried out without imposing present taxes and without further increasing the burden of interest.

But as this building and works legislation has been determined upon by the administration as a part of the recovery program, and as the expenditure of this amount of money in the employment of labor and the purchase of material will restore the buying and consuming power of a part of the people and will indirectly stimulate the buying and consuming power of other people and will of itself bring partial and temporary relief, and in the hopes that the trial will hasten the currency expansion part of this program, I have determined to vote for the bill in its present form. While the provisions calling for taxation and the payment of interest on bonds is far from my choice, yet some action must be taken and this will be better than standing still in the midst of a great crisis.

Mr. MARTIN of Colorado. Mr. Speaker, I listened with profound interest to the able, philosophical discussion of title I of the Industrial Recovery Act by the distinguished gentleman from New York [Mr. WADSWORTH], and I agree with him that it presents a fundamental issue and marks a new departure in the direction of American Government; but I do not agree with the view that this measure creates the fundamental issue. It merely recognizes the existence of economic and industrial conditions creating the issue and seeks a way out.

If, as the gentleman exclaims, this legislation marks the end of individualism in America, it does not in itself kill individualism. In the language of the French, it merely recognizes a fact accomplished.

New and revolutionary methods in business, industry, and agriculture, which for convenience I may denominate the system and the machine, are constantly, increasingly, and permanently displacing the manpower of society, rendering it imperative that new methods be devised to make the manpower of society a charge upon the system and the machine, if our civilization is not to become chronically pauperized and our economic structure not to collapse.

This is no mere passing panic, out of which we may grope our way back into what we have known in the past as a condition of tolerable prosperity. This so-called "depression" is a permanent challenge to outworn relationships in the production and distribution of wealth and the answer must be a managed and regulated economic and industrial system if our institutions are to survive.

A door has closed behind us, never to reopen. The mind which conceived title I of this act—industrial recovery—had the power to analyze and appraise existing conditions and their causes and the vision to formulate a remedy. This title opens a new door through which, like it or not, the people of America must pass.

The worst thing that could come out of this depression would be that we could muddle through it and regain a state of so-called "prosperity", wretched enough in itself, without learning anything from it or modifying the agencies and practices which caused it. It is erroneous and inadequate to look upon the panic of 1929, and the speculative orgy which precipitated it, as the sole cause, or the main cause, of the present prostration of the economic life of the country. Long before the panic of 1929 agricultural commodities had fallen below the cost of production and agricul-

ture was prostrate. Long before the panic of 1929 permanent unemployment in industry was increasing. Long before the panic of 1929, and underlying the so-called prosperity of stock and bond exploitation, the creeping paralysis of hard times was spreading over the land. These are facts. Even had there been no panic in 1929, we would be in the grip today of very hard times and industrial and agricultural prostration, and with millions of unemployed.

This crisis, which is world-wide, is most acute in the United States, because the United States, of all countries, has the most gigantic business systems, more gigantic machinery in operation, the greatest efficiency in production, the greatest perfection of methods and appliance for the elimination of hand toil.

The displacement of labor, both skilled and common, by the system and the machine is so obvious that it is known by the man in the street. It is less obvious, but none the less true, that the machine is putting the farmer out on the highway as rapidly as the laborer, that it is taking the bookkeeper from his stool, the clerk from behind his counter, and the telephone operator from her switchboard. The white collar is going into the discard along with the horny hand and the overalls. Indeed, it may be said that every day in every way the need for human labor is becoming less and less.

Recently I read a statement issued by Professor Prosser, of Minnesota, which I accept as true, and the statement was this: "The return of prosperity will not solve unemployment." In the article containing this statement, Professor Prosser gave some startling figures. He said that in 1899 four and one half million workers turned out products of the then market value of $11,000,000,000, and that in 1929, 30 years later, eight and one half million workers turned out products of the then market value of $68,000,000,000. In other words, less than twice as many workers turned out six times more products through improved methods of production—that is, through the machine. Professor Prosser calculated that by applying the machine methods of 1899 in 1929 it would have required 20,000,000 more workers.

He could have carried this survey on to the farm in the production of the great staple crops, with the same startling results. He could have shown 3 men harvesting a wheat crop in 1929, which required 30 men 30 years before.

He could have carried this survey into the banks, the business houses, the offices of the country, and shown the machine doing the work of the hand and the pen.

In a remarkable article published by Prof. Albert Einstein last summer, he enumerates the causes of the world depression, including overproduction, which he denies to exist with the possible exception of automobiles and wheat in the United States, the war debts, tariff walls, dumping by debtor nations on creditor nations, overspeculation, the loss of the Chinese and Russian markets, monetary inequalities; in fact, all the popularly attributed causes of the depression, and then states that the major cause is the machine. His remedies are community control of supply and demand, and shortening the working week to eliminate unemployment, and fixing the minimum wage so that the workers' buying power will correspond to production.

Wince as you will at the term, we must have a greater socialization of the production and distribution of wealth. We must regulate production, prices, hours, and wages. We must have a planned and managed economic system. Clarence Darrow comments pessimistically that the 30-hour week will not solve the problem, because the machine will soon overtake it. The answer is, it matters not how short the week must be. Society must ride the machine or be crushed by it.

This legislation is a recognition of this need and an experiment in methods to meet it. It will, as the gentleman from New York [Mr. WADSWORTH] said, be permanent in its effects, even though the act be temporary. It is the result of no hysteria. It is a clear-sighted recognition of the break-down of the old order and the inescapable necessity of a planned and managed economic system, planned and managed for a more equitable distribution of service and wealth, which must be established if we are to avoid anarchy and revolution and a genuine dictatorship.

Mr. SMITH of Washington. Mr. Speaker and Members of the House, there are many excellent features in this bill. Most important of all, it is intended to give employment to millions of our citizens throughout the Nation who are jobless.

I consider that paragraph 4 in section 205 is a just and wise provision, to wit: In the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents. I hope that this will result in all veterans of the World War and the Spanish-American War receiving work at just and reasonable wages and that without delay. This is the least that we can do for the veterans after the injustices heaped upon them by the so-called "Economy Act", which I voted against, and which I trust will soon be repealed.

Much can be said against the taxing features of this measure, both the gasoline tax and the increased tax on small incomes. There may be some justification for the increased gasoline tax in view of the allocation of $400,000,000 carried in the bill for road construction, but I doubt it.

Instead of increasing the taxes on small incomes, we should increase the taxes in the higher brackets on the big incomes to make the rates conform to the British and French rates. We should increase our Federal estate or inheritance taxes on the estates of the millionaires. Great Britain realizes approximately one fifth of her total tax revenues from death duties, and our Federal and State Governments combined have raised less than one twentieth of their total taxes from this source. However, the bill is not subject to amendment, so we have to accept it as written by the Ways and Means Committee.

The bill provides funds for river and harbor improvements, a larger percentage of which are expended for labor than in the case of any other public works. Many of these meritorious improvements will be made in the State of Washington, and particularly in the southwestern portion thereof, and take up some of the slack in employment.

I voted against the McCormack motion to recommit and substitute a sales tax in keeping with my pre-election pledge to the people of my district that I am unalterably opposed to a sales tax, because it is a tax on consumption and falls proportionately most heavily on the masses. Let us rather tax the big fortunes and big estates of the millionaires and billionaires, and I venture the prediction that this will be done in the not distant future, perhaps when this very bill gets over to the Senate. I hope so.

This is the most important legislation proposed by President Roosevelt as a part of his great emergency relief program and is entitled to receive the hearty support of all those who love America and would again see our people employed, happy, and prosperous.

Mr. GRISWOLD. Mr. Speaker, in addition to what I said on yesterday in speaking against the rule on this bill I wish to state some of the evils in the bill to which I referred and on which I could not enlarge for lack of time. I favor the principle of the bill, and I feel that if the bill had not been forced on us under gag rule, which prohibits Members from offering amendments from the floor, we could have made of it a bill that would have been of great benefit.

ANTITRUST LAW

By this bill we abolish the antitrust law. It has been the only thing that ever protected the independent and small manufacturer and merchant. Congress abolished it years ago insofar as utilities are concerned, and because it did we produced Samuel Insull and high utility rates. Today we complain about the excessive light, power, and rail rates. We complain because Samuel Insull and his banker associates robbed the small investor. If Congress had not taken the utilities out from under the antitrust law we would have no complaints. By this bill Congress will take all out from under it and breed a million complaints from

small investors. This bill will destroy competition and set the stamp of approval on monopolies while authorizing them to raise prices on every article the consumer uses. By this bill the Government becomes the partner of monopoly for private gain at public expense.

INCOME-TAX PROVISION

As the bill is I question whether or not the benefits to be derived will be in any way commensurate with the tax burden we are placing upon an already overtaxed people, and we are placing the burden of taxes on the laborer, the farmer, and the independent merchant, while leaving those of vast wealth, such as J. P. Morgan, free from taxes. It is appalling when we think that the combined income tax paid by the 20 members of the firm of J. P. Morgan & Co. 3 years ago was only $48,000, and that during the past 2 years Mr. Morgan paid no taxes at all, although he was able to give to men in high position and political power stock subsidies of millions of dollars. He was also paying income tax in England last year and the year before, although he was not paying taxes in his own country. This bill should correct that evil and allow these men of great wealth to pay some of the cost of this public-works improvement.

THE RAILROAD-LOAN RACKET

The committee has inserted in title 2, section 203 of the bill this provision:

To aid in financing of such railroad maintenance and equipment as may be approved by the Interstate Commerce Commission.

I am opposed to a single dollar of this money raised by these taxes going to a railroad company under such a provision as this. The railroads have already borrowed from the Reconstruction Finance Corporation $355,809,572.48, and they will never repay it. Every dollar of these loans was approved by the Interstate Commerce Commission. Why just last week the Washington papers contained a whole column on the fact that suit is being instituted by the Reconstruction Finance Corporation for $23,000,000, in which the Van Sweringen roads are in default on the theory that there was fraud in the obtaining of that loan. O. P. Van Sweringen was on the favored list of J. P. Morgan & Co. and received 2,500 shares of the Alleghany Corporation stock. He then used the money obtained from the Reconstruction Finance Corporation to buy Kansas City Terminal at twice its actual value from the Alleghany Corporation. Morgan and Van Sweringen both profited. Only the taxpayer lost. He lost to the extent of $23,000,000.

The railroads have never yet retired a bond except by issuing other bonds. We talk of high freight rates. Today freight rates are based so that the railroads may earn 6 percent on capital expenditures and every time you lend them a dollar and they expend that dollar, on that borrowed dollar of your money so expended for maintenance and equipment they have a right to increase freight rates to show an earning of 6 percent. They carry on their books today in their capital account hundreds of engines and thousands of cars that are obsolete and unfit for service and are on storage tracks. At the same time they carry on that account of capital expenditures the amounts expended to replace those cars, charging double on their books so that they may increase their freight rates.

THE RESULTS OF THE LAW

I should like to see a bill passed that would relieve our present economic condition but I do not believe that a bill that perpetrates such a fraud as this on the taxpayers of the country can relieve that condition. I am not talking against this bill and I am not talking against the principle of this bill insofar as it concerns restoring us economically. I am opposed to the evils in it and if the bill does not correct the evil of leaving a few thousand men of great wealth almost entirely free of taxes while placing the burden on the other 120,000,000 people of this country I shall oppose it. If it does not correct the evil of lending money to railroads to be used as a plaything of great bankers instead of using it for the benefit of the public I shall oppose it.

But for the gag rule, which I spoke against and voted against, we could have corrected these evils and conscientiously voted here for a good bill. I cannot conscientiously accept many bad things to get a little good when we could have so easily had a bill that was all good. Even at the expense of criticism I refuse to compromise with the tax-dodging firm of J. P. Morgan & Co. and to vote for a bill that increases the income tax in the lower brackets 300 percent and only increases it in the higher brackets 15 percent. Thousands of farmers in my district last year paid more taxes than J. P. Morgan with his millions.

DELEGATED POWERS

I have all the faith in the world in the President of the United States and his desire to do that which is right and proper, but that faith does not extend to some of his advisors. Under this bill he must delegate these duties to an administrator who will advise him as to these trade agreements and those administrators are not always wise. The fact that the men who handle these delegated powers are not always wise is best proven in the case of the Administrator of Veterans' Affairs who advised the President regarding veterans' economies and who stands before the country now proven to have given false advice after the President put it in practice, and the President realizing the falsity of this advice and of the results of it is now changing those regulations, but he still has as his advisor the man who gave him erroneous advice and if his advice was erroneous once, it may be again, and we will have the same thing with any man to whom he delegates power. A man who is drunk with the lust of power that is given him disregards the rights of others, disregards the rules of common justice, and gives even the President who created his position, erroneous advice and allows the President to bear the odium as the result of that erroneous advice.

Mr. FORD. Mr. Speaker, I wish to state that I am for this bill as a whole but am opposed to the taxation feature. The constructive portions of the bill are administration measures. The President is definitely sponsoring them. But he is not suggesting or advocating the taxation portion of the bill.

I very much object to the feature of the bill whereby the income taxes are greatly increased on the lower levels and almost untouched on the higher. I maintain that just the reverse is the equitable plan. And I condemn such a discrimination in favor of the rich.

Surely the place to go for tax money is where the money is. Certainly at this time of stress and strain we all feel that a redistribution of income in the United States is essential. And the place to begin is at the top. We all know that a too great concentration of wealth is the cause of our economic ills.

I hope that the time is coming, and that very soon, when no man in America will have an income of a million dollars a year.

Happily, the bill has the very sound provision subjecting dividends to the normal tax, that tends to increase the tax revenues derived from enormous incomes and to make the increase on such incomes comparable to that on small incomes.

Mr. DEEN. Mr. Speaker, there are several reasons why I could not vote for the public works bill, H.R. 5755, which recently passed the House. In the first place, it was not the President's bill. In his address to the Congress on May 17 the President said:

Careful estimates indicate that at least $220,000,000 of additional revenue will be required to service the contemplated borrowings of the Government. This will of necessity involve some form or forms of new taxation. A number of suggestions have been made as to the nature of these taxes. I do not make a specific recommendation at this time, but I hope that the Committee on Ways and Means of the House of Representatives will make a careful study of revenue plans and be prepared by the beginning of the coming week to propose the taxes which they judge to be best adapted to meet the present need and which will at the same time be least burdensome to our people. At the end of that time, if no decision has been reached or if the means proposed do not seem to be sufficiently adequate or certain, it is my intention to transmit to the Congress my own recommendations in the matter.

It is therefore clearly evident that the Ways and Means Committee adopted their own plan for raising the revenue rather than waiting for the President to transmit his own suggestions. I preferred to wait for the President's suggestion on this matter of raising the revenue.

There is no man who desires that employment shall be made possible for the millions of unemployed more than I do. I challenge any man on this proposition. For months my heart has gone out to those who have sought work but could not find it. I have done my best at all times for the unemployed of our Nation, both privately and officially.

The Federal Government already has outstanding bonds and debentures that must be paid by the taxpayers amounting to $20,000,000,000. The size of this debt on the American taxpayers can be better understood when compared as follows: There are less than 2,000,000,000 people in the entire world, to be exact, around one and three fourths billions. Another illustration will reveal the size of our present bonded indebtedness as follows: The $20,000,000,000 indebtedness is an outstanding tax obligation of approximately $200 for every living person in the United States. The size of a billion can also be better understood when we realize that it takes 1 man 4 years and 4 months, working 8 hours a day, 6 days in each week, counting $10 bills to count a billion dollars.

The rich people of this country have bought practically all these Federal Government bonds and all of them are tax-exempt securities, the interest and principal being guaranteed by the Federal Government. It has never been right for the Federal Government to flood the country with these tax-exempt securities, in which the rich invest their money, pay no taxes on them, and at the same time keep their money out of industrial and agricultural investment. The rich of the Nation will never place their money in public projects, in lands, buildings, and so forth, as long as this subsidy is given them by the Federal Government.

The public works bill provides for the issuing of $3,300,000,000 in Government bonds at 4-percent interest. This means, if the bill passes the Senate and becomes law, that these bonds will be bought by the Morgans, Mellons, Millses, and Meyerses, and others who have their millions. They will pay no taxes on their investments. They will clip their coupons, get their interest, grow fat on the poverty-stricken people who will sweat under all the new tax burdens included in this bill. This is unjust and unfair to the great middle class of people, who are paying 85 percent of the tax burdens already.

The Senate investigation of J. P. Morgan going on now here in the Capital shows that he and 19 other millionaires have made millions on stocks and bonds and that in 1929–30 and 1931 they paid scarcely any tax and in one or two years paid no tax at all. How in the face of all this can we continue to go ahead and allow the same thing to occur again?

The bill under consideration provides that the increase on income taxes shall be raised from 4 percent to 6 percent on incomes up to $4,000, and from 8 to 10 percent on incomes above $4,000. I am in favor of this increase on small incomes but why did not the committee allow the bill to be amended so that the rate could be increased more on large incomes? I want a larger increase on large incomes. Why did they refuse to raise the rate a great deal more on larger incomes? There are millions of salaries and incomes running up in the 25- and 50-thousand-dollar class and thousands of incomes running up in the 200- and 300-thousand-dollar class. I am in favor of increasing the rate on these larger incomes and salaries. The committee refused to permit amendments to the bill that would have corrected this situation. A man receiving an income of more than a half million dollars per year should be required to pay 75 percent or 100 percent of it to the Government.

Again, the bill provides an increase of three fourths of a cent tax on each gallon of gasoline sold to the consumer. It also extends all the nuisance taxes in the revenue bill of 1932. This would not have been necessary if the proper tax had been placed on large incomes. Many of the nuisance taxes in the Revenue Act of 1932 could have been discontinued had the proper income tax been placed on incomes in the higher brackets.

Another dangerous provision of the bill is that section 5 exempts from the provisions of the antitrust laws business operations carried on in compliance with a code, agreement, or license approved or issued under the bill. This modification of the antitrust laws means the end of all small business. The antitrust laws have been pigeonholed too long already and with this modification big business will have an open sway and it is only a question of how long will fish bait hold out, for the big fish will get the remaining few small fish. Mergers, combines, consolidations, encroachments, and monopolies have taken their toll and the small-town average business has been weakening for years, suffering from the strangle hold of big business.

Section 1 of this bill enables trades, industries, and business of similar relation to set up a code by which the related business may operate. It makes it impossible for small business to exist because big business will formulate and put into effect the trade code of competition, and so forth. It also makes the Federal Government a partner in every line and activity of business. Every form and kind of business will be licensed and regulated by a dictator in Washington. The President will select the best man possible, but even then it will be disastrous and destructive to individual business and enterprise. The Federal Government is already in too much business. What is greatly needed is more business in the Government and less Government in business.

Under the unlimited restrictions and provisions of the bill I would not be surprised if there is an alarm clock placed in Washington to call everybody in the mornings; a dinner bell by which all shall stop work and eat and perhaps instructions as to the kind and color of pajamas we should wear in winter and summer.

The unconstitutionality of the bill has been clearly and definitely shown by the two most distinguished constitutional lawyers of the House; Representatives BECK, of Pennsylvania, and COX, of Georgia. They have cited numerous cases where the Supreme Court has held that such a law was wholly unconstitutional because it interfered with State rights relating to interstate commerce. The barring from interstate commerce, goods that were manufactured under the provisions of the bill limiting the working hours to 30 per week, is an infringement on State rights as it involves the right of a State to regulate its own interstate commerce.

The bill provides that the hours of labor shall be limited to 5 days of 6 hours each, or not more than 30 hours per week. Proponents of the bill say this will be a blessing to labor. I am for better conditions for labor; better wages and better treatment, but this bill, in by judgment, will be destructive to labor in this way. Manufacturers will resort to labor-saving machinery more than heretofore in order to escape the provisions of this labor requirement. All the skill, money, and brains of the country will be mobilized in the future to further perfect and utilize labor-saving machinery, which, in turn, will destroy human labor. Labor-saving machinery has been used too much already. Millions of men are idle while one machine does the work formerly done by a hundred or more men.

There is another sound reason why I could not support this measure. Miss Frances Perkins, a member of the President's Cabinet and Secretary of Labor, recently issued a statement in New York entitled "The Barefoot South", in which she displayed her lack of knowledge of and sympathy for the South and its problems. She said:

> When you realize the whole South of this country is an untapped market for shoes, you realize we haven't yet reached the end of the social benefits and the social goods that may come from the further development of the mass-production system on a basis of consuming power in the South which will make possible the universal use of shoes in the South.

Since the labor provisions of this bill will largely be administered by and under the direction and supervision of the Department of Labor, I cannot see how the South can profit under such leadership as is in the Department of

Labor. It is true that some of us in the South go barefooted and have large feet, but is due largely to our wonderful climate and southern freedom. It is also true that money moguls and money sharks from the honorable Secretary's own State and city have so manipulated the affairs of the Government for the past several years that they have bankrupted our fair Southland. A den of gamblers on Wall Street who never saw a stalk of cotton growing have robbed millions of children of bread and practically bankrupted the Nation.

I do not wish to be discourteous to the distinguished lady at the head of the Department of Labor, but I am convinced that if she administers the labor provisions of this bill in the same proportions as she has cast insinuations on the South and showed an utter lack of sympathy and knowledge of our problems, then God save the Nation!

Again, evidence has been clearly shown that the $3,300,000,000 will be gobbled up by a few of the moneyed centers of the country; that the agricultural sections will receive no benefits from its principal provisions. Here is one clear-cut proof: The committee, before the bill was passed, had a change of heart and submitted an amendment which took away from 32 of the States several millions of dollars of the allotted $400,000,000 for the road funds. Under the provisions of the amendment Georgia lost $260,000, or more than a quarter of a million dollars; Illinois gained $2,000,000; Massachusetts gained $2,000,000; New Jersey gained $1,908,000; Ohio gained $1,280,000; Pennsylvania gained $3,860,000; California practically a million; and New York gained $5,200,000. A few other States gained less than a million.

Members of the House from the 32 States that lost all voted against the amendment, or practically everyone did, yet Members from the other 16 large States were in the majority and outvoted us, carrying the amendment by a small majority. This was a concrete example that there was a determination on the part of the money centers of the Nation to fix the bill so that when it is administered they will get the cream and most of the milk, while the weaker and small States will get practically nothing. I could not vote for a bill that took $260,000 away from my taxpayers and dumped it in the laps of those States that happened to have larger populations. In government the weak and strong are supposed to fare justly and equitably under the law.

There is still another reason why I could not support this bill. The towns, cities, counties, and States of this country are already—most of them, at least—in debt and are bonded to the limit. How are they going to borrow all these billions from the Federal Government and give security? If they borrow it, they will have to increase their tax rates to pay it back with interest. In the first place, the Federal Government will issue bonds, sell them, and get the money. The people will be taxed to raise money to pay the interest and principal on the bonds. When the money has been raised by the Federal Government, then it will be loaned to cities, counties, and States. Those who need it worst cannot get it. If and when it is loaned, then the cities, counties, and States must assess taxes, increase the tax burden in order to raise the money to pay interest and principal to the Federal Government. This means higher taxes and more taxes for the average man, who is already paying the bills. Under present conditions this system of business and theory if put into practice will bankrupt the remaining weak structure of agriculture and business. The average American cannot stand any more taxes, the opinion of all proponents of the bill to the contrary notwithstanding.

Mr. Speaker, I know that the unemployed millions must have work, and have it now. I realize this, and I learned years ago not to criticize anything unless I could offer something better in its place. Rather than increase these onerous and burdensome taxes contained in the Revenue Act of 1932 and continued here, with an increase in the tax on gasoline, I have repeatedly urged the following plan: Let the Congress enact legislation that will increase the income taxes on large incomes, using a graduated scale, so that the larger the income the larger the percent of income tax, until incomes of over a half million dollars—and there are plenty of incomes this large and larger in this country—then take the entire amount for tax and place in the Federal Treasury. No man has any right or business with such huge incomes. Again, let the Congress enact legislation that will increase the gift tax, the inheritance tax, and excess-profit tax. A graduated tax on these four items would place from four to seven billion dollars in the Treasury annually. Nuisance taxes on the middle class of people, who are now bearing practically all the load, could be repealed.

Here is the other suggestion I have contended for: Congress recently passed a bill, the farm bill, with an amendment called the "currency expansion" or "inflation amendment." It permits the President to authorize the issuance of $3,000,000,000 in new money. Why not issue this new money now and take it and put the unemployed to work? Why pass legislation of this kind and with this power if it is not going to be used? There would be no bonds issued and no interest to pay, and therefore no taxes to be increased, if this new money was printed and used. Repeatedly Members of Congress asked the question why this policy was not pursued, and so far I have failed to find anyone who can answer it. I am here and now declaring, in no uncertain terms, put the printing presses to running and issue this new money and relieve the unemployment situation without saddling any more taxes, debts, and bonds on the average man. There are billions of unpaid taxes now; how can the people pay additional onerous and burdensome taxes when it will take them 3 or 4 years to catch up on the past-due taxes?

Mr. Speaker, although there were 7 hours allowed for debate on this bill, H.R. 5755, and I made several requests for time, there were 50 or more Members who desired to speak on this bill but who could not get any time. I am not criticizing the committee. It is impossible for every Member to get the necessary time to address the House; however, I prepared this article for a 15-minute speech, and since I could not get the floor, I am placing it in the RECORD under the privilege granted for extension of remarks.

Dear reader, whether you agree with me or not, I am right in my contentions, and I reassert my determination to fight the money moguls who have bled white the great middle class of this country. They cannot continue to take their pound of flesh from the quivering bodies of innocent children and helpless widows and orphans, along with the burdened taxpayers of this Nation, without receiving my condemnation. I here and now turn my every ounce of energy and strength in the direction of fighting this crowd of money sharks, thieves, and rogues in a redoubled effort. They made their millions during and after the World War, when millionaires sprung up as fast as mushrooms, and so far as I am concerned, I will train my guns in the direction to force them to pay their share of the cost of government whether I am in Congress or out of Congress. I am fighting for a principle and not for popularity. I am concerned more for the manhood of our country than for the money of it, and am placing my patriotism first and not politics. I am fighting for a square deal as well as a new deal. I am perfectly willing to leave it to the taxpayers and the unemployed of the Nation to say whether or not I have offered the proper plans. It is true, I have constructively criticized the bill, but, in my humble judgment, I have offered a wiser, safer, and saner method for solving this stupendous unemployment problem than the plan incorporated in this bill.

It is not always popular to say the right thing, nor is it always right to say the popular thing, but whether popular or unpopular, and irrespective of who agrees or disagrees, my convictions are honest and my conscience is clear and I am confident that time will acclaim my statements as words of wisdom and warning.

Mr. YOUNG. Mr. Speaker, Members of the House, we are voting for or against a measure providing, as the title indicates, for industrial recovery. I support this measure. Three billion three hundred million dollars is to be provided for public works and economic recovery. This bill, after it has been enacted into law, will provide employment for 4,000,000 men.

Involuntary unemployment is a great moral wrong. It is wrong to deny to men and women the right to be gainfully employed. Our American civilization stands indicted because millions of worthy and industrious men and women are unemployed and children are underfed.

I served as a member of the Ohio Commission on Unemployment Insurance, under appointment by the Governor of Ohio. As a member of this commission, I spent considerable time attending hearings and in research work. I helped draft the measure providing for unemployment insurance that was introduced in the Ohio Senate early this year. We learned in our investigation that the unemployed, when their savings were gone, had but one recourse—charity. Men and women deserve the opportunity to be gainfully employed. We should provide work, not charity. Industrious men and women are entitled to economic security.

The enemy of the American people is unemployment, nakedness, hunger, cold, despair!

Our forefathers wished this to be a land of equal opportunity. They decreed, "All men are created free and equal." That was not so then. It is less so now. We should make those words the expression of a living truth. With the dark shadow of dire want, great suffering, and sharp tragedy on our land, we proclaim that our Government, which floated in time of war, for purposes of destruction, more than $21,000,000,000 of bonds, must take direct action now in a time of dire emergency, to relieve an unparalleled condition of unemployment and distress.

In addition to a vast public-works program, this measure provides generally for industrial control.

At the other end of the Capitol J. P. Morgan admitted on oath that he and other high officials of his company had paid no income taxes to our Government during the past 2 years. This is outrageous. Nothing has occurred recently to shake the confidence of our people in their institutions as the knowledge that J. P. Morgan and his partners, multimillionaires all, are escaping their share of the cost of government. Fortunately this bill provides that all net losses, including capital loss, shall be applied against income in the taxable year in which they occur. J. P. Morgan and other pirates of pillage and Wall Street profiteers will not in the future have the means to rent three floors of Washington's most exclusive hotel and maintain themselves as multimillionaires and at the same time evade payment of income taxes to their Government.

I regret that this measure, while it increases the income taxes of all individuals earning four to six thousand dollars a year and further reduces our salaries by doubling the income taxes Members of Congress must pay, does not greatly increase the income taxes of the man who receives fifty to one hundred thousand dollars and more each year. We should restore and increase surtaxes against great incomes. We would thereby take unjust tax burdens from the ordinary man. In addition to heavy taxes against large incomes, we should provide increased inheritance taxes against wealth possessed by those who did not earn it but were born to it. Call this "soaking the rich" if you like. The fact is there must be a better distribution of the wealth of this country in the interest of the common man—recently referred to as the "forgotten man." Concentration of great wealth in the hands of a few has made a mockery of our boasted democracy. It was a major cause of the depression.

I regret, also, that this bill provides for a temporary increase in the gasoline tax by three quarters of a cent. This is wrong. I fear that this tax will be passed on to the automobilist, and, in fact, that he will be compelled to pay 1 cent in addition for gasoline and the producer pocket the one quarter of a cent. Fortunately, however, by amendment, the Power Trust, the producer of electrical energy, is forced to bear the 3-percent tax instead of the consumer. This rights a wrong perpetrated by the last Congress. The motorist who is temporarily oppressed by this increased gasoline tax should know that $400,000,000 of the money raised by this bond issue will finance improved public highways, and he will be the beneficiary of that. President Roosevelt has declared that as soon as the prohibition amendment is repealed these new taxes made necessary to float a bond issue of $3,300,000,000 will be repealed. I have for years been advocating the repeal of the eighteenth amendment. We should have temperance instead of prohibition. The Government should profit instead of the racketeer—profiteer. We should put America to work. I am happy to predict that I regard repeal of the Eighteenth Amendment as certain within the next 8 months. This will give additional employment to many men and provide an electrical thrill and stimulus to some 60 allied industries.

The President has been a great leader in the movement to provide employment for unemployed men and women of this country and food for underfed children. This measure is, in fact, the keystone of President Roosevelt's entire reconstruction program. It will definitely put an end to this depression, which was originally avoidable, then terminable, but which had been, by the ineptitude of Mr. Hoover's administration and his failure to lead this great Nation in a crisis, permitted to become a national calamity.

The condition of distress and suffering has been without parallel in this country. The patience of men and women who walked city streets jobless has been remarkable. Millions of deserving men and women, the finest people in America, will not rid themselves of the chill and humiliation of this depression for a generation. We, by this measure, substitute work for charity. We are placing human rights above property rights. On public works a provision is made for 30 hours of labor a week, and preference is given, I am glad to say, to ex-service men with dependents.

Corporate dividends are taxed under the provisions of this bill. This is proper. I am glad that the former exemption has been repealed. This will add a substantial tax where it properly should go, upon the wealth of this country. Taxes should be based on ability to pay. This tax on corporate dividends will produce, it is estimated, $83,000,000 a year. The gasoline tax, which is a nuisance and to which I object, will bring in $92,000,000, and the income-tax increase, to which I object as it applies to the man receiving four to six thousand dollars, will bring in nearly $50,000,000 additional.

I voted against the rule prohibiting amendments to this bill. I had hoped to offer an amendment increasing the taxes against the higher brackets and decreasing the income taxes as applied to people of moderate means. I wanted to vote for the elimination of the increased gasoline tax. No amendments were permitted.

As to the sales tax my duty was clear. I voted against it. A sales tax is the most atrocious sort of tax. It bears down hardest on the poor. It was one of the causes of the French Revolution. I am happy that the Congress voted down this form of taxation by an overwhelming margin.

William Green, president of the American Federation of Labor, a leading opponent of the sales tax, stated:

> This bill is so important to the economic welfare of this country that I would agree to any kind of a tax, including a sales tax, but give the people of this country this bill.

Thoughtful arguments have been made against the constitutionality of this measure. I have listened with great interest. Let me say that we should immediately enact this measure into law and then let the courts determine whether they are adhering to a Constitution flexible and suitable to the economic needs of 1933 or a Constitution of 1787, framed for a Nation of frontier farmers and hunters, with a few merchantmen in the seaports. If George Washington and Thomas Jefferson could arise from their graves, they would not know this country. We live in a different world, yet we are wearing the same political cloak made in 1787. At that time there was no machinery, no manufacturing to speak of, no railroads, no rapid transportation by air, sea, or land, no telegraph, no radio.

The makers of the Constitution legislated for 1787 and a decade or so thereafter. They legislated for 13 orphan States. They did not legislate for all time. The courts of our country have, from time to time, by their decisions, recognized the changes time has wrought. I hope that this

emergency and the demands of the times will meet response in the minds of the courts of this land.

Business activity in the country is increasing. The questions heard everywhere are: Will it last? Are we really on the way? The answer, in my opinion, will be made by this Congress. Enactment of the industrial recovery bill will bring a new and better day to America. Let us not hesitate. Our duty is clear. We must not postpone the hope of our fellow men and women who are unemployed, nor continue the hunger of little children who are underfed.

Mr. LUDLOW. Mr. Speaker, at the outset of my remarks I want to pay a tribute to President Franklin D. Roosevelt. He has already written his name high on the tablets of history as one of our greatest Presidents. If he never does another thing, that will be the verdict of posterity. Such being the high esteem in which America and the world hold him, after his brief introductory in the White House, what may we not expect from 4 years—or probably 8—of such constructive services as he has rendered since he became President less than 3 short months ago? He has charmed the whole world, and, I may say, he has almost taken away the breath of the nations by the swiftness and directness of his actions in meeting the economic crisis in America and in extending the principles of peace and humanity throughout the world. America has had a good many "live wire" Presidents, but never was there one in the White House who was more live, more inspired by a desire to do great and worthy things, or more consecrated to the service of humanity than the present occupant.

He is as human as Abraham Lincoln, and that is one reason why he is so universally beloved. In one of his recent radio addresses—all his radio addresses are admirable for simplicity of language and clear, cogent reasoning—he modestly disclaimed any of the attributes of a superman and admitted that he must inevitably make mistakes, citing Theodore Roosevelt as authority that if a President manages to be right 75 percent of the time, he ought to be satisfied.

My own impression as an observer and follower of Franklin D. Roosevelt is that he is right much oftener than 75 percent of the time. I think his "batting average" is almost 99 percent or, say, 95 percent, at least. As a believer in the rightfulness of his intentions and the soundness and efficacy of his proposals, it has been my privilege to support him consistently. I voted to give him the broadest powers to consolidate the Government and to eliminate waste and extravagance. I endorsed his handling of the banking situation, which, I think, was the cleverest piece of executive management I have ever known. I went with him through the Garden of Gethsemane when I voted for his economy bill. That bill almost rent my heart in two when I thought of the veterans and the Government employees who would be adversely affected by it; but because the President, speaking for the whole Nation, asked us to pass that bill to save America from financial collapse and anarchy, I unhesitatingly placed myself on his side, believing that an "aye" vote was best for all our people, veterans and nonveterans alike, and for the limitless procession of posterity. I echo a thought that is widely prevalent throughout the world today when I thank God for this splendid man and for the promise held forth in his "new deal." Millions upon millions of disconsolate and sorely laden human beings, groping along the dimly starlit paths that lead to nowhere, their hopes shattered and their spirits drenched with doubt and despair, are receiving the inspiration of renewed faith when they turn their eyes toward the present occupant of the White House at Washington. In the exuberance of their newfound confidence they hail him as deliverer. He is the rising sun, whose effulgence overflows the world.

Though I may not agree with him on every detail of his program, I am whole-heartedly with him in his main purpose. My reading of history teaches me that back of the shadows of every supreme crisis moves a ruling Providence and that in God's appointed time some great soul always emerges to save the situation, as Washington saved America by the sword and Jefferson saved for all posterity the inestimable franchise of freedom and as Lincoln saved the Union which the genius of Washington and Jefferson and their compatriots had welded into the most perfect form of government ever known to man. All the present signs and indications justify the belief that history is repeating itself and that providential vision has placed in the White House another great soul who is leading us out of the lowlands and on to the heights.

I verily believe that the President, by his matchless courage and sound proposals, in less than 3 months after taking the oath of office, already has whipped the depression in America. This is indicated by rising price levels, by orders for goods, by factory employees returning to the machine shops and forges, and even more by a tone of encouragement and cheer that is becoming manifest throughout the land.

Let us construe all of these harbingers favorably as they are entitled to be construed. Let us have faith in the future; and, having faith in the future, let us not jeopardize the victory already at hand by piling up a bond issue of $3,300,000,000 for public works which, while perhaps desirable, are not absolutely needed. The depression is whipped by that part of the President's wonderful program that already has been adopted, but it may not stay whipped if we pile up a vast additional bonded debt—almost as great a debt as was required to finance the entire Civil War—and by so doing not only fasten on the American people the largest national indebtedness in all our history but also an annual recurring interest charge of $220,000,000 which must be met by imposing additional taxes. We have all heard of the lawyer who, after winning his case, went ahead with another speech and lost it.

The President's program up to this hour has planted the seeds of recovery in this Republic. If Congress were to adjourn right now and nature were allowed to take her course, I believe the factories would begin to hum and the natural law which governs the necessities of men, the law of supply and demand, would begin to absorb the unemployed back into employment, and in reasonable time prosperity would come from her place of hiding "around the corner" and take her place in our midst, and there would be no need of an enormous public-works program at the expense of the taxpayers, because people would be employed in a normal way to meet normal demands.

It is as true now as it ever has been that we cannot spend ourselves into a condition of prosperity. To balance the Budget one day and then turn around and launch a program of expenditures vaster than ever was known to mortal man is to my mind economically unsound. It means that we are incurring another great tax burden which must be met by additional taxes, not only this year and next year but every year throughout the years to come, until the bonded debt is paid. I fear that increased taxes at this time would not only impose excessive burdens on a country already staggering under an enormous load of debt but they would further reduce the purchasing power of the masses, dry up the capital so much needed for productive enterprise, and so hamper industry and retard return of prosperity. My attitude toward this measure is consistent with the honest convictions of a lifetime.

I have always voted against bills such as this one, believing them to be economically unsound and ineffective as unemployment-relief measures. I opposed Speaker Garner's great billion-dollar public-building program in the Seventy-second Congress and I voted against it, although I had, and still have, a most affectionate regard for its author; and in the same Congress I opposed and voted against a bill appropriating $130,000,000 for hard-surfaced roads, which was brought forward as a bill to relieve unemployment. The vice of all such measures is that they do not relieve unemployment in any degree commensurate with the great fixed burden they fasten on the taxpayers. Contractors, machinery manufacturers, material men, various groups of middlemen get too much of the money that should go to relieve unemployment, and I am not going to vote one week for the drastic economy bill and the next week take the savings from the veterans and turn those savings over to middlemen who

have less need of assistance than the veterans. The delay in putting a gigantic public-works program in operation is another factor to be considered. Experience has shown that considerable time is required to get public works under way and that the amount of employment they provide is always disappointing. Vast sums of borrowed money are spent without changing in any way the nature of the basic unemployment difficulties that must ultimately be overcome. Such projects necessarily develop slowly, and it will be a long time, perhaps a year or longer, before many men can be employed; and all the testimony of the most enthusiastic advocates of the plan shows that the entire sum of $3,300,000,000 will at the very utmost employ not over 2,000,000 or 3,000,000 men, leaving about 12,000,000 or 13,000,000 of America's unemployed still without work. It was brought out in the debates at a former session of Congress that it requires $3,600 of appropriation to provide one man with work on Federal-aid highways for 1 year; it requires $4,700 on rivers and harbors, and $5,600 on Treasury and post-office buildings.

That being the case, if the entire appropriation of $3,300,000,000 were spent in constructing public buildings, it would employ only 600,000 men for 1 year, which is a mere drop in the bucket, compared with the total unemployment. There would be considerable delay in employing 100,000. This bill would bring very little relief to the unemployed of the congressional district which I represent and to the State which I in part represent, but it would add heavily to the burden of our taxpayers and would discourage and dishearten our business men who are anxious, above all things, that the Budget shall be balanced and shall be kept balanced and that debt and taxes shall be held to the minimum so that business may be kept free from worry and may be provided with adequate working capital. Furthermore, when the projects for which this $3,300,000,000 is to be appropriated are completed, the work will cease, but the interest charge of $220,000,000, like the running brook, will go on forever. What will happen then? Shall we then appropriate another $3,300,000,000 and raise taxes again and by this futile process persist in believing that Uncle Sam can lift himself out of the economic mire by his boot straps?

It would be far better, in my opinion, if Congress would drop this bill, adjourn, and go home today and permit the natural processes of economic recovery to get into operation. I think that under the wise proposals of President Roosevelt, already enacted into statutes, business would soon begin to boom and there would be work for every honest man. If we enormously augment our bonded debt, raise taxes, and increase our fixed charges, we will be just that much farther away from the sound principles of a balanced Budget and minimized taxes which are so essential to the Nation's economic welfare.

I am sick and tired of taxes. The country is sick and tired of taxes. What the country needs is not more debt but less debt; not more taxes but less taxes.

Speaking as one Member of Congress, I have declared a moratorium on tax increases. The Lord helping me, I will not vote for any increase of taxes and I will not vote to pile another mountain of bonded debt on our people, because, as I see it, that will merely serve to prolong economic bondage and economic slavery in this country. Every time I have an opportunity I will vote to reduce the debt burden and the tax burden, but I will not vote to increase it.

Every day I have been a Member of this Congress I have had before me a vision of the economic slavery and distress created throughout the land by vast expenditures of the public moneys, with resultant effects in the form of confiscatory tax rates and a harvest of discouragements and woes that has plunged millions into distress and has caused many a man known for constancy and bravery to lose his nerve and face suicide rather than continue the unequal battle against depression, unemployment, and debts. Every day I have sent up a prayer to heaven to help me to stick on the economy wagon.

The good Lord must have heard me, for I am still on the economy wagon and I will be on it after this bill is passed. I started my congressional career on a straight-out program of economy and I am going to stick to it.

Mr. ZIONCHECK. Mr. Speaker, I make this extension of remarks for the purpose of clearly stating my position to my constitutents upon this all-important measure.

In the first place, I want to state that I worked and voted against the previous question on the gag rule, in order that the rule under which this measure was presented might be amended, and then voted against the gag rule itself, which did not permit any Member other than a member of the Committee on Ways and Means to offer an amendment or even an amendment to an amendment. Having done this, I do not feel that my affirmative vote on the final passage of this bill in any manner approves of many features which I consider obnoxious.

In the second place, I am of the opinion that $3,300,000,000 for a public-works program at this time is absolutely inadequate, although this sum might have been sufficient a year ago. At this time there is even a serious question whether a $6,000,000,000 public-works program would adequately supply employment for the majority of the unemployed.

I was disappointed to hear the Director of the Budget in his testimony before the Ways and Means Committee state that the manner in which they arrived at the sum of $3,300,000,000 was not on the basis of the amount of employment it would furnish but upon the basis of what the administration considered the amount necessary for the construction of useful and, to a large extent, self-liquidating public-works projects. The human rights seem to have been ignored in favor of property rights.

Another feature of this bill which is abhorrent to me is that it provides for the issuance of over $3,000,000,000 of tax-exempt securities, interest-bearing, just as they have always been. Some of us tried in every way possible to get the Ways and Means Committee to recommend the financing of this public-works project by way of Treasury notes authorized in the inflation bill. In our opinion, that was the only type of inflation which could really be justified at this time, in that it was inflation at the bottom, creating employment and consumers' purchasing power, and not at the top, as most inflation usually goes, for the protection and preservation of distressed bankers and money changers.

Being unable to invoke such inflation, the next question was that of the type of taxation which would be necessary to raise the revenue for the $220,000,000 annual interest payment and amortization. Again we worked and tried to persuade the responsible parties to adopt a system of taxation upon the issuance of Federal Reserve notes and Federal Reserve bank notes by our glorified bank for the private bankers, known as "the Federal Reserve System." We pointed out that they have a surplus today amounting to $280,000,000, and that a very nominal tax of one fourth of 1 percent upon the currency they issue to their members would bring in a revenue to the Government amounting to approximately two hundred to three hundred million dollars annually, but, as logical as this seems, it was not adopted.

A 50-percent increase on income taxes in the lowest bracket I think is basically and fundamentally wrong, particularly in view of the fact that the incomes in the higher brackets are treated ever so much more gently, and it is the hope of many of us that the Senate will rectify this wrong, and we have ample assurance that it will do so.

A further feature of this bill which I do not approve of is the three-fourths cent increase in the gasoline tax. In the State of Washington the tax already amounts to 6 cents per gallon, which in the minds of reasonable people is already exorbitant, particularly in view of the fact that there are so many other sources of what might be termed "untapped tax possibilities", particularly tax-exempt bonds.

The industrial control feature of this bill, which to a large extent modifies the antitrust laws, is to my mind an experiment of vast proportions and as a Member of Congress I do not feel as though I could vote against any measure that the President proposes during this emergency program upon which I have no definite campaign commitments to the contrary. It is my sincere hope that the

administration will be able to successfully work out a planned economy with the hope uppermost in my mind that this planned integrated economy looks primarily to the consumer and only upon the producer as one who creates the things which the consumer wants and desires. There is no question among the more informed minds that the artificial increase in commodity prices today presents a grave danger, due to the fact that consumption has decreased rather than increased, and it is the hope of most of us that this psychological upturn does not get away from itself and bring another relapse which would undoubtedly be disastrous. We are headed in the right direction, providing we do not ignore basic economics on the way.

Although I voted against the committee amendment changing the apportionment of road funds to 50 percent to States by way of population, there is no doubt in my mind but what the Senate will right this wrong, due to the fact that more than 30 of our 48 States, as the bill now stands, stand to lose huge sums from the road funds, our State of Washington losing approximately $328,000. This amendment was adopted by sheer force of numbers by the representatives of the more densely populated sections, and mathematically they have no such power in the Senate, which has two Senators from each and every State.

Mr. LEMKE. Mr. Speaker, with that part of the bill relating to industrial recovery and with that part relating to public works I am in full and complete accord. A national emergency exists. Something besides drifting must be done, not only as a decent and humane act but as a necessary, intelligent, and constructive act to save this Nation, including its Constitution. No nation, even with a constitution, can long exist when millions of its best citizens are out of employment and hungry. These starving millions are interested in getting employment and something to eat. They do not give a continental about a constitution that fails in the midst of plenty to provide the necessities of life.

The progressives in this House do not agree with the conservatives that there is something in our Constitution that denies the people the right of self-preservation—the first and fundamental law of nature. It has been the do-nothing policy—the drifting policy of the past administration—that has made the laws, that my conservative colleagues and friends now so strenuously object to, absolutely essential and necessary. Their going and arriving nowhere—their standpatism—gave us the "new deal."

We are told that this bill is dangerous. Eloquently and sincerely, it is argued that this bill creates a dictatorship and that it is therefore unconstitutional. My conservative colleagues and friends forget that the Constitution is elastic; that it has been stretched until all its ribs have been cracked and that it can stand considerable additional stretching. They fail to comprehend that all civilization is in a transition; that we are going from the old to a new civilization. They forget that there is nothing in our Constitution that hampers and prevents progress.

While our Constitution is a masterpiece of fundamental legislation, yet there is nothing sacred about it. It was framed by our Revolutionary forefathers—the pioneers of America—able, intelligent, honorable men who had no intention to legislate for all the future of the Nation. They provided for a method by which the Constitution could be amended. The framers of our Constitution realized that nothing was permanent but change, that the Nation would grow, therefore they limited the Constitution to general principles of government. They had no intention of putting hobble skirts on Congress and hindering progress.

The wisdom of the framers of our Constitution, in limiting the Constitution to fundamental principles of government, is clearly shown when we realize that they lived in a different age, that they never talked over a telephone, never saw a steamboat, never rode in a train or an automobile, never thought of an airplane, and never listened to a radio, nor even dreamed of such things. Their wisdom was shown when they made the Constitution elastic—a Constitution that had within it the possibilities of the future development and growth of the Nation and its people.

Nothing is permanent but change. From our Government's early democratic beginning it gradually passed into the dictatorship of the international bankers, the tax dodgers, the corrupters of public morals, the House of Morgan, the "Greeks bearing gifts." Under and by virtue of the Constitution we are now engaged in passing the power of Government from Wall Street to the White House, to the Government of the United States under the leadership of Franklin D. Roosevelt, and from there back to the people through an intelligent and enlightened public opinion.

We are confident that the Supreme Court will hold this legislation constitutional. This is the clear mandate given to the Court by the Preamble of the Constitution:

> We the people of the United States, in order to form a more perfect union, establish justice, insure domestic transquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Surely the Court will follow that mandate. We confidently entrust the constitutional question to our Supreme Court under that preamble.

While I voted for this bill under the gag rule, that gave no opportunity for amendment, I am not satisfied with all of its provisions. I am not satisfied with that part of the bill which provides for the issuing of $3,300,000,000 tax-exempt interest-bearing bonds. In place of these bonds we should have insisted that the President issue the $3,000,000,000 new currency authorized in the inflation bill. This new currency should be issued to finance the public works provided for in this bill. We cannot get out of this depression by going further in debt, by issuing more tax-exempt, interest-bearing bonds. We have gone altogether too far in that direction in this Congress. If nothing else, let us at least authorize the President to use the $2,000,000,000 Federal Reserve bank notes that are already printed and ready for delivery in the Bureau of Engraving. The banks do not want them; why not use them to finance public works?

Neither am I satisfied with the revenue provisions. The tax provisions of this bill were written by the Budget Director, Lewis Douglas, who cut the heart out of the disabled veterans' compensation and crucified his comrades in order to become a coupon clippers' hero, and who is now attempting to place the burden of the unemployed upon the people with small incomes. Let us hope that the Senate will amend this bill in accordance with the above suggestions. That will lighten the tax burden and will expand the currency at the bottom, where it ought to be expanded.

Let me repeat that nearly all the legislation that we have passed during this special session of Congress became possible, and even necessary, because of the aimless drifting, and going nowhere, of the past administration. The standpatters had abused the public's patience altogether too long. The necessity of this bill, and of others, could have been avoided if, when this special session convened, we had passed the Frazier bill refinancing farm indebtedness and the Patman bill paying the soldiers in cash, not by issuing bonds but by issuing currency. This would have expanded the currency where it ought to be expanded and the depression would have ended.

In conclusion, I readily concede that most of the legislation passed during this session of Congress will not have the desired, or hoped-for result. It will not end the depression. There must be a real and an intelligent expansion of the currency.

The Frazier bill provides for such an expansion. A petition to bring the bill onto the floor of the House is now on the Speaker's desk. Twenty State legislatures have petitioned Congress to pass this bill. They are: Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Wisconsin. May I take this occasion to ask my colleagues and friends from the above States to go to the Speaker's desk and sign that petition. May I ask them to take heed of the mandate that their State legislatures gave them.

Mr. AYERS of Montana. Mr. Speaker, of course every Member is anxious to do everything possible to speedily effect national industrial recovery, and each Member can see great benefits to be derived from this vast sum of $3,300,000,000 to be expended in the erection and construction of useful and permanent public works; however, it is impossible to appropriate any such sum of money from an already depleted Treasury, and if and when bonds and securities are issued and sold, as provided in this bill, then the question occurs, How is the still depleted Treasury going to pay the interest on this vast sum of money?

We had been advised that this was an administration bill, and that it was in pursuance of the President's message, and that it was a part of his program, and that it would effect national industrial recovery. Now I am for this bill if ways and means can be worked out to raise the $227,000,000 per year necessary to pay the interest and amortization charge on the $3,300,000,000 which is to be used to encourage national industrial recovery. But I am not willing to vote for this bill if the raising of the interest and amortization money is to cast an unjust additional load upon the so-called "little man", as is now proposed by this bill.

Many of the ways and means, as set out in this bill, to raise this interest money and the amortization charge, run absolutely contrary to State campaign pledges of many of the majority Members of this House, and absolutely contrary to State platforms upon which they were elected, and also, as in my instance, contrary to State legislative resolutions and memorials, and, Mr. Speaker, it is contrary to section 2 of the national platform upon which every one of the majority Members of this House were elected.

According to this bill as it is now before us, the program of raising the interest and carrying charge is decidedly unilateral. It places all of the burden upon the consumer and the small taxpayer, and it exempts the large taxpayer and the rich man. In that respect it is in violation of paragraph 2 of the National Democratic platform of 1932, which provides:

> We advocate: Maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

As this bill is now before the House I am in accord with it except for the way it proposes to finance the appropriations. There are many outstanding and legitimate reasons why I must oppose that feature.

First, this bill seeks to increase the income tax by 50 percent on the individual having an income of $6,000 or less; then it abruptly starts to graduate downward so that the individual with an income of $30,000 is increased by only 15 percent; the person with an income of $50,000 is increased by 11 percent; the person with an income of $100,000 is increased by 6 percent, and the person with an income of $200,000 is increased by only 4½ percent, and the person with an income of a million dollars or more is increased by only 3½ percent.

The persons from whom the greater portion of the money is expected to be raised by amendment of the income-tax law are the butchers, the bakers, the small merchants, the average professional man, the men and women of small salaries; in fact, all those with small incomes and small salaries. The man drawing a salary of not to exceed $6,000 is loaded with a 50-percent increase, while the man on a $30,000 salary is increased by only 15 percent, and the one drawing $50,000 is increased by only 11 percent, and the one with a $100,000 salary by only 6 percent. I ask you fairly and candidly, are those increases based on ability to pay?

Is it fair to increase the Government burden of the men in the lower brackets by 50 percent and then graduate those in the upper brackets down to only 3½ percent? Is it fair to collect the major portion of these increases from those least able to pay? Is it fair to grant this class of favors to those able to pay and at the same time put this additional burden on the so-called "little man", who, with his wife, is striving to properly educate their children—the man who in fact deprives himself and wife of all luxuries of life and gets his only enjoyment in using his entire income in the maintenance of his family and the education of his children?

Is that in accord with the Democratic plaform to raise revenues by a system of taxation levied on the principle of ability to pay? Is there a man here who can vote for this provision and then excuse himself to his constitutents? Well, I will never be called upon to make any such excuse, for I will never vote exempting those in the upper brackets and at the same time put additional burdens on those in the lower.

Instead of relieving those in the upper brackets from further governmental responsibility I would strengthen the law to see that they paid their just share for the support of their Government. The investigation that is now going on in the other end of the Capitol has developed that J. P. Morgan, probably the richest individual in all of America, has escaped taxes for the past 3 years, during all of which time his manipulations to do so have been well known to the Treasury Department of this Government and its Internal Revenue branch, yet they have never brought that to the attention of this Congress, so that the holes in the law through which he has been crawling could be plugged and he be forced to equitably contribute to the support of his Government. But we are not surprised at that, since Mellon and Mills, the two Secretaries of the Treasury under whose administration he has been doing these things, both received from the Treasury they were sworn to guard, unjust refunds to the extent of millions of dollars each. Now that these things have come to light it is high time that Congress corrected these mistakes in the law and in procedure so that the millionaires will be compelled to pay their just taxes in support of their Government, and further, we must see that when they have once paid their just share, it stays paid.

The second reason that this bill is objectionable is that it is increasing the Government excise tax on gasoline by 75 percent. This is inexcusable. It is a sales tax already preempted by the States and already overworked by the Government. It is putting the burden upon the consumer and not upon the producer. Again this bill hits the "little fellow" and exempts the Rockefellers. Ninety percent of the agricultural products of this country today are produced by gasoline power instead of horse power, as in former years. Gasoline and the motor vehicle are as much a necessity today as the horse and buggy and the wagon and team were 30 years ago. Every State in the Union now has a gasoline tax, ranging from 2 to 7 cents per gallon, and already the Government has a 1-cent tax on every gallon of gasoline sold in this country. Further pyramiding of such tax is absolutely against the code of fair practice. Bear in mind the oil industry does not share any of the burden of these gasoline taxes. They are all paid by the consumer. My State has a 5-cent gasoline tax, and that, with the present 1-cent Government tax, makes a burden which has reached its limit. We cannot stand this proposed increase.

The people of my State in March of this year spoke to me through their legislature, which unanimously passed a memorial asking Congress not only not to increase the excise tax on gasoline but to reduce the present tax. They are the people whom I represent, and it is from them I take instruction and not from those representing the interests desiring special favors, benefits, immunities, and subsidies.

My third objection to the bill as it now stands is the allotment of the $400,000,000 road money. By the law we have long been operating under, Federal road money has been allotted to the States on the basis of one third for population, one third on area, and one third on road mileage. That basis is equitable. This bill now provides the allotment of one fourth on mileage, one fourth on area, and one half on population. This unjustly affects 30 of the 48 States, and it affects them to the tune of $20,400,000, all of which is done to the benefit, in that same sum of additional money, to 17 other States, leaving only 1 State in its normal condition.

My own State is the heaviest loser of all, with a loss of $1,668,000. New York under this amendment gains most with an additional $5,200,000. Pennsylvania comes next with a gain of $3,860,000, and Massachusetts third with a gain of $2,000,000. Even Rhode Island, not as large as the smallest county in my district, has a gain of $60,000, and this notwithstanding the fact that Rhode Island, except that part which is covered with water, is practically blanketed with pavement.

The following table, which I ask leave to insert, gives in round numbers the loss or gain of each State:

State	Amount gained	Amount lost
Arkansas		$236,000
Alabama	$28,000	
Arizona		1,102,000
California	736,000	
Colorado		1,000,000
Connecticut	940,000	
Delaware		300,000
Florida		160,000
Georgia		216,000
Idaho		884,000
Illinois	2,000,000	
Indiana	128,000	
Iowa		628,000
Kansas		1,200,000
Kentucky	61,000	
Louisiana		260,000
Maine		240,000
Maryland	480,000	
Massachusetts	2,000,000	
Michigan	800,000	
Minnesota		720,000
Mississippi		164,000
Missouri		170,000
Montana		1,668,000
Nebraska		1,000,000
Nevada		1,240,000
New Hampshire		160,000
New Jersey	1,908,000	
New Mexico		1,292,000
New York	5,200,000	
North Carolina	180,000	
North Dakota		1,066,000
Ohio	1,280,000	
Oklahoma		456,000
Oregon		892,000
Pennsylvania	3,860,000	
Rhode Island	60,000	
South Carolina	(1)	
South Dakota		1,120,000
Tennessee		80,000
Texas		1,640,000
Utah		788,000
Vermont		208,000
Virginia	92,000	
Washington		328,000
West Virginia	304,000	
Wisconsin		96,000
Wyoming		1,100,000

[1] Practically even.

This is an admitted and deliberate change of the law allotting Federal money for roads to the States in order to help the States of dense population. It is being done under the claim that there is more unemployment and distress in the thickly populated centers, but in making that claim let us be mindful that these thickly populated centers already have the greatest network of paved roads in all the world, and again let us be mindful that under the other provisions of this bill for public works these thickly populated centers are receiving vast benefits based on the theory of population.

It has been suggested to me that since I am in favor of the national industrial recovery principles of the bill that I should vote for it and take a chance that the Senate would correct the provisions on financing it. But I am not here to gamble that the Senate will correct my errors. The people of my district sent me here to vote my own convictions and primarily to represent them. My district is made up largely of those classes which have been most oppressed during this panic. They are of the classes that the financing program of this bill hits the hardest. It has been suggested to me that my duty in Congress is to represent all of the people and all of the concerns of this Nation, but I interpret my duty to be that I must first and primarily represent my own district, its people, and its industries. My brief experience here has brought me to the solemn belief that it is impossible to represent all of the people all of the time. One cannot at the same time represent the oppressed and the oppressor, the robbed and the robber, the poor and the rich. It cannot be done. Under our system their positions are different because of the absolute conflict of interest.

I took the position in the campaign that we had had too much congressional representation of the big bankers, of the power companies, of the public-service companies, of the railroads, of the insurance companies, and of the richer class in general. I believe that they should all have a fair deal, but I do not believe they should have the special privileges that are written for them in this bill. My vote for this bill as it now stands would be a vote for them and a vote against the small business man, the professional man, the farmer, the rancher, the person generally of smaller means. The national industrial recovery program of this bill can be financed without penalizing them, and it should be so financed.

Instead of increasing the income tax on the small taxpayer by 50 percent and graduating it down to an increase of only 3½ percent on the millionaire, let us put the monkey wrench on this provision and turn it square around, and let us correct the defects of the income-tax law and particularly those defects which have come to light by the Morgan investigation, and let us place a tax upon the income from tax-exempt securities and let us make public records of income-tax returns. These things would pay the interest and the carrying charge of the money proposed to be used for national industrial recovery.

One of the greatest plugs that could be driven into the hole of the income-tax law through which men, who should be in the upper brackets, escape, would be to make all income-tax returns open public records subject to examination and inspection by any other taxpayer. This would do more to force honest returns than any other present suggestion.

There is no legitimate reason why these income-tax returns should be secret. All property-tax returns throughout the United States are matters of public record. Income-tax returns are the only secret returns that I know of. I do not understand why the income-tax returns should be shrouded in secrecy while the property-tax returns are open public records. No man should be ashamed of his honest and legitimate income. I believe that the opposition to making the income-tax returns a public record comes from those whose income is either not altogether legitimate or from those who desire to juggle figures and to escape through holes which they have discovered to exist in the income-tax law.

If publicity were given income-tax returns, I feel certain that it would put an end to the juggling which goes on by individuals and concerns on the last day of one taxpaying year and the first day of the next. I am sure it would eliminate the system of selling large volumes of capital stock on the last day of a tax-paying year at a great paper loss—which sales are made to the wives, relatives, and confidential friends of the stockholder—and then on the first days of the next year these stocks are transferred back to the original holder at a large price so that he can again at the end of that year make another fake sale at another great paper loss, thus evading the law from year to year. That is one of the holes in the income tax law that would be plugged by publicity of the returns.

Another thing that would be corrected by making the income-tax returns a public record is the present salary and pension system that is going on with the large banks and the large railroad companies and other large corporate concerns. Hundred-thousand-dollar salaries and hundred-thousand-dollar pensions to retired directors and retired officers would cease. This would help in two ways: It would increase the tax to be paid by the concern, and it would leave more money in the treasury of the concern to be distributed to the unsuspecting stockholder as a dividend.

That the income tax may be extended to the income from tax-exempt securities to me seems perfectly clear, notwithstanding the argument is made that such inclusion would be unconstitutional. We get our authority for the present income tax law from the sixteenth amendment to the Na-

tional Constitution, which is very short, plain, and inevasive, and since it contains only 30 words I shall quote it:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

This amendment authorizes Congress "to lay and collect taxes on incomes, from whatever sources derived." Now, as a lawyer I would advise any client who came to me that the coupons on his Liberty bonds or on any other tax-exempt securities that he might have were subject to an income tax if Congress saw fit to levy one. In these times it seems only reasonable that such a tax be levied, and that it be an independent tax not to be charged against other losses.

The evidence taken before the Senate Committee on Banking and Currency, now investigating private banks, disclosed on the very first day of the hearing, last Tuesday, May 23, 1933, that the House of Morgan owned, on December 31, 1932, $224,580,150 worth of United States Government securities. Those securities alone carry quite an income, yet the evidence taken on the same day shows that neither the House of Morgan nor any of its members paid a tax for the year 1932.

The publicity which is being given income-tax returns made by men in high places by the Senate Banking and Currency Committee is in itself going to be a great benefit to the Treasury of this country. I predict that if Mr. Pecora is permitted to go on with his investigation many persons will soon be filing amended returns for past years, explaining that they had made mistakes and that they had taken deductions and set forth depreciations under erroneous advice or misapprehension of the law.

This proposition of sales by taxpayers to members of their own family and to close associates, and resales back to the taxpayer, at the close of one year and at the beginning of another at figures juggled to show great paper losses to the taxpayer, is a violation of the spirit, if not the letter, of the law.

The present system of ridiculous salaries to corporation officers and superridiculous pensions to retired officers of corporations would be greatly reduced if income-tax returns were public records.

Now, since this bill is considered in the House under a rule whereby no amendments can be offered except by the committee that reported it, I am constrained to vote against it, but I do hope that it will come back from the Senate with these objectionable features eliminated, and with amendments to finance the recovery plan of the bill by a system of taxation levied on the principle of ability to pay as proclaimed by the Democratic national platform. Then I shall vote for it.

Mr. HOEPPEL. Mr. Speaker, as no time was given me for discussion on this bill, I take this means of presenting my viewpoints on H.R. 5664, known as the "industrial recovery bill."

While I perhaps will vote for this measure, I recognize it as a veritable TNT bomb which may wreck the sinews of government unless honestly and fairly applied.

In this bill, we are acknowledging the bankruptcy of the United States, especially as it pertains to our industrial activities. We are authorizing a receivership in the hands of our President, in whom, I am sure, the majority of our people today have the utmost confidence, to which I also subscribe. However, as the administration of this bill is so vast, I am fearful whether or not he may not be surrounded with advisers whose theories and methods of application may not be in synchronism with his; and he cannot examine into the various details, a condition may arise where his best intentions may go awry.

We witnessed this in the Veterans' Administration, where an effort is now being made to ameliorate the iniquitous regulations which our President approved, trusting, as he did, implicitly in his advisers, who, in this instance, in my opinion, are incompetent, unfair, and more or less have placed themselves in the category of racketeers.

I propose to vote for this bill because it carries provisions which will put some of our unemployed to work, which to me is the most valid argument why I must swallow this sugar-coated pill weighted, as it is, in its interior with the bitterest quinine, in that it attacks the right of the individual to conduct his own business according to the dictates of his own conscience and his own desires, and, further, because it seems to me unconstitutional as well.

Personally I will sacrifice anything to bring a ray of sunshine and hope to our unemployed, and in accordance with this thought I swallow, quite reluctantly, the tax provisions of this bill as well.

The increased income tax for only those in the lower brackets, while those in the higher brackets are left untouched, is contrary to the principles of democracy and disproves the allegation that in this bill equal rights of all men are being considered.

The gasoline tax is also class legislation and ought not to be enacted.

While I have, in principle, been more or less opposed to the manufacturers' sales tax, I am inclined to favor a sales tax, provided it does not touch the necessities of life and the requirements of the common man along the lines of food, clothing, and medicine. I vision that a proper sales tax, touching upon the sales of every manufactured commodity and every transaction in government, especially stock transfers, bond transfers, and realty transfers will be a most progressive, far-reaching, and remunerative tax.

If, in addition to this, we will institute higher gift, estates, and inheritance taxes, our basic problems of taxation will be solved; and concretely speaking, under this procedure, taxation will be applied primarily to those who have and who can afford it rather than to those who have little and can ill afford it.

The Morgan exposé and the failure of this gentleman and others of his caliber to pay an income tax evinces the thought that if a proper manufacturers' sales tax, along the lines indicated before, is adopted, the income tax in itself can and should be repealed for the lower incomes and increased for the higher. Today, the income tax is merely an evasive tax, through which artful lawyers close their eyes to honest methods and protect their clients for a fee.

I have always abhored the income tax in its application to those in the lower brackets, since men today, with the most meager incomes, are taxed, regardless of the fact that perhaps in the year to come or succeeding years they may be deprived of any income.

If an income tax is to be maintained, the minimum should be placed much higher than under existing law and the tax should be greater on unearned income rather than on earned income.

Speaking in the interest of labor, and being fully cognizant of what happened in 1920 when the railroads were under Government control, I am apprehensive whether or not, under this bill, it may not be possible again for the administration virtually to conscript labor, as was done under the Wilson administration during the railroad strike of 1920, when railroad employees who struck for higher and livable wages compared with the high standards of living existing at that time were put in imprisonment because they dared to assert their individualistic rights to refuse to work for a remuneration not to their liking.

My only hope and the reason that I vote for this bill is that I have the best interests of the unemployed at heart and that I feel confident the President will exercise the powers granted him under this bill humanely, compassionately, and in justice, and my hope is that those who administer the law will be of a more fair-minded, intelligent, and considerate group than those who, in the administration of the veterans economy law, have brought upon the administration the onus of criticism and severe censure.

This bill fails to go far enough to satisfy me on the question of providing employment, and my sincere hope, which I express quite freely, is that the Members of this Congress, when they go home and contact their own constituents, will

see for themselves the inadequacy of this legislation, and that on their return in January, they will redouble their efforts to obtain sufficient funds in order to provide more adequately employment for our unfortunate and distressed unemployed. With this hope, I close my eyes and will vote to support this bill.

Mr. COCHRAN of Missouri. Mr. Speaker, the issue here is not political, or at least it should not be political; the question is: Do you want to continue to support your President in his efforts to bring the country out of this depression?

Since the 4th day of March there has been action at the White House. For 3 years prior thereto the country was permitted to drift, with the result that conditions continued to become worse. The Nation was on the verge of destruction when Mr. Roosevelt assumed command. Who can deny that there has been a change? Confidence has been restored and we are slowly recovering. There is, however, much still to be done. In order to continue the march, the ultimate goal being a return to prosperity, President Roosevelt asks us for this unprecedented legislation. It is a bill to further encourage the recovery of national industry; to foster fair competition, and to provide for the construction of certain useful public works. Of course it violates the principles laid down by Washington, Jefferson, Jackson, and Lincoln, but, my friends, if any of those great statesmen were in the White House today, they would find not a country such as they knew it, but a changed country. In fact, as Mr. Charles G. Ross, the Washington correspondent of the St. Louis Post-Dispatch says: "They would find themselves in a wonderland."

What might have been good medicine for the country ills then would likely be poison today. I shudder to even think what would have happened to an individual, let alone a President, who would have suggested such a bill 10 years ago. I might even say 2 years ago. We must remember that it requires extraordinary action to meet an extraordinary situation.

The report says the bill is designed to meet the needs of the present national emergency which, in the language of section 1, is "productive of wide-spread unemployment and disorganization of industry, which burdens interstate commerce, affects the public welfare, and undermines the standard of living of the American people." The President, in his message to the Congress May 17, said:

> My first request is that the Congress provide for the machinery necessary for a great cooperative movement throughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week, and to prevent unfair competition and disastrous overproduction.
>
> Employers cannot do this singly or even in organized groups, because such action increases costs and thus permits cutthroat underselling by selfish competitors unwilling to join in such a public-spirited endeavor.
>
> One of the great restrictions upon such cooperative efforts up to this time has been our antitrust laws. They were properly designed as the means to cure the great evils of monopolistic price fixing. They should certainly be retained as a permanent assurance that the old evils of unfair competition shall never return. But the public interest will be served if, with the authority and under the guidance of Government, private industries are permitted to make agreements and codes insuring fair competition. However, if it is necessary, if we thus limit the operation of antitrust laws to their original purpose, we must provide a rigorous licensing power in order to meet rare cases of noncooperation and abuse. Such a safeguard is indispensable.
>
> The other proposal gives the Executive full power to start a large program of direct employment. A careful survey convinces me that approximately $3,300,000,000 can be invested in useful and necessary public construction, and at the same time put the largest possible number of people to work.
>
> Provision should be made to permit States, counties, and municipalities to undertake useful public works, subject, however, to the most effective possible means of eliminating favoritism and wasteful expenditures on unwarranted and uneconomic projects.
>
> We must, by prompt and vigorous action, override unnecessary obstructions which in the past have delayed the starting of public-works programs. This can be accomplished by simple and direct procedure * * *."

This bill gives the President the legislation he desires. We can only pray that it will meet the objective that he seeks—a return to prosperity.

In again supporting the President I express the hope that he will be careful to see that no subordinate permits the old evils of unfair competition to return. The extraordinary power that is granted calls for extraordinary precaution.

Now, as to the public-works feature, $3,300,000,000 is to be used, the President says, for useful and necessary public construction. The President demands the raising of $220,000,000 to pay the interest and sinking-fund charges on the $3,300,000,000 necessary to finance the public works.

It is a most unpleasant duty to increase taxes. The committee recommends an increase in normal income-tax rates on the first $4,000 of net income from 4 percent to 6 percent; in excess of $4,000 the rate is increased from 8 percent to 10 percent. The man who formerly paid $20 on $3,000 will pay $30; on $4,000 will pay $90 instead of $60; on $5,000 the tax is $150, an increase of $50; on $6,000 there is an increase of $70, to $210; on $7,000 an increase of $90, making the tax now $300; while on $10,000 the new tax will be $630 in lieu of $480 under the old law. The increase, of course, applies to all incomes above $10,000.

There is also an additional tax of three fourths of a cent per gallon on gasoline.

Much as I dislike to see the increase in income and gasoline taxes, still it is far better than a general sales tax.

There is a provision in the bill that when and if the States repeal the eighteenth amendment the taxes referred to will become inoperative. I am very much in favor of this provision, and I hope it will expedite action by the States.

It seems to me that the so-called "non-tax-paying States", the States that take more out of the Federal Treasury in the form of Federal aid than they actually pay in, owe it to the Government to assist at once in providing a way to collect sufficient revenue to meet its requirements.

If something is not done, I can vision a discontinuance, in the near future, of many activities where the Government is now extending aid to the States.

I present, Mr. Speaker, a chart received from the Treasury Department showing the extent of Federal aid in all of its ramifications to the individual States:

Federal aid to States.—Statement of expenditures made by the Government as direct payments to States under cooperative arrangements during the fiscal year ended June 30, 1932:

	Under Department of Agriculture							
	Payments to States for agricultural experiment stations (1)	Cooperative agricultural extension work (2)	Payments to States and Territories from the national-forests fund (3)	Payments to school funds, Arizona and New Mexico national-forests fund (4)	Forest-fire cooperation (5)	Cooperative distribution of forest-planting stock (6)	Cooperative construction of rural post roads (7)	Federal-aid highway system, advances to States, emergency construction (8)
Alabama	$90,000.00	$277,112.96	$136.38		$40,253.37	$231.25	$1,449,558.66	$969,606.30
Alaska	15,000.00	10,000.00	12,931.37					
Arizona	90,000.00	73,765.19	68,919.57	$30,358.89			2,445,249.48	726,446.32
Arkansas	90,000.00	233,759.26	20,035.70				2,443,071.02	518,171.59
California	90,000.00	213,925.57	280,824.46		170,498.00	437.00	5,013,452.92	2,242,004.08
Colorado	90,000.00	104,162.94	135,212.00			1,927.50	2,814,478.24	1,057,295.97
Connecticut	90,000.00	91,486.87			14,008.00	2,000.00	1,126,049.01	443,414.17

Federal aid to States.—Statement of expenditures made by the Government as direct payments to States under cooperative arrangements during the fiscal year ended June 30, 1932—Continued

	Under Department of Agriculture							
	Payments to States for agricultural experiment stations (1)	Cooperative agricultural extension work (2)	Payments to States and Territories from the national forests fund (3)	Payments to school funds, Arizona and New Mexico national-forests fund (4)	Forest-fire cooperation (5)	Cooperative distribution of forest-planting stock (6)	Cooperative construction of rural post roads (7)	Federal-aid highway system, advances to States, emergency construction (8)
Delaware	$89,640.51	$43,214.70			$1,318.00	$2,000.00	$512,060.63	$310,552.78
District of Columbia								
Florida	90,000.00	130,086.55	$10,059.76		65,826.12	2,210.00	1,245,206.16	944,802.40
Georgia	90,000.00	307,846.81	2,170.21		57,689.97	2,000.00	3,833,366.77	990,521.99
Hawaii	21,951.14	51,949.48			466.00	3,400.00	391,220.01	185,344.34
Idaho	90,000.00	79,183.48	133,081.12		69,251.00	913.00	1,682,385.02	803,647.38
Illinois	90,000.00	286,572.41					5,788,526.83	3,127,384.12
Indiana	90,000.00	221,434.42			7,560.00	3,637.71	4,134,264.18	1,706,606.09
Iowa	90,000.00	228,057.73				2,000.00	2,546,601.73	1,287,728.45
Kansas	90,000.00	188,512.25				2,000.00	3,291,566.93	1,255,105.84
Kentucky	90,000.00	269,203.47			18,780.00	1,785.00	1,949,897.63	1,020,255.46
Louisiana	90,000.00	197,917.54	1.63		51,810.00	2,175.81	2,049,281.07	958,079.93
Maine	90,000.00	94,576.78	803.59		54,732.00	868.49	1,664,563.68	581,781.91
Maryland	90,000.00	121,303.51			12,203.00	2,230.00	895,565.36	485,527.14
Massachusetts	90,000.00	85,956.57			34,991.25	3,150.00	2,492,975.93	960,587.24
Michigan	90,000.00	228,631.38	982.66		131,320.00	2,820.00	4,423,552.30	2,352,100.91
Minnesota	90,000.00	201,210.26	8,883.64		98,443.00		3,008,442.80	2,042,338.59
Mississippi	90,000.00	255,122.08			18,734.53	428.36	1,372,689.21	1,105,507.85
Missouri	90,000.00	267,006.88					2,943,232.61	1,703,978.40
Montana	90,000.00	90,876.47	67,151.98		30,145.00	2,250.00	3,429,106.02	1,004,619.38
Nebraska	90,000.00	155,475.45	2,106.12			3,880.00	3,772,318.33	1,211,377.44
Nevada	90,000.00	46,490.03	25,930.69		1,220.00		1,708,195.22	748,961.09
New Hampshire	90,000.00	59,042.54	11,578.45		18,012.00	2,911.00	400,588.14	400,000.00
New Jersey	90,000.00	123,013.64			28,140.00	4,000.00	889,185.74	670,131.06
New Mexico	90,000.00	76,295.41	32,211.46	$525.25	2,306.82		1,878,853.65	484,163.74
New York	90,000.00	289,054.60			77,191.00	4,000.00	11,167,906.22	3,781,884.24
North Carolina	90,000.00	331,687.11	4,753.91		50,090.61	2,360.00	2,366,819.85	1,272,659.35
North Dakota	90,000.00	115,583.71				2,660.00	1,931,074.18	1,094,730.20
Ohio	90,000.00	296,331.67			7,491.00	3,290.00	4,238,550.62	2,389,217.07
Oklahoma	90,000.00	238,542.91	1,514.78		16,670.00	2,470.00	2,086,708.87	1,244,186.13
Oregon	90,000.00	102,714.75	122,557.51		104,092.00	2,000.00	1,828,565.82	1,022,272.74
Pennsylvania	90,000.00	395,170.87	3,334.38		54,314.00	4,000.00	5,179,419.90	3,240,589.63
Philippine Islands								
Puerto Rico			63.75			2,940.00		
Rhode Island	90,000.00	34,540.56			2,410.00		976,232.74	400,000.00
South Carolina	90,000.00	214,442.13	635.97		28,978.83	1,759.23	1,409,926.16	488,368.04
South Dakota	90,000.00	114,441.87	32,099.22		1,125.00		2,486,985.52	1,051,415.51
Tennessee	90,000.00	261,246.65	3,015.35		25,320.00	2,344.35	1,494,839.91	817,027.03
Texas	90,000.00	481,957.86			42,205.00		8,447,826.24	3,646,122.14
Utah	90,000.00	70,704.03	58,054.73			1,300.00	1,276,689.88	705,051.64
Vermont	90,000.00	68,619.40			7,894.00	2,000.00	539,752.15	333,929.73
Virginia	90,000.00	249,678.16	5,853.76		35,730.00	2,160.01	1,841,802.21	995,735.74
Washington	90,000.00	121,329.98	115,174.01		111,543.00	2,000.00	2,100,875.62	978,352.59
West Virginia	90,000.00	181,935.94	473.82		31,348.00	2,150.00	1,758,953.68	805,474.62
Wisconsin	90,000.00	209,646.45	1.56		48,983.00	2,000.00	2,739,618.37	1,539,323.09
Wyoming	90,000.00	58,828.62	80,055.44			1,522.50	1,804,001.52	813,051.00
Total	4,356,591.65	8,649,649.90	1,240,608.99	30,884.14	1,573,093.50	90,211.21	127,367,119.74	58,912,432.48

	Under Department of the Interior				Under Navy Department—State marine schools	Under Treasury Department—to promote the education of the blind, American Printing House for the Blind	Under War Department—National Guard	Under Federal Board for Vocational Education—cooperative vocational education and rehabilitation	Under Federal Power Commission—payments to States under Federal Water Power Act	Under Veterans' Administration—State and Territorial homes for disabled soldiers and sailors	Total
	Colleges for agriculture and mechanic arts (9)	Payments to States from receipts under Mineral Leasing Act (10)	5-, 3-, and 2-percent funds to States (lands) (11)	Payments to States under certain special funds [1] (12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Alabama	$50,000.00	$4,669.88	$71.32			$3,293.39	$608,971.72	$241,035.00	$39.51		$3,734,979.74
Alaska	50,000.00								627.11		88,558.48
Arizona	50,000.00	37.99	816.16			193.02	173,369.94	53,315.33	145.60		3,712,617.49
Arkansas	50,000.00		581.64			1,616.54	456,530.04	174,648.86	1,201.20		3,989,615.85
California	50,000.00	325,945.99	1,529.99		$25,000.00	1,785.42	1,127,499.01	412,778.93	45,848.15	$112,439.18	10,113,968.70
Colorado	50,000.00	31,292.03				747.95	353,464.99	82,121.56	280.72	10,518.60	4,731,502.50
Connecticut	50,000.00					772.08	731,456.14	88,685.74		53,329.12	2,691,201.13
Delaware	50,000.00						122,455.98	29,164.25			1,160,406.85
District of Columbia							149,154.88				149,154.88
Florida	50,000.00		561.82			989.22	483,397.12	114,384.08	.04		3,137,523.27
Georgia	50,000.00					1,218.43	586,410.25	266,862.11			6,193,086.54
Hawaii	50,000.00					180.96	210,865.70	36,767.38			952,145.01
Idaho	50,000.00	2,284.69	1,221.52			265.40	285,734.31	53,594.55	5,072.23	8,446.20	3,265,079.90
Illinois	50,000.00					3,812.13	1,525,763.99	554,010.09		53,259.50	11,479,329.07
Indiana	50,000.00					1,773.36	868,168.36	252,441.14		9,477.60	7,345,362.86
Iowa	50,000.00					1,737.17	603,240.07	210,053.52		28,246.20	5,047,664.87
Kansas	50,000.00					1,387.33	654,716.41	129,555.22		8,749.80	5,671,593.78
Kentucky	50,000.00					1,700.98	476,607.72	224,786.36			4,103,016.62
Louisiana	50,000.00	1,693.94	74.01			1,363.20	357,234.94	174,793.60			3,934,425.67
Maine	50,000.00						414,437.90	55,224.72			3,006,994.07
Maryland	50,000.00					1,737.17	580,514.59	100,486.75			2,339,567.52
Massachusetts	50,000.00				25,000.00	3,353.71	1,594,818.59	237,501.27		50,364.26	5,628,698.82
Michigan	50,000.00		27.20			3,293.39	845,282.27	345,461.45	5.51	34,044.10	8,507,521.17
Minnesota	50,000.00					1,725.11	893,531.20	222,751.58	9.90	31,000.23	6,648,336.31

Footnotes at end of table.

Federal aid to States.—Statement of expenditures made by the Government as direct payments to States under cooperative arrangements during the fiscal year ended June 30, 1932—Continued

	Under Department of the Interior				Under Navy Department—State marine schools	Under Treasury Department—to promote the education of the blind, American Printing House for the Blind	Under War Department—National Guard	Under Federal Board for Vocational Education—cooperative vocational education and rehabilitation	Under Federal Power Commission—payments to States under Federal Water Power Act	Under Veterans' Administration—State and Territorial homes for disabled soldiers and sailors	Total
	Colleges for agriculture and mechanic arts	Payments to States from receipts under Mineral Leasing Act	5-, 3-, and 2-percent funds to States (lands)	Payments to States under certain special funds							
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Mississippi	$50,000.00					$989.22	$285,815.26	$202,418.93			$3,376,705.44
Missouri	50,000.00					1,218.43	789,488.00	262,573.50		$3,890.70	6,111,388.52
Montana	50,000.00	$34,838.81	$1,059.26			217.15	175,042.97	50,884.10	$137.34	4,874.10	5,031,202.58
Nebraska	50,000.00					627.31	252,127.20	118,247.31		13,103.40	5,669,262.56
Nevada	50,000.00	30.00	342.83				21,121.64	30,207.45	58.01		2,722,556.96
New Hampshire	50,000.00						175,035.44	31,605.35		5,258.70	1,334,031.63
New Jersey	50,000.00					470.49	881,030.14	276,997.06		20,808.56	3,033,776.69
New Mexico	50,000.00	61,287.27	566.69			1,278.75	234,777.01	51,002.37			2,963,268.42
New York	50,000.00				$25,000.00	4,656.59	3,663,639.73	838,520.32		917.40	19,992,830.10
North Carolina	50,000.00					2,931.48	596,879.51	284,938.08	47.93		5,053,167.78
North Dakota	50,000.00	8,485.42	91.68			422.23	155,935.96	75,667.84		1,926.30	3,526,577.52
Ohio	50,000.00					4,415.31	1,485,759.24	483,224.30		87,202.93	9,135,482.14
Oklahoma	50,000.00		54.00	$29,700.29		1,978.44	980,619.55	216,428.23		6,506.70	4,965,379.90
Oregon	50,000.00		203.08	751,638.91		1,290.82	513,763.61	77,604.70	7,804.95	9,881.26	4,684,390.15
Pennsylvania	50,000.00				25,000.00	5,259.77	2,275,301.91	630,123.55	35.25	37,395.00	11,989,944.26
Philippine Islands						241.27					241.27
Puerto Rico	50,000.00						191,180.71	45,000.00	39.97		289,224.43
Rhode Island	50,000.00						371,973.23	48,984.02		6,726.60	1,980,867.15
South Carolina	50,000.00					1,242.56	361,382.25	150,655.53			2,797,390.70
South Dakota	50,000.00	210.00	21.57			603.18	254,548.46	69,063.37	32.06	11,238.60	4,161,784.36
Tennessee	50,000.00					2,883.22	540,147.88	244,692.47	.86		3,531,517.75
Texas	50,000.00					4,210.23	1,587,481.37	456,868.15			14,806,670.99
Utah	50,000.00	31,759.98	872.55			410.16	526,011.66	44,881.95	1,358.97		2,857,095.55
Vermont	50,000.00						162,786.59	38,359.97		4,680.00	1,298,021.84
Virginia	50,000.00					1,290.82	655,397.04	205,633.38	20.82		4,133,301.94
Washington	50,000.00	1,840.45	3,147.91			1,121.93	563,390.03	106,264.62	6,285.91	43,839.46	4,295,165.51
West Virginia	50,000.00					1,604.47	248,120.82	128,319.88			3,298,381.23
Wisconsin	50,000.00		148.85			26'90.21	863,546.98	243,334.18	1,429.80	14,521.46	5,805,243.95
Wyoming	50,000.00	813,473.58	511.00				149,939.39	37,701.47	85.37	1,385.70	3,900,555.59
Total	2,550,000.00	1,317,850.03	11,903.08	781,339.20	100,000.00	75,000.00	33,065,869.70	9,510,625.52	70,567.21	674,031.66	250,377,778.01

[1] Columns 1 to 8, inclusive, based upon figures furnished by Department of Agriculture. Columns 9 to 13, inclusive, and column 17, based upon warrants issued by Treasury Department. Column 14 based upon figures furnished by the American Printing House for the Blind. Column 15 based upon figures furnished by the Chief of the Militia Bureau, War Department. Column 16 based upon figures furnished by the Federal Board for Vocational Education. Column 18 based upon figures furnished by the Director of Finance, Veterans' Administration.

[2] Payments shown in this column were from following special fund appropriations:

Oklahoma: Payment to Oklahoma from royalties, oil and gas, south half of Red River	$29,700.29
Oregon:	
Coos Bay Wagon Road grant fund	6,079.40
The Oregon and California land-grant fund	745,559.51
	751,638.91

NOTE.—This statement does not include appropriations made by Congress for direct relief or loans to States on account of floods, hurricanes, fires, drought, etc.

Mr. COCHRAN of Missouri. Most of the Federal-aid appropriations are termed "permanent appropriations." They recur annually. As an indication of the continuous growth take the Extension Service of the Department of Agriculture. Originating in 1914 with the passage of the Smith-Lever Act, the appropriation for the fiscal year 1915 was $10,000 to each State, or a total of $480,000. This service was extended until we find $8,649,649.90 appropriated for the fiscal year ending July 1 last. To this the States in the same year spent approximately $15,000,000. Not only do we extend aid to the several States, all participating, but recently laws have been enacted which bring in Hawaii, Puerto Rico, and Alaska. From a handful of men operating the Extension Service it has grown until now there is an army of 6,000 men and women throughout the Nation engaged in this activity. The home demonstration agent, a woman, has entered the picture. The woman is a "home planner." She spends her time showing the housewife how to improve her housekeeping, covering every phase from equipping the home to canning the fruit and vegetables. About 20 percent of the total amount spend is used for "home demonstration" work.

According to the Census Bureau there are 3,073 counties in the United States. This means on an average of two extension agents for each county. Some counties do not have an extension agent. In South Carolina there are six or seven extension agents in some of the counties.

The job of the extension agent is to help the farmer earn more on what he produces; to pass along to him information of value secured through scientific research. For years they have shown the farmer how to increase production. The job was performed so well that such a surplus developed that the price of farm products was recently at the lowest point it has reached since the Civil War. We appropriated $60,000,000 for the Department of Agriculture proper, not including road appropriations, for the next fiscal year. The duties of this Department are to stimulate agriclulture in all its phases. We appropriated this year over $100,000,000 to loan to the farmers for crop production. That money is being loaned now. Then we pass a bill, the farm relief bill, which has as its main purpose a reduction in yield. This does not appear good logic. Money to show the farmer how to increase production, money for the farmer to plant crops, and then a scheme that will cost consumers hundreds of millions to lower production. It appears to me that it is time for the Secretary of Agriculture to reach some definite agreement as to what we should and should not do. Surely it is not wise to appropriate money for a given purpose and then make more money available to reach our objective directly in opposition to the first proposal.

Another activity that has expanded from year to year is the experiment stations. For the year ending July 1, 1932, the Federal Government set aside $4,356,591.68. Of course, under the law the States were required to match this amount, making at least a total of $8,713,183.36.

There is an immense duplication of work.

Then you have your vocational education, aid to colleges for agricultural and mechanical arts, forest-fire cooperation, and whatnot.

The point I desire to drive home is that the Federal Government cannot carry on in the future as it has in the

past unless additional revenue is raised. The repeal of the eighteenth amendment will enable the Government to raise well over half a billion dollars in taxes. Are the "dry States" which have the right to keep liquor from coming within their borders to deny the Government this revenue of taxation? If they do, I predict there will be an end to the Federal aid they are now receiving. It just cannot go on unless the money is made available.

The people of the "dry States" should understand the situation that confronts the Government. If the situation is properly understood, the eighteenth amendment will be speedily repealed as it should be in the interests of temperance.

Has any harm come from the legalization of 3.2 percent beer? Nothing but good has come to the country from the enactment of that legislation. There is not a State in the Union, no matter how dry that State is, that has not benefited by the passage of that act. Take, for instance, Mississippi. I am told that residents of that State, as dry a State as there is in the Union, are working overtime securing the lumber that goes into the making of the shipping cases.

I repeat that if the dry States do not assist in repealing the eighteenth amendment, they cannot expect a continuance of the Federal aid they have been receiving from the Government.

The public-works feature of the bill will put millions to work in this country who have been out of employment for several years. It will give the honest man an opportunity to earn a proper living for his family. That the President means to expedite this feature of the legislation is assured, for he is now having every State in the Union submit suggestions of projects that might be financed under the provisions of the measure. Just as soon as the bill becomes a law the President should revoke the stop order on the public buildings issued about 60 days ago. Many of these projects can be started within 30 days. Put the unemployed to work and the depression will disappear. This is what the President is trying to do and he deserves our support.

THE FARMER-LABOR PARTY IN 1933

Mr. LUNDEEN. Mr. Speaker, ladies, and gentlemen, when the Conservative Party and the Liberal Party failed to solve the problems of Great Britain after the World War, the farmers, the workers, and the soldiers of that Empire turned to the British Labor Party. The despised Ramsay MacDonald, who had opposed England's entry into the World War and who had suffered much abuse and insult, came into power with the Labor Party. MacDonald himself was one of the builders of that party.

In 1927 and 1928 I traveled through England, Denmark, Finland, the Soviet Union, Sweden, Germany, Belgium, and France, and I visited 7 of the capitals of these 8 countries, and I found the Labor Party in control or about to assume control in every country in which I visited. Social-service legislation, old-age pension, unemployment insurance, and other legislation along the lines of public service was far in advance of legislation in America. Europe has much to learn from America, but it must be said that America has much to learn from Europe, and one of the things that we must learn is that some day a great labor party will come to the fore in the United States.

Already the Farmer-Labor Party has captured the State of Minnesota. We have there a Farmer-Labor Governor, Farmer-Labor Lieutenant Governor, Farmer-Labor attorney general, Farmer-Labor railroad and warehouse commissioner. We have there the senior United States Senator, and at one time we had a junior United States Senator; and we have five Farmer-Labor Congressmen now in Congress. The Farmer-Labor Party also controls the house of representatives in the State of Minnesota and many other offices which could be mentioned.

The Farmer-Labor Party rose out of agricultural problems and labor problems following the World War, and it is now being given added impetus by the problems of the veterans. At every step of the road the Farmer-Labor organizations and the Farmer-Labor platforms have given a friendly hand to our service men.

A number of States surrounding Minnesota and in the Mississippi Valley and in the far West have had at one time or another small beginnings of a Farmer-Labor Party organization. At some future time I hope to give some Farmer-Labor history along that line. I also hope to give a clearer and better picture of Farmer-Labor history in Minnesota.

A Farmer-Labor National Convention was held in 1920 in Chicago; another convention was held in St. Paul in 1924, and there were efforts along that line in 1928 and 1932. Independent organizations and various committees and leagues for independent political action have struggled to gather the disorganized progressive and liberal forces of this country into a solid, fighting unit. I invite these organizations and forces to join battle under the banners of the Farmer-Labor Party, building in 1933 and 1934 a national organization and a national party.

Now is the time to prepare for the Presidential election of 1936, and we must capture many additional seats in Congress and in the United States Senate in 1934. Remember that as far back as 41 years ago the People's Party, almost a duplicate of the Farmer-Labor Party of today, with a militant program in 1892, captured more than 1,000,000 votes for President in that early day. Fusion destroyed that party in 1896. The alluring promises of the Democratic Party with a progressive, liberal leader, eloquent and appealing to the masses, brought about the destruction of the People's Party. It is entirely possible that if that party had continued actively as a separate unit it might have taken over the Government by 1912.

Whenever a new party rises along labor lines insidious forces seek to disrupt and destroy these organizations. It is continually preached from the housetops that third parties never survive, and those who preach that forget that the Republican Party was once a third party, and that nearly all parties in the world today were at some stage of history third parties, and even fourth and fifth parties. There is nothing to that argument; in fact, it is not an argument at all. It is merely a misleading statement which has no foundation.

One of the great problems has been to bring solidly behind this Labor Party the American Federation of Labor with its millions of organized workers. It would seem that in these days of thirteen to seventeen million unemployed reported by various organizations that labor ought to build their own party. The Hamilton Institute of New York City vouches for unemployment figures of more than 17,000,000. This has no doubt slightly decreased this spring. We find good cooperation everywhere through farm organizations and cooperatives.

There has been great poverty and destitution and suffering in America for some time. Certainly it ought to be plain by now that there is no relief and hope to be found in the old parties, controlled as they are by organized wealth, money trusts, international bankers, such as the House of J. Pierpont Morgan & Co. and other great banking firms. The march of their millions is heard throughout the land, and their dollars are constantly rolling into the tills of newspaper and magazine offices, radio chains, and into the pockets of lecturers and propagandists.

Read the Pujo investigation of 21 years ago, which is published in three volumes by the United States Government. This investigation was brought about through the gallant, militant leader, Charles A. Lindbergh, Sr., for 10 years a Congressman from Minnesota, and father of the famous flier. He continually spoke of the Money Trust and that the Money Trust should be investigated. He spoke of the evils to come from the Federal Reserve System. He wrote many books, such as The Economic Pinch, Banking and Currency, Why Your Country Is at War, and numerous pamphlets, and his speeches are a source of inspiration and may be found in the CONGRESSIONAL RECORD in the period from March 4, 1907, to March 4, 1917.

The captains of industry are in absolute control of this country today. Their power is unlimited and they reach

far beyond the shores of America into foreign lands. Their power must be tamed lest America be destroyed. Tell me what power will bring them to book? Will the conservative parties do that? I cannot believe that, with the wildest stretch of the imagination.

Unless a party is builded in this country, rooted in the workers of the soil and the workers of the hand and brain in offices and cities, supported and encouraged by millions of service men—I say unless such a party is builded relief for the people will be a long time arriving. Since 90 percent of the people are farmers and workers of the hand and of the brain, and since they are cemented by the service men in every rank of life—since all have a common foe; here are the elements for a great new party.

Howard Y. Williams, national director of the League for Independent Political Action, 112 East Nineteenth Street, New York City, is actively at work now along these lines and has been for some years. He is assisted by a group of splendid men headed by John Dewey, famous educator and writer. The Farmer-Labor Leader, St. Paul, Minn., is a State-wide organization paper. The Labor Review, of Minneapolis, Minn., and the Union Advocate, of St. Paul, Minn., labor papers, will gladly send you information, I am sure.

On May 16, 1933, I placed in the CONGRESSIONAL RECORD a speech, "Intelligent National Planning, a New Political Alinement by the Organization of Farmers, Workers, and Veterans." This speech may be secured by writing to Mr. Williams at the address which I have given; and I will be very pleased to hear from you, and my office at Washington is at the service and disposal of the great American people who are interested in the building of a great national Farmer-Labor Party.

A short time ago, on June 3, 1933, I placed in the RECORD material under the title of "Farmer-Labor Governor in Action", Floyd B. Olson's two inaugural addresses and other statements and resolutions. I am giving this information to the American public that they may know they are not alone in the hope for a new party, progressive, liberal, militant, for the people, and against the money power which is crushing us to the earth with bonds and interest in a cruel money system which must be revised and rebuilt to serve the people.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, first I have been requested by the following Members to state that they are unavoidably absent, and if present they would vote "aye" on this bill: Mrs. NORTON, Mr. CANNON of Wisconsin, Mr. WOOD of Missouri, Mr. ABERNETHY, Mr. MARLAND, and Mr. KERR.

Mr. Speaker, as to the program for tomorrow, I am going to ask the House to adjourn until 12 o'clock tomorrow. There is nothing on the calendar and absolutely no business will be transacted. This adjournment is being taken solely for the purpose of permitting one and possibly two committees to report bills to the House in order that we may have something to do on Monday in addition to the two or three suspensions which will be recognized by the Speaker.

It is my hope that in addition to the suspensions which will be recognized by the Speaker we will be able to take up a bill which was introduced today by the gentleman from Alabama [Mr. STEAGALL] relating to the payment of obligations of the Government in gold; in other words, it provides for their payment in lawful money acceptable in the payment of private debts and obligations.

Mr. MARTIN of Massachusetts. Will that be considered under a rule?

Mr. BYRNS. That will be considered under a rule, and I hope under an open rule.

Mr. KELLER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KELLER. What about Tuesday, Decoration Day?

Mr. BYRNS. I do not want to destroy the gentleman's speech, but he can reserve his speech against other kinds of rules for a later date.

Mr. KELLER. How about Decoration Day, Tuesday?

Mr. BYRNS. It has been the custom of the House to meet on Decoration Day and I think we can render a patriotic service if we come here and dispose of this legislation. It is my hope and my expectation that on Tuesday we will take up the farm credit bill. But I have stated to several gentleman that if the House is willing, we will not have any record vote upon that day, but will have the record vote upon Wednesday. In fact, I hardly think we can conclude the consideration of the bill in one day.

Mr. MARTIN of Massachusetts. Will the gentleman tell us what suspensions will be taken up on Monday?

Mr. BYRNS. I would refer the gentleman to the Speaker for that information.

The SPEAKER. The Chair understands there are three suspensions. The Chair does not think they are particularly important.

One is the bill (H.R. 5690) to legalize the sale and possession of beer in Oklahoma, provided the State permits the sale of beer. Another one is the Hawaiian governorship bill, and the third relates to an amendment of the National Defense Act, which has been unanimously reported from the Committee on Military Affairs.

REGULATION OF BANKING

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill [H.R. 5661] to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, with Senate amendments, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. STEAGALL, GOLDSBOROUGH, and LUCE.

PURCHASE OF STOCKS AND BONDS OF INSURANCE COMPANIES

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, Senate 1094, to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, with House amendments, insist on the House amendments, and agree to the conference asked by the Senate.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, that is the bill in which the House struck out the $17,500 limitation on salaries of officials of the company?

Mr. STEAGALL. That is the insurance bill. It is a Senate bill which was passed by the House.

Mr. KVALE. Mr. Speaker, reserving the right to object, I wish to ask the chairman of the commitee if he will permit me to read a brief telegram from the Mayor of the City of St. Paul.

Mr. STEAGALL. I shall be very pleased to.

Mr. KVALE. This telegram is from the Mayor of the City of St. Paul and reads as follows:

ST. PAUL, MINN., *May 26.*

Hon. PAUL KVALE,
Representative in Congress:

Ramsey County poor relief must be borne jointly by city and county. Our amendment to Reconstruction Finance Corporation Act authorized purchase of city and county bonds, also provisions were incorporated to insure legal issue of bonds. City and county cannot pledge bonds, must sell. Imperative wording our amendment be incorporated in act.

WILLIAM MAHONEY,
Mayor, City of St. Paul.

Is there any way in which the gentleman can see that the amendment I offered, but withdrew on the assurance of the committee, can be considered in conference? I know that there is only a limited time for operation, but the emergency is dire in this particular situation.

Mr. STEAGALL. All I can say to the gentleman is that I am very much in sympathy with his position. I cannot assure him, of course, what will be done. I cannot say more than to express my own feeling about it.

I may also say to the gentleman that under legislation, now evidently in process of final passage at an early date, the relief contemplated in the telegram the gentleman read could no longer be afforded by the Reconstruction Finance Corporation.

Mr. KVALE. I am sensible of that, but there will be some little space of time within which the Reconstruction Finance Corporation will still operate.

Mr. STEAGALL. I am in sympathy with the gentleman's efforts.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, I wish to ask the chairman a question. As I understand, the gentleman is asking that we insist upon the committee amendment in the House which struck out the $17,500 salary limitation. Is it the gentleman's intention to insist on the position of the House?

Mr. STEAGALL. We expect to uphold the position of the House so far as that may be possible. That is all I can say to the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. McFARLANE. Mr. Speaker, I object.

REGULATION OF BANKING

Mr. McFARLANE. Mr. Speaker, I withdraw my objection.

Mr. STEAGALL. I renew my request.

The SPEAKER. The gentleman from Alabama asks unanimous consent to take from the Speaker's table the bill (S. 1094) with House amendments, insist on the House amendments, and agree to the conference asked by the Senate. Is there objection? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. STEAGALL, GOLDSBOROUGH, and LUCE.

PUBLIC WORKS BILL

Mr. JOHNSON of Oklahoma. Mr. Chairman, I ask unanimous consent to address the House for 2 minutes.

Mr. CARPENTER of Kansas. Mr. Speaker, reserving the right to object, I ask unanimous consent to extend my own remarks on the bill, H.R. 5755, and include a protest by some of my constituents.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CARPENTER of Kansas. Mr. Speaker, ladies, and gentlemen, to begin with let me say that I commend the President of the United States for the noble motives that impel him as a leader of this country to fight the battle of unemployment, and I commend the Ways and Means Committee for their sincere consideration and hard work that they have exerted in regard to this bill; and while I am hopeful if this bill becomes a law that it will, if possible, assist in restoring prosperity in this country if such methods can restore prosperity, yet, nevertheless, I have my own views in regard to this matter, which I wish to present at this time.

The people of the Fourth Congressional District of Kansas are demanding a cessation of governmental waste and extravagance, a reduction of governmental expenses, and are opposed at this time and at all time to an increase in the rates of taxation and innumerable sales taxes that are generally employed in times of war.

The farmers of the Fourth Congressional District do not agree with President Hoover that the antitrust laws should be made more liberal, but believe the antitrust laws should be strengthened and enforced.

This, Mr. Speaker, ladies and gentlemen of the House, is taken from the statement that I issued when I announced for Congress last year and the platform that I was nominated and elected on. When I made these statements, I was honest and sincere in them. Surely I cannot be so soon forgetful of these statements made by me time after time in my campaign, nor can I see any reason to change my tune at this time because I am in a different environment than the one in which they were made.

In view of these statements then how can I vote for an increase of the gasoline tax, sales taxes, and other taxes to be foisted upon the backs of the already tax-burdened people of this country? How can I vote to increase the income-tax rates upon the little man whereas men like Morgan and other great rich men of this country publicly announce, while they pay income taxes in England, they pay no income tax in this country. How can I vote to modify the antitrust laws instead of making them more stringent? In view of my statements in regard to governmental economy in my campaign how can I vote to increase the bonded indebtedness of this country? How can we be consistent in taking $450,000,000 from the ex-service men and then spending $3,300,000,000 for public works we do not need and can get along without? In this connection it is proposed to spend $45,000,000 in Kansas in building a huge dam at a place called "Kiro" on the Kansas River, near Topeka.

This dam would be 2 miles long and from 60 to 100 feet high. It would create a lake flooding 106,000 acres of land. It would create a lake 40 miles long and from 4 to 6 miles wide. It would flood one of the most fertile valleys in the United States and which has been stated to be only excelled by the Nile in productivity. It would destroy 12 towns and cities. Approximately two thirds of the area flooded and more than one half of the towns destroyed would be in my congressional district. This project would have no value for Kansas but is merely to store up the flood waters of the Kansas River so that they may be fed into the Missouri River to make it navigable. The water would not be kept at any certain level and therefore would create for the most part a mudhole or a marsh. It is questionable in my mind whether it would be feasible anyway, because I do not think that the formation of the earth in this locality is such that it would retain the water, as I think there would be a great deal of seepage.

The people of this district last year voted for a change of administration as the people did all over the United States with the fond hope of bettering their condition in view of the promise of the new deal, and like the rest of the people of this country since the 4th of March have given a sigh of relief and are again going forward with a new confidence. Imagine their surprise and utter dismay to read one day last week in the daily newspapers that all their possessions and homes and everything that was near and dear to them are to be wiped out. Farmers who have farmed this land all their lives and their fathers before them were dreaming how they were going to be lifted out of their difficulties by the farm loan bill that we have passed, coupled with increasing price of products. Business men who had spent their lives in building up their businesses now view the possibility of their complete destruction. Churches, schools, and colleges that have been the pride of the inhabitants are to be destroyed, as in the great flood in the time of Noah. Cemeteries that contain the remains of the dear ones are to be obliterated, and all those places of tender memories are to be ruined. Paved highways that are the pride of the State, railroad lines of railroads connecting the Atlantic and Pacific will have to be rerouted. It might be said that the people would be compensated, but for most of these things that I have detailed there could not be any compensation that could replace them, and there would be much more destroyed in actual property than the $45,000,000 it would take to build the dam. Property that was a great taxable asset to the local community and the State will be wiped out, and in its place will be substituted Government property that will be nontaxable. Inasmuch as part of this property is under bonded indebtedness for civic improvements, great burdens will be thrown upon the remaining property and uncertainty thrown about these obligations.

People living in this community and in these cities within this project and in my district who have been planning on going forward in this new era and who are now repairing and fixing up their properties have ceased all operations and

plans, knowing not which way to turn. Whereas a few contractors and a small number of men comparatively might receive employment for a short duration of time, over 20,000 of my constituents would be driven from their homes, as the Arcadians were in Evangeline; and what would be accomplished by all this? The Missouri River would not be navigable, and never will be; and if it be made navigable, it will merely be a diverting of traffic from the railroads that need it so badly. Such a project would result in an ill-advised piece of governmental extravagance which everyone opposed in the last campaign. My constituents who are to be so adversely affected are appealing to me to protect them and assist them at this time; and in this connection, Mr. Speaker, ladies, and gentlemen, I wish to read two telegrams and a remonstrance petition which were sent to me by those affected.

And, in addition thereto, I am receiving scores of letters from people, many of whom are old people, and the only possessions they have are their little homes, begging and beseeching me as their Representative to protect them in this matter.

WAMEGO, KANS., *May 20, 1933.*

Hon. RANDOLPH CARPENTER,
House of Representatives:

Over 2,000 of the members of our community met in indignant protest here against the Kiro Dam project last evening. We urge you to do everything within your power to avert the tragedy that will exile some 20,000 people from their Kaw Valley homes. Please wire us your answer.

THE WAMEGO PROTEST COMMITTEE,
O. B. LARSON, *Chairman.*

WAMEGO, KANS., *May 21, 1933.*

Hon. RANDOLPH CARPENTER,
Member of Congress, Washington, D.C.:

Our citizens are worked up over the Kiro Dam. Business in all lines has slowed down because our people are afraid to start improvements or deals of any kind while the uncertainty exists. Will you please use your efforts to at once block this project? We will appreciate an immediate reply.

FLOYD FUNNELL,
Mayor Wamego City.

A MODERN TRAGEDY

On the assumption that whatever benefits the majority may be done at the expense of the minority is the principle on which the proposed dam project at Kiro, Kans., is being considered. Kiro is just a small town west of Topeka, and the proposed dam, if built, will flood the Kaw Valley from Kiro west to a point just east of Manhattan, Kans.

The waters thus dammed will cover a territory from 4 to 6 miles wide and about 40 miles long. The towns of Silver Lake, St. Marys, Rossville, Kingsville, Louisville, Wamego, Belvue, and Wabaunsee will all be partly or wholly inundated with water; and hundreds of thousands of acres of the most fertile soil in the world will become but the bottom of a lake. The fact is the Kaw Valley has often been compared in fertility to that of the famous Valley of the Nile in Egypt.

This project is proposed by the administration in Washington for the purpose of flood control and navigation. The cost of the proposal has been set at $45,000,000, a sum that will not start to pay for the actual damage and cost of the proposition. It is estimated that it will furnish employment for about 15,000 men for a period of time, disregarding the fact that it will put about 10,000 folks in this district out of employment and many more than that out of their homes.

The towns affected by this dam are not large towns. They vary in size from a few hundred to around 1,500 people. But they are good, self-respecting towns—towns that have lived from a half to more than three quarters of a century; towns that owe their livelihood to the surrounding farm lands, which lands are soon to be a thing of the past. These towns will be forced to disappear or move, and if moved will have lost the source of their support.

The farms and farmers of this section are of the highest type. These fruitful acres are occupied by fine farm homes and inhabited by the class of people that compose the backbone of our American civilization. These farmers have felt the depression as hard as anyone, and yet they have worked on and "sawed wood." There have been no farm rebellions in the Kaw Valley—no strikes, no uprisings because of the farming situation. Instead, these farmers in the face of ruinous prices and heavy indebtedness have made the best of it—trusting and having faith in the future.

The folks in this affected territory are home-loving people. They are not used to the city habit of often changing flats every few months. Many of them have lived in their present homes all of their lives. They have well-kept homes with lovely yards and gardens. They are neighborly, friendly people that take pride in their prosperous little towns. Many of the business men in these towns have been in business for half a century. They have given their life's work to the establishment of their businesses. Then, too, the Union Pacific Railroad tracks, the Rock Island tracks, United States Highways Nos. 40, 10, and 11 will have to be rerouted as they lie through the proposed district.

But the Administration at Washington is fostering the proposition. The river towns of Missouri will be benefited by it. And it will be possible for barges and steamboats to take away some more freight tonnage from the railroads—the railroads, that are facing bankruptcy; the railroads, that are the backers of our insurance policies and one of the greatest tax-supporting units of our Government.

But in this country—a country established by our forefathers as a place of liberty and justice to all—the above project is being proposed. The individuals and the smaller group must give way to the larger group, in spite of the fact that the homes and farms and businesses of thousands of individuals will be destroyed and the individuals driven from their means of earning a living; in spite of the fact that several of the prettiest little towns in America will be wiped from the face of the earth. The new rural high school at St. Marys will be destroyed as well as a part of the Jesuit school buildings in the same town. Dozens of other schools and churches will be razed and done away with. The beautiful park at Wamego will be but a memory.

When the papers announced the probable outcome of the dam plan Tuesday morning, May 16, the inhabitants of the affected district were as shocked as though a terrible calamity had happened in their midst. One woman, who was varnishing the floors of her small home, quit the job and decided not to finish it. "What's the use", she said, "we'll all be moving out one of these days anyway." One 6-year-old little girl, on being told of the dam by her mother, broke down crying and said, "Mother, we haven't done anything to them, have we? God will do something to those people that are going to cover our house with water."

Of course the Government expects to pay damages for the land and property destroyed. But what amount could pay the damage done a business, backed by years of goodwill? How can these people ever be repaid for their lost towns, their wrecked gardens, and the loss of their good neighbors and homes? Money cannot buy trees that have sheltered homes and yards for decades. Nothing can ever repay folks for the separation from an old homestead.

And as the Arcadians of old, the men, women, and children of this valley will be exiled from their homelands forever. Homes will be broken, business relations ended, friends and neighbors will part.

Is it necessary that our modern American civilization demand the sacrifice of an individual part of that civilization for such a cause? Are the whims of a political party or the greed of commerce of greater importance in America than the safety and sanctity of the American farms and homes?

And while the good people of the Kaw Valley await the verdict of either acquittal or exile, their hearts are heavy and their minds are at a loss to understand why their own United States of America should wish to treat them so.

N. T. LARSON,
Wamego, Kans.

Last year we all made a campaign on governmental economy and in our Democratic platform we said:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government.

We deplored the action of the Hoover administration in squandering public funds and building the $17,000,000 Commerce Building, the Hoover Dam, and all these unnecessary buildings here in Washington. At the very commencement of this administration one of our first acts was to reduce governmental expenses. Why then should we take absolutely the opposite stand from our economy platform in our recent campaign?

It is said that the purpose of this public works bill is to give employment and restore prosperity in this country; as was aptly said in the House the other day, "We cannot tax ourselves back into prosperity." When we made the promise to reduce taxes, how can we consistently increase taxes?

Three billion three hundred million dollars which is to be spent over a number of years is merely a drop in the bucket and cannot in itself restore prosperity in this country. How can prosperity in this country be restored by the Government's recklessly spending on unnecessary structures and structures that are not self-liquidating $3,300,000,000 when our national income dropped in 1 year from $90,000,000,000 to $40,000,000,000. The only result will be higher taxes.

There is one way in which this proposition of public works, in my judgment, could go a long ways in restoring prosperity, and that is that these public works that are contemplated of being built should be paid for by the issuing of new currency as provided in the inflation bill that was

passed as a part of the farm act recently. By paying for the projects provided for in this bill with currency we would be saving approximately one billion to the taxpayers of this country—figure it out for yourself. It is necessary by taxation to raise $220,000,000 a year for 20 years, as I understand, to pay off the interest and principal on these bonds. That would mean that it would cost the Government $4,400,000,000, whereas if we paid for this by expansion of the currency, we would only be spending $3,300,000,000, at no cost to the taxpayers, whereas by using currency, I believe, we would be not only saving a billion dollars but would be saving $4,400,000,000; but if we were to figure that we were only saving $1,100,000,000, this would be 25 percent of the project and in keeping with our platform pledges to reduce governmental expenses by 25 percent instead of increasing governmental expenses by 25 percent. With the provision of so paying for these public works that are really necessary in this country, it gives us an expansion of currency that would materially assist in reestablishing prosperity. The issuing of tax-exempt bonds will take that much more money away from the source of local taxation. However, in my judgment, prosperity is going to be restored in this country in spite of this bill; it is going to be restored in the same manner and in the same method in which the depression was created; confidence has been restored, and we are going to talk ourselves back into prosperity the same as fear caused us to talk ourselves into the depression.

And in conclusion in regard to this matter let me make this statement—that I have witnessed almost every day since I have been in Congress, Members being lined up, put on the spot, and forced to vote against their campaign promises and their best judgment. In my campaign I made certain promises to my constituents; if I thought my position then taken was wrong and not for the best interests of the people of my district, I should be glad to change my position and correct the same; but when I know my position was right then, and is right now, I cannot in honesty and justice change my position and go back on every promise that I made to my people only a few days ago.

The farmers of this country were denied the privilege of fixing their prices when the Simpson-cost-of-production amendment was turned down in this House a couple weeks ago, yet under title I—the first part of this bill, that has no relation to the public works part of the bill—monopolies and trusts are permitted to increase and fix the price of products they expect to sell to the farmer.

There is another feature of this proposed bill—which under the rule cannot be amended except by the Ways and Means Committee—that may lead to a dictatorship over all the industries of this country and which could result in disadvantage to the little man and the little industry through favoritism of this system to the more powerful. Serious doubt has arisen as to the constitutionality of such an act. And if because of the present so-called "emergency" the Supreme Court should hold this act as constitutional, such decision in itself might result in what would amount to an abandonment of the Constitution. This old Constitution has carried us through all the storms of the past into seas of prosperity, has made us the greatest Nation and people in the history of civilization. The storm of the Civil War that it withstood was worse than the present storm. It stood by us then and will stand by and carry us through the present storm. Then in our hysteria of the present hour we should not abandon it, for if we do not, one can foretell the future; let us stay by it and ride the storm out to prosperity and a better day.

Regardless of what course others may take, I only know one way to play politics, and that is to as nearly as possible keep my campaign promises.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma to address the House for 2 minutes?

There was no objection.

RULES AFFECTING DISABLED WAR VETERANS MUST BE MODIFIED

Mr. JOHNSON of Oklahoma. Mr. Speaker, for the past several weeks I have been doing everything within my power to point out the injustices proposed to be done to thousands of disabled war veterans throughout the country by the Director of the Budget and the Administrator of Veterans Affairs, who are administering that part of the Economy Act affecting war veterans.

On May 5 I spoke on this subject at some length on this floor in connection with my House Concurrent Resolution No. 17. Since that time I have received hundreds of letters from disabled war veterans, many of whom have been disabled for several years and whose disabilities are service connected, advising me that they have been notified by the Regional Office at Oklahoma City that their compensation would be cut entirely off or materially reduced June 30.

I desire at this time to enter another protest against the heartless, cruel, cold-blooded, and unreasonable manner in which those officials in charge of administering the veterans' laws propose to deal with our helpless and disabled war veterans. I could give this House dozens of instances of injustices that are proposed to be made in connection with veterans whom I know personally, but I shall not do so at this time. As one who reluctantly voted for the Economy Act because of assurances given me by those in whom I had the utmost confidence, and because of my sincere desire to stand by our great President, I say here and now that I shall insist that this House remain in session until Christmas, if need be, in order to correct the wrong that is evidently about to be done to many of our disabled war veterans unless drastic action is taken before June 30. [Applause.]

Time does not permit me to include all the resolutions I have received in connection with this matter so near and dear to the hearts of the war veterans and their families, but I am submitting herewith one resolution unanimously passed by El Reno Post, No. 34, one of the largest American Legion Posts in the district I have the honor to represent in Congress.

At this point, Mr. Speaker, I ask unanimous consent to extend my remarks by printing the resolution.

Mr. MARTIN of Massachusetts. Whom did you say these resolutions are from?

Mr. JOHNSON of Oklahoma. From an American Legion Post at El Reno, Okla.

Mr. McFADDEN. To what do they pertain?

Mr. JOHNSON of Oklahoma. To proposed changes in the rules and regulations and instructions with respect to the administration of the Economy Act by the Director of the Budget and the Veterans' Administration.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Let me add that the suggestions herein made concerning the needed changes in the administration of this law occur to me to be reasonable, just, and fair, and I sincerely trust they will be given every possible consideration by those in authority at an early date.

EL RENO, OKLA.

Resolutions

Whereas the economy program of the national administration is receiving the hearty endorsement of the American Legion in practically every phase, as an emergency movement to save the Nation from its threatened financial collapse; and

Whereas the veterans are willingly accepting reductions in many places which have imposed real hardships upon them, all in a spirit of patriotism of the same type which prompted them to make unlimited sacrifices at the time the Nation was in the war emergency; but

Whereas the application of the new compensation-reduction program applies to those veterans who are physically handicapped in such a way that they are unable to provide for the proper maintenance of themselves and families; and

Whereas a humanitarian view of the situation demands that these men who have rendered service to their Nation which cannot be compensated by money, be given every possible aid and comfort by those who are not so handicapped: Be it hereby

Resolved by El Reno Post, No. 34, American Legion, Department of Oklahoma, That we endorse the program of the national executive committee of the American Legion which provides for the following revisions in the announced application of the emergency measures and urgently request our Congressmen and Senators to

actively cooperate and aggressively assist the American Legion in its program:

1. Continuing on compensation rolls all service-connected cases of veterans, which were properly granted under laws in existence immediately prior to the Economy Act.

2. A change in the present regulations relating to hospitalization and domiciliary care in Government institutions for non-service-connected disablements.

3. Rectification of money payments to veterans suffering from service-incurred disabilities to more equitable levels.

4. A liberalization of some of the present unduly restrictive burial provisions; be it further

Resolved, That El Reno Post, No. 34, oppose to the utmost the unfair cuts, in many cases as high as 60 percent, in service-connected compensation, and urgently demand that in the event definite proof of service-connected disabilities is lacking and yet there is a strong presumption that their origin was due to the rigors of service, that the veterans be given the benefit of the doubt.

Passed and approved this 16th day of May 1933.

By order of the executive committee.

W. NELSON HANCOCK,
Commander.
J. CHARLES BURGER,
Adjutant.
GUY C. KNARR,
Service Officer.
J. B. KELLY,
Finance Officer.
J. A. WHEATLEY,
First Vice Commander.
ROBT. E. MARK,
Second Vice Commander.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. RAMSAY, for May 29, 30, and 31, on account of important business.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 284. An act authorizing the conveyance of certain lands to school district no. 28, Deschutes County, Oreg.; to the Committee on Public Lands.

S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit; to the Committee on the Judiciary.

S. 860. An act for the relief of George W. Edgerly; to the Committee on Military Affairs.

S. 879. An act for the relief of Howell K. Stephens; to the Committee on Military Affairs.

S. 1129. An act to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 1514. An act authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.; to the Committee on World War Veterans' Legislation.

S. 1518. An act providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

S. 1548. An act for the relief of Harry Flanery; to the Committee on Military Affairs.

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.; to the Committee on Interstate and Foreign Commerce.

S. 1564. An act to revive and reenact the act entitled "An act authorizing the Great Falls Bridge Co., to construct, maintain, and operate a bridge across the Potomac River at or near Great Falls", approved April 21, 1928; to the Committee on Interstate and Foreign Commerce.

S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; to the Committee on the Judiciary.

S. 1587. An act to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act; to the Committee on Military Affairs.

S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue; to the Committee on Banking and Currency.

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings; to the Committee on the District of Columbia.

S. 1724. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on Claims.

S. 1727. An act for the relief of Earl A. Ross; to the Committee on Public Lands.

S. 1728. An act for the relief of Frank P. Ross; to the Committee on the Public Lands.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 5390. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 14 minutes p.m.) the House adjourned until tomorrow, Saturday, May 27, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McDUFFIE: Joint Congressional Committee on Veterans' Affairs. H.Rept. 166. A report pursuant to title VII, Public Law No. 212, Seventy-second Congress, approved June 30, 1932, and in conformity with the provisions of Senate Joint Resolution 262, Seventy-second Congress, approved March 3, 1933 (Rept. No. 166). Referred to the Committee of the Whole House on the state of the Union.

Mr. McKEOWN: Committee on the Judiciary. S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.; without amendment (Rept. No. 167). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRAY: A bill (H.R. 5800) to restore and stabilize commodity values and the price level; to the Committee on Banking and Currency.

By Mr. SCRUGHAM: A bill (H.R. 5801) to add to the purchasing power of the Nation and to uphold and support the President in his declaration for restoration of wages to meet the rising commodity price levels, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. HOWARD: A bill (H.R. 5802) to provide for the purchase of adjusted-service certificates by the Reconstruction Finance Corporation, and for other purposes; to the Committee on Ways and Means.

By Mr. AYERS of Montana: A bill (H.R. 5803) to amend section 36, part 4, of the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture.

By Mr. HOLMES: A bill (H.R. 5804) providing for the purchase of a site and the erection thereon of a public building to be used as a parcel-post station and garage by the post office at Worcester, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. STEAGALL: Joint resolution (H.J.Res. 192) to assure uniform value to the coins and currencies of the United States; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5805) granting a pension to Harriett A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5806) for the relief of James Bradley; to the Committee on Military Affairs.

By Mr. KOPPELMANN: A bill (H.R. 5807) for the relief of William Rusk; to the Committee on Naval Affairs.

By Mr. MAPES: A bill (H.R. 5808) for the relief of Fay A. Cushman; to the Committee on Military Affairs.

By Mr. TURNER: A bill (H.R. 5809) to provide compensation for Robert Rayford Wilcoxson for injuries received in citizens' military training camp; to the Committee on Military Affairs.

By Mr. WADSWORTH: A bill (H.R. 5810) to authorize the presentation of the Congressional Medal of Honor to Clarence R. Oliver; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1198. By Mr. ANDREW of Massachusetts: Petition of the City Council of Worcester, Mass., memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 104, providing for a special series of postage stamps to commemorate the one hundred and fiftieth anniversary of the naturalization of General Kosciusko as an American citizen and his appointment as brigadier general in the Revolutionary Army; to the Committee on the Post Office and Post Roads.

1199. By Mr. DONDERO: Resolution of the Charles Edwards Post, No. 14, American Legion, Birmingham, Mich., expressing itself as unalterably opposed to any proposed legislation contemplating a reduction, by furlough or otherwise, of the personnel of the Regular Army and Navy, or the elimination of field training of the National Guard, or a reduction of the present armory training, etc.; to the Committee on Military Affairs.

1200. By Mr. HOEPPEL: Petition of the San Francisco Signal Post, American Signal Corps Association, San Francisco, Calif., urging that necessary economies be effected only in a manner which will, at the same time, preserve our Military Establishment and produce a system for adequate preparedness; to the Committee on Military Affairs.

1201. By Mr. HOLMES: Resolution of the city of Worcester, Mass., memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105 to commemorate the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1773 and appointment of brevet brigadier general of Thaddeus Kosciusko, a hero of the Revolutionary War, by issuing special series of postage stamps in honor of said Thaddeus Kosciusko; to the Committee on the Post Office and Post Roads.

1202. By Mr. KENNEY: Petition of Polish-American Democratic Club of Cliffside Park, N.J., that immediate investigation be made by the Federal authorities of the financial conditions of the Cliffside Park National Bank of the Borough of Cliffside Park and the Fairview National Bank of the Borough of Fairview, and that such action be taken as they deem necessary for the immediate reopening of the aforesaid institutions; to the Committee on Banking and Currency.

1203. By Mr. HIGGINS: Resolution of Loyalty Council No. 52, Sons and Daughters of Liberty, favoring the passage of House bill 4114 to further restrict immigration to the United States; to the Committee on Immigration and Naturalization.

1204. By Mr. LUDLOW: Petition of the Indianapolis Unit of Junior Hadassah to the United States Government, to make official protest against the treatment accorded Jews in Germany; to the Committee on Foreign Affairs.

1205. By Mr. MALONEY of Connecticut: Resolution of the Woodrow Wilson Club of Hartford, Conn., protesting against the treatment of Jews in Germany; to the Committee on Foreign Affairs.

1206. By Mr. RUDD: Petition of Hope Council, No. 5, Sons and Daughters of Liberty, Brooklyn, N.Y., favoring the passage of the Dies bill, H.R. 4114; to the Committee on Immigration and Naturalization.

1207. By Mr. SMITH of West Virginia: Resolutions of the Mercer Clearing House Association, of Bluefield, W.Va., opposing any further extension of activities, power, and scope of the Postal Savings System; to the Committee on the Post Office and Post Roads.

1208. By Mr. WOLCOTT: Petition of Port Huron district, Holy Name Society, protesting against the recognition of Russia by the United States Government; to the Committee on Foreign Affairs.

SENATE

SATURDAY, MAY 27, 1933

(Legislative day of Monday, May 15, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. DILL. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kendrick	Robinson, Ark.
Ashurst	Copeland	Keyes	Robinson, Ind.
Austin	Costigan	King	Russell
Bailey	Couzens	La Follette	Schall
Bankhead	Dickinson	Logan	Sheppard
Barbour	Dieterich	Lonergan	Shipstead
Barkley	Dill	Long	Smith
Black	Duffy	McAdoo	Steiwer
Bone	Erickson	McCarran	Stephens
Borah	Fess	McGill	Thomas, Okla.
Bratton	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Metcalf	Townsend
Bulow	Glass	Murphy	Trammell
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norris	Van Nuys
Capper	Hale	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Pope	Wheeler
Clark	Johnson	Reed	White
Connally	Kean	Reynolds	

Mr. LA FOLLETTE. I desire to announce that the Senator from New Mexico [Mr. CUTTING] is absent because of a temporary indisposition.

Mr. MURPHY. I desire to announce the unavoidable absence of the junior Senator from Tennessee [Mr. BACHMAN] on account of a temporary indisposition. I ask that this announcement may stand for the day.

Mr. KENDRICK. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily detained from the Senate.

I also wish to announce that the Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. LEWIS], and the Senator from Nevada [Mr. PITTMAN] are detained from the Senate on official business.

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House insisted upon its amendments to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, disagreed to by the Senate, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. LUCE were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5661) to provide for the safer and more effective use of the assets of banks, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. LUCE were appointed managers on the part of the House at the conference.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on the Judiciary:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to pass House Joint Resolution 155, by Congressman O'MALLEY, authorizing Congress to conscript property as well as persons in time of war

Whereas Congressman THOMAS O'MALLEY, of this State, has introduced House Joint Resolution No. 155, which proposes to amend the Constitution of the United States to authorize Congress, in time of war, to conscript both persons and property, but permitting Congress to conscript persons only if at the same time it also conscripts property; and

Whereas in past wars, while persons have been conscripted, property has never been subject to conscription, and the Constitution as it now stands does not permit property to be taken even in war time without full compensation and in accordance with due process of law; and

Whereas this discrimination between persons and property is not only grossly unjust but is one of the principal causes of war, since men of wealth and influence will be much more hesitant to involve the country in war if they know that their property may be taken without compensation, just as the lives of their less fortunate fellow citizens may be taken: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to adopt House Joint Resolution 155, proposing to the States an amendment to the Constitution of the United States granting power to the Congress in time of war to take property for military and nonmilitary purposes without payment of profit when conscripting persons for military or nonmilitary purposes; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was ordered to lie on the table:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 58, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 24th day of May A.D. 1933.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 58

Whereas the United States Senate has now before it the independent offices appropriation bill, one of the items therein being the amount of the budget of the Veterans' Administration; and

Whereas Public Act No. 2, section 6, provides that care and treatment may be furnished veterans of any war for neuropsychiatric ailments, thereby assuming the care of totally disabled veterans suffering from mental diseases as a Federal responsibility; and

Whereas since the ending of the World War, due to an insufficient number of beds available for the care and treatment of mentally disabled within Federal hospitals, Illinois State facilities have been utilized under contract with the Veterans' Administration at a cost much less than the operating cost of the same comparable Federal beds, and as a result of which the State of Illinois has received from one hundred fifty to two hundred thousand dollars annually; and

Whereas there are now being cared for in Illinois State institutions 1,050 mentally disabled veterans committed by the various county courts, and instructions issued by the Veterans' Administration indicate existing contracts will cease July 1, and the future care of these veterans will become a responsibility of the taxpayers of the State of Illinois; and, further, there are thousands of mentally disabled veterans in Illinois not confined in any institution whose only means of livelihood for the most part will also be taken away and the balance greatly reduced, which will obviously cause a great number of new commitments, thereby forcing the State of Illinois to appropriate $400,000 or more for the biennium to meet the cost of care which these unfortunate veterans deserve, or to refuse such care: Therefore be it

Resolved by the House of Representatives of the Fifty-eighth General Assembly of the State of Illinois (the senate concurring herein), That we memorialize the Congress of the United States to include in the independent offices appropriation bill such measures and appropriations as will permit the continuation of contracts to meet this emergency; and be it further

Resolved, That a copy of this preamble and resolution be immediately forwarded to the President of the United States, the President of the Senate and the Speaker of the House of Representatives and to each Member of the Congress from the State of Illinois.

Adopted by the house May 16, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate May 16, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate a resolution adopted by a special committee of the American Machinery and Tools Institute, Chicago, Ill., approving and endorsing Senate bill 1712, the so-called "industrial control and public works bill", which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition from R. F. Schoolfield, oil producer, and sundry other citizens engaged in the oil industry, of San Antonio, Tex., favoring the inclusion of pipe-line divorcement in the proposed plan for Federal control of the oil business, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the board of directors of the American Manufacturers' Export Association, New York City, N.Y., favoring the passage of legislation to invest the President with full authority to negotiate and conclude reciprocal tariff agreements with foreign nations, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Commissioners Court of Lynn County, Tex., endorsing the program of President Roosevelt and favoring the inauguration as an unemployment relief measure of a highway-construction program in the State of Texas, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the National Society United States Daughters of 1812, State of Illinois, protesting against recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate two petitions of sundry citizens of Hammond and Natchitoches, in the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

CHANGE OF REFERENCE—PETITION OF WIDOWS OF OFFICERS AND ENLISTED MEN OF THE NAVY WHO PERISHED IN "AKRON" DISASTER

On motion of Mr. TRAMMELL, the Committee on Naval Affairs was discharged from the further consideration of the petition of the widows of officers and enlisted men of the Navy who lost their lives in the wreck of the U.S.S. *Akron* and the U.S.S. *J–3* on April 4, 1933, praying for the passage of legislation restoring in their case the double pension which widows of flight officers and men were entitled to receive prior to the passage of the so-called "Economy Act", and the petition was referred to the Committee on Pensions.

REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 1738) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes, reported it without amendment and submitted a report (No. 98) thereon.

Mr. VANDENBERG, from the Committee on Foreign Relations, to which was referred the bill (S. 696) to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau, reported it without amendment.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the joint resolution (S.J. Res. 56) to assure uniform value to the coins and currencies of the United States, reported it without amendment and submitted a report (No. 99) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, reported it with an amendment.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 30) authorizing the Committee on Foreign Relations to hold hearings during the Seventy-third Congress, reported it without amendment.

He also, from the same committee, to which was referred the resolution (S.Res. 73) authorizing the Secretary of the Senate to provide for the preservation of old documents on file in the Senate Library, reported it with an amendment.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on May 25, 1933, that committee presented to the President of the United States the enrolled bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 1787) to provide for the prevention of blindness in infants born in the District of Columbia; to the Committee on the District of Columbia.

By Mr. WHEELER:

A bill (S. 1788) to amend section 36, part 4, of the Emergency Farm Mortgage Act of 1933; to the Committee on Banking and Currency.

By Mr. JOHNSON:

A bill (S. 1789) granting a pension to Mary D. Howard (with accompanying papers); to the Committee on Pensions.

By Mr. HAYDEN:

A bill (S. 1790) to amend the act of Congress approved June 7, 1924 (43 Stat. L. 475, 476), commonly called the San Carlos Act, and acts supplementary thereto, and for other purposes; to the Committee on Indian Affairs.

By Mr. OVERTON:

A bill (S. 1791) authorizing the Reconstruction Finance Corporation to make loans to levee districts for certain purposes; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 1792) for the relief of Claude C. Martin; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1793) for the relief of James W. Emison; to the Committee on Military Affairs.

By Mr. ADAMS:

A bill (S. 1794) to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government; to the Committee on Military Affairs.

By Mr. BLACK:

A bill (S. 1795) to amend the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, with respect to suits on contracts on yearly renewable term insurance; to the Committee on Finance.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; to the Committee on Agriculture and Forestry.

H.R. 5755. An act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes; to the Committee on Finance.

AMENDMENT TO PUBLIC WORKS BILL

Mr. BARBOUR submitted an amendment intended to be proposed by him to Senate bill 1712, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

ST. LAWRENCE RIVER BRIDGE NEAR OGDENSBURG, N.Y.—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to the bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., which was ordered to lie on the table and to be printed.

REDUCTION OF VETERANS' COMPENSATION—SUICIDE OF DISABLED VETERAN

Mr. ROBINSON of Indiana. Mr. President, I merely desire to ask for time enough to read the following telegram from Castle Point, N.Y.:

CASTLE POINT, N.Y., *May 26, 1933.*

Senator ARTHUR ROBINSON,
Washington, D.C.:

Harry Davies, disabled veteran, father of four small children, hung himself at this hospital. New Economy Act responsible for this suicide: worry about destitution which faces his family upon loss of compensation more than he could bear. Although Davies first actual suicide here, this added burden of worry retarding cure and hastening the deaths of many tubercular veterans.

DISABLED VETERANS.

EMERGENCY RELIEF OF RAILROADS

The Senate resumed consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Mr. DILL. Mr. President, I understand that the Senator from Minnesota [Mr. SHIPSTEAD] desires to discuss the pending bill.

Mr. SHIPSTEAD. Mr. President, I desire to discuss some features of the bill and some features of the railroad transportation question this morning from a little different angle than they have been discussed heretofore. We are told that the purpose of the pending measure is to help the railroads. I, for one, want to help the railroads. They are an im-

portant part of our economic life and the most important part of our domestic transportation system on land. The hue and cry that has been raised about helping the railroads is undoubtedly due to the fact that the railroads are in trouble.

A great deal has been written in the press and said on the platform about the "dire condition", "the deplorable condition", of the railroads, and, in view of that fact, I think it important to learn, if we can, what in reality is the matter with the railroads; what is their important trouble. If we are to help them out of trouble let us find out, if we can, what brought them into trouble; what is the cause of their difficulty; what is the best way to help them; and can be help them in such a way as will not continue the so-called or labeled "policy or policies" we have pursued in recent years having for their purpose helping all industry as well as the railroads. In short, where do we go from here? These policies, in my opinion, have been detrimental to the whole Nation, because the help has been of an artificial character; it has been piecemeal; it has added to the burdens of industry, added to the burdens of transportation, and has, in my judgment, had a great deal to do with bringing the country where it is today. We have helped industry and transportation in such a way that we have arrived at a condition where the whole economic life of the Nation is threatened, if not the Government itself.

What I have to say I want to assure the Senate I do not say with any intention of casting any reflection upon the Interstate Commerce Committee of the Senate that reported this bill nor upon the authors of the bill, whoever they may be, for we do not know who its authors are. I want to discuss the facts of the railroad situation as they appear to me.

The purpose of the bill is stated to be helpful to the railroads in making it possible for them to make savings. It has been stated that under this bill the savings will be effectuated at the expense of labor. That contention has been denied; it has been argued that it is not the intention to make savings at the expense of labor.

The Senate yesterday adopted some good amendments to the bill for the protection of labor. These amendments we were told were adopted for the purpose of seeing to it that whatever savings are made shall not be made at the expense of labor. This morning I find quoted on that subject in Labor, the railroad labor-organization paper, a very well-edited paper, a statement by Robert B. Fletcher, general counsel for the Association of Railway Presidents, to the effect that he appeared before the Committee on Interstate and Foreign Commerce of the House on Monday and flatly declared that if the amendments proposed to be inserted by the Senate committee were adopted the bill might as well not be passed. Evidently Mr. Fletcher, speaking for the railroad presidents' organization, believes there will be no saving from the bill if the amendments for the protection of labor adopted yesterday shall remain in the bill.

Mr. Fletcher ought to know what is the purpose of the bill. Mr. Fletcher ought to know whether the savings to be accomplished are to be taken out of labor. He evidently believes that they were to be taken out of labor, because he said if the amendments for the protection of labor remained in the bill the bill might as well not be passed.

I want to discuss some other features of the bill this morning. There are particularly two features other than the labor provision. One which I think is very important is the provision which changes the basis for rate making. Before I go into that discussion I want to invite the attention of the Senate to a chart which I have had placed on the wall. The chart was prepared for me by an expert who has obtained information after a year's labor, himself digging the information out of documents of the Interstate Commerce Commission. In order to clarify what I may say later I want to call attention to the chart.

The chart sets forth the total mileage of railroads for various years. It shows the capital structure as of the date of valuation for that period ending in 1918 to be approximately $20,000,000,000 in round numbers which does not take into consideration approximately one third billion dollars in floating indebtedness. Since that time the capital structure has had added to it $4,151,000,000, making a total capital structure of $24,523,000,000 in round numbers. That is the total capital structure of the railroad plant in the United States, the total of bonds and stocks outstanding. The market value in the last 3 years for that plant, as reflected in the value of the stocks and bonds on the stock exchange, has varied from $6,000,000,000 to $9,000,000,000.

The chart discloses the total from rail operations. Some Senators have asked me what the number shown on the chart is intended to indicate. That is to illustrate the law of diminishing returns when the railroads charge more than the traffic will bear and which appeared in 1928 when the returns started to go down.

I invite attention to the steady interest income on the bonded indebtedness. We have the net revenue from rail operations shown at one place on the chart and in another place we have for comparison the wholesale commodity price index.

I want to talk about the capital structure. To those Senators who were not in the Chamber when I began let me say that the total capital structure as of date of the end of the period of valuation has now increased to about $24,500,000,000.

The cost of reproduction new of this plant as given in the documents of the Interstate Commerce Commission at the time of valuation was $14,875,000,000. The difference between $14,875,000,000 in round numbers and $20,000,000,000, the then capitalization, represents the difference in capital structure and the cost of production new, a difference of over $5,000,000,000. This was the over capitalization at time of valuation. The cost of reproduction new less depreciation at time of valuation is given as $11,873,322,000. The final value for rate-making purposes as of date of valuation is given as $15,000,000,000 in round numbers. So we find that the Interstate Commerce Commission has valued the railroads for the purpose of ratemaking at $5,000,000,000 less than the then capital structure calling for interest and dividends. Since valuation over $4,000,000,000 has been added to the capitalization which has been invested in betterments equipment, most of which represents unnecessary duplication.

Mr. WHITE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Maine?

Mr. SHIPSTEAD. I yield.

Mr. WHITE. I am interested in the figures the Senator is giving because they are so out of line with the figures which were given to the committee by Commissioner Eastman. Will the Senator state again the cost figures?

Mr. SHIPSTEAD. These figures were obtained for me by one of the best traffic experts in the United States who worked for more than a year on the documents of the Interstate Commerce Commission. He told me that in his opinion there are facts in the documents and files of the Commission of which the Commissioners themselves were apparently not aware.

Mr. WHITE. May I interrupt further simply to repeat that the figures are quite out of line with those given the committee by Commissioner Eastman. I do not know which is correct.

Mr. SHIPSTEAD. I am glad the Senator interrupted in the way of giving that information, because I had been told by another Senator that there was a variance between the figures which I have and those given by Commissioner Eastman.

Mr. WHITE. I do not presume to say which is correct.

Mr. SHIPSTEAD. Nor do I, but I have faith in these. I have here a table in detail of the capital structure of every railroad in the United States, copied by an expert from

the documents in the possession of the Interstate Commerce Commission. This table gives the citations from official reports, so the Senator can check one against the other. Later I shall ask to have it printed in the RECORD in full for the information of the Senate and for the information of the Interstate Commerce Commission.

In the debate yesterday the Senator from Washington [Mr. DILL] was asked if the bill has anything to do with reduction of capital structure. That is a very important question. If I remember correctly, the Senator from Washington said it has not, that it does not affect capital structure. He was then asked if, in his opinion, it is not important and necessary that the capital structure should be written down. He said the only provision made for a reorganization is, in case a railroad company comes to the Reconstruction Finance Corporation and asks for a loan, that under the provisions of the bill the Corporation should not loan any money to a railroad company if, in the opinion of the Commission, the railroad company needs in the public interest a reorganization of its capital structure. I think that is important, because the history of the reorganization of railroad corporations and also of the capital structure under the authority of the Interstate Commerce Commission does not give us very much hope of any write-down in the capital structure.

From the record we get little hope of better results in the future so far as the Commission is concerned.

Another portion of the chart represents the stocks and bonds that have been issued so far back as we have any record, back to 1911. The valuation for rate-making purposes covered the period from 1914 to 1919. I do not know why 1911 was taken as the beginning. We have shown on the chart the stocks and bonds represented by the issues that have been made since the beginning of the records we have.

At another place on the chart are shown the bond issues. If there is any bond issue that has ever been made in the past 40 or 50 years that has at any time made any provision for amortization, I do not know what issue it was. Bond issue after bond issue has been made, one on top of the other. I have in mind a bond issue of nearly $50,000,000, coming due within 60 days, issued 40 years ago, and not 1 cent has been amortized.

I am informed by railroad men that in the various yards of the United States are mile after mile of obsolete locomotives that cannot be destroyed because of the law against destruction of mortgaged property. They are no good. They were bought a long time ago. They cannot be used but cannot be destroyed because they are included in these mortgages upon which the public are asked to pay interest, collected through freight rates.

In this capital burden we have all the cost of reorganizations, all of the bankers' commissions, all of the land grants, all of the gifts ever received by the railroads. We have here still the notes and the mortgages given for money loaned to be paid for box cars 30, 40, or 50 years ago, never written off. We have here the bonds and mortgages that were issued for the rebuilding of right of way, for ties and rails when bonds were given to pay for them, not amortized. They are all here.

Up until the date of valuation, aids, gifts, grants, and donations to class 1 railroads amounted to $956,383,000, in round numbers. That is nearly a billion dollars in gifts. Since that time, 14,000,000 acres of land have been patented to the railroads. That is all in this capital structure.

Mr. BORAH. Mr. President, is the Senator going to try to put that map in the RECORD? Otherwise, the RECORD is not going to disclose what the Senator has reference to.

Mr. SHIPSTEAD. I am going to ask to have it inserted in the RECORD, because, without that illustration, it possibly would be hard to understand what I have said.

Mr. BORAH. I do not see how it would be clear without it.

(For illustration, see p. 4409.)

Mr. SHIPSTEAD. Now, we come to reorganization.

When railroads are in trouble they go into bankruptcy or into the hands of a receiver. What has been the result of that? As a result of these reorganizations of railroad corporations up to date of valuation, their stock and bond obligations have been increased by $270,718,594; so reorganization has not resulted in writing down the burden of debt. Instead, it has increased the burden of debt, and that is all in this total of capital structure.

Discounts or bonuses from sales of stocks and bonds of existing corporations up to date of valuation amount to $343,871,368.

Discounts or bonuses from sales of stocks or bonds of predecessor corporations up to date of valuation amounted to $434,194,190.

Next, the chart shows the receivers and reorganizations that have taken place prior to the date of valuation. The cost of reorganizations by receivers amounted to $100,148,262, making a total cost of reorganization, a total increase of the mortgage debt of $1,148,932,414.

So the history of reorganization of railroads under the authority of the Interstate Commerce Commission, and prior thereto, shows that it has not resulted in reducing the burden of debt, but, on the other hand, has resulted in an increase in debt of over $1,100,000,000.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Minnesota yield to the Senator from Washington?

Mr. SHIPSTEAD. I yield.

Mr. BONE. Is the Senator familiar with the reorganization proceedings in the case of the Milwaukee Railway Co. a few years ago?

Mr. SHIPSTEAD. I was very much interested at the time. I do not remember all of the details.

Mr. BONE. As I recall, they wrote out, washed out, or squeezed out all the stockholders. The road was reorganized. I was wondering if the Senator had any figures showing the present capitalization of the road, and whether there is anything in the record to indicate that they had reduced the capital structure by that drastic process which froze out all the stockholders?

Mr. BONE. I quite agree with the Senator that these reorganizations do not result in a write-down of the capital structure. The public still continues to pay on all this dwindled water that the roads had written into their capital structure.

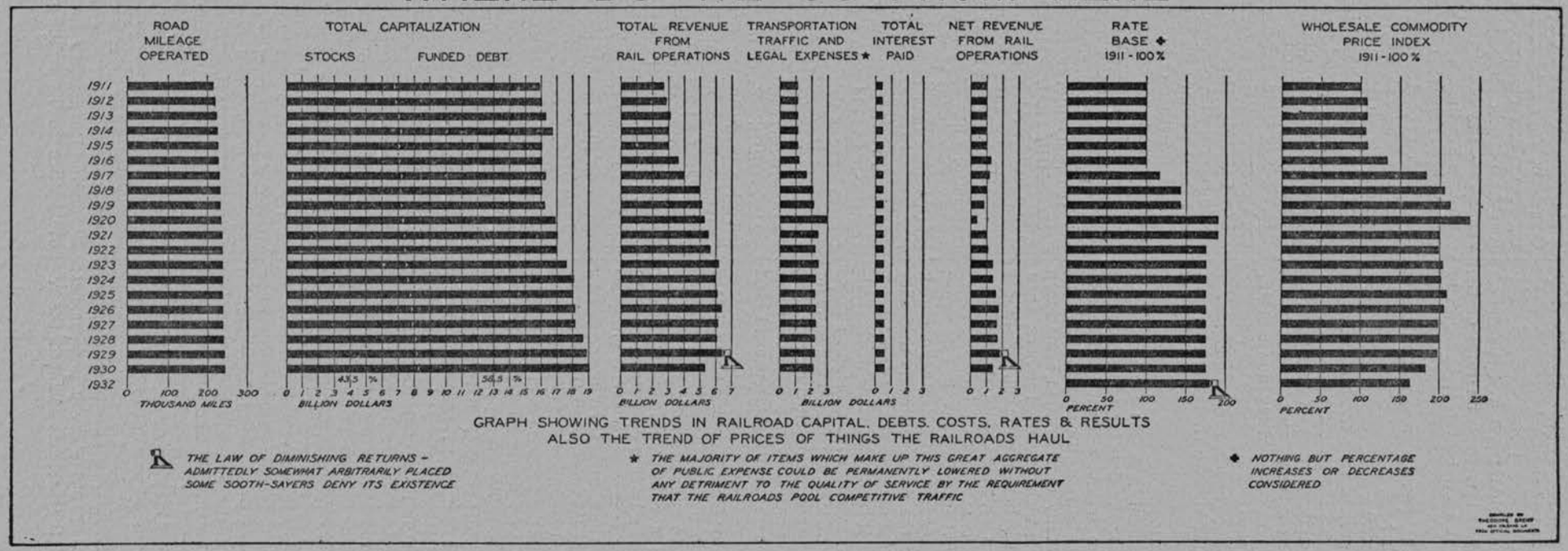
Mr. SHIPSTEAD. Oh, yes.

Rather than go into the details here, I will state to the Senator that I have the Chicago, Milwaukee, St. Paul & Pacific, with its new capital structure, in these figures. I am going to put all of them in the RECORD, because I think any Senator or the Interstate Commerce Commission is entitled to have them for the purpose of checking up on these figures. The details of the Milwaukee reorganization I do not now remember. The charge was made at the time that it was unnecessary; that they needed for the moment a small sum of money; and a certain banking house—I think it was Kuhn, Loeb & Co.—furnished it, or promised it; but, instead of delivering it, they threw the road into the hands of a receiver, and the stockholders claimed they were defrauded, and a new issue of debentures and bonds of two or three different classes was floated.

Mr. BONE. My reason for asking the question was that when these men had an opportunity to write down the capital structure and reorganize the road on some reasonable financial basis, instead of doing that they proceeded again to inject into the whole structure a new flood of wind and water in the form of stock of one kind or another, and a new flotation of bonds. In other words, under private ownership of these utilities there is no possibility of getting them to do anything reasonable. That was the purpose of my question.

Mr. SHIPSTEAD. I am glad the Senator stated what he did, because I had intended to state the same thing later.

WHERE DO WE GO FROM HERE



GRAPH SHOWING TRENDS IN RAILROAD CAPITAL, DEBTS, COSTS, RATES & RESULTS
ALSO THE TREND OF PRICES OF THINGS THE RAILROADS HAUL

THE LAW OF DIMINISHING RETURNS - ADMITTEDLY SOMEWHAT ARBITRARILY PLACED SOME SOOTH-SAYERS DENY ITS EXISTENCE

★ THE MAJORITY OF ITEMS WHICH MAKE UP THIS GREAT AGGREGATE OF PUBLIC EXPENSE COULD BE PERMANENTLY LOWERED WITHOUT ANY DETRIMENT TO THE QUALITY OF SERVICE BY THE REQUIREMENT THAT THE RAILROADS POOL COMPETITIVE TRAFFIC

◆ NOTHING BUT PERCENTAGE INCREASES OR DECREASES CONSIDERED

Mr. BORAH. Mr. President, before the Senator goes further, may I ask him a question?

Mr. SHIPSTEAD. Yes.

Mr. BORAH. I do not know that I followed the figures presented by the Senator. What is the sum total of the railroad indebtedness of the United States at the present time?

Mr. SHIPSTEAD. Does the Senator mean the bonded debt alone or bonds and stocks?

Mr. BORAH. Bonds and stocks.

Mr. SHIPSTEAD. At the present time the total of bonds and stocks of the railroads is $24,523,816,836.

Mr. BORAH. From the Senator's study of this question, does he see any way of getting a reduction of freight rates except through a reorganization and writing down of the capital structure of the railroads?

Mr. SHIPSTEAD. I do not see how it can be done.

Mr. BORAH. Does this bill deal with that subject in any way?

Mr. SHIPSTEAD. Not at all.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield to the Senator from Montana.

Mr. WHEELER. Instead of setting aside a fund for the purpose of meeting these obligations, as the Senator has said, what the railroads have actually done was to set aside a surplus at times; and then, when they wanted to boost their stocks upon the stock market, they have taken the money out of the surplus and paid dividends out of it.

Mr. SHIPSTEAD. That is true.

Mr. WHEELER. As I pointed out yesterday, in 1930, when as a matter of fact the railroads had a deficit, they took out of their surplus and kept up the same dividends that they had been paying in 1928 and 1929. So during those boom times, to keep up the price of their stocks, some of the railroads actually took out of their surplus a sufficient sum to enable them to increase their dividends, solely, I am sure, for the purpose of increasing the speculation in their stocks at that time. Then, of course, when they had depleted their treasuries, they came back here to the Government and asked for more money.

Mr. BONE. Does the Senator from Montana think that if the railroads over the years had used the surplus earnings they had been accumulating to amortize their funded debt, and had actually amortized a considerable part of their funded debt, the gentlemen who have been putting over all of this stuff that the Senator is discussing would not have immediately substituted for those amortized bonds a new flotation of stock and other forms of security that the railroad companies are so fond of issuing? They would have merely substituted for the amortized funded debt a new form of stock issues of some sort; they would have sold them to the public, and we would not have been any better off.

Mr. WHEELER. They would have done it if it had not been prohibited and stopped by law; but it seems to me that the Congress of the United States, which has had charge of the railroads, has been derelict in its duty, in that it did not make the railroads set aside in their good years a certain amount of money for the purpose of paying off these bonds and prohibit them from issuing new securities. Then the railroads of the country would have been in very much better shape than they are at the present time, and would have been able to give better service and lower freight rates.

Mr. SMITH. Mr. President, if the Senator will allow me, under the recapture clause the railroads were allowed to earn up to 6 percent. Of the earnings above that, 50 percent was to come to the Government and 50 percent was to go to the roads. Our committee was informed that the Government's part in the bookkeeping process was $300,000,000. That is what we are asked to remit to the railroads in this bill.

If it be true that the Government's part is $300,000,000, the railroads' share was $300,000,000 above 6 percent net; so that since the passage of the act that included the recapture clause the railroads, according to the Interstate Commerce Commission, have earned $600,000,000 above a net return of 6 percent. That, of course, could not be used for the purpose of paying dividends, but must be kept against the day of settlement.

So we have the spectacle that during all this period since the passage of the Esch-Cummins Act, the roads have earned, above 6 percent, the sum of $600,000,000—$300,000,000 for themselves and $300,000,000 for the Government. Therefore it seems that if there had been a provision in the law by which they would have had to amortize these outstanding obligations, they could in a period of years have so reduced the burden on the public that they could today run without the assistance of anyone.

Mr. BONE. Mr. President, can the Senator tell us why the Government has not claimed the $300,000,000?

Mr. SMITH. That would take perhaps all the time we would have until adjournment. The matter is in litigation, and I think perhaps the question is to be taken to the courts to decide whether or not the provision is a legal one. The point I want to make, however, if the Senator from Minnesota will pardon me, is that according to the bookkeeping of the Interstate Commerce Commission, there has been earned by the roads, since the passage of the Esch-Cummins Act, $600,000,000 in excess of 6 percent.

Mr. SHIPSTEAD. Mr. President, from 1911 to 1930 the public have paid in interest and dividends, through freight and passenger rates, to this railroad plant on this capital structure a total of $16,339,000,000. That, in round numbers, is something like $2,000,000,000 more than the cost of reproduction new of the railroad plant at the time of valuation. So that they have more than paid, in dividends and interest, the value of the plant in 20 years, and how many times they have paid for it in the preceding 20 or 40 years we do not know; but the old plants that are worn out and have been replaced are still in this capital structure and we are still paying for them after they have been paid for several times.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Certainly.

Mr. NORRIS. This discussion, and particularly the contribution made by the Senator from South Carolina [Mr. SMITH], reminds me that it seems to me it ought to be plain to everybody who is trying to have the railroads operated on a business basis that when they accumulate, if they do, by rates on freight and passengers, a surplus above a reasonable compensation in the way of dividends, instead of capitalizing that surplus the surplus ought to be applied to the reduction of the bonded indebtedness of the railroads.

In other words, if the roads continue to make a profit above a reasonable and legal allowance, it would eventually wipe out the indebtedness and the people would get the benefit of lower rates as that indebtedness decreased, and no harm would come to the railroads, but they would always be in a more prosperous condition. In a time of depression like this they would not be called upon to charge rates sufficient to pay income on an indebtedness which has, as a matter of fact, to a great extent been contributed by the people of the country in excess rates they have paid.

I would like to call attention to one case, and I speak from memory; I may be wrong as to the exact figures, but it will illustrate the point definitely. The Burlington Railroad, one of the best railroads in the United States and one of the best financial investments of the United States, through a long term of years had on hand a surplus amounting to $60,000,000, as I remember it.

Mr. SHIPSTEAD. That is right.

Mr. NORRIS. They applied to the Interstate Commerce Commission for the right to issue stock for that $60,000,000. During all the time they had been accumulating that $60,000,000, they had been receiving in all instances, in every year, more than a reasonable amount for dividends. I think it was 22 or 22½ percent they paid in dividends on the Burlington Road at the time the Government took the road over, when that was the percentage we had to guarantee

while we had possession of the road. They never paid less than 8 percent, I believe.

The question arises, who contributed that $60,000,000? It was the people of the country who had patronized the road, either as passengers or as men who shipped freight over the road. They paid that much more than they ought to have paid, assuming that the railroads should get only a reasonable return. During all that time they got, I think, much more than a reasonable return.

Technically speaking, under our law, it was held that that $60,000,000 belonged to the railroad, and hence they were allowed to issue stock on $60,000,000, not a penny of which belonged in reality or good morals to them, but it belonged to the people who had patronized the railroad.

If this excess charge which resulted in the accumulation of that $60,000,000 had been applied to the reduction of the debt, as any ordinary business corporation would apply it in the operation of the institution, it would have made it possible for rates to be reduced. Instead of taking that course, however, they were allowed to issue $60,000,000 worth of stock, and hence the result of it all was that the people who contributed that excess were themselves burdened for all time by being compelled to pay a return on that amount in the way of dividends.

Mr. SHIPSTEAD. Mr. President, I am glad the Senator brought up the question of the Burlington Road, one of the finest properties in the United States. I want to give the Senate a statement as to the capital structure of the Burlington Road, and when I give it to Senators they will easily understand why that road had such a large surplus. It also has something to do with a road that is properly capitalized. What is the value for rate-making purposes?

We must bear in mind that the Burlington Road is owned by the Northern Pacific and the Great Northern, a very valuable property. The value for rate-making purposes is $499,000,000. When we compare that with the stock and bond issues we find they have a very low capital structure, a very low bond and stock structure, as compared with other roads. They had bonds outstanding at the time of valuation of only $176,000,000, in round numbers, and stock outstanding of $111,739,000, in round numbers. So it will be seen they had a value for rate-making purposes of about two hundred million more than the total capital stock and bonds. Therefore, on the basis of rates charged on that valuation, of course, they would make a very fine return on that low capital. That is one reason why I think there is something wrong with our method of valuation.

This recapture clause, about which the Senator from South Carolina spoke, specifying $600,000,000 over and above 6 percent, as I remember, was a sweetening coat that was given to the Esch-Cummins law when it passed Congress. Congress was told, "This is a good law, because we will have the big roads help the little roads and the poor roads", and they were allowed to collect with the understanding that that fund, over and above what they could make under the law, should be apportioned out among the weaker roads. I understand that very little has been paid out. It is held by these corporations to the amount of $300,000,000, I believe the Senator said, and under the pending bill it is proposed that shall be paid back to the strong roads which collected it.

I am sorry the Senator from Idaho is not here now. He brought up the question of the reduction of rates under the pending bill. I said I could not see where there was any opportunity to reduce rates under the bill. On the other hand, I believe there is a very good foundation in this bill for raising rates, because it changes the basis of rate making.

Under the Transportation Act rates were to be fixed on what was found to be the fair value of a railroad. Under the decisions of the Supreme Court that was changed from the fair value for rate-making purposes established by the Interstate Commerce Commission to what the Court said should be the basis for rate making—cost of reproduction new. The cost of reproduction new is an entirely different matter from what it was during the inflation period, from 1916 to 1918, or from 1918 up until 1929.

Mr. WHEELER. Mr. President, will the Senator from Minnesota yield for a correction?

Mr. SHIPSTEAD. Certainly.

Mr. WHEELER. I think the Senator's statement is a little too broad. The Supreme Court did not say that the basis should be the cost of reproduction new. It said that that was one of the factors, one of the important factors, that should be taken into consideration.

Mr. SHIPSTEAD. I possibly laid too much stress on that, and I hope Senators will excuse me for doing so. I do not want to overstate anything I think to be a fact; but when we take into consideration the background of what the Court said at that time, and what they said subsequently, I think we are justified in saying that that is the rule.

Mr. BONE. Mr. President, will the Senator yield.

Mr. SHIPSTEAD. I yield.

Mr. BONE. I would like to ask the Senator from Montana, and the question is directed also to the Senator from Minnesota, whether it is not a fact that in the *McCardle case*, arising in the State of Indiana, the Supreme Court did not virtually adopt, almost in toto, the doctrine of reproduction cost new in establishing the value of the utility involved in that case? In other words, when these cases were adjudicated in the Supreme Court, they went back to the local bodies for determination, and they practically applied the doctrine of reproduction cost new.

Mr. SHIPSTEAD. The *O'Fallon case* was not the last word of the Court on the subject. The first word came in the *Indianapolis Water Rate case*, and as long as this has been brought up, I am going to say a word about that case.

Mr. BONE. The Senator means the *McCardle case?*

Mr. SHIPSTEAD. I am now talking about the *Indianapolis Water Rate case*, where the first rule was laid down by the Supreme Court, through Justice Butler, as to the basis for valuation for rate making.

Mr. BONE. That was the case of McCardle against The Indianapolis Water Co.

Mr. SHIPSTEAD. That was the first one. In that case the Supreme Court overruled the State utilities commission—I think it was called—which had valued the property for the purpose of making a rate, and the company appealed to the Supreme Court for redress, saying that their property was confiscated without due process of law. The Court rendered a decision overturning the findings of the commission and wrote the rule that cost of reproduction new had to be the basis of valuation for rate making.

Justice Butler wrote the opinion in that case. I do not want to cast any reflection on Justice Butler, who has had a very distinguished career as a lawyer and on the Supreme Court Bench, but when Justice Butler was appointed to the Supreme Court in 1922—and I say this without questioning his integrity or his honesty or his ability; I have the highest regard for his ability—I had not taken my seat in the Senate, but I came down to protest against his confirmation, on the ground that for years he had been the chief counsel for the railway executives in their actions before the Interstate Commerce Commission on the question of valuation, and Justice Butler was the originator, to the best of my knowledge, of the theory of the cost of reproduction new. I well remember coming as a tenderfoot—and I still am—to the Senate and to the Judiciary Committee to be heard.

The three distinguished Senators on the subcommittee of the Committee on the Judiciary were Senator Knute Nelson, Senator Cummins, and Senator Walsh of Montana, all three now dead. As a result of my objection, they all agreed that Justice Butler would be disqualified from sitting in a case affecting the valuation of railroads when the Supreme Court should finally decide that question. Of course, if that were true, that was no reason, standing alone, why the Senate should fail to confirm him. But the first case involving valuation for rate-making purposes was the *Indianapolis*

Water Rate case, and the decision was written by Justice Butler, and the rule was fixed in that case, as we found later in the *O'Fallon case*, when the Interstate Commerce Commission, on the valuation of a railroad, came into Court.

Mr. LONG. Mr. President, will the Senator permit me to make an interpolation just there?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. Just before Mr. Justice Butler came on that Court they had had the *Galveston Rate case*, and, I think, the case of the Georgia & Carrollton Railroad, from Georgia. Just before Justice Butler took his seat they had reaffirmed the doctrine, in the Smythe against Ames case, that all of these items were to be taken into consideration, and had refused to adopt the dominant reproduction-cost theory. Mr. Butler, then the proponent of this logic, was put on that Bench following those two decisions, which had been the law for many, many years. He was deliberately put on that Bench, and sat there and wrote the opinion in the *Indianapolis Water Works case*, turning over the previous decisions for something he had been advocating before that Court all the time, and everybody knew it.

Mr. NORRIS. Mr. President, I do not want to take up the time of the Senate in discussing Mr. Butler's appointment without the consent of the Senator, but I was a member of the Judiciary Committee when that appointment was made. I was not a member of the subcommittee. If the Senator will remember, when he came down here, as he says, a "tenderfoot", before he had been sworn in as a Senator, although he had been elected, the short session of that Congress then being under way, he came to see me about it. I think he will remember when I remind him that I was the member of the Judiciary Committee who arranged for the hearing and for the Senator to be heard before the subcommittee. There was quite a contest over that case, and, if the Senator will permit me, without having any reference to any individual, I want to discuss it from the standpoint of the principle involved.

Here was a man appointed to the Supreme Court. His nomination was referred by the Senate to the Judiciary Committee. The Senator has told the Senate who the chairman of the Judiciary Committee was and who composed the subcommittee. Both the chairman and the members of the subcommittee have now passed away, but I shall never forget the discussion that took place, both in the committee and on the floor of the Senate. The proceedings in executive session at that time were held behind closed doors, and so there is no record of the debate; the public was not allowed to hear what went on in this Chamber when the report on that nomination came before the Senate. However, it was conceded by everybody that the man nominated was the attorney—there were a number of other attorneys—at the head of the organization of attorneys who were opposing the valuation of the railroads then going on before the Interstate Commerce Commission. He was at the head of the list of attorneys who were making the fight on behalf of the railroads. I say that without criticism of any of them; they had a perfect right to do that; but the man who was at the head of that list of attorneys was appointed by the President to become a Justice of the Supreme Court.

It was argued here—I remember it so distinctly that I can pick out the seat of practically every Senator who participated in that debate—it was argued on one side that there was a question coming before the Supreme Court which had not yet been determined and which was probably the most important question that had come before the Supreme Court for a hundred years. It had to do with the valuation of the railroads, a work in which the Interstate Commerce Commission, under a law of Congress, had been engaged for quite a number of years. They were nearly ready to present one case, at least, that would test and try out the question before the Supreme Court whether the Commisison had followed the right process in the mind of the Court in reaching a valuation. The man who had been on one side of the controversy, the leader, was selected to go on to the Court just before that question was going to be submitted to the Supreme Court.

That was the main objection to this man. His ability was not questioned; his honesty was not questioned; but the objection was that a man who had been engaged in that work would have a settled view on it and of the whole situation, and that, while he might be perfectly competent and perfectly honest, as he came fresh from the controversy, in all probability, unless he were broad-minded beyond the ordinary individual, he would not be able to dissociate himself from the years of work that he had put in on that question which he was going to be called upon to decide.

The answer—a perfectly good answer from a technical standpoint—was made here on the floor that while that was all true, when that case came on before the Supreme Court this man would stand aside and would not participate. It was said, and it is true, that a lawyer with an important practice, when he goes on the Bench, will find himself confronted, especially soon after he goes on the Bench, with cases in which he participated as an attorney and he must call in some other judge to decide the case. Everybody knew that was true. That was the question in a nutshell that was submitted to the Senate. The nomination was confirmed.

Then what happened? The *O'Fallon case* was soon coming on to be argued in the Supreme Court, but ahead of that case came the *Indianapolis Water Works case*, where identically the same question was involved. The valuation of the water company in the city of Indianapolis and the method the commission of Indiana had taken to find the valuation of that water company were the whole questions at issue. The rate the company could charge for water depended upon the valuation, and that was the controversy; and the same controversy was under consideration in the *O'Fallon case*, the decision in which settled the valuation of all the railroads of the United States supposedly through eternity.

That question was argued in the Supreme Court before the *Railroad case* was argued. Everybody knew the identical question was involved in both; and the man who had been confirmed sat with the Court in determining that question. Not only that but when the Court reached a conclusion—there was a divided Court—he wrote the opinion of the Court, and it became the law of the land that governed railroad-valuation cases just as completely as though the decision had been made in those cases. So when the question of the valuation of railroads came on it came into the Court then with that question already determined, true to what Senators said here, behind closed doors when that nomination was under consideration, the man who had been confirmed at that time stepped aside and did not participate in the railroad case. Mr. President, it was not necessary for him to step aside; the question had been previously determined.

The propriety of doing that has been discussed by lawyers all over the United States and some interesting magazine articles and law journals have been written on it. That is the history; and since most of those who participated in it are dead and those who remain will probably soon be dead, I am glad, with the permission of the Senator from Minnesota, to relate that history for the RECORD.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. Mr. President, I was chairman of the State Public Service Commission of Louisiana at the time of this fateful history, and I want to add a few words. Contrary to what had been given us to understand, as I think the Sena-

tor from Nebraska will remember, there had been a rule of valuation established by the Supreme Court.

Mr. NORRIS. Yes; I think so.

Mr. LONG. They had a rule of valuation established for 30 years. William Jennings Bryan was the chief counsel in the case of Smythe against Ames, and the Supreme Court had written a clause as to valuation, reading about as follows:

> That there should be considered the cost of the property, the value of its bonds and of its stocks, and all such factors.

They had established a rule of valuation, and they not only had established it, but we knew that efforts had been made for 30 years to try to rig up the Supreme Court. Case after case came before the Supreme Court in which they adhered to the doctrine of Smythe against Ames, within as short a time, I will say, as 2 or 3 months of the day when Justice Butler was appointed to the Supreme Court. I was hearing the rate case of the Southwestern Gas & Electric Co., and when Mr. Dufour read of the appointment of Justice Butler, and I will never forget his remark—

> That settles the question; we will have no more trouble, and this matter will now be determined predominantly upon the present value reproduction cost new, less depreciation.

I want to call attention to something else the Supreme Court did. When we were trying little Louderback here the other day I felt like weeping when I realized that time was being spent on the question of whether he slept somewhere he ought not to have slept. We were trying that poor little devil on the ground that there was a cat in somebody's house that ran him out, and I felt sorry for him. Now let me tell you what was done right under the dome of the Capitol; and it is of record. Here is what we let the nine black-robed high priests do. They had held that going-concern value was a discretionary value that the commission could allow or not allow, but that it was not confiscatory if the commission did not allow it. They then held that interest on the investment during the period of construction was a discretionary item that the commission could allow or not allow, but it was not confiscatory not to allow it. Time after time I had written orders in which I had not allowed it, and the courts had sustained the action on the ground that it was strictly within the commission's sound discretion as to whether it would allow going-concern value and interest on investment during construction, but when Mr. Justice Butler went on the Supreme Bench the Court wrote into the law that it is confiscation of property not to add investment during construction and going-concern value.

I read the other day that maybe they have now taken goodwill out of going-concern value and are fixing to lump another thing or so on top of what they have already done. It has been positively, openly, and boldly known that the Supreme Court of the United States was rigged up with the chief counsel advocating that revolutionary theory to pyramid these values, and that he was put on there within 2 months after the Court had restated the rule that had been the law of this country since the Republic was created. As a result of that appointment they rigged up and pyramided the values to where, notwithstanding the fact that the total value of the railroad securities on the market today is around eight and a half billion dollars, they will be able to go into court and sustain a valuation and to receive a return on a valuation perhaps as high as $30,000,000,000.

Mr. SHIPSTEAD. Mr. President, I believe that the rule of cost of production new had not been written into a decision by the Supreme Court until the *Indianapolis Water Rate case*. I knew that the Supreme Court had made some decision on the question of valuation for the purpose of rate-making, but my information was that the cost-of-production-new rule was first written into the *Indianapolis Water Rate case*.

Mr. LONG. Mr. President, if the Senator will pardon me, they had stated that it was something to be considered but not to be the yardstick of value. They had stated that along with cost and value of stocks and bonds, the present cost of reproducing the property should be considered. They were trying to make them adopt that as a yardstick, and they finally did.

Mr. SHIPSTEAD. Yes. That was the method of valuation that Mr. Butler, as attorney for the railway executives, who appeared before the Interstate Commerce Commission, advocated for years.

Mr. President, I had not intended to discuss this phase of the subject today, but so long as the question has been raised I want to finish the story.

The next case that came up after the *Indianapolis Water Rate case* was the *O'Fallon case*. I do not remember whether it was Mr. Justice McReynolds or Mr. Justice Sutherland who wrote that decision, but that case was sent back with an admonition to the Interstate Commerce Commission reminding them that they had not taken into consideration cost of reproduction new. When they were reminded of that rule, how could the Commission decide to what extent they should take into consideration the cost of production new? They must take it totally into consideration or not at all, it seems to me.

The next word came in the *Street Railway case* from Baltimore. Another judge wrote that opinion and, overturning the State commission findings, said that the cost of reproduction new has long been the policy of the Supreme Court. So far as I know it had been the policy of the Court only since the writing of the opinion in the *Indianapolis Water Rate case*, but that was sufficient.

Now, in this bill we are going to change that principle. It came out yesterday in the debate when the Senator from Washington [Mr. DILL] said that the old principle had proved unsatisfactory; that the old valuation since the enactment of the transportation law, based upon the findings of the Interstate Commerce Commission during the period 1914 to 1918, had proved unsatisfactory; so now under this bill the principle for the basis of rate making is going to be changed. Rates are going to be fixed on the basis of cost of production of service, according to the interpretation of the Senator from Washington. If I misunderstood the Senator, I wish to be enlightened.

What does that mean? It seems to me that a very good reason for abandoning cost of reproduction new based upon valuation for rate-making purposes fixed by the Interstate Commerce Commission is that the cost of reproduction new is now an entirely different matter than it was during the period of high prices, and will ultimately force a reduction of rates. So the principle for rate making is now being changed to cost of production of service. What is likely to happen as a result of that rule if it becomes law? I am sorry the Senator from Washington is not present at the moment, because I want to be corrected if I misunderstood him in his interpretation of the bill yesterday.

Let us see what is going to happen. If we change the basis of rate making to fix rates on the cost of production of service, where will that bring us? The cost of reproduction new does not take into consideration capital structure. Under that principle of rate making the Interstate Commerce Commission fixed a valuation for rate-making purposes, in round numbers, of $15,000,000,000, but now we are going to get away from that. Now we are going to fix the rates on the basis of the cost of production of service. That, it seems to me, brings in the difference between the $15,000,000,000 for rate-making purposes and the $24,000,000,000 of capital structure demanding dividends and interest. Certainly the cost of dividends and interest on the capital structure must be figured in the cost of production of service. Then we have a much broader basis and a much better excuse for raising rates than we had on the basis of the valuation of $15,000,000,000 for rate-making purposes.

This will add additional burden to the weight already carried by the public in high freight and passenger rates.

It will be borne in mind that wages of railroad workers now employed have already been reduced by one hundred and sixty to two hundred million dollars per year for the benefit of stockholders and bondholders.

What is true of the capital structure of railroads I believe to be practically true of every capital structure of every large industry in the United States. The capital structure for industry and the transportation systems has placed upon them, in my opinion, a fixed overhead charge that has more to do or as much to do with the break-down of our agriculture, commercial life, with the break-down of trade and commerce, as had the peddling of billions and billions of paper with gold stars on it by the bankers throughout the country to get the people's savings for pieces of paper which they could produce for less than a cent apiece, dissipating the savings of the people, destroying their purchasing power, taxing the necessities of life through price fixing and through the fixing of high rates for transportation, taking so much of the production of wealth of the great mass of the people as to break down and destroy their purchasing power.

I am reminded of a story that is told of a rule in the Middle Ages which provided that when a man had committed murder, in punishment the corpse of the murdered person was tied to his body and he had to drag it around with him until there was nothing left of it. With this dead capital structure representing dead material, worn-out, obsolete equipment, worn out a long time ago, I wonder how long that corpse shall be hung around the necks of the American people, not only the transportation industry, but also all the more important other industries of the country.

It seems to me if it is true, as the Senator from Washington stated on yesterday, that we are now going to fix rates for the railroads on the basis of the cost of production of service, that instead of getting reduction of rates we will get an increase of rates. We have then got to take into consideration the interest and dividends on the capital structure. The question is, Ought we to do that? With that record of financing which dates back as far as we have any records, how long are we going to continue?

I point to the capital structure of the railroad industry. It is customary to call an "enemy of the railroads" one who deigns to criticize them. It seems to me that those who have enacted the legislation to help the railroads have been their worst enemies. They have not, in my opinion, helped the railroads. They have helped the speculators and bondholders but may ruin all of them. Let me refer to the Steel Corporation. When it was formed, the various companies of which it was composed were paid in obligations of the Steel Corporation to the value of 5 to 10 times the physical value of the property. What has that to do with the railroads? It has this to do with the railroads. Up to the time the Steel Corporation was formed Andrew Carnegie with some associates had made a great deal of money in the steel industry by making and selling steel rails for $20 a ton.

When the Steel Corporation was organized, those companies were paid in debentures and obligations of the Steel Corporation from 5 to 10 times the physical value of their property. I think that is generally well known. It is common knowledge. Certainly I have it on the word of one of Andrew Carnegie's partners. To pay a return upon that fictitious capitalization, in 1900 they raised the price of steel rails to $28 a ton. The common stock represented no value except potential earnings of the future, and before the war sold as low as $8 a share. I am not sure that it may not have sold even lower than that.

Up until 1915 the Steel Corporation made and sold rails for $8 a ton more than had been charged by Andrew Carnegie. During the war they raised the price of steel rails to $53 a ton and held it there. They finally reduced it to $45 a ton, then to $43 a ton, and last fall, with a great show of patriotism, reduced the price of steel rails to $40 a ton after they had cut the wages of their laboring men twice. In 1929 Steel common stock sold for $200 per share. Rather than reduce the price of steel so the people with diminishing purchasing power could buy, they went down to 12 or 15 percent of production capacity in order to maintain prices if purchasing power ever should come back. All these years they have been selling steel rails to the railroads at prices varying from $53 a ton down to the present time, when they are selling at $40 a ton. I have been told that if they would be satisfied with an honest return on an honest capitalization, they could still make and sell steel rails as low as Andrew Carnegie did. But the steel industry, dominated by the same group that dominated the railroads, had to do something with the price of steel in order to collect for the steel industry out of the railroads, making the public pay $53 a ton for steel rails in order that the same interests that control the steel industry, which in turn control the railroads, might use the railroads as a collection agency for the steel industry because they have the power to fix the price.

In turn what did they do for the railroads, the same interests that dominate the steel industry and that also dominate the railroads? They charged the railroads $53 a ton for steel rails. The Federal Trade Commission has given us an example of what they did for the railroads, in their report showing what they had discovered in investigating the cement industry. On the one item of cement the Federal Trade Commission showed that the railroads had exacted an unjustified charge upon the consumers of that one commodity of $31,000,000 a year. That was to help the railroads so that they could pay $40 to $53 a ton for steel rails.

Those are merely two items to show the interlocking, milking process by the same banking groups who dominate the steel industry, who dominate the transportation industry, and many other industries, and to a large extent banking, and the public pays the price.

This tremendous capital structure lying as a burden upon the railroads of the country is making it necessary, through the control of industry, for one to help the other and then one to milk the other, until it finally comes back to the source of it all. It seems to me that under this bill, when we change the basis for rate-making purposes from the value fixed by the Interstate Commerce Commission based upon cost of reproduction new, or cost of reproduction less depreciation, and adopt the principle of basing the rates upon the cost of service, that affords a chance to bring in this extra capitalization to collect enough to pay interest on the $10,000,000,000 of stocks and bonds in excess of what the Interstate Commerce Commission allowed as a valuation for purposes of rate making.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. SHIPSTEAD. I do.

Mr. NORRIS. Taking the position that the Senator does on the rate-making power provided for in this bill, has he suggested or is he going to suggest any amendment that will correct this evil, if it be an evil, and provide a method, according to his theory of arriving at a just and fair rate?

Mr. SHIPSTEAD. I did not see this bill until yesterday. I have given it some thought. I do not see how this bill can be changed so as to effectively remedy the matter. I said, in opening my remarks to the Senate this morning, that I wanted to discuss the bill from a different angle than that from which it has been discussed so far. I wanted to discuss it from the standpoint that I have discussed it, hoping to show the impossibility of changing the rate structure or the capital structure so long as the railroads remain in private corporate possession.

To show their influence, and how this capital structure has been built up and is now saddled on the backs of the American people, I desire to read an extract from a report of the Interstate Commerce Commission given in an address by Mr. Samuel Untermyer on the 27th day of February 1933, at the University Club of Los Angeles. This capital structure has been built up in the way stated by Mr. Untermyer, and it is all in this chart. All the things he enumerates here, taken from the report of the Interstate Commerce Commission, are in the structure shown on the chart.

He says:

During the years from 1912 to 1915, many complaints were made by shippers and the public to Congress and the Interstate Commerce Commission of illegal practices of five important systems of railways and their resulting inefficiency of service and unjust rates. The Commission accordingly made extended investigations and issued official reports of findings between the years 1913 and 1917 respecting these practices and the financial transactions of these five systems, embracing approximately one third of the country's entire mileage. The systems so investigated were the New Haven, Louisville & Nashville, Chicago, Rock Island & Pacific, St. Louis & San Francisco, and the Cincinnati, Hamilton & Dayton, and Pere Marquette.

Now, here is what the Commission said:

The evidence and findings of the Commission are published in their official reports and disclose, among others, the following facts:

(1) That each railroad company investigated knowingly falsified its accounts, partly to hide expenditures of large sums for the control of politics and elections and to influence legislation and the administration of laws.

(2) Falsified its accounts respecting capital, expenses, and profits so that the Commission was unable to ascertain for what purpose vast sums had been expended.

Mr. NORRIS. What is the date of that report?

Mr. SHIPSTEAD. It is the report of the Interstate Commerce Commission for 1917, after an investigation lasting over several weeks.

(3) In many cases the books and accounts were burned by the directors in order to hide various illegal transactions. Many of these acts were done by directors who were well known as among the world's most powerful financiers. Even though many records were wilfully destroyed the Commission was able to secure sufficient evidence to disclose the names, dates, and facts.

The Commission's report, in order to bring these various illegal practices in systematic order before Congress and the people, was classified as follows:

(a) Extravagant speculations and purchases of worthless securities in the interest of the directors; peculations from the stockholders, many by illegal devices accompanied by the falsification of books and accounts and their later burning by the directors.

(b) Illegally spending the stockholders' money and property to corruptly influence politics, the press, and public opinion, and to secure secrecy respecting their accounts.

(c) Acts to secure a monopoly against the public interest by the violation of the laws of many States as well as of the Nation.

(d) The organization by the railway directors of "fake" corporations and "dummy" officers to hide the identity of real promoters and shield them from prosecution.

(e) The voting to themselves by directors of extravagant salaries, in addition to which large sums were taken by some of these officials without warrant of law.

(4) As these corrupt practices, including falsifying of records, etc., are common to all the railroads investigated, a résumé of the New Haven system investigation will suffice for all.

I am not going to take the time to read that; but if there is no objection, I ask to have this address printed as a public document. These influences enumerated indicate forces so powerful as to frustrate any public control of these corporations by the Government that created them. The creature now controls its creator.

There being no objection, the address was ordered to be printed as a public document.

Mr. SHIPSTEAD. All these things are in the capital structure shown on this chart. They are all here.

Mr. BORAH. Mr. President, we are preparing, however, to suspend the Sherman antitrust law, are we not, to give them an opportunity to do the same thing again?

Mr. SHIPSTEAD. That law has never been enforced except against labor organizations.

This capital structure is a corpse from the past, by means of which the American people are still carrying, on their backs, through transportation rates, the locomotives and box cars and steel rails bought and worn out 30 and 40 years ago.

The railroads were able to do that only because for years the railroad-transportation industry has been a monopoly. It is now quite likely that it will cease to be a monopoly. I do not mean to say that we do not have to have railroads. We need railroads; but they have ceased to be a monopoly, and I am wondering if that is another reason why the principle of rate making is changed in this bill.

The Senator from Idaho [Mr. BORAH] this morning, before he left the Chamber for a time, asked if in this bill there was any provision for reduction of rates; and, owing to interruptions, I was not at that time able to answer the Senator. I said there was not any provision in the bill that I could see for reduction of rates; but in the discussion that followed the Senator's presence in the Chamber, I called attention to the debate in the Senate yesterday in which it was brought out that in this bill the principle of rate making is entirely changed, and the rates from now on are to be based upon the cost of rendering the service, and that in my opinion gives a broad basis upon which to raise freight rates instead of reducing them, because interest and dividends on this capital structure—$10,000,000,000 in excess of the amount fixed by the Interstate Commerce Commission for the purpose of rate making—it seems to me, will now be taken into account because the $10,000,000,000 in additional capital structure is part of the cost of rendering the service.

Mr. SMITH. Mr. President, will the Senator allow me to read the modification of section 15a as it appears in this bill under paragraph (2)?

In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic.

That was discussed at some length in the committee, looking toward the competition that is here in the form of the internal-combustion engine, trucks, and busses, motor traffic, and it was the opinion of some members of the committee that this would give to the Interstate Commerce Commission and the roads the power to meet this competition. The Senator will notice that the language is—

give due consideration, among other factors, to the effect of rates on the movement of traffic—

Of course, meaning on the movement of traffic over railroads. Now—

to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service—

That was on a cost basis—

and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.

I think the committee were convinced that that liberalization or changing of the basis of rate making was for the purpose of meeting the inevitable competition that is here.

All of us understand that this competition is here. I desire to call the Senate's attention to the fact that under the Esch-Cummins Act all the railroad property devoted to public use as a whole—not in any particular system, but all of it—was to be valued, and upon that aggregate value the Interstate Commerce Commission was authorized and directed to fix a rate that would return, on all this property, as nearly as possible the rate allowed. The maximum rate allowed was 6 percent. Now, with this coordinator appointed who is to take into consideration the competition that is here, and the changed relation of the public, and the dependence of the public upon this system, the Senator said that there was no probability of there being any writing-down of the burden on the public. This coordinator is given the power to eliminate certain roads

which in his judgment are not necessary for the public convenience and necessity, and also to reduce the activities of any of the trunk lines leading into any of the metropolitan areas.

Does the Senator understand that in spite of the discontinuance of some lines, and the reduction of the activities of others for a period, and the interchanging that is provided for—to illustrate, three roads arrange to have one use its equipment for a certain part of the time, and to have another use its equipment for a certain part of the time—under the terms of this bill no reduction is to be made in the burden on the public, when we shall have eliminated so many millions of property, like these box cars and engines and equipment, which under the law were the property of the people who held the mortgages, and at the time of the Esch-Cummins Act were the basis of rate making? Does he think we still will have to pay the same rates and fares with all this property eliminated under the coordinator?

Mr. SHIPSTEAD. Can the Senator find anything in the bill to make it possible to reduce those rates and fares?

Mr. SMITH. In drafting this paragraph to which I have called attention, I think the committee had in view the idea that it would give the railroads leeway to meet this competition in such a way wherever it was necessary to sustain the roads, and where it was not necessary to eliminate them.

Mr. BORAH. That might result in a raise of freight rates.

Mr. SMITH. It might, but everything depends upon the administration of the law.

Mr. BORAH. Unless we deal with the capital structure of the roads, how is it possible to reduce rates under the provision here?

Mr. SMITH. That was the question I asked the Senator. It is provided that the coordinator shall have power to suspend operations on roads and eliminate certain roads from being carriers at all, and it does seem to me that if that is eliminated the public ought not to be called upon to pay for something which is not devoted to their use.

Mr. SHIPSTEAD. Mr. President, let us look at the background of this measure. What is the background? The background is furnished by the hue and cry that the railroads are hard up, that they cannot pay a return on their capital structure. So they come to the Reconstruction Finance Corporation; for what purpose? To get money from the Government of the United States so that the railroads can hand it over to the bondholders, so that the bondholders shall get their interest. That is all there is to it. It is proposed that under this bill there shall be a great deal of saving, in order to help the railroads out of the financial difficulty in which they are now, when they have to come to the Government for Government money to pay to the bondholders.

Mr. BORAH. But not to reduce freight rates.

Mr. SHIPSTEAD. No; there is nothing here about reducing freight rates. I think we have a right to assume that if they make any savings, those savings will not be reflected in reduced freight rates, but will be paid over to the holders of the bonds in lieu of the money we have so far borrowed for the railroads from the United States Government. I think that is a natural and a reasonable assumption.

Mr. BORAH. Mr. President, is it not true that the very object and purpose of this bill is to relieve the railroads financially?

Mr. SHIPSTEAD. Of course. Let us see how they have saved some money. We have heard a great deal about the very efficient management of the railroads since 1920 under the Transportation Act, and we are also told that great savings have been effected as a result of this very efficient management. How much has been saved?

From 1920 to 1929 the operating expenses of the roads were reduced $1,322,000,000. That is what they said.

Mr. TRAMMELL. Mr. President, there is so much disorder in the Senate that it is impossible to hear the very interesting speech of the Senator from Minnesota. May we not have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. SHIPSTEAD. Mr. President, from 1920 to 1929 there was saved in operating expenses by the railroads the total sum of $1,322,000,000. How were those savings effected?

The sum of $785,000,000 out of that $1,322,000,000—almost 75 percent of the saving in the operating expenses—was taken out of whom? That was made out of the discharge of 361,982 employees, a saving on the pay roll, a saving at the expense of the human element, undoubtedly due to large equipment, heavier steel, heavier locomotives, heavier box cars, larger trains, reduced grades, and so forth. So labor lost $785,000,000 out of the railroad plants between 1920 and 1929.

In 1920 there were employed on the railroads 2,022,832 men. In 1929 there were employed on the railroads 1,660,850 men; 361,982 had been discharged, and Mr. Fletcher, who speaks for the Association of Railroad Presidents, is reported to have said before the House Committee on Interstate Commerce on Monday that if the amendments adopted by the Senate on yesterday are kept in the bill, the bill had better not pass.

While labor in the aggregate lost $785,000,000 in that period of time, how did those who hold the bonds and the stocks fare? Dividends on this part of the capital inside this white dotted line on the chart represent a little less than $2,000,000,000 out of the value of the properties and the plants for rate-making purposes. That part of the capital structure received $331,102,938 in dividends in 1920. In 1923, 3 years later, when the income to labor in the aggregate was going down, their dividends increased to $405,190,775. While the aggregate income to labor was still declining, by December 31, 1929, dividends were paid of $555,692,172.

In 1920, 57.31 percent of the stock was paying dividends. By 1929, 77.82 percent of the stock was paying dividends.

It seems to me that we have to do something with this condition and get rid of it, not only in the transportation industry but in every industry of large productive capacity in the United States.

There is one thing we are going to do now. Because it is an illusion unless we get rid of this capital structure, now we are going to liquidate that. We are going to make an attempt to restore prosperity by an inflation of the currency and a cheapening of the dollar, but if we continue the policy of carrying these corpses of capital structures around with us, with the tremendous overhead charges, the remedy, through inflation, will be temporary and will be a bitter illusion, because these industries having the power to fix prices are fixing prices now in anticipation of a higher price level, ready to take advantage of any advance in price to mulct the consumer through overhead charges of the finished products in steel and cement and lumber and transportation. Unless something is done, in my humble opinion, to change the economic policies affecting the capital structures not only of transportation but of the great productive, fundamental industries of the country, we are only postponing the inevitable collapse that is bound to come. We cannot travel in circles, with artificial remedies, putting artificial policies into practice, when the fundamentals of the overhead fixed charges are the capital debts and structures, and the power of fixing the prices of the necessities of life through lack of enforcement of the antitrust acts, as, for instance, in industries producing steel, power and light, cement, and so forth. The great mass of the public will continue to be mulcted and purchasing power will not return, and the house of cards will collapse, as it did in 1929.

Mr. BONE. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. BONE. Would the Senator suggest that, either by this measure or by some subsequent measure, the railroads be required to amortize, from their earnings, some definite

portion of their funded debt; and if that were done, would it not be necessary also to circumscribe their right to issue stock? Then again a further problem intrudes itself, as I look at this whole question of establishing a rate base and setting up a rate structure. If, as the Senator says, these railroads are not capitalized to an extent equal to their rate base, then it is going to be very difficult to get at the thing by merely compelling them to amortize a part of their capital structure represented by funded debt, because, if they are permitted to pay interest and dividends on their rate base in excess of their capitalization, society can get no relief from that. I was wondering what the Senator's idea on that subject is.

Mr. SHIPSTEAD. Capitalization is more than the rate base.

Mr. BONE. I misunderstood the Senator. I understood the capitalization was less than the rate base.

Mr. SHIPSTEAD. No; it is $10,000,000,000 more. I think it is possibly 20 years too late to expect to get any reduction in the capital structure with the railroads in the hands of private corporations. I do not think there is any remedy except for the Government to take them over, under condemnation proceedings, pay the holders a fair price on whatever they may be worth but not pay again for the railroad locomotives and cars that were bought and worn out 30 or 40 years ago and are still in this capital structure. I do not think that the railroads can charge a rate high enough to yield a return. If they do, in my opinion the people will not be able to afford to use the railroads, and they cannot get the business.

Mr. BONE. There have been many years when many of the railroads paid a reasonable return on all the outstanding stock.

Mr. SHIPSTEAD. Oh, yes; but the capital structure has never been so heavy as it is now.

Mr. BONE. The Senator is fully aware of the fact, I know, that one of the arguments of the private utilities is that the amount of outstanding bonds and stocks bears no relation whatever to the valuation upon which they predicate earnings. Nevertheless, they have issued almost invariably, and frequently, more stock and bonds than the rate base established by regulatory bodies of one kind or another. I spoke of that a few days ago on the floor of the Senate in describing the White Salmon affair out in the State of Washington, where ten and a half million dollars in securities were issued against a bare water right which represented not a dollar of investment, and yet those securities were outstanding for years, and the company was paying 10 or 12 percent interest on them. Yet we have a splendid system of State regulation out there, but it did not regulate, and we cannot regulate these private utilities.

Mr. SHIPSTEAD. I am aware that the question of capital issues has not, as a rule, been taken into consideration for rate-making purposes. However, under this bill if we are to base rates on the cost of production and service we have got to take into account the interest paid on capital structure. It is part of the cost of service. The question to determine is how much of it is legitimate; how much, in justice, right, and equity, should the public be charged upon properties that carry in them so much dead weight that has been paid for time and time again?

During the last 20 years the interest and dividends paid by the railroad companies to the stockholders and the bondholders are in excess of $16,000,000,000; this is more than was paid for the plant, according to the valuation fixed by the Interstate Commerce Commission. How many times the American people paid for the plant prior to 20 years ago we do not know.

Mr. BONE. Mr. President, can the Senator inform us whether they are carrying in that valuation the value of land grants?

Mr. SHIPSTEAD. They are carrying everything.

Mr. BONE. In other words, they capitalize all these gifts, and the American people are paying interest and dividends on the things they have given the railroad. That is right, is it?

Mr. SHIPSTEAD. Certainly.

Mr. BORAH. Mr. President, is the Senator sure about their including the land grants? I am not disputing it; I simply ask for information.

Mr. SHIPSTEAD. Some of the lands that were sold have been distributed in dividends. Take, for instance, the lands that were obtained free for rights of way and for terminals; it must be remembered that to a large extent terminals and rights of way were obtained during an early period in the country, when people were anxious to have railroads and they gave them the rights of way and they gave them the terminals for nothing, but, of course, they are in the capitalization; it is all in there; and the unearned increment, as the value of those lands has increased, has been included.

Mr. BORAH. Have the public-land grants been incorporated in the capitalization?

Mr. SHIPSTEAD. That is my information—those that have not as a result of sale been distributed as dividends. For instance, a railroad got a large land grant which it sold to settlers, and so forth. The Northern Pacific has a great holding company possessing farm lands, mineral lands, timber lands. It is called the "Northern Holding Co.", or something like that.

Mr. BONE. Prof. Benjamin Andrews described all that.

Mr. SHIPSTEAD. And the company has earnings from that source; the holding company has paid dividends to the Northern Pacific; and I think the same thing is true of the Burlington.

In 1920, when the railroads were returned to their owners after Federal control, the class I corporations owned 235,233 miles of main lines and branches. They had sold to the public seven billions of stock and they had issued bonds and other interest-bearing obligations amounting to ten more billions of dollars.

Everything available had been capitalized, including one billion representing the value of the aids, gifts, grants, and donations received from a generous public. In this aggregate there was also capitalized another billion, which represented no property at all, but was a compact of pure losses through improvident financing, building, and operation. That is included in one of the items I read this morning and embraces such things as reorganization expenses, receivers' fees, and so forth, which are in the capital structure.

Even then the aggregate of stocks and debts were determined, through the careful valuation of the Interstate Commerce Commission, to be some five and one half billions in excess of the cost of reproducing everything the corporations owned. That was at the end of the period of valuation in 1918.

The Interstate Commerce Commission, figuring all these things in, said that the railroads had capitalized and issued bonds for five and a half billion dollars more than the valuation they found upon their property, and since then, I think, they have increased their capital structure without appreciably increasing any railroad mileage by $4,150,000,000, in round numbers.

In January 1931, with no appreciable increase in productive mileage, stocks had increased to nine and one half billions and debts to twelve and one half billions.

The basis of the major portion of this mounting structure of shares and debts is the value of the private highway and the improvements on it. Technically this is termed the "permanent way and structures." The provision of the vehicles, the motive power, and equipment have always represented but a comparatively minor part of the total investment.

Substantially all of this railroad mileage is now more than 30 years old. Most of it is twice or three times that age. Yet none of this investment in permanent way and structures has ever been written down or off. Indeed, under corporate ownership there is no incentive to do so, for rail-

road finance has seen to it that rates shall be regulated and that the rate base shall be the value of the property, not the value of the service. Reduction in investment through charges for depreciation and obsolescence means a reduction in the basis upon which profits are computed. These items are never written off.

The public is today paying rates which are calculated to earn a profit, for example, on the present value of 17,000,000 acres of land donated to the corporations 60 or 70 or 100 years ago. This item alone was valued at three hundred and eighty-six millions before 1920 and has risen substantially since. The proceeds of another 135,000,000 acres granted free to the corporations and sold to the public for another three hundred and seventy-five millions have also been partially capitalized and partially distributed in dividends. Every improvement which has since been put on this land has likewise been capitalized. That reference is to the rights-of-way terminals, and lands used by the carrier corporations.

The public has been paying this profit on this capitalization year by year, in the form of interest and dividends, ever since these private highways began to function, and there seems to be no means of escaping this theory of fair charges so long as these essentially public highways remain in corporate hands.

Since the commencement of the twentieth century the development of the internal-combustion engine, the immense increase in the supplies of gasoline at low price, and the rapid construction of a system of connected hard-surfaced highways some three times the aggregate of the railroad mileage, and the gradual but steady improvement of our great system of inland and coastwise waterways, have brought about something resembling a revolution in our domestic means of transportation. It has greatly reduced the railroad revenues from passenger travel and has begun to make inroads in the returns from freight traffic. There is ample evidence that this change has come about because the highways and the waterways provide a means of travel and transport cheaper or more convenient than that furnished by the railroads.

There is a growing cleavage between the prices at which transportation can be purchased from the railroads and upon the public highways and waterways, and there undoubtedly has been a substantial growth in the travel furnished and traffic moved by these auxiliary services. This slippage is not, however, the principal cause of the present low state to which railroad revenues have fallen. The purpose of all our railroad legislation was to protect the public against the piling of burden upon burden to be used as a basis for gouging the public; it was to protect the public, to protect labor, the investor, and to continue the operation of the railroad plant; but in view of present conditions, I think we have failed in achieving the justifiable objects which the legislation intended or we were told were intended to be accomplished by it. This situation is becoming a public menace.

The plight of the railroad is bad, although not nearly so bad as is claimed. The people who own railroad securities, almost unanimously, have raised a Babel of confusion and of tongues, all crying about the terrible condition of the railroads, and claim that the only remedy is to charge higher rates and lay off more men. I want to call the attention of the Senate to something that I think is really the matter with the railroads, so that we may direct our attention to that part of the trouble that is afflicting the railroads.

Those who claim to be the saviors of the railroads say there is no other remedy than to increase rates and to lay off more men and to reduce service to the public.

Mr. BORAH. Mr. President, the Senator referred a few moments ago to the antitrust laws. Is it the purpose of the Senator before he takes his seat to discuss the suspension of the antitrust laws proposed by this bill?

Mr. SHIPSTEAD. No; I had not intended to speak as long as I have. I wanted to talk about the capital structure of the railroads. As I have informed the Senate—I do not know whether the Senator was here—I did not see this bill until yesterday morning; what little I know about it I gathered from the debate yesterday and from the little time I have had to look into it since last night. There may be other features that are more worthy of discussion than this, but I wanted to discuss this feature.

Mr. BORAH. I do not think other features are more worthy of discussion, but I should like somebody to explain why the provision to which I have referred is in this bill.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. BLACK. The Senator has just referred to the suggestion that it is necessary to lay off railroad employees.

Mr. SHIPSTEAD. That is not my contention.

Mr. BLACK. I understand that, but that argument has been made and that carries with it the idea on the part of those who believe in it that the railroads are suffering from overpayments to their men. If the Senator does not object, I should like to insert in the RECORD at this place two or three figures on that proposition.

Mr. SHIPSTEAD. I yield.

Mr. BLACK. The labor cost of operation per 1,000 ton-miles in 1920 was eighty-two ten thousandths of a cent; in 1929 it dropped to sixty ten thousandths; in 1932 it dropped still further to fifty-nine ten thousandths, showing that the labor cost has been going down. But, in addition to that, in 1920 the ratio of pay rolls to total income of the railroads was 47.3 and in 1931 it was the same, but in 1920 the ratio of fixed charges to which the Senator is referring, and dividends to the total income was 11.05, while in 1932 it had risen to 22.2. In other words, the fixed charges had doubled while the ratio of the pay rolls to the total income had not increased at all, refuting the argument which the Senator states has been made with reference to the wages dragging down the railroads. As a matter of fact, the number of employees has been steadily decreasing until now it is less than a million.

Mr. SHIPSTEAD. That is correct.

Mr. BLACK. And the cost of the wages has been steadily decreasing, but the amount of money devoted to capital investment, which as the Senator shows has not greatly increased, has been steadily mounting.

Mr. SHIPSTEAD. There has been an increase of $4,150,000,000 in the capital structure since the date of valuation in 1918 up to 1929, I think.

Mr. President, in reference to what the Senator from Idaho [Mr. BORAH] said about the Sherman antitrust law, I am not able to discuss that law now except to say it has not been enforced, but I am glad the Senator mentioned it, because it shows the importance of earnestly considering legislation and of not being too much in a hurry to pass it. If we have an extra day or an extra 2 days we may know where we are. I am convinced that I am right in my discussion of this feature of the bill and I trust I have convinced the Senate. I want to hear discussion by Senators of other phases of the bill, for I do not think we should hastily pass legislation of this importance, as we have been passing other legislation, later on to discover that it is something entirely different from what we thought it was. I am not saying that it is, but to me it appears that it is entirely a different proposition from what I had been led to believe. I do not mean to say that anyone has been trying to deceive me or the Senate, but when it comes to helping the railroads it is a good deal like helping anybody else; it is a question of whether we help somebody to die or help somebody to live.

Under any defensible system of corporation finance, most of the plant having become obsolete and having been paid for, it should have been taken out of the capital structure long ago.

The better alternative, it would seem, is to proceed now to bring the charging system of the railroads, as rapidly as possible, into conformity with the needs of a settled state

and get away from the old pioneer method of financing and building railroads. There cannot be much hope of reducing that capital structure so long as the railroads are in the hands of private corporations. That I think has already been demonstrated after 12 years' sad experience in trying by legislation to make strong corporations help carry the weak ones. That was the purpose of the Transportation Act, to effect consolidations, so that the strong railroads might carry the weak. The money was collected, but the railroads did not turn over that money, and now, under this bill, I understand we are going to pay it back to them.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I was a member of the committee. I understood the way the money was to be disbursed by the Interstate Commerce Commission to the short lines. That is the one difficulty I have with the bill now. Apparently the money is not going to the short lines but is going back to the railroads, and the short lines will fare badly under any sort of amalgamation that takes place among the big railroads. Has an amendment been offered to strike out that provision with reference to the disbursement of the money?

Mr. SHIPSTEAD. That I cannot tell the Senator. Under the Transportation Act provisions were made for consolidations of railroads. The Penn Road Co. was formed and sold $150,000,000 worth of stock to the public at $15 a share. They took that money obtained from the public and invested it in the stocks of other roads, paying as high as $120 a share. I understand the stock of the Penn Road Co. is now selling around $1.50 or $2 a share. That is an instance of the unfortunate experience we have had in the consolidation of railroads under the regulation of the Transportation Act. Somebody got that $150,000,000. Whether it did the Pennsylvania Railroad any good we do not know, but they got the money from the public.

How infinitely more difficult it must be to enforce by law a system through which the capital structure will be written down from year to year until only the investment in equipment remains. Yet that is the only sound theory upon which the Nation can proceed. It seems obvious that the business of a settled country cannot go on paying for these roads and buildings and bridges and permanent improvements over and over again, as we have been doing for a hundred years. While we pay for them over and over again we are all the time asked to pay more. Look at the increase of $4,151,000,000 in the capitalization from the time of the valuation up until 1931.

We can never have a defensible system of railroad finance, we can never hope to have railroad rates based upon the cost of service so long as the railroad properties remain in corporate hands. The incentive to accomplish these public objectives is utterly lacking so long as the properties are owned by corporations dedicated to earning an annual profit on these ancient properties which have been several times paid for, as well as upon the service which they perform.

We will make little progress toward the elimination of competitive waste under private corporate ownership of the railroads, for the competitive spirit permeates the whole body of railroad finance and management and is to a large extent the cause of the terrific waste in the transportation system.

We will begin to make real progress toward a satisfactory railroad service at fair rates and wages when we have learned that there are several ways by which we can have Government ownership with private operation of our railroads. Permanent Government ownership of the permanent way and structures seems to offer the only means by which the plant can ever be made to operate solely in the public interest. If, having become the owner of the property, Congress decides to lease the equipment and motive power to corporations for regional operation, there are precedents upon which such leases can be drawn. The public interest can be thoroughly safeguarded against extortion in the framing of such leases and we will doubtless find that the better part of individual initiative can be preserved under such circumstances.

In Germany the Government owns the railroads and finances all kinds of competition for the railroads. I asked a member of the German Government how they could afford to finance competition for the railroads in the form of waterways and highways, and he said they would bring business to the railroads. Ships that come up the rivers and canals cannot carry the freight inland, and so the railroads have their business increased. They get business for the railroads by encouraging competition; that is, they carry freight that would not otherwise move.

Mr. President, the time of the Senate that I have taken has been taken for the purpose of expressing my conviction that we are approaching the question of transportation by railroads from the wrong angle. What is true of the railroads, as I have said, is in my opinion also true of the great fundamental producing industries of the country—the overhead deadweight of capital. Until that is taken care of I do not think we can come back to a healthy economical operation of business and trade and transportation.

So far as the railroads are concerned, I do not mean to overemphasize their condition and what ought to be done, because they are only a part of our economic life. I sometimes think we approach these things too often from a local point of view and much like the six blind men of Hindustan who were asked to describe an elephant. One grabbed his tail and said, "He is like a snake." The other felt of his trunk and said, "He is like a rope." Another got hold of his leg and said, "He is like a tree." Still another got hold of his stomach and said, "He is like a house." I think we have been too blind in studying this white elephant we have on our hands in the form of an overcapitalized industrial and transportation structure.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the capital structure of every railroad in the United States, copied from public documents of the Interstate Commerce Commission.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Interstate Commerce Commission valuation of railroads

I.C.C. valuation		Name of road	Date of valuation	Track mileage		Capital structure				
Volume	Page			First main line	Total mileage	Stock outstanding	Stock in treasury	Bonds outstanding	Bonds in treasury	Floating indebtedness
		HILL LINES SYSTEM								
134	56	C., B. & Q.	1917	9,080.60	13,199.8	$111,739,100		$176,041,081	$37,735,300	
134	581	C. & S.	1918	975.20	1,320.5	50,233,600		52,611,616		
134	733	Ft. W. & D. C.	1918	455.60	591.6	9,268,800	$131,200	10,038,900		
134	778	W. V.	1918	255.90	289.3	1,226,500		4,235,337		
134	832	Q. O. & K. C.	1917	244.30	280.0	6,000,000		401,793		
133	143	G. N.	1915	7,252.70	9,603.6	257,433,913		365,020,491		
25	441	N. P.	1917	6,533.30	9,829.3	248,960,000		424,281,885		$38,208
Docket	896	S. P. & S.		529.30	671.5	40,000,000		84,587,613		
149	317	T. & B. V.	1916	302.90	371.1	304,000		17,227,645		
		Total		25,629.80	36,156.6	725,165,913	131,200	1,134,446,363	37,735,300	38,208

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Date of valuation	Track mileage		Capital structure				
Volume	Page			First main line	Total mileage	Stock outstanding	Stock in treasury	Bonds outstanding	Bonds in treasury	Floating indebtedness
		SANTA FE SYSTEM								
127	101	A. T. & S. F.	1916	8,537.10	12,594.5	$396,588,100	$70,300	$315,547,381	$2,324,600	
127	650	G. C. & S. F.	1916	1,909.60	2,520.1	2,022,950		61,329,447		
127	777	P. & S. F.	1916	665.10	823.3	1,295,700		7,919,185		
127	807	P. & N. T.	1916			710,000		13,784,114		
127	827	G. C. Ry.	1916	63.80	77.0	1,406,300		642,863		
		Total		11,175.60	16,024.0	402,023,050	70,300	399,222,991	2,324,600	
		NEW YORK CENTRAL SYSTEM								
27	80	N. Y. C.	1917	6,317.70	15,943.5	300,203,275		846,016,215	312,000	$21,916,071
28	760	P. & L. E.	1916	197.10	1,043.0	34,459,650		33,751,364		75,000
28	479	D. T.	1918	18.00	73.8	2,000,000		289,498		
28	90	C. C. C. & St. L.	1915	2,221.60	3,946.7	74,923,947		125,171,034		8,029,310
28	607	C. N.	1918	206.30	267.7	3,000,000		1,344,000		
28	271	Mich. Cent.	1918	1,375.10	2,948.7	24,353,400	1,600	71,831,100	14,042,000	19,918,970
39	50	D. L. & W.	1918	1,022.40	2,717.2	93,684,837	57,617	72,863,490	217,400	24,000
75	443	E. & I.	1915	133.80	169.3	2,000,000		2,523,632	647,000	
130	209	Rutland	1917	409.80	541.4	9,644,300	102,700	11,215,297	528,000	
		Total		11,901.60	27,651.3	604,269,410	161,917	1,165,005,631	15,746,400	49,963,351
		B. & O. SYSTEM								
Docket	1068	B. & O.	1918	4,955.40	9,857.2	260,351,061		650,845,101		
Docket	1009	S. I. R. T.	1918	23.90	109.4	1,550,000		5,612,472		
32	24	W. M.	1919	691.80	1,128.6	78,639,798		62,994,042		1,539,800
32	280	P. & R.	1918	1,587.50	3,668.3	98,020,787		91,419,447	2,900	26,335
149	723	C. R.R. of N.J.	1918	638.70	1,798.0	33,315,500		54,164,088	3,567,000	5,500,000
Docket	851	C. & A.	1919	1,008.80	1,678.4	50,226,000		85,493,997		
31	404	B. R. & P.	1917	471.10	987.2	20,795,000		31,990,914	1,172,000	
36	215	B. & S.	1919	238.70	312.9	7,162,700		6,029,219	950,300	200,000
		Total		9,615.90	19,540.0	550,060,846		997,549,281	5,692,200	7,266,135
		CANADIAN PACIFIC								
108	374	C. P.	1917	178.00	219.4	2,273,550		5,042,429		
36	163	D. S. S. & A.	1916	586.60	763.6	22,000,000		24,300,613		
143	596	M. St. P. & S. S. M.	1916	4,242.50	5,374.7	68,279,818	3,034,250	132,664,428	5,848,000	879,504
110	174	S. I.	1917	160.80	191.0	4,744,000		5,883,421		
		Total		5,167.90	6,548.8	97,297,368	3,034,250	167,890,892	5,848,000	879,504
		PENNSYLVANIA SYSTEM								
22	150	P. R.R.	1918	7,379.30	17,956.9	876,859,762	209,294	669,906,970	51,486,751	115,642,177
22	814	W. J. & S.	1916	339.70	619.9	9,747,305		7,220,300		1,338,000
23	39	Monon. Ry.	1916	106.40	162.6	5,740,000		3,108,413		3,087,209
23	708	G. R. & I.	1917	562.40	843.3	8,096,487		15,292,022		146,496
36	23	L. I. R.R.	1916	393.90	894.4	14,076,150		81,192,714	829,166	
34	23	L. V.	1917	1,409.60	3,385.2	97,659,598	7,975,650	152,870,304	21,773,000	
141	124	D. T. & I.	1918	416.40	569.2	12,789,998	10,002	10,237,417	564,132	413,412
36	292	P. & W. V.	1917	86.00	156.1	40,680,000		7,810,532		334,250
31	743	W. & L. E.	1918	542.70	999.3	57,998,876		24,730,639		2,200,000
26	593	N.Y. Conn.	1918	9.00	37.5	3,000,000		24,450,000		1,500,000
Docket	897	Wabash.	1919	2,049.20	3,318.8	140,283,999		64,415,450		
84	171	Ann. Arb.	1915	293.00	420.5	7,300,000		8,212,608	1,798,235	100,000
26	285	N. & W.	1916	2,053.60	3,966.2	141,199,200	9,800	95,566,500	1,709,000	
		Total		15,641.00	33,329.9	1,415,431,375	8,204,746	1,165,014,067	78,160,284	124,761,544
		VAN SWERINGEN SYSTEM								
Docket	1006	M. P.	1918	6,849.90	9,297.5	[1] 154,639,600		[1] 226,659,620		
29	675	N. O. T. & M.	1914	1,086.54	1,398.1	5,369,000		62,735,942		
29	525	T. & P.	1916	1,900.60	2,515.9	38,955,110		59,948,505		3,561,380
149	597	I. G. N.	1917	1,107.70	1,428.7	4,922,000		33,380,583		2,844
141	239	S. A. U. & G.	1919	315.60	340.7	280,000		4,649,791		11,791
24	494	C. & O.	1916	2,157.80	3,803.0	72,058,200	11,000	194,882,821	19,000	95,000
29	343	H. V.	1917	340.90	725.1	11,414,500	500	25,934,037		550,000
130	520	P. M.	1915	1,834.30	2,637.9	26,679,210	2,172,790	83,429,178	4,953,000	1,381,093
31	37	C. & E. I.	1915	997.40	1,868.6	18,288,200		68,880,150		5,101,113
25	378	D. & T. S. L.	1917	47.00	111.0	1,428,000		3,000,000		
33	45	Erie.		2,046.50	4,647.1	217,421,640		283,447,377		16,378,558
33	509	N. Y. S. & W.		133.80	254.8	26,171,533		13,441,376		350,000
33	597	N. J. & N. Y.				2,301,100		1,145,960		
33	632	C. & E.		251.70	733.1	100,000		33,670,547		
38	368	N. Y. C. & St. L.	1918	1,388.20	2,103.5	59,395,200	15,000	51,390,228		1,379,824
		Total		20,457.80	31,864.8	639,423,293	2,199,290	1,146,596,117	4,972,000	28,811,603
		SOUTHERN RAILWAY SYSTEM								
37	74	S. Ry.	1916	7,802.60	11,645.4	236,985,303	10,000	416,994,562	2,158	6,464,554
130	602	N. A.	1916	105.80	157.9	1,943,300	56,700	2,344,768	50,000	694,768
106	164	G. S. & F.	1915	391.70	497.1	3,768,000		6,406,000	1,312,000	169,265
143	488	M. & O.	1915	936.90	1,295.3	6,316,800		32,572,172		1,455,035
		Total		9,236.90	13,595.6	249,013,403	66,700	458,317,502	1,364,158	8,783,623
		CANADIAN NATIONAL								
30	300	C. V.	1917	407.10	566.6	4,675,000		13,147,038	1,018,000	8,083,806
141	512	D. W. & P.	1919	169.00	224.1	8,100,000		12,447,863	1,216,910	599,555
143	27	G. T. W. Ry.	1917	1,168.40	2,078.8	21,980,750		50,176,360		
		Total		1,744.50	2,869.6	34,755,750		75,771,261	2,234,910	8,683,361
		ATLANTIC COAST LINE								
38	581	A. C. L. R.R.	1917	4,716.70	6,605.0	73,329,300		149,158,623		200,000
31	584	N. C. & St. L.	1916	1,234.20	1,796.7	16,000,000		11,032,325	4,000	125,000
39	382	L. & N.	1917	4,853.90	7,395.1	79,725,680		173,874,394	33,764,340	
29	154	A. & W. P.	1918	90.80	128.6	2,463,600	800	800		
121	744	C. & W. C.	1915	340.80	434.4	1,200,000		5,700,000		
29	97	W. Ry. of A.	1918	130.10	184.9	3,000,000		1,543,000		
		Total		11,366.60	16,544.7	175,718,580	800	341,309,142	33,768,340	325,000

Footnotes at end of table.

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Date of valuation	Track mileage		Capital structure				
Volume	Page			First main line	Total mileage	Stock outstanding	Stock in treasury	Bonds outstanding	Bonds in treasury	Floating indebtedness
		SOUTHERN PACIFIC								
Docket	1008	S. P.	1916	6,932.90	10,204.8	$550,703,631		$682,076,441	$3,331,000	
36	381	T. & N. O.	1918	3,566.10	4,944.3	65,210,100		89,619,763		
149	404	St. L. S. W.	1915	735.30	1,017.6	37,249,750	$250,250	61,358,755	30,637,833	$1,621,920
149	404	St. L. S. W. of T.	1915	806.70	1,032.0	2,898,300		28,390,637		
Docket	1064	S. D. & A.	1921	146.00	181.7	7,826,800		14,153,548		
Docket	931	N. W. P.	1916	508.40	669.2	35,044,000	27,775,000			
		Total		12,635.40	18,049.6	698,932,581	28,025,250	875,599,144	33,968,833	1,621,920
		ARTHUR CURTISS JAMES CO.								
29	281	W. P.	1914	938.90	1,117.7	75,000,000		97,720,913		
119	483	D. & S. L.	1919	255.20	307.8	583,515	1,166,485	13,237,143	794,851	51,205
26	766	D. & R. G.	1919	2,632.60	3,713.7	89,945,570		158,710,816		
		Total		3,816.60	5,139.1	165,529,085	1,166,485	269,668,871	794,851	51,205
		GULF, MOBILE, & NORTHERN								
125	769	G., M. & N.	1917	401.70	482.8	22,166,900		33,000		
133	833	N. O. G. N.	1916	242.90	305.4	7,500,000		8,423,000		
		Total		644.60	788.2	29,666,900		8,456,000		
		ILLINOIS CENTRAL								
Docket	387	I. C. R. R.	1915	4,626.10	7,585.3	138,343,439		274,575,748		
106	118	G. & S. I.	1916	308.40	414.9	7,000,000		4,700,000	16,000	50,000
Docket	349	Y. & M. V.	1915	1,386.90	1,799.0	6,647,600	157,300	49,783,653	291,000	
130	54	C. of Ga.	1915	1,909.80	2,531.3	26,649,900		37,295,350		3,665,141
		Total		8,231.20	12,330.5	178,640,939	157,300	366,354,751	307,000	3,715,141
		CHICAGO & NORTH WESTERN								
137	34	C. & N. W.	1917	8,486.50	12,982.7	170,775,489		216,644,258		
137	463	C., St. P., M. & O.	1917	1,669.00	2,535.3	29,816,067	4,231,181	41,387,000	634	
		Total		10,155.50	15,518.0	200,591,526	4,231,581	258,031,258	634	
		UNION PACIFIC								
Docket	1060	U. P.	1919	3,607.40	6,021.0	321,835,100		212,593,150		
Docket	1007	O. S. L.	1916	2,284.30	3,021.7	100,000,000		118,581,174	3,587,000	
Docket	329	O. W. R. R. & Nav.	1916	1,924.40	2,442.4	50,000,000		102,840,671	253,000	
Docket	962	S. J. & G. I.	1919	258.00	325.0	13,599,400	600	5,188,500		
75	001	S. P. La. & S. L.	1914	683.50	1,266.9	25,000,000		56,274,000	350,000	
		Total		8,757.60	13,077.0	510,434,500	600	495,477,495	4,190,000	
		ST. LOUIS-SAN FRANCISCO								
Docket	400	St. L. S. F.	1918	4,730.30	6,333.5	100,776,026		262,574,931		
Docket	408	St. L. S. F. of T.	1918	89.90	127.6	804,000		1,452,161		
Docket	358	Ft. W. & R. G.	1918	221.70	253.2	2,928,300		5,145,998		
24	797b	C. R. I. & P.	1915	7,218.60	9,761.7	243,471,223	132,800	357,640,482	69,240,838	4,100,000
24	797	C. R. I. & G.	1915			469,000		16,779,373		
		Total		12,260.50	16,476.0	348,448,549	132,800	643,592,945	69,240,838	4,100,000
		NEW ENGLAND LINES								
25	217	N. Y. O. & W.	1916	513.40	936.0	61,332,567		33,643,061		
30	43	N. Y., N. H. & H.	1915	1,966.20	4,401.1	192,271,300	4,000	248,764,047	2,463,350	45,142,000
30	555	B. & M.	1914	2,389.70	4,421.1	109,171,690	1,448,600	100,026,569	8,000	24,310,000
30	368	M. C.	1916	1,162.70	1,735.2	26,733,411	2,888,943	31,882,072	943,000	2,487,000
		Total		6,032.00	11,493.4	389,508,968	4,341,543	414,315,749	3,414,350	71,939,000
Docket	1072	C. M. St. P. & P.	1918	9,954.50	14,553.1	233,251,800		380,738,255	118,134,900	
135	580	M. O. & G.	1919	314.40	378.2	19,029,200		17,687,134	300,000	412,042
135	580	M. O. & G. of T.				25,000		75,000		
		Total		314.40	378.2	19,054,200		17,762,134	300,000	412,042
75	274	K. C. S.	1914	807.50	1,165.8	53,207,700	40,100	58,153,879		1,933,473
84	145	T. & Ft. S.	1914	79.10	137.9	100,000		5,632,791		41,791
		Total		886.60	1,303.7	53,307,700	40,100	63,786,670		1,975,264
34	365	M. K. T.	1918	1,626.40	2,335.9	77,388,257	17,043	103,091,710	40,857,346	1,931,690
34	650	W. F. & N. W.	1918	328.40	371.2	2,000,000		7,013,792		
34	484	M. K. T. of T.	1918	1,623.70	2,178.7	14,452,900		70,074,449		
		Total		3,578.50	4,885.8	93,841,157	17,043	180,179,951	40,857,346	1,931,690
133	693	L. & A.	1917	288.10	361.1	5,000,000		4,364,000		
106	48	L. R. & N.	1917	331.20	438.3	8,131,000		10,546,328		
		Total		619.30	799.4	13,131,000		14,910,328		
25	313	C. I. & L.	1915	583.30	854.3	15,604,000		20,478,742		962,000
25	42	A. C. & Y.	1918	7.50	20.7	1,500,000		1,500,000		
31	684	P. & S.	1919	101.60	151.8	15,000,000		13,433,005		
26	6	P. S. & N.	1919	200.20	274.0	15,270,000		17,278,000		511,375
137	708	L. & H. R.	1918	73.20	131.1	1,719,500	500	2,987,000		
35	388	S. A. L.	1918	4,113.70	5,245.2	70,305,800		138,988,131	26,000	3,057,433
141	654	V. Ry.	1916	491.20	725.4	59,726,500		33,437,000		
135	101	T. C.	1918	293.20	368.9	9,000,000		14,585,454	147,000	417,393
84	258	Sof. M.	1915	237.50	297.0	50,000		836,149		
84	51	F. E. C.	1916	739.20	922.9	10,025,000		37,878,503		2,940,381
143	525	G. & F.	1918	320.00	361.6	8,705,000	55,000	8,613,409	630,000	315,057
31	257	R. F. & P.	1916	115.40	379.1	9,718,400		7,180,000		160,000
137	788	M. & St. L.	1917	1,554.50	1,926.5	25,792,600		45,501,700		474,000
141	403	M. V.	1919	340.60	425.9	8,992,350	7,250	11,749,150	257,350	201,595
114	63	G. B. & W.	1916	296.40	352.0	7,604,450		8,433,000		
35	164	C. G. W.	1916	1,403.00	1,984.9	127,812,967		45,109,862		100,000

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Date of valuation	Track mileage		Capital structure				
Volume	Page			First main line	Total mileage	Stock outstanding	Stock in treasury	Bonds outstanding	Bonds in treasury	Floating indebtedness
		NEW ENGLAND LINES—continued								
125	646	M. & N. A.	1919	335.20	390.4	$8,340,000		$10,334,000	$63,750	$61,883
97	172	B. & A.	1916	271.80	873.8	4,118,600		25,771,000		
143	858	Ft. S. & W.	1919	197.00	232.3	5,000,000	$2,500,000	6,476,786	760,000	370,000
114	681	T. M.	1919	162.10	191.1	2,500,000		2,640,882		
121	553	D. & M.	1917	723.90	978.6	2,950,000		2,300,000	950,000	
110	336	U. & D.	1916	128.90	162.9	1,900,000		3,000,000		
135	300	Miss. Cen.	1918	162.70	187.8	3,940,000		3,629,000	471,000	
116	619	D. & H.	1916	788.00	1,716.0	62,032,600	400	79,583,101		2,703,534
		CONTROLLED BY INDUSTRIES								
84	632	E. J. & E.	1914		436.0	10,000,000		10,000,000	182,000	
26	439	D. M. & N.	1919	286.60	686.9	5,112,500		13,079,717	6,757,000	
34	773	B. & L. E.	1916	204.90	556.1	12,700,000		23,693,042		
		Total		491.50	1,679.0	27,812,500		46,772,759	6,939,000	
84	710	N. S.	1914	902.20	1,067.8	17,867,100		17,788,643	4,463,000	
141	49	M. Conn.	1919	7.30	40.2	1,230,000		1,576,171		42,500
116	10	L. S. & I.	1916	33.20	70.6	1,000,000		1,201,000		132,000
141	561	U. Ry.	1919	47.90	76.3	3,065,200		4,500,000		
106	451	B. & G.	1916	31.40	60.6	6,000,000				
84	525	N. N.	1917	166.00	193.3	2,000,000		100,000		
130	333	I. T.	1919	15.50	33.5	500,000		907,931		
33	689	Montour	1917	48.50	71.2	4,250,000		2,710,000		
119	216	C. & I. M.	1916	25.70	38.9	1,000,000		3,026,878		
35	38	L. & N. E.	1919	182.80	302.0	6,445,000		7,379,238		838,000
		Grand total		215,476.00	341,704.4	8,376,274,958	54,544,655	11,667,683,891	473,767,044	328,545,745

I.C.C. valuation		Name of road	Commission's valuation					
Volume	Page		Acres of land used	Value of land used	Value of private and public rights	Cost of reproduction new	Cost of reproduction new, less depreciation	Final value for rate making
		HILL LINES SYSTEM						
134	56	C., B. & Q.	162,825	$73,249,219		$493,323,529	$391,508,415	$499,132,255
134	581	C. & S.	21,739	7,433,724		37,918,687	27,537,725	38,731,522
134	733	Ft. W. & D. C.	9,568	3,033,117		19,429,572	14,644,752	19,156,348
134	778	W. V.	3,897	364,840		3,792,579	2,836,266	3,402,313
134	832	Q. O. & K. C.	3,229	580,123		6,336,488	4,971,459	5,805,000
133	143	G. N.	147,859	42,793,572	$628,679	390,525,737	321,618,893	389,284,767
25	441	N. P.	125,914	62,927,778	1,186,440	401,864,758	330,259,428	424,234,443
Dockt	896	S. P. & S.	11,203	6,839,366		53,519,470	49,608,599	58,278,033
149	317	T. & B. V.	5,396	500,133	15	10,511,093	8,034,386	9,064,566
		Total	491,631	197,721,874	1,815,134	1,417,221,913	1,151,019,923	1,447,089,247
		SANTA FE SYSTEM						
127	101	A. T. & S. F.	182,122	51,869,513		488,672,880	394,463,771	486,436,917
127	650	G. C. & S. F.	40,163	10,391,102		67,497,643	55,657,864	71,197,070
127	777	P. & S. F.	14,868	1,294,224		20,291,535	17,581,392	20,360,111
127	827	G. C. Ry.	1,992	6,267		1,245,770	991,344	1,153,500
		Total	239,145	63,561,106		577,707,828	468,694,371	579,057,598
		NEW YORK CENTRAL SYSTEM						
27	80	N. Y. C.	93,460	285,278,082	6,095,158	964,662,644	772,304,919	1,150,783,356
28	760	P. & L. E.	3,821	16,270,025	110,728	84,997,166	68,900,510	90,287,265
28	479	D. T.	376	2,800,049		1,485,861	1,193,197	4,133,100
28	90	C. C. C. & St. L.	30,279	22,997,537	72,277	168,021,698	133,908,781	169,970,178
28	607	C. N.	1,792	415,112	1,160	8,270,705	6,297,138	7,368,514
28	271	Mich. Cent.	20,666	36,553,830	468,595	137,344,551	108,091,340	155,781,201
39	50	D. L. & W.	17,747	48,569,150	2,263,577	224,824,381	179,725,351	245,134,695
75	443	E. & I.	1,348	179,694	30,979	2,531,238	2,004,856	2,250,291
130	209	Rutland	4,710	1,563,357	6,307	23,598,209	18,281,659	21,353,030
		Total	174,200	414,626,834	9,048,781	1,615,736,453	1,290,707,751	1,847,061,681
		B. & O. SYSTEM						
Docket	1068	B. & O.	63,604	100,858,421	658,785	560,378,022	437,071,077	579,679,283
Docket	1009	S. I. R. T.	716	8,731,744	12,850	7,977,940	6,023,669	15,216,250
32	24	W. M.	9,252	7,640,655	32,858	75,085,600	62,730,055	74,978,649
32	280	P. & R.	17,286	52,362,523	110,601	225,808,539	169,144,863	234,851,726
149	723	C. R. R. of N. J.	9,297	34,087,072	390,464	125,205,884	91,420,487	132,586,089
Docket	851	C. & A.	14,532	12,783,692	130,312	74,303,387	56,877,128	75,960,936
31	404	B. R. & P.	7,287	4,137,392	24,456	64,747,925	51,984,446	60,735,664
36	215	B. & S.	2,426	236,136	1,060	12,387,158	9,119,118	10,092,805
		Total	124,400	220,837,636	1,361,387	1,145,894,455	884,370,843	1,184,101,412
		CANADIAN PACIFIC						
108	374	C. P.	2,493	198,180		7,868,569	6,436,696	7,069,079
36	163	D. S. S. & A.	7,307	1,192,156	7,793	19,644,608	15,077,749	17,256,147
143	596	M. St. P. & S. S. M.	72,285	15,130,048	82,730	162,225,332	131,865,879	159,175,551
110	174	S. I.	2,569	431,998		5,304,423	4,512,733	5,330,039
		Total	84,655	16,952,383	90,523	195,042,932	157,893,057	188,830,816

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Commission's valuation					
Volume	Page		Acres of land used	Value of land used	Value of private and public rights	Cost of reproduction new	Cost of reproduction new, less depreciation	Final value for rate making
		PENNSYLVANIA SYSTEM						
22	150	P. R.R	106,821	$287,271,193	$6,020,348	$1,435,184,896	$1,137,691,031	$1,552,490,920
22	814	W. J. & S	4,022	5,542,077	208,672	26,040,958	20,053,089	27,222,864
23	39	Monon. Ry	1,322	1,491,669		10,660,737	9,437,280	11,630,500
23	708	G. R. & I	7,629	4,046,342	1,515	22,977,103	17,153,527	22,765,087
36	23	L. I. R.R	4,411	33,089,422	61,316	67,963,287	54,697,761	92,528,971
34	23	L. V	20,325	27,029,031	2,532,775	211,420,499	158,875,610	208,708,749
141	124	D. T. & I	3,703	2,163,726		13,072,833	9,378,296	12,341,312
36	292	P. & W.V	1,589	4,104,035	14,831	26,699,693	24,028,801	28,757,477
31	743	W. & L. E	6,220	5,212,630	2,980	44,111,288	35,026,793	43,400,991
26	593	N.Y. Conn	113	1,475,660		20,507,191	19,943,813	24,500,000
Docket	897	Wabash	27,611	28,086,399	13,301	110,944,791	81,471,687	116,860,747
84	171	Ann. Arb	3,478	688,076		12,324,932	9,852,793	11,046,455
26	285	N. & W	28,208	16,543,781	17,804	255,549,748	205,485,582	236,317,954
		Total	215,456	416,744,039	8,873,544	2,257,457,956	1,783,137,063	2,388,572,027
		VAN SWERINGEN SYSTEM						
Docket	1006	M. P	96,392	31,621,464	241,273	271,017,807	203,499,053	250,293,365
29	675	N. O. T. & M	15,147	27,701,799	28,862	29,269,773	22,687,797	28,307,320
29	525	T. & P	36,268	11,699,264	3,199	68,907,703	50,555,014	66,514,031
149	597	I. G. N	21,694	6,160,481	61,360	39,736,931	30,306,270	38,996,984
141	239	S. A. U. & G	3,974	211,332		4,741,361	3,952,693	4,464,300
24	494	C. & O	29,564	17,674,607	95,482	217,094,395	172,323,824	205,119,048
29	343	H. V	4,636	2,725,547	21,478	39,213,091	28,987,969	34,488,123
130	520	P. M	21,945	8,044,070	26,065	68,883,251	52,236,603	66,133,703
31	37	C. & E. I	14,928	9,540,424	27,759	72,970,705	54,224,859	68,603,844
25	378	D. & T. S. L	565	571,725	1,875	2,669,009	2,049,554	2,960,000
33	45	Erie	28,602	58,617,364	111,615	278,682,463	210,136,692	288,732,317
33	509	N. Y. S. & W	1,576	3,040,813	10,033	14,053,186	11,043,029	14,979,331
33	597	N. J. & N. Y	318	231,544		1,680,981	1,268,001	1,619,500
33	632	C. & E	4,669	5,931,465	5,156	22,487,135	18,044,258	25,495,764
58	368	N. Y. C. & St. L	15,741	16,842,418	72,978	77,819,386	60,080,901	82,115,124
		Total	296,018	175,614,317	707,133	1,209,227,177	921,396,517	1,178,822,755
		SOUTHERN RAILWAY SYSTEM						
37	74	S. Ry	119,195	66,088,123	1,005,344	478,241,401	383,680,365	475,188,476
130	602	N. A	1,738	304,255		3,340,346	2,706,187	3,223,000
106	164	G. S. & F	6,235	1,239,361		10,297,657	7,690,371	9,460,485
143	488	M. & O	12,930	4,360,061	317	47,944,611	36,410,228	45,011,800
		Total	140,098	71,991,800	1,005,661	539,824,015	430,487,151	532,883,761
		CANADIAN NATIONAL						
30	300	C. V	4,812	1,845,720	1,880	24,904,307	19,180,939	22,424,429
141	512	D. W. & P	2,807	601,857	5,107	8,747,080	7,342,743	8,357,558
143	27	G. T. W. Ry	15,094	18,616,162	138,240	70,767,456	54,701,510	78,300,664
		Total	22,713	21,063,738	145,227	104,418,843	81,225,192	109,082,651
		ATLANTIC COAST LINE						
38	581	A. C. L. R.R	76,822	30,063,753	19,107	179,445,348	230,335,447	182,675,076
31	584	N. C. & St. L	16,058	15,799,996	36,019	64,468,105	50,036,392	69,845,395
39	382	L. & N	67,198	28,136,416	129,825	343,555,935	279,984,549	325,978,082
29	154	A. & W. P	1,738	1,545,079	310	5,438,933	4,351,805	6,225,000
121	744	C. & W. C	5,234	1,900,920		9,936,757	7,550,585	10,098,755
29	97	W. Ry. of A	1,844	989,241	10	6,133,133	4,782,310	6,127,059
		Total	168,896	78,435,404	185,271	608,978,211	577,041,088	600,949,368
		SOUTHERN PACIFIC						
Docket	1008	S. P	165,955	98,746,441	4,133,613	434,029,831	347,146,975	477,439,910
36	381	T. & N. O	64,772	27,319,251	14,314	153,074,792	118,891,793	159,765,063
149	404	St. L. S. W	10,495	3,712,482	68,341	31,726,689	24,276,961	30,416,497
149	404	St. L. S. W. of T	11,352	4,513,888	20,499	28,541,847	21,658,243	28,118,738
Docket	1064	S. D. & A	4,219	1,876,869		8,702,458	8,019,455	10,323,476
Docket	931	N. W. P	6,133	2,223,169		36,291,983	31,563,186	35,667,931
		Total	262,926	138,392,100	4,236,767	692,367,600	551,556,613	741,731,615
		ARTHUR CURTISS JAMES CO.						
29	281	W. P	24,522	7,324,659	696,927	57,648,055	51,737,922	64,630,401
119	483	D. & S. L	5,576	753,619	400	16,089,125	13,904,387	15,836,075
26	766	D. & R. G	51,340	6,797,577	57,572	115,733,580	90,337,061	104,257,137
		Total	81,438	14,875,855	754,899	189,470,760	155,979,370	184,723,613
		GULF, MOBILE & NORTHERN						
125	709	G., M. & N	5,746	786,132	119	11,583,837	9,169,503	10,715,000
123	833	N. O. G. N	5,862	208,825		7,342,313	6,174,944	6,955,894
		Total	11,608	994,957	119	18,926,150	15,344,447	17,670,894
		ILLINOIS CENTRAL						
Docket	387	I. C. R.R	74,921	79,286,015	1,010,086	322,514,050	250,954,823	347,680,187
106	118	G. & S. I	5,814	1,350,238		8,981,453	6,950,749	9,036,302
Docket	349	Y. & M. V	19,450	4,509,656		42,781,309	33,327,830	40,088,029
130	54	C. of Ga	29,417	15,212,111	600	75,443,092	58,838,188	79,201,572
		Total	129,602	100,358,020	1,010,686	449,719,904	350,071,590	476,006,090
		CHICAGO & NORTH WESTERN						
137	34	C. & N. W	153,253	96,812,290	501,831	479,854,988	373,361,472	502,951,632
137	463	C., St. P., M. & O	7,648	7,185,668	56,301	18,094,356	12,305,733	87,172,587
		Total	160,901	103,997,958	558,132	497,949,344	385,667,205	590,124,219

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Commission's valuation					
Volume	Page		Acres of land used	Value of land used	Value of private and public rights	Cost of reproduction new	Cost of reproduction new, less depreciation	Final value for rate making
		UNION PACIFIC						
Docket	1060	U. P.	128,978	$32,930,078	$207,335	$237,565,156	$188,786,405	$242,064,968
Docket	1007	O. S. L.	47,230	10,159,923	34,124	105,071,396	88,219,198	106,144,873
Docket	329	O. W. R.R. & Nav.	32,667	15,633,283	226,741	117,619,444	104,124,158	127,367,514
Docket	962	S. J. & G. I.	4,373	1,114,227		8,653,247	6,378,322	8,106,949
75	601	S. P. La. & S. L.	23,430	4,195,002	86,059	43,153,118	35,744,594	45,200,000
		Total	236,678	64,032,513	554,259	512,062,361	423,252,677	528,874,304
		ST. LOUIS-SAN FRANCISCO						
Docket	400	St. L. S. F.	68,996	22,802,433	386,956	196,995,271	150,631,781	186,337,063
Docket	408	St. L. S. F. of T.	1,504	452,100	989	3,156,844	2,493,480	2,994,986
Docket	358	Ft. W. & R. G.	8,627	672,701		4,645,692	3,707,314	4,564,965
24	797b	C. R. I. & P.	119,616	43,556,218	33,167	330,637,461	260,300,730	322,229,295
		Total	198,743	67,483,452	421,112	535,435,268	417,133,305	516,126,309
		NEW ENGLAND LINES						
25	217	N. Y. O. & W.	6,809	2,933,962	84,117	46,975,160	36,805,565	43,259,907
30	43	N. Y., N. H. & H.	30,997	91,816,060	540,638	337,537,026	263,133,684	377,015,724
30	555	B. & M.	33,065	45,423,233	1,517,590	229,149,245	175,079,127	235,473,038
30	368	M. C.	13,586	6,339,609	77,321	71,272,192	54,919,696	65,839,980
		Total	84,457	146,512,863	2,219,666	684,933,628	529,938,072	721,588,649
Docket	1072	C. M. St. P. & P.	160,521	75,049,671	464,662	563,305,024	451,324,217	558,801,596
135	580	M. O. & G.	4,617	403,726	1,078	8,745,869	6,928,782	7,757,877
135	580	M. O. & G. of T.						
		Total	4,617	403,726	1,078	8,745,869	6,928,782	7,757,877
75	274	K. C. S.	13,482	3,661,056	42,860	43,483,319	35,618,222	45,498,572
84	145	T. & Ft. S.	1,336	645,890	106	3,201,404	2,660,013	4,017,696
		Total	14,818	4,306,946	42,966	46,684,723	38,278,235	49,516,268
34	365	M. K. T.	32,645	8,244,838	3,592	93,202,506	72,237,665	86,856,397
34	650	W. F. & N. W.	5,068	267,550		6,323,595	5,123,766	5,729,924
34	484	M. K. T. of T.	24,954	8,209,892	53,233	50,731,356	40,375,702	52,371,068
		Total	62,667	16,722,280	56,825	150,257,457	117,737,133	144,957,389
133	693	L. & A.	4,636	399,772	9,204	8,738,447	7,129,178	7,957,449
106	48	L. R. & N.	5,296	1,103,301		10,381,554	8,155,285	10,796,479
		Total	9,932	1,503,073	9,204	19,120,001	15,284,463	18,753,928
25	313	C. I. & L.	5,803	4,093,147	13,040	31,146,433	25,538,186	31,093,581
25	42	A. C. & Y.	138	665,767		1,129,117	996,224	1,732,044
31	684	P. & S.	2,027	240,755	350	11,559,822	10,334,771	11,271,145
26	6	P. S. & N.	2,525	213,508	2,790	10,534,123	7,616,424	8,347,000
137	708	L. & H. R.	891	160,056	300	5,527,153	4,347,284	5,175,027
35	388	S. A. L.	62,930	21,717,420	398,248	140,210,018	110,796,043	141,550,275
141	654	V. Ry.	9,168	3,143,938	1,580	54,199,988	47,451,112	53,726,045
135	101	T. C.	3,777	1,007,682	19,190	11,014,157	8,635,038	10,229,876
84	258	Sof. M.	2,896	563,334		4,825,535	3,565,247	4,470,534
84	51	F. E. C.	11,750	5,002,000		43,515,318	38,569,822	46,200,000
143	325	G. & F.	4,177	369,009	1,667	5,402,330	4,279,657	4,907,400
31	257	R. F. & P.	3,364	2,933,519	9,338	18,083,480	14,870,827	19,518,366
137	788	M. & St. L.	21,224	7,066,415	44,359	48,352,179	36,153,073	45,487,548
141	403	M. V.	5,406	1,613,818	877	11,603,939	9,309,041	11,725,185
114	63	G. B. & W.	3,796	583,538	947	6,949,672	5,501,570	7,264,197
35	164	C. G. W.	21,841	11,076,628	44,331	70,338,143	54,649,995	69,307,547
125	646	M. & N. A.	4,704	487,181	459	10,095,793	8,444,974	9,148,507
97	172	B. & A.	11,133	700,455	4,535	29,478,029	22,899,611	24,957,584
143	858	Ft. S. & W.	2,813	320,566		5,745,954	4,333,423	4,934,000
114	681	T. M.	1,827	367,040	350	2,773,983	2,018,746	2,538,500
121	553	D. & M.	5,073	223,186	6,451	8,114,154	5,957,979	6,562,900
110	336	U. & D.	1,615	385,832		6,825,669	5,536,780	6,472,889
135	300	Miss. Cen.	2,261	121,892	3	5,449,942	4,463,236	4,835,055
116	619	D. & H.	12,133	12,810,375	27,112	95,680,800	72,982,077	95,834,979
		CONTROLLED BY INDUSTRIES						
84	632	E. J. & E.	3,949	3,530,194		37,172,882	28,559,235	34,660,000
26	439	D. M. & N.	6,254	1,746,410	264,385	49,468,833	40,230,653	46,030,271
34	773	B. & L. E.	4,311	1,710,874	25,588	41,412,941	33,496,118	38,371,988
		Total	14,515	6,987,478	289,973	128,054,656	102,286,006	119,062,259
84	710	N. S.	10,873	3,017,773		24,069,794	19,796,726	24,426,465
141	49	M. Conn.	65	3,065,937	100	3,328,694	2,459,787	5,962,374
116	10	L. S. & I.	764	108,954		5,081,372	4,425,488	4,832,572
141	561	U. Ry.	769	48,582	925	5,423,455	5,066,761	5,377,000
106	451	B. & G.	716	440,215		5,360,361	4,845,352	5,830,443
84	525	N. N.	3,844	43,870		4,015,497	3,055,986	3,404,909
130	333	I. T.	210	92,439		1,308,007	1,096,194	1,259,530
33	689	Montour	592	209,652		5,375,377	4,477,890	5,105,000
119	216	C. & I. M.	381	113,149		2,089,757	1,791,811	2,012,500
35	38	L. & N. E.	2,282	648,094	5,037	12,848,431	10,300,601	12,014,053
		Grand total	3,614,409	2,502,830,840	34,434,998	14,875,999,008	11,873,322,807	15,430,261,417

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Financial transactions				Dividends in cash	Declared in stock	Corporate surplus
Volume	Page		Increase or decrease in obligations through reorganization	Discounts or bonuses in sale of stocks and bonds	Discounts or bonuses to predecessors	Cost of reorganization, commissions, expenses, etc.			
		HILL LINES SYSTEM							
134	56	C., B. & Q.			−$34,460,317		$269,939,477	$19,255,130	$213,648,892
134	581	C. & S.					10,015,000		4,807,660
134	733	Ft. W. & D. C.					3,205,022		9,752,426
134	778	W. V.					428,873		203,231
134	832	Q. O. & K. C.							−231,489
133	143	G. N.		−$3,783,293	−14,984,054		195,975,868		91,833,715
25	441	N. P.	+$61,481,451	−12,309,282	−16,080,831	$6,400,113	245,675,481		103,828,478
Docket	896	S. P & S.							
149	317	T. & B. V.		−482,520					−10,688,373
		Total	+61,481,451	−16,575,095	−65,525,201	6,400,113	725,239,722	19,255,130	413,154,540
		SANTA FE SYSTEM							
127	101	A. T. & S. F.					213,528,028	369,035	92,960,948
127	650	G. C. & S. F.					588,636		−13,187,051
127	777	P. & S. F.							2,876,325
127	807	P. & N. T.					878,994		152,539
127	827	G. C. Ry.							2,476
		Total					214,995,658	369,035	82,605,238
		NEW YORK CENTRAL SYSTEM							
27	80	N. Y. C.	−29,572,183	−17,655,700	−40,469,301	2,435,619	231,625,230	5,956,445	94,574,338
28	760	P. & L. E.		−245,356			49,249,843		27,300,674
28	479	D. T.							374,735
28	90	C. C. C. & St. L.	+3,500,000	−7,617,788			26,938,807		2,221,827
28	607	C. N.		−20,499			540,000		691,014
28	271	Mich. Cent.	+150,000	−3,442,843	−899,290		49,727,998	3,088,440	29,331,658
39	50	D. L. & W.	+289,131	−2,812,919	−1,432,627	29,349	186,420,226	25,815,667	177,507,515
75	443	E. & I.	+940,000	−35,835	−18,835				−196,047
130	209	Rutland	−4,780,678	−1,475,054	−841,002	11,313	4,112,971		3,829,376
		Total	+29,464,731	−33,234,324	−43,661,055	2,476,282	548,615,073	34,860,552	335,635,090
		B. & O. SYSTEM							
Docket	1068	B. & O.	+111,214,755			44,721,112			
Docket	1009	S. I. R. T.	−4,500,000				570,000		
32	24	W. M.	+1,739,500		−16,887,272		123,125		1,859,005
32	280	P. & R.	−116,190,620	−1,790,969	−46,106,769	1,102,625	174,009,427	[3] 2,518,155	36,804,085
149	723	C. R.R. of N. J.		−572,890	−276,250	7,389,664	95,360,608	3,996,491	48,022,138
Docket	851	C. & A.	+443,300	−4,465,209		63,228			
31	404	B. R. & P.	−10,585,000	−292,613	−3,102,365		20,579,608		8,208,196
36	215	B. & S.	−4,067,900	−8,512	−937,315		1,438,219		1,354,551
		Total	−21,945,965	−7,130,194	−67,309,971	53,276,029	292,080,988	6,514,646	96,247,976
		CANADIAN PACIFIC							
108	374	C. P.							
36	163	D. S. S. & A.							−6,265,769
143	596	M. St. P. & S. S. M.	−25,133,953	−8,702,505	−19,388,304		27,861,398		22,769,685
110	174	S. I.		−2,130,836					−580,361
		Total	−25,133,953	−10,833,341	−19,388,304		27,861,398		15,923,555
		PENNSYLVANIA SYSTEM							
22	150	P. R.R.	+6,415,107	−13,680,972	−17,685,198	900	933,905,322	[3] 66,885,073	413,613,806
22	814	W. J. & S.	−795,102	−93,700	−856,561		7,408,335		2,619,945
23	39	Monon. Ry.	+3,568,000		−41,978		245,000		1,710,124
23	708	G. R. & I.	−4,202,481		−987,098		1,650,405		−89,670
36	23	L. I. R.R.	−1,796,228	−7,063,345	−267,966		8,807,288	400,000	−7,797,792
34	23	L. V.	−1,862,716	−6,040,258	−1,928,132		117,260,589	[4] 3,479,191	21,926,034
141	124	D. T. & I.	−23,895,314	−188,918	−682,586				−1,054,578
36	292	P. & W.V.		−100,486	−2,156,071			400,000	−940,211
31	743	W. & L. E.	+3,532,826	−117,404	−12,923,093	1,362,131	157,000		2,255,746
26	593	N.Y. Conn.		−1,670,284					−161,259
Docket	897	Wabash	−13,434,666	−300,000		1,092,286	2,772,000		9,269,730
84	171	Ann. Arb.	+919,173	−3,412,382		220,625			1,340,658
26	285	N. & W.	+22,881,499	−3,696,565	−36,652,503		74,741,610		43,063,133
		Total	−8,669,902	−9,002,371	−74,181,188	2,675,942	1,146,947,549	71,164,264	485,755,666
		VAN SWERINGEN SYSTEM							
Docket	1006	M. P.	+22,978,880			82,390			1,812,860
29	675	N. O. T. & M.	−15,000	−4,994,462	−600				−1,389,782
29	525	T. & P.	+4,173,801	−3,673,389	−179,461	1,096,488			11,316,398
149	597	I. G. N.	−5,317,058	−188,234	−2,666,543	4,822,000	250,000		349,623
141	239	S. A. U. & G.		−3,260			79,608		−122,122
24	494	C. & O.	+18,508,596	−12,267,928	−12,040,539	5,000	22,136,792		9,684,474
29	343	H. V.	−3,565,464	−1,115,298	−3,168,016	1,097,736	14,372,896		9,050,293
130	520	P. M.	+1,713,060	−11,687,419		293,384			25,665,222
31	37	C. & E. I.	−7,281,460	−1,807,657			17,093,056	267,756	2,506,781
25	378	D. & T. S. L.		−30,770			1,117,520	[5] 712,000	889,236
33	45	Erie	+71,445,908	−10,972,819	−34,264,177	500,000	30,910,745		49,233,675
33	509	N. Y. S. & W.	−2,442,968	−617,351	−1,828,049		120,000		2,158,257
33	597	N. J. & N. Y.		−25,656	−28,596		55,146		121,690
33	632	C. & E.	+600,000	−107,438					2,232,476
38	368	N. Y. C. & St. L.	−19,002,600	−1,275,943	−1,185,404		22,588,285		7,378,266
		Total	+81,795,696	−48,767,623	−55,361,384	7,896,998	108,724,048	979,756	64,848,573
		SOUTHERN RAILWAY SYSTEM							
37	74	S. Ry.	−12,118,541	−22,049,521	−20,463,482	11,523,151	75,235,033	633,384	39,706,746
130	602	N. A.	−2,692,700						−360,863
106	164	G. S. & F.	+3,321,000						1,553,198
143	488	M. & O.	+4,065,249	−1,942,762	−412,000	237,114			5,455,904
		Total	−7,424,990	−23,992,283	−20,875,482	11,760,265	75,235,033	633,384	46,354,985

Footnotes at end of table.

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Financial transactions				Dividends in cash	Declared in stock	Corporate surplus
Volume	Page		Increase or decrease in obligations through reorganization	Discounts or bonuses in sale of stocks and bonds	Discounts or bonuses to predecessors	Cost of reorganization, commissions, expenses, etc.			
		CANADIAN NATIONAL							
30	300	C. V	−$7,666,938	−$67,035		$109,982	$6,035,335		$956,155
141	512	D. W. & P		−900,527					−753,529
143	27	G. T. W. Ry	+215,968	−2,369,819	−$615,494	60,000	8,034,517	$468,757	16,825
		Total	−7,450,970	−3,203,311	−615,494	169,982	14,069,852	468,757	219,451
		ATLANTIC COAST LINE							
38	581	A. C. L. R.R	+9,683,883	−1,574,733	−2,058,960		78,717,107	13,118,175	40,854,652
31	584	N. C. & St. L		−2,852,720		489,645	20,922,410		12,073,960
9	382	L. & N		−27,522,274	−8,606,530	327,345	87,041,359	17,653,285	65,736,197
29	154	A. & W. P					9,102,770	2,260,813	1,799,768
121	744	C. & W. C	−566,000						1,597,357
29	97	W. Ry. of A			−176,720		3,510,000		1,712,097
		Total	+9,117,883	−31,949,727	−10,842,211	816,990	199,293,647	33,032,273	123,774,030
		SOUTHERN PACIFIC							
Docket	1008	S. P		−8,268,164		3,285,091	173,475,935		
36	381	T. & N. O	+4,327,920	−2,075,491	−3,694,750		34,312,585		55,631,696
149	404	St. L. S. W	+5,516,837	−5,877,470	−5,879,345	505,195	4,575,539	75,000	4,906,944
149	404	St. L. S. W. of T		−176,450	−60,000				−1,527,948
Docket	1064	S. D. & A				22,204			
Docket	931	N. W. P	+18,385,000	−1,164,250		44,290			
		Total	+28,229,757	−17,561,825	−9,634,095	3,856,780	212,364,059	75,000	59,010,692
		ARTHUR CURTISS JAMES CO.							
29	281	W. P		−11,343,434					−11,520,196
119	483	D. & S. L	−11,652,958	−434,947		1,211,266			−1,202,646
26	766	D. & R. G		−5,919,023	−9,769,818		9,042,300		−11,785,479
		Total	−11,652,958	−17,697,404	−9,769,818	1,211,266	9,042,300		−24,508,320
		GULF, MOBILE & NORTHERN							
125	769	G., M. & N	−779,175		−1,058,094				370,857
133	833	N. O. G. N		−988,682					
		Total	−779,175	−988,682	−1,058,094				370,857
		ILLINOIS CENTRAL							
Docket	387	I. C. R.R		−8,765,216		256,931	183,474,507	9,635,295	
106	118	G. & S. I	−2,144,477	−242,500		41,617	2,637,000		1,947,639
Docket	349	Y. & M. V							
130	54	C. of Ga	+1,419,956	−124,260	−1,155,853		23,086,170	[6] 1,813,616	7,288,018
		Total	−724,521	−9,131,976	−1,155,853	298,548	209,197,677	11,448,911	9,235,657
		CHICAGO & NORTH WESTERN							
137	34	C. & N. W	+6,053,577	−5,660,474	−15,934,976		241,228,473	6,102,392	53,952,196
137	463	C., St. P., M. & O	+3,656,427	−2,580,908	−2,771,128		50,832,992		6,151,354
		Total	+9,710,004	−8,241,382	−18,706,104		292,061,465	6,102,392	60,103,550
		UNION PACIFIC							
Docket	1060	U. P	+68,822,703	+8,264,747		3,844,050	396,227,035	[7] 67,351,870	
Docket	1007	O. S. L	+5,523,947				185,246,875		
Docket	329	O. W. R. R. & Nav		−7,064,843					
Docket	962	S. J. & G. I	+3,714,008			18,250	1,154,519		
75	601	S. P. La. & S. L		−5,572,400					−3,513,618
		Total	+78,060,658	−4,372,496		3,862,300	582,628,429	67,351,870	−3,513,618
		ST. LOUIS-SAN FRANCISCO							
Docket	400	St. L. S. F	+9,576,757	−115,275		32,419			
24	797b	C. R. I. & P	+26,122,613	−16,302,154			119,058,729	4,615,600	−14,774,685
24	797	C. R. I. & G		−823,622					177,974
		Total	+35,699,370	−17,241,051		32,419	119,058,729	4,615,600	−14,952,659
		NEW ENGLAND LINES							
25	217	N. Y. O. & W	+27,224,735	−4,359,492			13,056,194		7,249,083
30	43	N. Y., N. H. & H	−3,894,885	−10,639,690		32,755	234,570,886		8,220,912
30	555	B. & M	−1,649,942	+6,984,310		39,071	174,004,241	182,800	2,392,341
30	368	M. C	−651,671	−1,286,404			26,109,100	[8] 80,000	6,457,090
		Total	+21,028,237	−9,301,275		71,826	447,740,421	262,800	24,319,426
Docket	1072	C. M. St. P. & P		+1,811,176			259,647,633	7,288,002	26,504,586
135	580	M. O. & G		−8,992,960					3,677,460
135	580	M. O. & G. of T							−5,938
		Total		−8,992,960					3,671,522
75	274	K. C. S	+19,859,975	−5,730,849	−4,104,253	1,239,196	6,720,000		5,311,675
84	145	T. & Ft. S							1,637,119
		Total	+19,859,975	−5,730,849	−4,104,253	1,239,196	6,720,000		6,948,794
34	365	M. K. T	+27,515,556	−18,618,490	−660,537	2,085,241	4,227,331		9,929,888
34	650	W. F. & N. W		−378,621	−74,250		270,000		1,396,804
34	484	M. K. T. of T	+13,670,563	−334,576	−669,725	159,481	3,029,164		21,745,358
		Total	+41,186,119	−19,331,687	−1,404,512	2,244,722	7,526,495		13,212,274

Footnotes at end of table.

Interstate Commerce Commission valuation of railroads—Continued

I.C.C. valuation		Name of road	Financial transactions				Dividends in cash	Declared in stock	Corporate surplus
Volume	Page		Increase or decrease in obligations through reorganization	Discounts or bonuses in sale of stocks and bonds	Discounts or bonuses to predecessors	Cost of reorganization, commissions, expenses, etc.			
		NEW ENGLAND LINES—continued							
133	693	L. & A		−$585,571			$687,500		$2,305,063
106	48	L. R. & N							703,116
		Total		−585,571			687,500		3,008,179
25	313	C. I. & L	−$2,729,769	−340,444		$300,085	6,776,585		5,196,328
25	42	A. C. & Y				20,137			−71,943
31	684	P. & S		−1,080,750					1,833,021
26	6	P. S. & N		−263,099	−$2,020		73,200		−9,108,027
137	708	L. & H. R	+85,000	−65,880			719,570	$380,000	1,551,846
35	388	S. A. L	+142,614	−2,265,209	−15,983,079	258,850	2,812		3,555,873
141	654	V. Ry		−510,071					5,621,684
135	101	T. C		−1,053,669			325,500		−6,304,704
84	258	Sof. M							−504,608
84	51	F. E. C		−3,784,027					1,064,042
143	325	G. & F		−1,031,319	−33,229	202,100			−3,505,754
31	257	R. F. & P	−300,000	−352,642		502	12,254,478	3,600,175	2,395,115
137	788	M. & St. L	+5,991,378	−9,694,483	−5,255,060	561,751	4,233,701		934,520
141	403	M. V	+3,282,500	−1,416,333					−1,541,967
114	63	G. B. & W	−5,281,000	−265,567		166,010	3,068,894		1,051,498
35	164	C. G. W	+7,706,738	−3,733,332	−7,769,297		2,944,331		5,232,753
125	646	M. & N. A		−142,853					−961,448
97	172	B. & A	−482,900	−1,652,394	+2,019				567,882
143	858	Ft. S. & W		−974,752					−2,871,478
114	681	T. M							−1,872,274
121	553	D. & M	−170,000	−119,840			1,288,750		186,536
110	336	U. & D					171,000		2,275,790
135	300	Miss. Cen		−53,628	−15,329		393,644		1,206,245
116	619	D. & H	−543,355	−6,832,991	−1,053,389		122,016,674	6,605,310	25,487,955
		CONTROLLED BY INDUSTRIES							
84	632	E. J. & E		+114,223					
26	439	D. & M. N		−1,770,932			57,344,375	1,400,000	35,042,422
34	773	B. & L. E	+6,400,000	+286,200	−352,723		14,420,459		10,777,402
		Total	+6,400,000	−1,370,509	−352,723		71,764,834	1,400,000	45,819,824
84	710	N. S	−15,930,000				1,040,000		1,108,035
141	49	M. Conn		−1,306			1,223,500	390,000	1,474,088
116	10	L. S. & I							1,156,967
141	561	U. Ry		−677,194					118,108
106	451	B. & G		−159,255			[9] 4,086,951		160,850
84	525	N. N		−1,000,000			5,980,000		875,525
130	333	I. T					150,000		925,486
33	689	Montour	+1,125,000	−600,295			270,000		282,979
119	216	C. & I. M	+624,000	−384,049					−432,118
35	38	L. & N. E	−2,123,596	−991,224	−139,064		3,241,600		2,702,653
		Grand total	+270,718,594	−343,871,368	−434,194,190	100,148,262	5,741,763,700	276,797,857	1,887,116,780

[1] Does not include securities of M. P.'s 10 leased lines.
[2] $628,590 funded debt.
[3] $466,944 bonds.
[4] $143,000 funded debt.
[5] All bonds.
[6] $1,594,016 certificates of indebtedness.
[7] B. & O. common and preferred stock.
[8] Script.
[9] Stock dividend included, not separable.

Mr. SHIPSTEAD. Mr. President, during the day several Senators have asked that I obtain unanimous consent to have printed in the RECORD this graph on the wall. I have conferred with the Chairman of the Joint Committee on Printing on the subject, and he is to bring it to the attention of the committee. I hope the joint committee will give its consent to the printing in the RECORD of this graph at an early date next week.

REGULATION OF BANKING

Mr. VANDENBERG. Mr. President, I find it necessary to comment again on the fact that the Senate banking bill, which has gone to conference with the House, contains within it, in my view, the most important single contribution that can be made to the economic recuperation of the country. I am referring to the provision for immediate Federal bank-deposit insurance. Unfortunately, as the matter proceeds into conference, the amendment which entered the bill upon my primary responsibility is being subjected to a type of criticism in some quarters which either is the result of complete misunderstanding or is born of a desire to prejudice the amendment unduly and improperly and to defeat it by indirection. I serve notice that I shall resist this trend with every resource at my command, and so will other Senators who are like-minded.

There is a type of banking opposition to this insurance formula which I freely concede to be conscientious and sincere. There is another type of banking opposition which is entirely selfish and acquisitive. Without undertaking to identify the two types, because I never care to debate motives, I want to urge that the consideration in the conference and the consideration in the country be upon the basis of facts as they are. I want to urge that realities be the basis of consideration. I want to demonstrate very briefly what I mean by two different contemporary editorials. First is an editorial in the Washington Post of this morning, from which I read two sentences:

> The banking bill was further weakened—

That depends entirely on the point of view, Mr. President—

> The banking bill was further weakened by acceptance of an amendment by Senator VANDENBERG providing for temporary guaranty of deposits up to $2,500.

Then note this language:

> In other words, this is a reversion to the old guaranty scheme that has repeatedly failed when tried by the States.

Mr. President, it is absolutely nothing of the sort. There is scarcely even a remote or indirect relationship between the amendment which I submitted, which the able subcommittee of the Committee on Banking and Currency approved and which the Senate put into the bill by overwhelming vote. The old and advisedly repudiated system of State guaranty failed and fell for three primary reasons—first, because its risks were confined to localized communities, which is an absolute violation of fundamental insurance

axioms. In the instance of the insurance amendment which the Senate has approved there is a diversifying decentralized risk spread over all the country. Precisely as a localized fire-insurance company would be involved in an infinitely more difficult responsibility in confronting a localized conflagration than a Nation-wide fire-insurance company would be embarrassed under like circumstances, so the Nation-wide deposit insurance which the Senate has approved is fundamentally and completely and distinctly different in this aspect from the State deposit insurance theory which heretofore has gone by the boards. I make no defense of the former State guaranty laws. On the contrary, I join in condemning them; and I say to the Senate that my pioneering studies of this new Federal proposal all went forward in a full comprehension of these prior failures and a complete purpose to avoid all such infirmities. I insist that the purpose has been completely accomplished in my amendment which the Senate approved.

Secondly, all the State deposit-insurance funds had to collect all their losses in a time of stress virtually by pyramided assessment in a limited time upon the banks involved, because there was not a sufficient credit in the State to permit an amortization of the losses, which is another fundamental principle of insurance.

Under my amendment as the Senate has approved it, there is a distinct limitation upon the immediate assessment that needs to be met in the event of accentuated loss, and there is a provision for the normal, natural amortization of losses over the years.

In the third place, the old and repudiated State systems of deposit insurance failed because they guaranteed all the deposits in the banks and thus reduced all banking to a dead level; whereas under the amendment which the Senate has adopted to provide for immediate deposit insurance in both Federal Reserve member banks and State nonmember banks, the limit of insurance is $2,500 in the deposit.

What is the net result of that discrimination? To the best of our information, there is only 25 percent of the deposits of the country in deposits of $2,500 or less. Therefore, under the plan which the Senate has approved, we are insuring only 25 percent of bank resources, and we are leaving the banker and the depositor upon 75 percent notice to look out what he is doing in respect to his bank and in respect to his deposits. Yet by protecting up to $2,500 we have protected the great mass of depositors in number. We have protected that great mass of depositors, the field in which hysteria usually generates; the field in which the awful social tragedies occur when banks are closed. It is a field which must be protected. The savings of America must be made safe.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield.

Mr. FLETCHER. Much has been said about the failure of protecting deposits by the various States. The great mistake made there, as I understand as the result of my study of that subject, was that those plans were based upon an assessment on the capital stock of the bank. That often has no relation at all to the deposits. A bank may be capitalized at, say, $50,000, and may have three billions of deposits. The State systems all rested their assessments on the capital of the bank, and that is why they failed.

Mr. VANDENBERG. The Senator is entirely correct in making this further distinction. He simply adds to the demonstration of the fact that there is no color of justification for the prejudicial, insinuating suggestion that—

In other words, this—

The action of the Senate—

is a reversion to the old guaranty scheme that has repeatedly failed when tried by the States.

No, Mr. President, it is a reversion to solid banking confidence—justified beyond chance of another staggering jolt. It is a reversion to money in banks rather than in hoarding. It is a reversion to a free flow of bank credit and of bank-credit currency as evidenced by checks and similar exchange. It is a reversion, therefore, to stimulated trade and to stimulated employment. It is a reversion to better times. It is the sort of revision for which Congress and the country prays. But it is not a reversion to the more recent jeopardies which have slaughtered deposits and depositors and which must be prevented from recurrence not only in the name of fiscal stability but also in the name of social justice and vigilant democracy.

There is absolutely no relationship whatsoever between the emergency formula which has been developed upon my motion here in the Senate, and which has been almost unanimously approved by the Senate, and these old, repudiated State schemes.

I might add that it has been argued against deposit insurance that there were some losses as a result of the operation of these State schemes. Well, Mr. President, so are there losses—tremendous, challenging losses—on every side today in jurisdictions that never have had any insurance whatsoever. The real question simply is, Who shall stand these losses? I decline to subscribe to the doctrine that the only safe banking in America is banking in which the depositor takes all the major risk. It is possible to create a firm basis of deposit insurance, precisely as the Senate has voted it into the banking bill; and it is my prophecy that if it remains in the bill, if it can weather the storms of conference with the House and the hitherto indicated opposition of even higher Washington authority, it will put steel beams under the confidence of the American people in their banking functions; and, when it does, it will do more to restore a nominal velocity of American business and a normal release of credit than all the rest of the schemes combined which we are undertaking to promote. Indeed, without this steel beam, the balance of the structure entirely falls and fails.

Here is another sentence from this editorial:

State banks would be allowed to participate in this fund on easy terms.

The obvious inference is that there is something about my deposit-insurance formula, which the Senate has approved, which is unreasonably and improperly partial to State banks.

Mr. President, the "easy terms" upon which State banks become eligible for this emergency insurance during the next year are simply the terms of certified solvency. Certified solvency! Any bank in the United States that has certified solvency is entitled to participate on an equality with other banks, whether it is a member of the Federal Reserve System or not. Some of the terms which have been dictated by the Treasury Department and by the Federal Reserve System to State banks during the last 90 dismal banking days, with their needlessly ruthless deflationary policies, have not been reasonable terms; and if, by the phrase "easy terms", it is meant that State banks are at last to have a modicum of a square deal as well as a "new deal", I am very hopeful that "easy terms" means exactly what I have indicated. The country will be better off.

There is another editorial this morning in another newspaper, the Philadelphia Record. This is the other side of the picture. I quote one sentence:

Passage of this bill means more to the small business man, the small bank, and the small depositor than any other legislation that has yet been put through Congress.

I am just as sure that that is true as that I stand in my place upon this floor. That is the thing that is in jeopardy in the conference next week between the House and the Senate in respect to this legislation. I add that the big bank, as a matter of fact, has just as great a stake in this proposition as the little bank because, in the final analysis, there must be justified Nation-wide banking confidence in banking as a whole before any bank, regardless of its size, can be safe.

I quote again from the Philadelphia Record:

The refusal to open over 4,000 banks, after the bank holiday ended, accelerated this trend.

The trend being a depressionary trend. We were particularly victimized in the Chicago Federal System area.

Only 5 percent of the deposits in the 100 largest banks were tied up. But almost 30 percent of deposits in the 17,500 smaller banks were frozen.

Now, mark this:

Foreshadowed was an America without small banks, an America whose credit would be controlled by a few men pulling the strings from New York—the sort of men who weave a net of influence by letting important people in on "favors."

Continuing the editorial:

The Senate and House, by passing bank deposit guaranty bills, have taken the first Government action of this depression to reverse the vicious trend and save small banks.

Now, mark this, because it is the type of verdict which I think the conferees of the House and Senate ought to render, precisely as did the Senate itself on yesterday:

The Record accepts Government guaranty of bank deposits as the only way out. It recognizes the theoretical objections, feels that they are outweighed by the practical benefits in this emergency.

That is true. The editorial is particularly emphatic in its endorsement of my amendment, and I appreciate the compliment, not for myself but for the cause; and this is the concluding phrase in the editorial:

This is the time for liberal sentiment in Congress to strike home for a major victory.

I commend that challenge to the House and Senate conference, to the Secretary of the Treasury, and to the White House. Mr. President, I know of nothing more important in respect to the economic recuperation to which this administration and this session of Congress are dedicated than that the conference between the House and the Senate shall stand fast for the Senate bill as passed on yesterday, particularly with respect to the provisions for immediate deposit insurance available to all solvent banks on an equality.

I ask unanimous consent that this editorial from the Philadelphia Record be printed in full at the conclusion of my observations.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The editorial is as follows:

[From the Philadelphia Record of Saturday, May 27, 1933]

GUARANTEE BANK DEPOSITS AT ONCE

The Morgan probe has already had one beneficial effect. The Senate was so stirred to anger by the revelations that it rushed through the Glass bill providing for guaranty of bank deposits.

Passage of this bill means more to the small business man, the small bank, and the small depositor than any other legislation that has yet been put through Congress.

Guaranty of bank deposits will give the small banks the weapon they need against the Money Trust, so thoroughly exposed at Washington.

The Money Trust has been concentrating control of American banking in its own hands for half a century. It has systematically crowded out small banks and merged the larger banks into enormous units under its own control.

When the depression began the 100 largest banks controlled almost 50 percent of bank resources in this country.

They have held their ground since, while the small banks have been decapitated by the hundreds. They have not only refused to help the small banks but have stage-managed a deliberate campaign to ruin them in order to "clean up the situation."

Individual initiative in banking, community-contained banking, banking for the independent business man, have been dying during the last 4 years. That has been one of the most perilous results of the depression.

The refusal to open over 4,000 banks after the bank holiday ended accelerated this trend. Only 5 percent of the deposits in the 100 largest banks were tied up. But almost 30 percent of deposits in the 17,500 smaller banks were frozen.

Foreshadowed was an America without small banks, an America whose credit would be controlled by a few men pulling the strings from New York—the sort of men who weave a net of influence by letting important people in on "favors."

The Senate and House, by passing bank deposit guaranty bills, have taken the first Government action of this depression to reverse the vicious trend and save small banks.

The Record accepts Government guaranty of bank deposits as the only way out. It recognizes the theoretical objections, feels that they are outweighed by the practical benefits in this emergency.

The legislation is still in muddled shape.

The Steagall bill, as passed by the House on Tuesday, would not go into effect until July 1, 1934. It would guarantee deposits up to $10,000 in full; deposits from $10,000 to $50,000 would be guaranteed up to 75 percent; above $50,000 to 50 percent. This bill applies—as all bank-guaranty legislation must—not only to Federal Reserve member banks but also to nonmember State banks which can obtain State certificates of solvency.

The Glass bill, as passed by the Senate on Thursday, would, because of a splendid amendment by Senator VANDENBERG, of Michigan, guarantee deposits up to $2,500 in all sound banks immediately.

On July 1, 1934, this emergency guaranty would give way to the major guaranties, similar to those in the House bill.

The guaranties would be underwritten by a $500,000,000 fund, to be created by a Treasury contribution and a one half of 1 percent assessment on all deposits.

The guaranty project is not on the administration's legislative program. It has been severely criticized by the Treasury.

Lack of Treasury assistance for smaller banks in the past and the Morgan revelations show that Treasury opposition should be completely disregarded.

If the Glass-Vandenberg-Steagall provisions become law, the small banks can fight the large New York interests. They can hold their depositors.

Volume of deposits would increase. Business by credit and check would replace primitive business by cash now going on.

Other provisions in the bill would divorce security affiliates from banks, and prohibit acceptance of deposits by firms doing an investment business—such as J. P. Morgan & Co.

For the sake of the small banks, betrayed by the Treasury, betrayed by the Federal Reserve units, betrayed by the Reconstruction Finance Corporation, House and Senate conferees should agree on the measure at once, incorporating the immediate Vandenberg guaranty.

This is the time for liberal sentiment in Congress to strike home for a major victory. This is the time to make constructive use of the revelations of the Morgan inquiry.

EMERGENCY RELIEF OF RAILROADS

The Senate resumed consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Mr. LONG. Mr. President, I send to the desk an amendment to the pending bill, which I ask may be considered at this time.

Mr. DILL. Mr. President, the amendment of the Senator from Alabama [Mr. BLACK] is the pending question. However, he is absent from the Chamber at the moment; and I ask that his amendment may be temporarily laid aside and the amendment of the Senator from Louisiana considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed to amend section 4, page 6, line 11, after the word "use", by adding the following:

Provided, No route now existing shall be eliminated except with the consent of all participating lines or upon order of the coordinator.

Mr. DILL. Mr. President, I have examined the amendment; and, while I do not know that it is necessary, I think it might be advisable to have the provision in the bill. So I am willing to accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. FESS. Mr. President, I understand that there is a desire to reach a final vote on the railroad bill today. If that is the desire, I shall not in any way interfere with it, except to take just a few minutes to make a statement in reference to the bill.

The chairman of the committee made a very exhaustive statement of what the bill contains, and devoted considerable time, with profit to Senators and the country, to a discussion of the various sections of the bill. For that reason it is unnecessary for me to take any time on that phase of the matter. I rise simply to state my sincere concern over the future of transportation by steam lines.

It is a problem that has been before us for years. It is coming to be an aggregation of cumulative problems growing out of confusion which very largely arises out of the multiplication of agencies to transport the traffic of the country. In other words, instead of our suffering from lack of transportation, we are really suffering from a multiplicity of transportation agencies. That has been a subject of much interest to the Congress and to the people at large.

I am not clear as to how the problem is to be solved. I have thought that if the railroads themselves were given

more freedom, in all probability they could work out the problem better than we could. There is always, however, a lurking fear that where we allow management full sway the public's interests will be lost sight of; and for that reason we have rather tied down the operators of railroads in the solution of their own problems.

A good example of that is found in the Transportation Act of 1920, in which we made a provision for the consolidation of railroads. Up to that period consolidation had moved normally with tremendous strides. In the case of the New York Central, the Pennsylvania lines, the Baltimore & Ohio, and trunk lines of that order consolidations had proceeded regularly. I think the Pennsylvania lines probably represent 200 or more different lines consolidated into one system. The same statement might be made in reference to the New York Central lines. The Transportation Act was intended to facilitate that; but, unfortunately, it prevented it. Instead of consolidations going on under the aegis of the new legislation, they were virtually stopped. The reason for it was the provision we wrote into the law requiring the Interstate Commerce Commission to outline a complete plan of consolidation, and then the consolidations were to proceed on that plan.

The chairman of the committee and all the Members of the Senate know the history of that effort. Four different times in 4 different years the Interstate Commerce Commission has recommended that we repeal the provision requiring a complete plan, because under the law no consolidations could take place until the plan was completed, and they found themselves incompetent to make the plan. When I say "incompetent", I do not mean that as a reflection; I mean that it is a problem which is probably impossible of solution. That is one of the problems facing us now. The first title of this bill is in a way designed to facilitate that particular provision of the law by releasing in a degree the force of the act of 1920. In order to accomplish it, it is rather a temporary feature. We create the office of coordinator, and give the coordinator certain authority, with a tenure of office of a year, with the privilege in the President of continuing him for an additional year. But he is authorized to do certain things. The things he is authorized to do I think are are worth while. I do not like the general idea of giving so much power to one person, but these powers are somewhat limited, and especially limited in time.

The one feature about title I which I think is very unfortunate, and yet I do not know how to avoid it, is that which authorizes the coordinator to make economies, and I fear we proceed to write into the bill handicaps which would make it difficult for him to do the things we authorize him to do. That is a misfortune which grows out of legislation where groups of influences operate with emphasis in writing the law. I am not sure whether there is anything especially to be gotten out of title I at all or not. I am going to vote for it, because it is in the direction of economy and lays down a plan for study, so that in the future certain changes in law may be recommended or, if it be the wisdom of those studying it, not only to change the law but probably to repeal some provisions of the law now operative.

One of the chief functions of the coordinator is to collect a body of facts upon which future legislation might be based, even in the case of reorganization of the financial structure. I listened with considerable interest to what the Senator from Minnesota [Mr. SHIPSTEAD] stated about the financing. That is the great problem, and it is one that is not a matter of wish, it is a matter of conditions we must meet.

We must maintain the railroads. I am convinced there is no way for our present industrial civilization to subsist without the railroads. I do not think changes in our industrial life will ever obviate the need of steam railroads. I am convinced we must maintain them. I am just as certainly convinced that we cannot maintain them under the present status. They are running at a loss, they cannot keep within their revenue, speaking of them as a whole; and, with the problem of maintaining them under present conditions, when they are not self-supporting, and yet tied down by law that probably makes it impossible for them to support themselves, we are facing a serious problem, and for that reason I will go a long way to do what appears to be necessary to make effective steam-line transportation.

Title 2 is important. I think we are all convinced the recapture clause ought to be repealed. I do not know anybody who is not in favor of that. Shippers favor it, laborers favor it, the managers favor it. That part of it is quite essential.

I cannot see a scintilla of argument against covering holding companies which do transportation with the authority of the Interstate Commerce Commission. While there has been some lip objection, I cannot see any consistency in objecting to that provision. I think title 2 is quite important. Title I would be important if the purposes could be carried out.

I shall vote for the bill, in the hope that it may be of benefit.

Mr. TRAMMELL. Mr. President, I understand it is agreed that we will temporarily lay aside the amendment of the Senator from Alabama, and I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Florida proposes to add a new section at the end of the bill, as follows:

That any common carrier proposing an increase in freight, express, or passenger rates shall make an application to the Interstate Commerce Commission for authority to make such increase. Such application shall be heard and passed upon by the Commission not less than 60 days after the application for the increase is made, and at said hearing it shall be incumbent upon the carrier to establish by competent evidence the reasonableness of said proposed increase. That no increase in freight, express, or passenger rates shall be made except when authorized by the Interstate Commerce Commission after the hearing herein required. That at least 30 days' public notice shall be given by the Commission of the date upon which such application for increase of rates is to be heard. That at the hearings upon such application the railroad commission or similar State agency of any State, any shipper, grower, or any representative of a shipper or producer, or a group of shippers or producers, shall have the right to be heard and introduce evidence in opposition to the rate increase proposed by the common carrier.

Mr. TRAMMELL. Mr. President, some recent observations of mine in connection with an increase in freight rates on certain farm products revived my memory at least in regard to the plan under which freight rates at the present time are increased under the jurisdiction of the Interstate Commerce Commission.

A common carrier now desiring to increase its rates files with the Interstate Commerce Commission a tariff showing the contemplated increase in rates. Without any hearing, without any consideration whatever before the Commission, that contemplated increase automatically becomes effective within 30 days, or, if the Commission desires, it may make an order authorizing the enforcement of that increase even earlier than the expiration of 30 days. No provision whatever is made under which it is incumbent upon the carrier, even if the rate is contested, to establish the reasonableness of the rate.

I believe that the carriers, in possession of all the information upon which they base an application for an increase, being in a position to furnish evidence that their petition for an increase is reasonable, should have upon them the burden of proof when they seek to change, in the nature of an increase, a rate which has previously been in effect and which has previously been approved by the Interstate Commerce Commission.

The purpose and object of my amendment is to set up that character of procedure. If we allow it to remain as it is, a farmer, a producer, a manufacturer, a shipper, probably 2 or 3 or 4 weeks after the filing of a tariff is awakened to the fact that he has automatically impending over his head an application for an increase. He has no opportunity to go before the Commission and to have suspended the automatic operation of the regulation or procedure at the present time, unless he himself can disestablish the merits

of the application for an increase by placing the burden of proof upon the shipper and the producer, the manufacturer, or whosoever may desire to attack the rate. Under the proposed procedure the burden of proof would be upon the applicant to establish the reasonableness of the rate.

I hope the amendment will be adopted. I am not going to talk at length on this subject. It is a proposition which I attempted to have remedied a great many years ago. I have a copy of a bill I introduced some time ago, but at that time there was very little opportunity in the Congress to get any relief for the people as against the railroad interests of the country. We all know there has been a change in the trend of sentiment of the public on these subjects, and today I believe the average person desires to see the public given fair treatment, and, of course, desires also that the carriers shall have fair treatment. I think their case is pathetic.

I can recall, when I was back in the Florida Legislature, that the transportation companies of this country, and of my own State, were actually tyrannical; they were czars. They attempted to dominate all politics of the State, and to control legislation absolutely. It just happened that I did not belong to the crowd of those who were submissive in that respect, but they were asking no favors, except that they be let alone. The legislation in this country for a quarter or a half century, up to within the last few years, was practically all in the interest of and favorable to the transportation companies of our country. Of course, that was due very largely to the influence that was exercised by them on legislative bodies, and upon citizens, who might write to Mr. Morgan, "I hope some time to be able to reciprocate." We have had too much of that sort of thing in this country all along down through the years, so far as my observation has gone. However, the sentiment is changed now, and is changed because there was a terrible awakening, caused by a terrible disaster to the American people.

I wish to assist the railroads in all reasonable ways, but I do believe that we need a law requiring regulation of the carriers as proposed in this amendment, and I hope the amendment will be adopted.

Mr. DILL. Mr. President, at present the law simply provides that there shall be no change made in rates or fares except on 30 days' published notice, and then there is a proviso that, in their discretion, and for good cause shown, the Commission may make a change on less than 30 days' notice. Then there is a provision that when any proposed change of rates is filed, any person may ask for a hearing, and the Commission may suspend the rate, and may have, I think, several months, something like 7 months, in which to make the decision.

As I understand, the Senator's amendment would change existing law so that the Commission could not allow any increased rates to go into effect in less than 60 days, and would take away some of the discretion which the Commission now has in that regard. The amendment has just been presented to me a few minutes ago. I do not know fully the objections that might be raised to it, but I am willing to accept the amendment and take it to conference with the view to changing it in a satisfactory manner, if it must be changed, or not change it if it seems that it will work no great injustice.

Mr. TRAMMELL. Mr. President, I wish to thank the Senator for the concession, and I hope the conferees will bear in mind the position in which the shippers, the producers, and the manufacturers of this country now are under the present system. The amendment, if adopted, would do no injustice to the railroads, but would do justice to the patrons of the railroads. It would place the burden of proof upon the one seeking a remedy before a governmental tribunal, the remedy being that of increase in freight rates. Somebody has got to pay those freight rates. The railroads ask for them, and the purpose of this amendment is solely to place the burden of proof upon the transportation companies that are best able to furnish the evidence; to require them to establish their cause, instead of shifting the burden and granting the railroads automatically, without any consideration, an increase of rates as is the case under the present regulations. That is all the amendment proposes to do, and I think there is a great deal of justice in it.

While many of the railroads are today, to a pathetic extent, lying stricken upon their backs, at the same time there are certain localities and States within this Union where the railroads pursue their heartless course of the imposition of unreasonable rates instead of pursuing a policy of encouragement and cooperation with the producers in those districts and States.

I am not going into details or enumerate instances and cases within my knowledge coming from my own State, but I know of them, I have them, and I know that the people of my State in the case of a number of freight tariffs need some relief. If they had some relief, they would be able, to a considerable extent, to enlarge their operations and industries, and would, in a large measure, dispel the great amount of unemployment now existing in certain localities; but, on account of excessive rates, both freight and express rates, people who were once prosperous have been driven from their farms into poverty and unemployment.

So, regardless of the pitiful condition of the railroads of the country at the present time, there are many instances in many sections where they still do not, as I see, accord justice on behalf of the producers and shippers, and I hope to bring some assistance to them through this amendment.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida.

The amendment was agreed to.

Mr. DILL. Mr. President, the Senator from Alabama has just come into the Chamber. His amendment was pending and was laid aside temporarily. I should like to have that amendment stated.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Alabama.

The amendment proposed by Mr. BLACK is as follows:

On page 6, between lines 4 and 5, add a new paragraph to section 7, as follows:

"That beginning July 1, 1933, 6 hours shall, in contracts for labor and service, be deemed a day's work and the measure or standard of a day's work for the purpose of reckoning the compensation for services of all employees. That pending the revision of existing contracts or the making of new contracts between carriers and their employees (in order to provide for the application of the standard of a day's work hereinbefore provided) in the manner required in the Railway Labor Act, neither existing basic rates of pay nor any other measures of compensation as fixed in existing contracts shall be altered except by written agreement of the contracting parties. But in the absence of such an agreement the provisions of this act shall not be construed to authorize any reduction in the compensation of employees subject to this act.

"The act entitled 'An act to establish an 8-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes', approved September 5, 1916, is not hereby repealed, but the operation thereof is hereby suspended so long as the foregoing requirements of this paragraph shall remain in full force and effect."

Mr. DILL. Mr. President, let me make a statement, if I may. I am authorized by the President to say that he considers that this 6-hour-day amendment is unworkable as it would be applied under this emergency legislation. He believes that it would be ruinous to the purposes of the bill. I have explained this attitude which he has expressed to me to the representatives of the railroad employees, and, while they favor this amendment and would like to see it adopted, they are anxious to cooperate with the President and not do anything that will seriously interfere with the President's efforts to try to remedy the railroad problem which now confronts the country and the transportation industry. Because of these representations, I understand from the representatives of the railway employees that they are willing to have the amendment withdrawn.

Mr. BLACK. Mr. President, as is well known, I favor a 6-hour day as a normal day in industry throughout this Nation. I desire to make two or three statements with reference to the situation in connection with this particular amendment.

Some time ago I offered a bill providing for a 6-hour day for railroad employees. There was a division among the

railroad employees as to that particular measure. That division, however, was removed several days ago when they agreed upon the amendment which I stated day before yesterday that I would offer as an amendment to the pending bill.

Mr. President, I do not agree that the 6-hour day is not workable as applied to the railroads. I think it is, and I think it should be adopted. We are told that under the industrial control bill it is the idea that industry in general will adopt the 6-hour day. If that shall prove to be so, industry in general will be working under a 6-hour day, while the railroad employees will be working under an 8-hour day, authorized by law. That I believe to be unfair.

I do not agree, in the next place, that the wages paid to the railroad workers are in any way responsible for the present plight of the railroads. I placed in the RECORD this morning figures showing that that is not the case. I showed, as the statistics themselves show, that the labor cost of operation for 1,000 ton-miles in this country has decreased from the year 1920 to the year 1932 from eighty-two ten-thousandths to fifty-nine ten-thousandths of a cent. It is also true that the fixed charges of the railroads have been gradually going up, while the amount going to railroad employees has been gradually going down. Contrary to the generally accepted idea throughout this Nation, the wage item is not what has brought the railroads to their present plight. Their dividends have increased. I do not mean that many of them are paying dividends this year, but their dividends have increased out of all proportion to their wages.

I want to say, furthermore, that today there are less than 1,000,000 railroad employees while in 1920 there were more than 2,000,000, and the ratio of the fixed charges and dividends to pay rolls was 24.4 in 1920, whereas it has gone up to 50.8 in 1932. That is conclusive proof that the trouble with the railroads is not due to wages.

I am making this preliminary statement by reason of the request that has been made by the railroad brotherhoods.

I do not believe this country is going to get out of its plight until it increases the amount that goes to labor on the farm and in the factory and decreases the amount that goes to the employer and to capital. It is my judgment that any program that fails to take this into consideration will fail. The statistics show that while dividends have been going up wages have been going down. I placed in the RECORD some time ago a statement that showed that the dividends in 1929 were on a basis of 160 as compared with those in 1926, while wages were on a basis of 37, showing the difference.

Mr. President, the particular amendment which I offered was agreed to by the railroad brotherhoods, the 21 organizations; it was brought to me, and it was asked that I offer it as a substitute for the 6-hour day bill which I had previously offered for the benefit of the railroad employees. Under the circumstances, contrary to the views entertained by those who are here representing those 21 railroad organizations who agreed upon this measure, I do not feel justified in offering it as an amendment to this bill. I believe it would be adopted by the Senate and by the House and should become a law.

I still maintain that until we enact real legislation with teeth in it which will bring about a readjustment of economic conditions in this country, so that the people who live on the farm and those who work in the factory and industries generally will receive their just portion of that which is produced from their own efforts, we will never get out of the present economic depression. I still believe that we have got to establish a shorter working day in this country in industry before we will arrive at any actual recovery from present conditions. We cannot depend on a speculative recovery; we cannot depend on an increase in the value of stocks. In order to get out of this depression and to prevent a recurrence, the system must be so operated that the disparity between the wages of capital and the wages of labor will not be so great.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator.

Mr. WHEELER. Speaking of speculation, I just happened to pick up a newspaper and notice that Union Pacific went up 10 points today. That is one of a number of railroads whose stock has been booming largely because of the fact that it was expected this bill would probably pass.

Mr. BLACK. Mr. President, I desire to say with reference to the representatives of the 21 brotherhood organizations that they stated to me that they favor the 6-hour day, and they do not favor it any less today than they did when they brought this amendment to me, which, as they considered it, was a perfected draft of the measure which I previously presented to this body. They believe that there are some provisions in this bill which are absolutely necessary to protect them from the disastrous results that might flow from cutting off thousands more of railroad employees under a merger or consolidation system, and personally I do not feel justified, contrary to their request, to offer this amendment; and therefore I shall not press the amendment to this bill, but I desire it distinctly understood that I favor the amendment; I favor such a law and I do not intend to cease trying to bring about a shorter working day in industry and on the railroads.

The PRESIDING OFFICER. The Chair understands the Senator from Alabama withdraws his amendment.

Mr. BLACK. I withdraw it.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. BORAH. Mr. President——

Mr. DILL. Does the Senator from Idaho desire to offer an amendment?

Mr. BORAH. I desire to make a few remarks.

Mr. DILL. Before the Senator does that I should like to make a request. I ask to have printed in the RECORD at this point an excerpt from the report submitted by the Interstate Commerce Commission to the Senate and House of Representatives on the effect of the 6-hour day in connection with railroad employment.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From report of the Interstate Commerce Commission of Dec. 6, 1932, to the Senate and House of Representatives in response to joint resolution of Congress approved Mar. 15, 1932]

FINDINGS

We are directed by the resolution to report our findings as to "the effect upon operation, service, and expenses of applying the principle of a 6-hour day in the employment of all classes and each particular class of railway employees because of such application." As has been indicated, we have construed the term "railway employees" to include the employees not only of steam railways but also of electric railways, express companies, and sleeping-car companies. The investigation relates to a possible future event, and, therefore, the element of prediction enters in. Methods of operation, speed, and excellence of service, amount of business, and skill in management are among the constantly changing factors which will affect the future. A forecast based on presently available information is all that is possible. We shall make the best forecasts which our judgment permits, indicating in our findings certain important contingencies which may affect their accuracy.

Operation and service: The principle of a 6-hour day can be applied, so far as physical conditions are concerned, without material effect on the operation and service of the several carriers. The effect on expenses, indicated below, might affect operation and service, dependent on revenues. If there were no increase in revenues corresponding to the increase in expenses, the result might be to force abandonment of operation in certain instances, either of entire properties or of parts of properties, through inability to earn operating expenses. Abandonment of entire properties would not be likely to occur, except in the case of certain short-line steam railways and electric railways. In other instances, the effect of insufficient revenues might impair future credit in such a way as to affect operation and service adversely. The latter effect might be overcome in time by improving revenues or by financial reorganizations. We deem it impracticable to forecast the future course of carrier revenues. Obviously, this is dependent upon a great variety of possible factors, by far the most important of which is the economic condition of the country.

Expenses: (a) Assuming the same volume of traffic and operations as in 1930, and assuming no reduction in the then-existing compensation for an 8-hour or other basic day's work, the initial effect would be to increase operating expenses of the carriers collectively, including the express and sleeping-car companies, at the rate of approximately $630,000,000 per year, or about 14.6 percent of the operating expenses and approximately 22.2 percent of the pay-roll expenses in 1930. However, the compensation of steam-railway, express, and sleeping-car employees was on February 1,

1932, reduced 10 percent by an agreement which expires on January 31, 1933. There was no similar blanket reduction in the wages of electric railway employees, but we understand that there have been various reductions in those wages. If the wage reductions are continued, the above estimate of $630,000,000 would be reduced to something less than $570,000,000 per year.

(b) Assuming the same volume of traffic and operations as in 1930 and a reduction in the then-existing compensation pro rata to the reduction in the basic day's work, and excluding road train and engine service from consideration for the reasons given in the preceding discussion, the initial effect would be to decrease operating expenses of the carriers collectively, including the express and sleeping-car companies, at the rate of approximately $26,000,000 per year, or about 0.6 percent of the operating expenses, and approximately 0.9 percent of the pay-roll expenses in 1930. Allowing for the wage reductions above mentioned, this estimate would be reduced to something less than $24,500,000 per year.

It will be noted that in the above findings we assume the "same volume of traffic and operations as in 1930." Regarded from the standpoint of the 10-year period ended with 1931, 1930 was a fairly normal year, but whether it can be regarded as representative of a normal future year remains to be seen. Using the same percentages of operating expense, and assuming the same volume of traffic and operations as in the 12 months ended with September 1932, the initial effect would be an increase at the rate of approximately $414,000,000 per year under the first assumption with reference to wages and a decrease at the rate of approximately $20,000,000 per year under the second assumption. While the reductions in wages were in effect after February 1, 1932, there were also reductions in commodity prices which affected the operating expenses in the 12 months ended with September 1932 as compared with the operating expenses in 1930. We do not as yet have sufficient detailed information in regard to operating expenses in the more recent period to determine whether use of the same percentages as for 1930 produces fair estimates. Changes in operations and methods of performing work, as well as changes in wages, might affect the percentages. Probably, however, the estimates of $414,000,000 and $20,000,000 above given are both somewhat too high, if wage reductions are to be continued.

It will also be noted that in these findings we speak of the "initial effect." It is our belief that the increase in expenses at the outset under the first wage assumption would gradually be lessened and that the decrease in expenses at the outset under the second wage assumption would gradually be increased, as the result of experience with the proposed new arrangement and by technological developments.

It will finally be noted that our estimates, based on the same volume of traffic and operations as in 1930 and the then existing compensation, are somewhat less than those submitted by the carriers. The carriers' estimates of increased expenses, prorated, to operating expenses, were, assuming no reduction in basic day's pay, as follows:

Class I railways and class I switching and terminal companies	$620,438,577
Other steam railways and other switching and terminal companies	21,342,145
Electric railways	23,190,157
Railway Express Agency	24,067,681
Southeastern Express Co	618,373
Pullman Co	12,752,022
Total	702,408,955

Upon the basis of our total estimate of $630,000,000, the above amounts would be substantially as follows:

Class I railways and class I switching and terminal companies	$556,000,000
Other steam railways and other switching and terminal companies	19,000,000
Electric railways	21,500,000
Railway Express Agency	22,000,000
Southeastern Express Co	500,000
Pullman Co	11,000,000
Total	630,000,000

Attention is again called to the fact that these figures are based upon the compensation paid in 1930.

Our reductions are a matter of judgment and are due to the impression which we have gained from the evidence that the carriers have probably underestimated somewhat the rearrangements of work and other expedients which could immediately be employed to limit the effect upon expenses. The reductions are, therefore, more or less arbitrary and cannot be supported by any definite mathematical computation. Experience would, we believe, disclose the practicability of still other rearrangements and expedients, and the amount of added expense, assuming no reduction in basic pay, would also be reduced gradually by the further development of mechanical labor-saving devices and other technological improvements. The added expense would, no doubt, stimulate such development. The only way in which, in our opinion, a more accurate advance estimate could be made of the effect of the application of the principle of a 6-hour day would be by an actual test on some representative railroad or section of a railroad, or by intensive field studies conducted by representatives of the carriers and employees jointly, preferably under the supervision of this Commission.

The effect, so far as expenses are concerned, in the case of each class of employee is sufficiently indicated in the various appendixes, allowing for the fact that we have reduced the carriers' total figures somewhat.

In addition to the effect upon operating expenses, there would be an effect upon construction expenses, insofar as the carriers' employees are used on construction work. Such minor additions to construction expense, however, would have an insignificant effect upon interest charges or dividend payments. Moreover, the amount of construction work which will be done in the future is problematical. At present comparatively little is being done.

Upon either basis of compensation the application of the principle of a 6-hour day would render necessary between 300,000 and 350,000 additional carrier employees in a year such as 1930 and between 60,000 and 100,000 additional employees in a year of abnormal economic conditions such as now exist.

By the Commission.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

Mr. BORAH. Mr. President, I apprehend there will be no roll call on the passage of the bill. It is slated to pass and I have no desire to unnecessarily delay its passage. I wish to state briefly why I vote against the bill. On page 13 of the bill I find in section 10 the following provision:

SEC. 10. (a) The carriers or subsidiaries affected by any order of the Coordinator or Commission made pursuant to this title shall, so long as such order is in effect, be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, other than such as are for the protection of the public health or safety, insofar as may be necessary to enable them to do anything authorized or required by such order made pursuant to this title: *Provided, however*——

Then there is an exception with reference to the Labor Act. As I understand the provisions, the coordinator may permit any merger or combination or consolidation or any restraint of trade that he may see fit to permit. His order suspends the antitrust laws.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I yield.

Mr. DILL. I do not know whether the Senator was here when the Senator from Michigan [Mr. VANDENBERG] brought up the same question. I called attention then to the fact that the language used here is the same that is in the present law relating to consolidation and pooling arrangements by the Interstate Commerce Commission.

Mr. BORAH. But a different authority passes upon the question. I regard it as wholly different from present law.

Mr. DILL. But the Interstate Commerce Commission is still authorized to pass on all those acts of the coordinator on appeal by any interested party.

Mr. BORAH. Yes; I understand that; that is, in case the parties take an appeal then the Interstate Commerce Commission may pass upon it. After the coordinator has decided upon a merger or consolidation the taxpayer may appeal and get a vast amount of experience for his trouble.

On page 19, in connection with the section which I have just read, I find the following:

(4) (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a corporation which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a corporation which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock.

I am frank to say that I would be glad to be corrected if I am in error, because I have not had the time to consider it that one would like to have. As I understand, under the bill by authority of the coordinator and the authority of the Interstate Commerce Commission upon appeal any combination or any merger may take place which, in their judgment, may be deemed proper; that the Sherman antitrust law and all laws inhibiting combines or monopolies, so far as railroads are concerned, or the ownership of one railroad

by another, are suspended if, in the judgment of the coordinator and the Interstate Commerce Commission, it is deemed proper to have it so. That I understand to be the bill.

Mr. President, I am not quite ready to authorize either the Interstate Commerce Commission or the coordinator, or both of them, to authorize any combination which they may see fit to have in this country so far as railroads are concerned.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I yield.

Mr. DILL. I think the Senator is in error when he says that this will broaden the powers of consolidation. The section to which he has referred and which he has read will give the Commission power to control consolidation either by holding companies or by any other means that may be conceived for that purpose. The right of consolidation, the terms of consolidation, as I understand it, are not changed from the present statute, but only the power of the Commission to prevent or at least control consolidation, over which now it has no control because of the creation of holding companies and because of other devices that might be developed which are not touched upon in the law.

Mr. BORAH. Is it not true that if the bill becomes a law the coordinator and the Interstate Commerce Commission may permit any combination or any merger or consolidation between or among the railroads of the country?

Mr. DILL. I would say not; only in their discretion as the public may be interested, and they have that power now. That is a power that now exists.

Mr. BORAH. And from their judgment there is no appeal, as I understand the bill.

Mr. DILL. I may remind the Senator that the Interstate Commerce Commission has outlined certain plans of consolidation. Those plans have been published. There is nothing in the bill that enlarges their power or their right to permit consolidations.

Mr. BORAH. As I understand it, and as I understand those who are interested in the bill, it is that, by authority of the coordinator and the Interstate Commerce Commission, an appeal from any consolidation which they approve is permissible under the laws of the United States, when this bill is enacted into law.

Mr. DILL. There is nothing in it that is not now permissible. The difference between the existing law and this bill is that under the existing law consolidations are being carried out by holding companies which are formed and which are beyond the control of the Interstate Commerce Commission, such as the Pennroad and the Alleghany Corporation, which go out and buy railroad stocks and issue securities without any control on the part of the Commission. The reason for amending those sections of the law is not to enlarge the powers of the Commission for consolidation but to give the Commission power to prevent consolidations over which it has no control whatsoever now.

Mr. BORAH. Putting it another way, then, I suppose the Interstate Commerce Commission could authorize the consolidation of two main roads running west. It would be permissible under the bill, as I understand it.

Mr. DILL. It will be permissible just to the extent that it is permissible now under the law. The Senator will recall that about 2 years ago there was a proposal to consolidate the Great Northern and the Northern Pacific, and the Commission did not permit that consolidation.

Mr. BORAH. I understand that; but we are continuing on the statute books the authorization to make any consolidation which appeals to the judgment of the coordinator if no appeal is taken.

Mr. President, I shall not detain the Senate longer, but I shall vote against the bill.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield. But before doing so may I say there are other questions of great moment presented by the bill, but they are constitutional questions, and I would not offend by discussing constitutional questions in connection with one of these emergency measures.

Mr. TRAMMELL. In the very hurried observation of the measure which I have made it occurs to me that probably this would depend absolutely upon the decision of the coordinator, unless an appeal was taken before the effective date of that order or somebody attacked the order prior to that time. The provision I find in the bill is that if the coordinator makes an order and it is not attacked prior to the date of becoming effective, then the door is closed and the coordinator controls the situation, even without it being reviewed by the Interstate Commerce Commission. The Commission has a right to review it only if the order is attacked prior to the date of its becoming effective. It leaves it absolutely within the control and operation of the coordinator, unless someone attacks it within a period of 20 days.

Mr. DILL. In less than 20 days. No order can go into effect in less than 20 days.

Mr. TRAMMELL. The position taken by the Senator from Idaho, I believe, in consideration of those provisions, possesses even greater merit and force than it did upon the premise upon which he argued that this provision should not be in the bill. I heartily concur with the Senator.

Mr. BORAH. Mr. President, fundamentally, as I understand the bill, it authorizes consolidation upon the approval of the coordinator. If the coordinator approves and an appeal is not taken his judgment is a final judgment. In practical effect it will allow the coordinator to permit any combination or consolidation of railroads, and if someone does not see fit to appeal within the time, his judgment alone stands. If someone does appeal, then the Interstate Commerce Commission may review it. That is my understanding. As a practical proposition, as a workable proposition, it authorizes the coordinator to authorize these consolidations and the chances of taking an appeal and reviewing his order are very remote indeed.

Mr. DILL. The last words of the Senator, I think, are hardly justified, because the right of appeal is so broad that I can hardly conceive of any kind of consolidation from which somebody will not appeal.

Mr. BORAH. The shippers, the users of railroads, and that class of people who may be most directly and effectually affected by the order, will be embarrassed to take an appeal under any circumstances and they will hesitate to do so. I do not think consolidation ought to take place upon the judgment of one man dependent for its review upon the proposition that some user of the railroad may see fit to take an appeal.

Mr. CONNALLY. Mr. President, I understand that in this bill the recapture clause is in effect repealed; that the effect is to acquit the railroads of an indebtedness to the Government of something like $300,000,000 created under the old Transportation Act of 1920 whereby the railroads are supposed to have a certain percentage, and all above that was to be divided between the railroads and the Government, but that in this bill a retroactive provision is carried which releases the claim the Government has against the railroads to the extent of something like $30,000,000.

Mr. DILL. Mr. President, the Commission has estimated it to be $342,000,000, but all of that is in dispute. The rules of valuation have been changed from time to time by the Supreme Court, and every time the Supreme Court changes the rule of valuation then the whole railroad system must be revalued in accordance with new and changing principles which they have written. Every one of the railroads is contesting and opposing the valuations that are being made and changed, and then they propose to carry the matter to the court for review. The law has been in operation for more than 12 years, and in all that time slightly more than $10,000,000 has been paid in. The result is that the Interstate Commerce Commission is in such a maze of confusion, in such a maze of valuation problems, involved in such an almost endless task of trying to work the thing out, that

for 3 years they have been asking Congress to repeal the law and put the railroads on some other basis of rate making.

Mr. CONNALLY. I have no objection to the provision so far as it may operate in the future, but I do not agree to the plan of arbitrarily releasing a claim of something like $342,000,000, which the Government has against the railroads.

Mr. DILL. But this is not a Government claim. Under the law the money is to be turned over to the Interstate Commerce Commission as found to be due, and used by the Commission to assist the weak roads. It does not belong to the Government. It does not belong to the other railroads. It is to be used by the Interstate Commerce Commission for the purpose of assisting the weak roads. There again the Commission has never been able to determine just how to use it.

Mr. CONNALLY. I do not agree, simply because the railroad companies, which were prosperous and made money in prosperous years, are not resisting those claims, that they should thereby be acquitted of them. I simply wanted to express my views with regard to that particular provision in the bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. TRAMMELL. Mr. President, I have a right to the floor. There is no use of attempting to use any such tactics as those to deprive a Senator of the right of expressing himself or presenting an amendment in regard to the bill.

The PRESIDING OFFICER. The Senator has that opportunity.

Mr. TRAMMELL. I think the Senator from Texas [Mr. CONNALLY] is entirely correct. I had intended to call attention to the same provision, and I do not propose to be excluded from that privilege. Under the rules of the Senate, I have the right.

I move that the bill be amended by striking section 206 from the bill. That is the provision of the bill which provides for refunding to the railroads the money accruing under the recapture clause.

The railroads of this country for months and months and years and years have been knocking at the doors of Congress, seeking to have this money refunded to them; but, standing upon its own merits and as a separate and distinct proposition, they have never before been able to induce a majority of the Senate or of the House to favor any such polisy. Yet in one of these catch-all bills, where we are trying to give them every possible relief, an effort is being made to put this legislation over as part of a measure that may have some commendable features.

I do not think the railroads are entitled to the fund. They should not have it. At the time this recapture clause was enacted Congress was exceedingly liberal with the common carriers of the country—so liberal and generous in regard to the percentage of return it permitted them to make, and the rates they were permitted to promulgate, that a good many Senators who were here at the time, including myself, voted against the bill. That bill provided, according to my recollection, that the railroads were entitled to earnings of 5 percent. Prior to that time, the history of the railroads of the country, at least for a number of years, had been that upon their gross capitalization or valuation they had not made over 2 or 2½ percent. But Congress in its generosity after the war, many of its Members desiring to see the railroads prosper, and prosper at the expense of the producers and of the industries of our country generally, enacted a law giving them the right to increase their rates to the extent of 5 percent net. The result was that throughout the country the rates were raised anywhere from 30 or 40 percent to as much as 100 percent within 60 days after the enactment of that law.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. When we were dealing so generously with the railroads——

The PRESIDING OFFICER. The Senator declines to yield.

Mr. TRAMMELL. I will ask the Senator from Louisiana to pardon me a minute.

When we were dealing so generously with the railroads, and passing a law—which I did not vote for, I am glad to say—giving the railroads everything they wanted upon their return to private ownership, 80 or 90 percent of it, a railroad-written and railroad-prepared bill, they said they were willing to have this recapture clause inserted in the bill. If they could make that percentage of earning they had no objection to giving back to the Commission a certain percentage over and above that amount.

The railroads went ahead and enjoyed their prosperity, and I am glad of it. I am sorry, however, that their prosperity resulted from the charging of excessive rates to a large part of the people of the country. They did enjoy their handsome incomes, however, their splendid dividends, for a number of years. The railroads of America were exceedingly prosperous for a period of some 10 or 12 years after the enactment of that beneficent law, known as the "Esch-Cummins law", in behalf of the railroads. Now, after they have received their benefits, after they harvested their fruits under that beneficent law, as they did for years and years, I do not think there is any equity or justice in turning back this money to the railroads of this country; and I therefore move to strike out that section of the bill.

I may be mistaken, but I refer more particularly to paragraph (a). As to paragraph (b), I should like to know from the chairman of the committee what that means in regard to having a new set-up as to war profits and excess profits and one thing and another made by the railroads.

Mr. DILL. Mr. President, I will say to the Senator from Florida that that paragraph was inserted by the committee because if this money was to be returned to the railroads they ought to be charged taxes on it, for they have paid no taxes, on the theory that it was being collected by the Government. Yesterday, however, the Senate did not agree to that amendment, for the reason that it might be considered a revenue-producing amendment, and thereby cause the House to reject the bill; so that has gone out.

Mr. TRAMMELL. Then my motion to amend by striking out section 206 applies only to the matter I have discussed.

Mr. DILL. Yes.

Mr. President, I do not desire to enter into any lengthy argument on this subject, but I wish to call attention to the fact that for the past 2 or 3 years the Interstate Commerce Commission has recommended the repeal of section 15a, both as to the future and retroactively, and that, so far as I know, none of those who are connected or actively associated with the railroads are opposing that repeal.

This provision is favored by the shippers; it is favored by the railroads; it is favored by the State railway commissions; it is favored by the representatives of the railroad employees; and it is favored by the security holders.

The present rate-making rule has been the most unsatisfactory part of the Interstate Commerce Act. The Senator himself has testified to the objections to that rule. If we repeal this recapture section, we find the Interstate Commerce Commission with about $13,000,000 in its possession, a little over $10,000,000 having been received from the railroads and invested in Government obligations, the interest on them being sufficient to raise the amount to $13,000,000. We then have the claims of the Interstate Commerce Commission against the railroads, which, as I said awhile ago, must be litigated; but before they can be litigated the Interstate Commerce Commission must go on spending I do not know how many millions of dollars working out a change in the valuations resulting from the recent decision of the Los Angeles Gas & Electric Co. case, where the court

changed the rule of valuation from the rule laid down in the O'Fallon case.

The railroads have pending an appeal from the valuation made by the Interstate Commerce Commission in the Richmond, Fredericksburg & Potomac Railroad Co. case, and nobody knows what the Court will decide about that. As we look into this situation, there is nothing ahead but literally years of expenditure of money by the Interstate Commerce Commission, first to determine the valuations in accordance with the rule of the Supreme Court, which seems to change every time the personnel of the Court changes, and then in the litigation that will follow by the railroads fighting against the claim that is made. Then, when we have won the suit, if we do win it, and we go to collect the money, unless the financial conditions of the railroads improve there will not be any money with which to pay the amount, and they will have to borrow money to do so.

Mr. TRAMMELL. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Florida?

Mr. DILL. I yield to the Senator.

Mr. TRAMMELL. On this question of valuation, if we give the railroad back all of this money, the valuation stops, does it?

Mr. DILL. Yes; that is, the present method of valuation.

Mr. TRAMMELL. Does not the Commission have to have a system of valuation for the ascertainment of the value of the property for rate-fixing purposes?

Mr. DILL. Yes; but the difference is this: The valuation now must be kept up to date every year. It must be reviewed every year for the purpose of determining whether or not, under the new valuation of that year, the railroads will be getting more than 5¾ percent on their valuation. The rule of valuation is much broader under the new rate-making provision, and the Commission has much more freedom and discretion in making rates than it has under section 15a.

Mr. TRAMMELL. It strikes me that if we have to maintain a system of valuation anyway for rate-making purposes, and that will not be discontinued by giving the railroads three or four hundred million dollars, we might let the claim remain in statu quo, instead of giving them the three or four hundred million dollars at the present time. That is what I want to do—let it stay in statu quo.

Mr. DILL. Of course, we will not be giving them any money, because there is not any money to give them. They have never paid any money except the $10,000,000. They have not paid the $300,000,000, and they are contesting every dollar of it.

Mr. TRAMMELL. We will give them, though, what the Government believes to be a claim of approximately $340,000,000.

Mr. DILL. Yes.

Mr. TRAMMELL. We wipe the slate and give that to them. The Government contends that the amount is about $340,000,000.

Mr. DILL. I remind the Senator that in the O'Fallon case the Government lost. We did not win that suit, and it has gone back for revaluation. It has not been settled yet.

Mr. TRAMMELL. If that is true, what is the necessity of making a specific provision in this bill to give it to them?

Mr. DILL. Simply to put a stop to the endless fight over valuations and over this claim proposition.

Mr. TRAMMELL. I have been impressed that the fight has been principally on the part of the railroads trying to be relieved of this honest debt, which they agreed to when Congress passed the character of legislation that they wanted following the war.

Mr. DILL. Of course this provision was not put in at the request of the railroads. It was put in at the request and suggestion of the security holders.

Mr. TRAMMELL. I know what it was, of course. The security holders probably stood just as high with Congress as the railroads. Security holders usually get about what they want in the way of legislation.

Mr. DILL. The truth of the matter is that this method of making rates was never advocated by the Interstate Commerce Commission, by the railroads, by the shippers, by the employees, or by anybody except the security holders. It is a theory which has proved most unsatisfactory from the hour it was first adopted.

Mr. TRAMMELL. The thing that proved very unsatisfactory to most of the 120,000,000 American people about the theory in the particular bill of which this provision was a part was that Congress allowed the railroads to make rates that were excessive, and they made profits that were excessive for a certain length of time, and flourished as the green bay tree for a number of years under the liberal provisions for rate making which Congress granted them. So the principal complaint I ever heard of was from the people who had to suffer under the burden of excessive rates as the result of that litigation.

Mr. DILL. I remind the Senator that in the 12 years, taking it all together, the amount involved is an average of less than $30,000,000 a year.

Mr. TRAMMELL. This was a part of that legislation. This, no doubt, was an inducement for a number, at least, of Senators and Congressmen to support the legislation. However, I did not support the legislation. I did not care to support legislation that was going to allow an excessive rate of return upon railroad stocks when we knew, everybody that had ever observed or cared to see—of course, nobody is so blind as the man who does not want to see—that the railroad stocks of the country were largely watered. We had before us then, even more vividly than we have now, the methods of Harriman in building and pyramiding his millions upon millions by watered-stock railroads; and yet we allowed them as much as 5 percent then on all that stock. This provision was a part of that legislation; and, as I say, I dare say that this provision, at least on the part of those who prepared the measure in the main, was placed there for the purpose of catching some votes that they did not think they would get unless they had a provision of this character in the bill.

I do not think it is just right, now, to dump over into their laps the claim of $342,000,000. That is the reason why I have made the motion to strike this section from the bill.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL].

The amendment was rejected.

Mr. DUFFY. Mr. President, I desire at this time to call up two amendments that have been printed and are on the desk of the Presiding Officer.

I ask to have the first amendment stated.

The PRESIDING OFFICER. The first amendment offered by the Senator from Wisconsin will be stated.

The CHIEF CLERK. On page 14, line 19, immediately before the period, it is proposed to insert a comma and the following:

> And shall afford the State commission or Governor so notified reasonable opportunity to present views and information bearing upon such contemplated order.

Mr. DUFFY. I understand the Senator in charge of the bill is willing to accept the amendment.

Mr. DILL. Mr. President, this is an amendment simply to give notice to the Governor or the State commission that they may be given opportunity to present their views. I do not see any objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DUFFY. I propose a second amendment, Mr. President, which I ask to have reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 18, line 17, immediately before the period, the Senator from Wisconsin proposes to insert a comma and the following:

But no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission made thereafter.

Mr. DUFFY. Mr. President, the section provides:

This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority.

What I am trying to reach is this: In Wisconsin we have, and have had for many years, an effective railroad commission, now called the public-service commission. Many other States likewise have very efficient commissions. There are many problems coming up of local concern, and it seems to me it might well be that, after the period of this emergency is over, they might not be in a position where they would be able to give orders in a comparatively local situation without coming down to Washington and getting some relief.

It has been suggested that perhaps the language of the amendment I propose is too broad. I have no particular desire to have any certain words used, as long as it will liberalize the bill as it now appears after the period of the emergency is over.

The Senator from Washington [Mr. DILL] had a suggestion to make as to changing the language of the proposed amendment.

Mr. DILL. Mr. President, on further consideration it seems to me that this is an unworkable amendment, for the reason that if the amendment is adopted the railroads will be in this position: The orders of the coordinator will be obeyed after the act expires, except as they may interfere with the order of a State commission or some State law. It seems to me that that makes it unworkable. We cannot do that. We either must make all of the order cease to have effect or we must not have any part of it cease to have effect. It seems to me the amendment is not a workable amendment when applied to this part of the bill, and I do not see how the amendment can be adopted without interfering with the operation of the bill.

Mr. DUFFY. It is an amendment that is desired by the Association of Public Service Utilities Commissions, as I understand it. I was so informed.

Mr. DILL. I think that is a part of their proposal, that none of these orders shall remain in effect after this title is no longer in effect. In other words, I think they want it so that none of these orders shall continue in effect, but the committee has retained the language of the bill so that all of these orders shall remain in effect until changed by the commission or set aside by some lawful authority.

Mr. DUFFY. Then what would be the situation? Is the State commission to be rendered powerless for all time to come, unless they come down here to Washington and get authority from the proper official?

Mr. DILL. No; the only other lawful authority, of course, will be Congress. They might come to the Commission and get relief, if they could show a sufficient need. But I hope the Senator sees my objection, namely, that either all of the order must cease to be effective or all of it must continue. We can hardly pick out certain parts of the order.

Mr. LONG. Mr. President, will the Senator from Wisconsin yield to me?

Mr. DUFFY. I yield.

Mr. LONG. What is the understanding of the Senator from Washington as to the power the State commission would have under the law?

Mr. DILL. They cannot interfere with an order of the coordinator or of the Commission, under this measure.

Mr. LONG. It would wipe out the laws of the State?

Mr. DILL. So far as it might affect them. The Commission has that power at the present time.

Mr. LONG. The Senator means over interstate matters.

Mr. DILL. Over all matters of consolidation.

Mr. LONG. Is not the coordinator's power a good deal broader than just over consolidations, under this language?

Mr. DILL. Probably.

Mr. LONG. As I understand it, these executive committees, under the coordinator's jurisdiction, may, with his approval, ignore all State orders and State regulations and State laws?

Mr. DILL. I think not, except as to interstate traffic, and the Commission can do that now.

Mr. LONG. They are taking over the res, the thing itself.

I do not want to take the floor away from the Senator from Wisconsin.

Mr. DUFFY. Mr. President, I do not desire to prolong the debate. The issue is very clear. I think the State commissions should not be precluded for all time to come, as long as these orders of the coordinator are not set aside. It would prevent State commissions from giving the relief they might now give. I think that is improper, after the period of the emergency is over. I do not care to prolong the discussion any more than stating that fact, and asking that the amendment be agreed to.

Mr. LONG. Mr. President, I must confess an ignorance in this matter for which I cannot be excused. I was on the committee, but was unable to attend many of the sessions.

I had received the impression—I do not know how—that an amendment had been drawn, or that it was thought an amendment would be drawn, to protect the authority of the States under this proposed law. But, judging from the fact that the Senator from Wisconsin has offered this amendment, evidently no such thing has been done.

I believe I can turn to the section I had in mind, which I want to read. On page 14 of the proposed law, paragraph (b), this language appears:

(b) The Coordinaor shall issue no order which shall have the effect of relieving any carrier or subsidiary from the operation of the law of any State or of any order of any State commission until he has advised the State commission of said State, or the governor of said State if there be no such commission, that such order is in contemplation.

I had hastily run through the measure, intending to bring the matter up; but as I read it we are doing away with State laws and State commissions. I do not see anything else this measure does, because, differing from the way the Interstate Commerce Commission has control over the matter of interstate rates, this measure would give the coordinator all control over the railroad itself, and therefore his orders would be above the laws of the State and the State commission's orders.

I had understood that the State railroad commissions had been satisfied on that matter, and I had paid little attention to it. Having been a member of a State board, I thought perhaps they would have said something to me about it; but apparently nothing has been done, and this bill in its present shape is going through, divesting all laws of a State of any effect whatever.

Mr. President, in the States there are grade crossing laws, there are yard limit laws, there are State laws as to depots, and there are State laws as to the keeping of passenger stations, waiting rooms, railroad crossings, and so on, not to say anything of freight rates interchanged with water rates. Every law on the statute books in the States will be wiped out by the authority given into the hands of one man to annul all the laws in 48 States.

Mr. President, unless the proposed amendment is adopted, this will be a very objectionable bill. As a matter of fact, the bill ought never to have been brought into the Congress. It is not going to do any good. The sentiment of labor has been against it until recently they were persuaded by some mysterious move to say that they were for it. Only a day or so ago they indicated that position, the Senator from Washington tells us. I am also told that even the railroads themselves are not enthusiastic about the bill. They do not think it is going to do any good. The kind of economies it would result in would be of very little value, and about the only benefit that would accrue to the railroads from the bill would be through giving them back the recaptured money. A law was enacted in 1920, and included in that law was a provision by which the short-line railroads might

be assisted, the provision being that when the railroads made more than 5½ or 6 percent, the surplus earnings should be impounded by the Interstate Commerce Commission, and thereafter expended to build up the short-line railroads.

Mr. DUFFY. Mr. President, I should like to send up to the desk a modification of the amendment.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Wisconsin?

Mr. LONG. I yield.

The PRESIDING OFFICER. The clerk will state the modification.

The CHIEF CLERK. The amendment of the Senator from Wisconsin is modified to read as follows:

On page 18, line 17, immediately before the period, to insert a comma and the following:

"But notwithstanding the provision of section 10, no such order shall operate to relieve any carrier or subsidiary from the effect of any State law or of any order of a State commission made after this title ceases to have effect."

Mr. DILL. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. DILL. As I understand it, with that language in the law, the State legislatures and the State commissions could make orders setting aside or affecting orders made after this period of emergency was over. It would not interfere during the period of the act, but afterward they could make orders.

Mr. LONG. After the year?

Mr. DILL. After the year.

Mr. LONG. Mr. President, perhaps the amendment originally introduced did not go far enough. As I understand it, the modified amendment would leave the State commissions nugatory during the pendency of the law.

Mr. DILL. Yes; because otherwise they would not be able to make their orders. But the objection of the State commissions was that, at the end of this period, they would have no method of changing objectionable things, and this amendment would make it permissible for them to do that. That was their principal objection.

Mr. LONG. The Senate may proceed and adopt the pending amendment, and then I shall offer another amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. DUFFY] as modified.

The amendment as modified was agreed to.

Mr. BONE. Mr. President, I should like to ask the chairman of the committee about one matter in the bill. Section 16 as it has been amended provides that the title shall cease to have effect at the end of 1 year after the effective date, and further provides that orders of the coordinator or of the Commission made thereunder shall continue in effect until vacated by the commission of the State or set aside by other lawful authority.

Then in subdivision (4) of the following section there is a provision for the consolidation and merger of the properties of two or more carriers.

Under subdivision (a), section 201, there might be a merger of two or a dozen railroads, and even though the act should become ineffective by expiration, as provided here, that merger would go on perpetually.

Mr. DILL. Mr. President, that is the present law. We have copied the present law. The present law authorizes the Commission to make those consolidations at the present time.

Mr. BONE. Then this does not change the existing statute?

Mr. DILL. No; not in that respect.

Mr. LONG. I propose an amendment to the bill. I will move to put the amendment at the end of the measure, or I can put it on page 14, line 19, after the word "contemplation." I move to insert the following——

Mr. DUFFY. I call the attention of the Senator to the fact that there has been an amendment just adopted after the word "order", in line 19, in which the word "contemplation" occurs.

Mr. LONG. Then, I will move to insert the amendment at the end of the bill. I propose to add a new section to read as follows:

The laws of the several States and orders of the commissions of the several States already in existence and hereafter enacted shall remain in effect unless the same shall be interstate in character.

The wording, Mr. President, may need a little revision, but that can be done in conference.

The PRESIDING OFFICER. The amendment will be stated.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. I yield.

Mr. KING. I have not had the opportunity, because of being in committees all day, to listen to the debate on the pending measure nor fully to understand the position of the Senator from Louisiana; but, as I understand, the amendment which he has just suggested has for its object the noninterference by this proposed act with the power and authority of the States which they inherently possess to deal with matters which are within their jurisdiction?

Mr. LONG. Yes, sir; such as railroad crossings and water coolers in depots, and heat in waiting rooms in the wintertime, all of which are maintained by reason of State orders and State laws, and we would not have any of them today if they had been left to the railroads.

Mr. KING. The amendment, if adopted, would mean, then, that nothing in this proposed act shall be construed to repeal or modify the regulations or laws enacted by any State or by its utilities commission?

Mr. LONG. By the order of its commission. That is what it means. I wish to say, Mr. President, that we are going mighty far here. I am sorry that I did not understand this sooner, and I want the Senate to pause a minute and understand before they wipe out about ten or fifteen thousand laws that are on the statute books of the 48 States of the Union. The railroads themselves organize regional committees in accordance with the mileage of the railroads; and those regional committees are given the right to run things subject to the approval of the coordinator, which ninety-nine times out of one hundred or nine hundred and ninety-nine times out of one thousand means that the regional committees are going to run things as they please. The Senator from Washington [Mr. DILL] suggests that the amendment be now read, and I ask that that be done.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to insert at the end of the bill a new section to read as follows:

SEC. 19. The laws of the several States and orders of the commissions of the several States already in existence and hereafter enacted shall remain in effect unless the orders affecting them relate to interstate commerce.

Mr. DILL. They would have that right, anyway.

Mr. LONG. I think so. I think I can say that the amendment is all right. Will the Senator from Washington accept it?

Mr. DILL. I accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. I offer the amendment which I send to the clerk's desk, and ask that it may be read.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 27, line 19, after the word "service", it is proposed to insert a colon and the following proviso:

Provided, That no such rate shall be greater than will be sufficient to produce a fair and reasonable return upon the prudent investment in the property, less depreciation, or upon an investment necessary to reproduce the property.

Mr. NORRIS. Mr. President, this bill sets up a new method of fixing rates. Heretofore there have been two out-

standing theories; one that a rate should be sufficient to produce a reasonable return upon an amount of money that would be necessary to reproduce the property, the prudent investment theory it is called; the other is that the rate should be sufficient to produce a reasonable return upon the investment in the property.

Mr. DILL. Mr. President, I think the Senator misstates his own meaning. He means, in the one case, upon prudent investment, and in the other upon the reproduction cost.

Mr. NORRIS. Yes; that is what I thought I said, and I thank the Senator for the correction.

It seems to me, Mr. President, the adjustment of rates upon either one of these theories, standing alone, might get us into difficulty and bring about an unfair rate. When the value of materials and labor and other things necessary to go into the building of a railroad is on the increase and is higher than it was when the investment was made, naturally it is to the interest of the carrier company to be able to get a return upon the necessary investment to reproduce the property. If the cost of material and labor is less than when the property was constructed, then the opposite is true. It is not unfair, as I look at it, to prohibit the making of a rate not in conformity with the provisions of the amendment. In other words, if a railroad were built 25 years ago at a cost of $25,000,000 and we were now fixing a rate and found that at the present time it would cost $50,000,000 to reproduce it, it would follow, it seems to me, that if those who own the railroad should get a return upon $50,000,000 investment they would be getting a return entirely out of proportion to the investment which they had made originally. On the other hand, if a railroad built 20 years ago has gone down so that its present value is less than what it originally cost, if it originally cost $50,000,000 to build it, and it is now worth only $25,000,000, the people of the country who have to use the railroad ought not to be required to pay a rate or charge that would bring a return on a greater amount than the present value of the railroad. It would never do an injury, it seems, to anyone to couple the two together, as I have done in this amendment. It would also bring a fair return if the principle were properly applied. Personally I can not see any objection to limiting the rate of return to a combination of those two principles.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Louisiana.

Mr. LONG. I believe that today the railroads themselves will welcome the amendment the Senator has offered. While they worked so hard to get the reproduction-cost theory, now that prices have gone down I think they would like to land themselves on a sound bottom.

Mr. NORRIS. All right; one can take either horn of the dilemma he wants to, but a railroad could not get a higher rate than is provided by either one of these bases of valuation. In other words, what the Commisison ought to do, and would do, would be to say, "What is this railroad now worth?" and also, "How much is invested in this railroad?" It would fix the rate on the least of those two items.

Mr. DILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. DILL. I have just read the Senator's amendment and should like to understand it clearly. I am not clear as to what the Senator's purpose is. He says on the "prudent investment * * * less depreciation", or upon reproduction cost. Do I understand that he means to allow the Commission the alternative of selecting which basis it will take or that it must take?

Mr. NORRIS. Oh, no. As I understand, the amendment does not do that. The Commission must take the one that is the least. It cannot be more than this; it cannot be more than that. It cannot be more, in other words, than a return on the reproduction value; and it cannot be more than a return on the investment in the property.

Mr. DILL. That is what I want to have made clear; and if that is the Senator's meaning, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The Senator from Texas offers an amendment, which will be stated.

The CHIEF CLERK. On page 14, after the amendment of Mr. DUFFY, at the end of line 19, it is proposed to insert the following new section:

SEC. 11. Nothing in this act shall be construed to relieve any railroad company from any contractual obligation which it may have assumed with regard to the location or maintenance of offices, shops, or other facilities at any point, and all rights under any such contract shall remain unimpaired.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KING. Does the Senator mean by that that specific performance may be compelled when it was discovered that it would be wise to abandon some contract and to pay damages?

Mr. CONNALLY. Let me say to the Senator from Utah I am not trying to effect any change in the status quo; I just do not want this bill to interfere with any contractual rights; they can settle those rights either by specific performance or by damages; but I want to make it clear that this measure does not give the coordinator or the companies any authority which they do not possess at this time.

Mr. DILL. Does the Senator think that it would be possible, even without his amendment, for the coordinator or the Commission to do anything that would interfere with existing contracts?

Mr. CONNALLY. Let me say to the Senator that in my State there have been one or two cases in which the railroad company contracted, when it was being built, to locate and maintain in perpetuity shops and offices in consideration of the grant of lands or money or other considerations. Attempts have been made by the companies to move those shops and abrogate those contracts. Those cases have gone to the Supreme Court of the United States, and the cities have been successful in their contention. From time to time they renew their attempts through the Interstate Commerce Commission to secure the abrogation of those contracts. I hope the Senator from Washington will accept the amendment.

Mr. DILL. I see no objection to the amendment.

Mr. CONNALLY. I hope the Senator from Washington will not object to it.

Mr. DILL. It seems to me the Supreme Court rulings themselves would make it impossible for an order of that kind to be issued. I see no objection to the amendment.

Mr. KING. Mr. President, if I understand the amendment offered by the Senator from Texas, it seems to me it should be adopted. Certainly, obligations which have been entered into between transportation companies and States or municipalities should be fulfilled. The Federal Government could not be a party to the repudiation of contracts entered into by agencies or organizations over which it exercises direct or indirect supervision or control.

Mr. President, I regret not having had opportunity to carefully examine the measure before us or read the hearings before the Committee on Interstate Commerce. In the consideration of the bill since it has been before the Senate I have been unable to be present except for a few minutes, owing to important committee engagements which compel my attendance. Owing to the large number of important measures which have been under consideration during this extraordinary session, it has been impossible for Senators to familiarize themselves with the same. Many Senators are compelled to be in attendance at committee meetings of importance during hours when the Senate is in session, and the result is that in the consideration of some measures which have been before the Senate during this session only a limited number of Senators have been present. It may

also be said that the hearings upon important bills have not been as exhaustive as they should have been and have not elicited pertinent facts essential to a proper understanding of the full significance and implications of such measures.

Some of the bills that have been presented to the Senate for consideration are of vital importance. They deal with questions out of the ordinary and, in the view of many, enter fields for which warrant may not be found under our form of government. Policies which deal with economic questions are correlated with political principles, and it is a trite statement that political policies are largely determined by economic policies. I have upon a number of occasions questioned the wisdom of measures which concededly are at variance with economic and political views under which our Nation has reached the importance, if not crowning position, which it occupies among the nations of the earth. In this period of unrest perhaps changes are inevitable. Accepted canons of political and economic conduct are either repudiated or materially modified.

It is to be expected, of course, that political institutions and economic conditions cannot be static or petrified; but changes do not always bring about improvement or are indicative of progress. The Constitution of the United States is sufficiently flexible to meet salutary changes and legitimate and proper evolutionary growth or development. It is not necessary to be iconoclasts in order to tread the highway of economic and political progress. There are those among us who look with disfavor upon political principles bequeathed by the fathers of this Republic and who desire the introduction of alien policies into our social, economic, and political system. Socialism has its devotees; bureaucracy, its faithful adherents; and fascism is not without protagonists. In periods of economic distress, of business depression, and of unemployment there are serious challenges to the existing order and to sound and wise policies which must be followed if the highest forms of civilization are attained.

Not infrequently the statement is heard that we are upon the eve of a social revolution; that the old order is to perish and a new form of government is to be established. The view is entertained by some that the day of individual initiative is past, and that agencies and instrumentalities set up by the governing political authority possess virtues and prescience and infallibility which are denied to individuals, under the guidance of which the problems and difficulties encountered in the economic, social, and political life of the people will be eliminated. Russia has its autocratic authority and each individual is chained to the position to which he or she is allocated. Fascism and socialism are engaged in a formidable struggle to determine which shall triumph. Democratic institutions are menaced here and elsewhere. The word "dictator" is not infrequently heard in this Republic, and apologists appear in defense of propositions to confer authority inconsistent with democratic ideals which have for more than 150 years obtained in this Republic.

The mistakes of capital and the indefensible conduct of some holding high places in the financial world create resentments, and by some are being used to justify powerful assaults upon our political and economic system. No form of government is perfect, and democracy is to be charged with serious mistakes. Undoubtedly there is a world-wide struggle between democratic forces and those which seek autocratic power. This Republic has been an inspiration to peoples in many lands and they have sought to establish political as well as economic systems which would approximate in form and achievement the United States. These observations perhaps are not pertinent to the bill under consideration, but they are prompted by the confused currents of thought which we encounter in nearly every part of the land.

Mr. President, with reference to the bill under consideration, I have reached the conclusion that the situation does not require its passage. That there should be legislation dealing with the problems of transportation there can be no doubt. I was greatly pleased with the admirable address delivered by President Roosevelt at Salt Lake City during the recent campaign. His speech demonstrated that he appreciated the necessity of legislation to meet in a comprehensive way the questions involved in our transportation systems. The bill before us does not meet the situation or cover the field embraced in the President's address. The President has indicated that he is not ready to make recommendations of a full and comprehensive character in dealing with our transportation problems. The measure before us is a makeshift, and I fear that it will prove embarrassing when we come to deal in a broad and comprehensive way with the railroad situation. Conditions undoubtedly will arise under the operations of the pending measure that will make it more difficult to deal comprehensively and justly with the transportation problems when Congress meets in January.

There are evidences of improvement upon the part of the railroads. It is true that many of them are in a precarious situation, but it is not certain that this measure will bring the relief which they require. As I view this measure, it will add to the perplexities and confusion existing today in our transportation system. Instead of unifying authority and promoting efficiency it will produce the opposite result. The new agencies set up will certainly make for divided authority, and the creation of the so-called "coordinator" will add to the uncertainties and tend to prevent improvements and economies which otherwise would be put into effect.

There will be conflicts of authority which will inevitably result in confusion and impediments to the inauguration of reforms which otherwise would follow under the administration of transportation units. As I understand this bill, it does not deal fairly and justly with the employees of the railroads, nor will it be entirely fair to the owners of the railroads or those holding their securities. The members of the Interstate Commerce Commission have great authority in dealing with the railroads; they are conversant with their condition and alive to the reforms needed and to the rights not only of the stockholders and the public but also of the employees.

I fear that this measure is a step in the direction of governmental ownership and operation of the railroads of the United States. It cannot be denied that some of the policies of the Government in connection with the railroads have tended in the direction of governmental ownership. It is inevitable that when the Government takes supervision over any branch of industry it strengthens the demand for increased governmental supervision and ownership. There are demands being made for the Government to take over and own and operate the key industries of the United States; and, I repeat, that the bill before us will increase the demands for governmental ownership of the railroads of our country. Demands are being made not only for a railroad dictator but for an oil dictator. These demands are significant of a new movement in our economic and political life. More and more the people are looking to the Government to assume duties and responsibilities which rest upon them or upon local communities or upon the States. More and more power is being transferred to the Federal Government and the functions and the authority of the Government are being augmented. It is to be hoped that there will be no political dictatorship, and that the confused condition existing today will not lead the American people from the paths of safety and to an abandonment of those sound political principles which have been transmitted by our fathers.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. Does the Senator's objection extend to title II as well as to title I?

Mr. KING. Yes, to both titles. I make this answer in the light of broad and comprehensive legislation to deal with the railroad situation which is expected at the next session of Congress. There is a growing demand for legislation dealing with water transportation, with trucks and with motor transportation, as well as with the railroads. The entire

question must receive attention at the next session of Congress, and I have no doubt that it is the intention of the President to submit to Congress in January recommendations for legislation to meet the situation.

Mr. FESS. I had been under the impression that title I had been the subject of the criticism which the Senator is making.

Mr. KING. Mr. President, perhaps my remarks have been directed rather to title I than to title II, but I am resting my opposition to the bill largely upon the ground that we are not dealing with the question in a broad and satisfactory way; that the proposed measure does not deal with it in a proper and comprehensive way. Congress will have to disregard many and, indeed, repeal provisions found in the bill before us. Because the bill before us does not meet the situation and will, in my opinion, result in confusion and constitute obstacles to normal development which would go forward under the control of the Interstate Commerce Commisison, I shall not vote for its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and is still open to amendment. If there be no further amendments, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TAX EXEMPTION

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the St. Louis Star and Times of May 19 entitled "End the Tax Exemption." It is a very interesting editorial. Immediately preceding it, I desire to read the sixteenth amendment to the Constitution, so that it may appear just ahead of the editorial. That amendment to the Constitution reads as follows:

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

The PRESIDING OFFICER. Without objection, the editorial will be printed in the RECORD, as requested.

The editorial is as follows:

[From the St. Louis Star and Times of May 19, 1933]

END THE TAX EXEMPTION

Budget Director Douglas has submitted to Congress four alternative tax plans for paying interest on the $3,300,000,000 public-works program. President Roosevelt, a little earlier, said that if none of the plans proved acceptable, he would offer one of his own.

This implies that Mr. Roosevelt has a tax plan outside the four. He should have. Not one of the four is likely to be, or should be, accepted by Congress when other and better sources of revenue lie untapped.

Mr. Douglas offers three plans, all of which include large increases in the normal income tax, plus various consumption taxes levied without regard to ability to pay. The fourth is the iniquitous general sales tax.

Not one of these four plans levies one cent of taxation upon the superincomes of the Nation, which are still taxed far below their war-time levels.

It is inconceivable that Congress will accept any of the proposals coming from Mr. Douglas. One might almost believe the taxes were deliberately chosen to insure their rejection, after which Mr. Roosevelt will himself propose the kind of a tax that ought to be levied.

What is that tax?

There is no doubt about what ought to be done. This is the time and the opportunity to get rid of the greatest tax fraud in the United States, the exemption from the income tax of income derived from interest on "tax-exempt securities."

Whenever this is proposed it is said, "That requires a constitutional amendment."

It requires nothing of the sort. It requires an income tax law written in the exact wording of the United States Constitution. Why do we have this exemption from the income tax? In purpose and effect today, it exists to give men with incomes of $500,000 a year and up a chance to dodge the higher brackets of the income surtax. Why do we have this exemption in our so-called "constitutional law"? We have it because, years ago, a reactionary Supreme Court seized upon a poorly worded statute as an excuse to hold that Congress had no power to levy an income tax upon income derived from State and municipal bonds.

The sixteenth amendment to the Constitution gives Congress power to levy a tax "on incomes from whatever source derived." All that is needed is to pass a law levying a tax of certain specified rates upon "incomes from whatever source derived", and exemption ends. The tax upon income derived from State bonds would then be demanded by the Treasury, and any objecting taxpayer could resist in court.

It is an axiom of law that phrases which are not ambiguous do not have to be construed. There is nothing ambiguous about the sixteenth amendment.

What could a new constitutional amendment say? It would have to give Congress power to levy a tax on "incomes from whatever sources derived, including interest on State and municipal bonds." That would be like levying a tax on "all cereals, including corn."

The question of levying an income tax on all incomes has never been put squarely up to the Supreme Court. It has never been put up to the present liberalized Supreme Court at all. The old decision which gave the surtax dodgers this hole to hide in was not based upon the sixteenth amendment itself, but upon a warped interpretation of the wording of the income tax law. That decision wouldn't have had a leg to stand on if Congress had taken the plain wording of the sixteenth amendment and written it into the law. There isn't one chance in ten that the present Supreme Court would nullify a properly worded law ending this long and notorious evasion of the income-tax principle.

The constitutional objection to taxing income from State bonds is valid only when it is a discrimination against State bonds. It is no discrimination when all sources of income are taxed alike, and no injury to the States.

Within 2 years the Supreme Court has squarely reversed the principle of the old tax-exemption decision in a case coming to it from California. Then why should Congress hesitate? The Supreme Court has virtually invited it to act.

Why beat around the bush looking for rabbits when there is a bear in the open?

Why load more taxes onto the man with a little income, onto every man who buys a gallon of gasoline, onto every man or woman who drinks a cup of tea or coffee, when billions of dollars of absolutely tax-free wealth are concentrated in the hands of a few men protected by an outworn decision of an outdated bench?

The Constitution is clear. Make the act of Congress as clear as the Constitution and the income surtax-dodging racket will end. For more than 15 years it has been the crowning shame of the American tax system. The time has come to get rid of it.

THE SHIPPING BOARD

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a letter addressed to the Honorable WALLACE H. WHITE, junior Senator from Maine, by Mr. John Nicolson concerning Shipping Board matters. I have spoken to the Senator from Maine about the matter, and he has given his consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McKELLAR. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a letter addressed to the Hon. WALLACE H. WHITE, junior Senator from Maine, by Mr. John Nicolson, concerning Shipping Board matters. I have spoken to the Senator from Maine about the matter, and he has given his consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

WASHINGTON, D.C., *March 25, 1933.*

Hon. WALLACE H. WHITE, Jr.,
United States Senate, Washington, D.C.

DEAR SENATOR WHITE: On June 20, 1932, you said in the Senate of the United States:

"* * * this table was prepared not by the Senator from Tennessee but by a discharged employee from the Shipping Board, and I say to the Senate that there is hardly a truthful or accurate statement in the three pages making up this report."

The "table" to which you referred is a tabulation in the CONGRESSIONAL RECORD of May 27, 1932, having this caption: "Statement of loans by the United States Shipping Board at interest rates lower than 3½ percent. Compiled May 1932 from official statements of the Board by John Nicolson." I, as the compiler, am therefore the person to whom you referred. Though made last June, your comment was unknown to me until late in January 1933. I read the CONGRESSIONAL RECORD currently, but your speech was not in the then current number; it appeared later in the Appendix, and, as stated, I did not know it until recently.

Concerning the tabulation, you said: "There is hardly a truthful or accurate statement in it." This tabulation presents eight columns of data. Let us dismiss from further consideration the eighth column, for it presents mere simple interest computations, based on factors presented in the preceding columns; these computations, of course, anyone can make; it is substantially correct.

Now, as to the seven columns thus really involved in your comment, these contain basic data. The first three of these are data originating in the Shipping Board. All the others, viz, columns 4, 5, 6, and 7, relate to Federal securities involved in fixing interest rates on construction loans. These data originate in the Treasury Department. You say of it: "* * * there is hardly a truthful or accurate statement in them."

Hon. Ogden L. Mills, Secretary of the Treasury, was requested to have these columns checked up, and by letter dated February 4, 1933, he certifies that all the data in columns 4, 5, 6, and 7 are substantially correct. This covers not only the interest rates certified by the Secretary of the Treasury from time to time, but also descriptive statements of the status and nature of the Federal securities to which they relate—for these have an important, indeed a controlling, bearing on the correctness of the interest rates certified. Of all these the Secretary of the Treasury says:

"I have had the statement checked and find that the information contained therein is substantially correct."

The Secretary notes no exceptions whatever; not one. Will you not kindly read his letter? It is printed in the CONGRESSIONAL RECORD of March 20, 1933, pages 625 and 626.

The data in columns 1, 2, and 3 relate to Shipping Board activities, viz the amounts, foreign-trade interest rates, and length of the loans listed. These also have been re-checked, as set forth in my letter to Senator MCKELLAR of March 18, 1933, and also published in the RECORD of March 20, pages 625 and 626. May I not refer you to it as a part of this letter? As therein revealed.

Only in respect to one loan was there error in the work of tabulation, namely, the loan to the Dollar Steamship Co., authorized by resolution of the Board on April 9, 1930, for improving the steamships *President Fillmore* and *President Johnson* (items 18 and 23), and the correction does not involve enough money to affect the accuracy of the statement in the tabulation, that the total interest losses will "exceed" $22,000,000 compared with interest costs to the United States, and will "exceed" $18,000,000 even when compared with the subsidizing minimum interest rate fixed by the 1931 amendment, a rate which, when used, itself represents a loss of nearly one half of 1 percent annually.

We now come to your comment: "This table was prepared not by the Senator from Tennessee but by a discharged employee from the Shipping Board." The implication is that the work of the compiler had been influenced by motives which impair that faith in it which might otherwise exist. An almost identic comment has emanated from time to time from the Shipping Board—usually having specially in view Senate Document No. 210, Seventy-first Congress: The Truth About the Postal Contracts. You have quoted it, however, in relation to the loans tabulation. This tabulation was made in May 1932. I left the Board in February 1930, and had never before published a criticism of loans by the Board. It would seem that an interval of over 2 years would itself repel the implication you intend. However, please note that this tabulation was made by me only because I was then under professional retainer by a committee of the United States Senate—a relationship which demanded impartial and accurate work. The letters referred to, and especially that from the Honorable Ogden Mills, Secretary of the Treasury, reveal that this professional demand was very substantially met.

The attack on Senate Document No. 210 by Hon. E. C. Plummer, then vice chairman of the Board (see S.Doc. No. 326, p. 31, and the reply thereto, on p. 17), having been ineffective, a "whispering campaign" was inaugurated by certain persons to impair faith in that document, the imputation being that its exposures were prompted by my severance from the Board; whereas precisely the reverse is the fact.

The letters of March 11 and 19, 1929, from the late Senator Wesley L. Jones (printed in the CONGRESSIONAL RECORD of Mar. 20, 1933, p. 629) will reveal to you that I had read in a paper before the Association of American Port Authorities in Houston, Tex., in 1928, relating to this system of contracts. They will also reveal that Senator Jones, who had known something of the writer's work since 1922, happily entertained views very different from the implications of your comments.

The paper Senator Jones mentions was the first of three documents which finally evolved into Senate Document No. 210, Seventy-first Congress, The Truth About the Postal Contracts. A southerner myself and having official work under Admiral W. S. Benson, a commissioner from the South, my Houston paper was devoted to the discrimination Southern ports had until then suffered in the award of these contracts. (S.Doc. No. 326, 71st Cong., p. 27, letter to Senator Jones on this subject.)

The second document, the "Analysis of Certain Postal Contracts", was sent to the persons, and under the circumstances, revealed by my letter of November 22, 1929, and that of November 23, 1929, which letters are also printed in the CONGRESSIONAL RECORD of March 20, 1933, pages 626 and 627. I will not go into details, hoping you may read them. The "Analysis" criticizes severely many of the contracts. My first protests were made in May 1928—against the favoritism, the practical exclusion of competition, and the neglect to require adequate new vessels—these protests were to the committee of the Board or its chairman. Then the responsibility was transferred to the committee appointed by the President, and I renewed the criticisms there—as per the letters just mentioned, in November 1929. These earlier activities are mentioned, activities long antedating my severance from the Board, only to reveal how absurd the suggestion is that my campaign against these contracts was the result of my severance—when precisely the reverse is the fact.

I was well aware of the seriousness of the step taken in November 1929 in sending the Analysis and the letter of November 22 to the members of the interdepartmental committee the President had appointed; and even more so, of the letter to the Board charging the Board with responsibility. Concurrently with those letters, I told the Board, by telling Commissioner Smith, that the step had been taken "regardless of consequences" to myself, and repeated these words to him, for emphasis; this of course was tantamount to placing my resignation in their hands. I did not at once more formally resign because I wanted a hearing, with the Commissioner who had special charge of these contracts (Mr. Plummer) present, as expressly requested in my letter to the Board (letter of Nov. 23, 1929). I had twice previously resigned from the Board during my 8 years there, but in neither case was it accepted.

Pursuant to that request I appeared before the Board November 29 and presented my attitude generally; but Commissioner Plummer was not present, and the matter was postponed. Not having been resumed by January 10, 1930, I wrote the chairman my letter of that date (CONGRESSIONAL RECORD, Mar. 20, 1933, p. 628) asking for a final hearing, and the meeting of January 23, 1930, resulted. I entered that meeting fully expecting to resign at its close; but Mr. Plummer was again not present, and I emphasized my regret that he was not, as I wanted a colloquy with him before the Board, hoping, before leaving, to impress the members who had had little to do with these matters with the enormity of some of the contracts which had been made.

The closing paragraph and sentences of the stenographer's minutes of the meeting of January 23, 1930, are also in the CONGRESSIONAL RECORD of March 20, 1933, page 628. Please read them and note that the hearing was left definitely open until at earliest February 1; then note on the same day, January 23, the chairman wrote me his letter of that date (CONGRESSIONAL RECORD, Mar. 20, 1933, p. 627) informing me my resignation was accepted, effective February 1—the very date to which the continuance had been taken. The real reasons for my severance are given in my reply of January 25, 1930 (same CONGRESSIONAL RECORD, p. 627). In confirmation of its rebuttal of the chairman's "reasons" for the "resignation", there are also printed in the same RECORD two documents signed by Commissioners Benson and Plummer (I was director of their respective bureaus); one, a letter to Representative Wood, chairman of the House Committee on Appropriations, dated January 15, 1928 (pp. 628–629); the other, an official report, sent by the chairman of the Board to the Personnel Classification Board, recounting my status and functions at the Board (pp. 629–630).

The chairman's letter of January 23, 1930, while stating the "resignation" would be effective February 1, also stated my pay would be computed to March 11. The letters between us, dated January 31, February 1, 2, 3, and 4 (CONGRESSIONAL RECORD, Mar. 20, 1933, pp. 627–628), will reveal his unwillingness to concede the supplemental payment could be accepted, and yet, after February 1, I be free to talk; hence my reply to the question asked me at a hearing of the Senate Committee on Appropriations whether I had received the $825, which was the amount of the supplemental payment proposed: "Mr. Chairman, the payment of the $825 seemed conditioned upon my remaining silent from February 1 to March 11, and I declined to accept it. It was never paid me" (p. 628). There were some important shipping bills then pending on which I had hoped to be heard.

Your speech related to the renomination of a Commissioner of the Shipping Board, and I regret exceedingly that you should have made any reference whatever to the undersigned, and especially a comment so unjustified as the one in fact made.

Yours very truly,

JOHN NICOLSON.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. MCKELLAR. Mr. President, I move that the Senate proceed to the consideration of the independent offices appropriation bill, being House bill 5389.

Mr. ROBINSON of Arkansas. Mr. President, in the event the bill is taken up, it is my expectation, after the Senate may have transacted a small amount of legislative business, to move an adjournment until Monday at 12 o'clock.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. ROBINSON of Arkansas. Mr. President, I send to the desk and ask to have printed and lie on the table an amendment which I shall propose to the independent offices appropriation bill. This is a legislative amendment. It is made necessary by the fact that in the analysis of section 36,

Public Act No. 10, Seventy-third Congress, approved May 12, 1933, being the Farm Relief Act, in which were incorporated provisions having reference to other subjects, it has been found by the Reconstruction Finance Corporation that it is very questionable whether the provision is workable without some modification.

It may or may not be remembered—however, it is the fact—that the Committee on Banking and Currency revised the provision of the bill referred to having relation to the indebtedness of drainage and other improvement districts. The amendment has been drafted by experts, and I am offering it on the appropriation bill for the simple reason that it is highly important that the provision shall be perfected before the end of the present session of the Congress and there is anticipated difficulty in getting consideration of the subject in a separate bill.

I make this brief explanation now in order that those who have charge of the appropriation bill may understand the reason for offering a legislative provision.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. ROBINSON of Arkansas. Certainly.

Mr. REED. Would not the amendment be subject to a point of order unless it has been approved by a standing committee?

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. The Senator expects to have that done, does he?

Mr. ROBINSON of Arkansas. I hope it may not be found necessary, but I recognize in my statement that the amendment is subject to a point of order. The object of my statement is to avoid, if possible, having the point of order raised.

Mr. McKELLAR. Mr. President, in order to be on the safe side may I suggest that it would be better for the Senator to offer a motion to suspend the rules? Then it would be in order as a matter of procedure.

Mr. ROBINSON of Arkansas. I had intended to take a different course about the matter. I thank the Senator for his suggestion. I do not believe any Senator will make a point of order upon the statement submitted here. The amendment does not change in principle the provision that has already been adopted by both Houses of Congress. It modifies the language so as to make the provision workable in the opinion of those who are compelled to administer it. In that view of the subject I do not anticipate anyone will arbitrarily and unnecessarily impose a point of order. If it involved the question of new legislation touching a subject of so great importance, I should anticipate the making of a point of order; but I have explained that the whole subject matter of the amendment is already covered by existing legislation. The changes appear to me to be comparatively few and simple. Counsel for the Reconstruction Finance Corporation hold that there are some changes, which will be explained later, that are necessary in order to give prompt and effective application to the statute.

Mr. REED. The Senator is not offering the amendment at this time?

Mr. ROBINSON of Arkansas. Oh, no; certainly not. I am simply asking to have it printed and lie on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COSTIGAN. Mr. President, may I ask the able Senator from Arkansas if there is objection to having the amendment referred to the appropriate committee? I did not hear the Senator's entire statement.

Mr. ROBINSON of Arkansas. I think the amendment should go to the Committee on Banking and Currency. That would be the appropriate committee. However, that committee is having almost continuous sessions, and there is some doubt in my mind as to whether it would be possible to get consideratiton by the committee before the pending bill is acted upon by the Senate. That is one of the reasons I have not asked its reference to a standing committee.

Mr. COSTIGAN. So far as I know, there will be a meeting of the Banking and Currency Committee on Monday or Tuesday. Might we not report back the amendment——

Mr. ROBINSON of Arkansas. The committee might, but the question I am interested in is whether it would.

Mr. LONG. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Louisiana.

Mr. LONG. As I understand, this amendment merely clarifies what we have already enacted.

Mr. ROBINSON of Arkansas. The Senator is correct.

Mr. LONG. When the officials came to administer the bill they found that our wording was such that the experts wanted to re-form it, so that there would be no question about it.

Mr. ROBINSON of Arkansas. Frankly, if a point of order is made and sustained, I will take steps to have it voted upon in connection with other legislation that is coming on. I intend to have the Senate consider it but have not asked its reference to a standing committee because the provision was reported by the Banking and Currency Committee, and that committee may not meet again in time. The language that was heretofore adopted, as I have already explained, has been found not workable. I did not wish to estop myself from offering it to this bill by having it go to a committee that might not report before the bill was finally disposed of.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COSTIGAN. At the time the feature of the bill to which the amendment relates was before the Senate, certain Senators were interested in an amendment which was adopted by the Senate and eliminated in conference. Frankly, my interest in having it go to the committee is to consider again the question whether the amendment offered by the Senator from Arkansas should not be further amended.

Mr. ROBINSON of Arkansas. Of course, the amendment will be subject to amendment in the Senate.

The PRESIDING OFFICER. The Senator from Arkansas has the right to offer his amendment and have it printed and lie on the table.

Mr. ROBINSON of Arkansas. I do not anticipate that the Banking and Currency Committee would have the opportunity to consider it. I ask that the amendment lie on the table for the present.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. NORRIS. Mr. President, I feel a very deep interest in the amendment which the Senator has offered. I was going to make a suggestion to the Senator along the line of the suggestion made by the Senator from Tennessee; but the Senator from Arkansas did not take very kindly to that suggestion, and I do not want to interfere with any method he may propose. Probably he may have a different idea as to what it may be desirable to do.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. In view of the suggestion made by the Senator from Tennessee and the Senator from Colorado, supported by the Senator from Nebraska, I ask that the amendment be referred to the Committee on Banking and Currency.

Mr. NORRIS. Oh, no, Mr. President!

Mr. ROBINSON of Arkansas. And I ask those Senators to take their full share of the responsibility.

Mr. NORRIS. Mr. President, I have the floor, and I shall not yield until I get through. The Senator from Arkansas has entirely misconstrued my idea. I am not asking that the amendment go to the Banking and Currency Committee. I have not made any such suggestion.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. I understood the Senator to express the opinion that it should go to the committee.

Mr. NORRIS. No; no. I have expressed no such opinion.

Mr. ROBINSON of Arkansas. Very well.

Mr. NORRIS. I said that I was trying to get the attention of the Chair in order to interrupt the Senator; but my idea was, if I had obtained recognition from the Chair, to make practically the same suggestion that was made by the Senator from Tennessee. The Senator from Arkansas had some other idea as to how the matter was going to be handled, and I concur without knowing anything about it. It is the Senator's amendment, and I do not want to interfere in any way with any method he may want to pursue to attain the result; but I should feel very much chagrined if, when this amendment comes up, a point of order is made against it, and we should either have to let it go or have to make the necessary motion, which would keep the bill before the Senate until the next day in order to bring up a motion to suspend the rules.

I have no doubt but that when this amendment is explained we could very easily get sufficient votes to suspend the rules, but there is always danger of a point of order being made; and if we have to suspend the rules we would have at least to keep the bill before the Senate until the next day. Therefore I thought we might as well start the machinery now and be ready in case a point of order were made.

Mr. ROBINSON of Arkansas. Mr. President, I give notice of the customary motion to suspend the rules in order to make the amendment in order. I think that will meet the requirements of all Senators.

The PRESIDING OFFICER. The Senator from Arkansas offers an amendment, which will be printed and lie on the table, and, under the rule, the Senator gives notice that he will make a motion to suspend the rules.

The notice of Mr. ROBINSON of Arkansas was reduced to writing, as follows:

NOTICE OF MOTION TO SUSPEND RULES

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, at the proper place to insert the following:

"Section 36, Public Act No. 10, Seventy-third Congress, approved May 12, 1933, is amended to read as follows:

"'SEC. 36. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000, to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6-month period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.'"

Mr. JOHNSON. Mr. President, to the bill that is now the unfinished business I present an amendment, and ask that it be printed and lie on the table; and in order that I may be on the safe side, although the Committee on Appropriations is familiar with the matter, and I do not think a point of order will be made, I present as well notice of a motion to suspend the rules when the matter may be taken up.

The PRESIDING OFFICER. The amendment will be printed and lie on the table; and the notice will be entered.

The notice given by Mr. JOHNSON is as follows:

NOTICE OF MOTION TO SUSPEND RULES

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 5389) making appropriations for the Executive Office, and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, on page 61, after line 6, to insert the following new section:

"The Secretary of the Treasury is hereby authorized to effect a modification of the contract for the construction of the Long Beach, Calif., post office, so as to afford such relief as he deems to be proper for losses caused the contractor for restoration of damages to the building occasioned by the earthquake of March 10, 1933, and to make such structural and other changes in the building as may be necessary to minimize a recurrence of earthquake damage to the building: *Provided*, That the present appropriation for the Long Beach project shall be available for the purposes named, and that any additional cost incurred by reason of the above shall not exceed the present limit of cost."

STATEMENT OF SENATOR M'ADOO BEFORE BANKING AND CURRENCY COMMITTEE

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD a statement made by the junior Senator from California [Mr. MCADOO] before the Banking and Currency Committee.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

When the United States entered the World War in 1917 I selected Russell C. Leffingwell, of New York, to be counsel for the Liberty bond issues. He was a member of a prominent law firm in New York versed in these particular matters. I had known him as a young man, his family and mine having lived across the street from each other at Yonkers, N.Y.

Subsequently, because of Mr. Leffingwell's ability, I made him an Assistant Secretary of the Treasury, a place he filled with great ability and distinction. When I left the Treasury in 1918 Mr. Leffingwell remained with my successor, CARTER GLASS, and also, I believe, with Mr. GLASS's successor, David F. Houston.

After leaving the Treasury he became a partner in the firm of J. P. Morgan & Co.

Ten years after I resigned as Secretary of the Treasury, and 4 years before I became a United States Senator from California, Mr. Leffingwell offered me the opportunity of making three investments through his firm, J. P. Morgan & Co.:

1. February 1929, 500 shares of the stock of the Alleghany Corporation, which I paid for in cash and which I sold at a net profit of $4,900.

2. January 1929, 250 shares of common and 250 shares of preferred stock of the United Corporation, which was sold at a loss of approximately $400.

3. September 1929, 1,000 shares of Standard Brands, which was sold at a loss of $7,065.

The net loss on these three transactions was $2,565.

I have never been a "preferred client" of J. P. Morgan & Co. The participations to which I have referred came to me solely through my friendship with Mr. Leffingwell. Prior to this time I had never had a transaction with the firm of J. P. Morgan & Co., nor have I had any transaction with the firm since. I have never borrowed from J. P. Morgan & Co., and, therefore, have never owed them anything.

Mr. Chairman, I do not consider it necessary for me to make this statement, but I make it solely because of the misleading articles which have appeared in the press, and which are attempting, through headlines and otherwise, to impart some sinister feature to perfectly proper business transactions conducted by the Morgans on the one hand and myself on the other, within our rights and not subject to the least criticism.

HEARINGS BEFORE THE COMMITTEE ON FOREIGN RELATIONS

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, without amendment, Senate Resolution 30, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 30) submitted by Mr. PITTMAN on March 15, 1933, and it was considered and agreed to, as follows:

Resolved, That the Committee on Foreign Relations, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

PRESERVATION OF VALUABLE HISTORIC DOCUMENTS

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, with an amendment, Senate Resolution 73, and I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 73) submitted by Mr. ROBINSON of Arkansas on the 4th instant.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution? The Chair hears none. The amendment of the committee will be stated.

The amendment was, on page 1, line 3, after the word "exceed", to insert "$1,500", so as to make the resolution read:

Resolved, That the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such sums as may be necessary, not to exceed $1,500, for the purpose of adequately providing for the preservation of old documents on file in the Senate Library.

The amendment was agreed to.

The resolution, as amended, was agreed to.

DISARMAMENT CONFERENCE AT GENEVA—ADDRESS BY NORMAN H. DAVIS

Mr. POPE. Mr. President, second only in importance to the recent disarmament message to the nations of the world is the address by Norman H. Davis, chief delegate of the United States, before the general commission of the Disarmament Conference at Geneva. The message of the President and the address of Mr. Davis mark a distinct step forward in American policy with respect to disarmament and world peace. This is highly significant and cheers the hearts of millions of men and women throughout the world who believe that the United States should assume a greater responsibility in cooperation with the other great nations in the promotion of world peace.

I ask unanimous consent of the Senate to have printed in the RECORD the address of Mr. Davis and an editorial in the New York Times of May 23 commenting upon the significance of the address.

There being no objection, the address and editorial were ordered to be printed in the RECORD, as follows:

ADDRESS OF HON. NORMAN H. DAVIS, CHIEF DELEGATE OF THE UNITED STATES BEFORE THE GENERAL COMMISSION OF THE DISARMAMENT CONFERENCE AT GENEVA

The initiative taken by the President of the United States in communicating directly with the heads of the states participating in the Economic and Disarmament Conference, was prompted by the pressing need for concerted and decisive action to solve the interrelated problems with which these two conferences must deal.

The disarmament conference has reached the moment for definite decisions. We must face the issue; we must now determine whether the nations of the world propose to go forward with progressive disarmament or revert to the pre-war system of unrestrained competition in armaments with all the continuance of the international suspicion and fear which this will involve.

At the end of the World War the peoples of all states and their leaders resolved that the suicidal armament policy of the preceding decades must be changed.

They were convinced that this policy had been one of the contributing factors which brought about the war. Hence a new policy regarding armaments was incorporated as a fundamental part of the peace settlement.

This policy, adopted to prevent a future race in armaments, was based on the principle that armaments are a matter of general concern and that the time had passed when each state should be the sole judge of its armaments.

OBLIGATION ASSUMED VOLUNTARILY BY VICTORS

To carry out this conception provision was made for the disarmament of the defeated powers and at the same time a decision was taken unprecedented in history whereby the victorious states voluntarily assumed an obligation to reduce their own armaments.

As a first step the peace treaties reduced the armaments of Germany and her allies with a view to rendering impossible any aggression on their part. In fact, the theory behind these treaties was that the military forces of the disarmed powers should be fixed on the basis of the maintenance of internal order and the necessary policing of frontiers, but no more.

The whole purpose of these provisions was to guarantee that the armies of Germany and her former allies should thenceforth stay at home.

It would neither have been just nor wise, nor was it intended, that the Central Powers should be subject for all time to a special treatment in armaments. There is and has been a corresponding duty on the part of other powers, parties to peace treaties, that by successive stages they, too, would bring their armaments down to a level strictly determined by the needs of self-defense.

While the United States is not bound by the provisions or the implications of those treaties, I have no hesitancy in saying that it is the will of our people, interpreted by President Roosevelt, to join with the other powers in disarming down to that level, and we are prepared to exert our influence to bring this about, not by theoretical statements of good intentions but by decisive and progressive reduction of armaments through international agreement.

The present situation admits of no further delay. The states of the world must either go forward in good faith to carry out in all its implications the disarmament policy which they adopted in 1919 or we must recognize frankly that this policy has been abandoned and reconcile ourselves to reverting to a race in competitive armament.

WAR INEVITABLE IF CONFERENCE FAILS

If the latter course is taken, the consequences are inevitable. Sooner or later there will be the breakdown of the peace machinery which has been so laboriously built up since 1918, and the world will be swept into another war.

The immediate result of a failure here would be a set-back to economic recovery, which depends upon such mutual confidence between nations as will permit a real collaboration in the task of restoring international trade and the freer movement of goods.

This is impossible in a situation clouded by the fear of war. National budgets which should be devoted to productive and social ends are burdened with excessive and wasteful expenditures for armament. This leads in turn to an almost unbearable load of taxation on all our peoples.

If we thus candidly face the situation, there is really no alternative for a sane world to consider. It is inconceivable that the responsible leaders of any country in the world could hesitate over this issue. We cannot shirk the duty which this choice imposes upon us. We cannot safely delay taking effective steps to reduce armaments to a purely defensive basis.

As far as the position of the United States is concerned we are frank to recognize that we have a simpler problem to meet than have many of the European powers. Fears and apprehensions based on historical and racial grounds have led to the maintenance of large armaments in Europe. These large armaments have caused resentment, particularly in the less-armed countries. The resulting political tension has in turn reacted to keep up the general level of armaments.

We are not unaware of the difficulties which lie in the way of reduction in armaments here. It is our very detachment from this situation which gives us hope that we may exert a helpful influence toward the realization of our common objective. But we are prepared to aid in other ways than through exerting our influence, and I shall take this opportunity to show what we are prepared to do.

WHAT THE UNITED STATES IS PREPARED TO DO

As regards the level of armaments we are prepared to go as far as the other States in the way of reduction. We feel that the ultimate objective should be to reduce armaments approximately to the level established by the peace treaties; that is, to bring armaments as soon as possible through successive stages down to the basis of a domestic police force.

In particular, as emphasized by President Roosevelt, we are prepared to join other nations in abolishing weapons of an aggressive character which not only are the more costly to construct and maintain but at present are those most likely to lead to a breach of the peace.

To cut the power of offense and remove the threat of surprise attack would do more than anything else to lessen the danger of a war.

Almost a year ago the American Government submitted a proposal along these lines. This proposal, which received the approval of a large number of states, was not acceptable to certain states, and was therefore not adopted.

A few weeks ago the British Prime Minister submitted a detailed proposal which embodies many of the features of the American plan of last year. As the British proposal represents a real measure of disarmament, we accept it whole-heartedly as a definite

and excellent step toward the ultimate objective. We therefore are prepared to give our full support to the adoption of this plan.

In addition, I wish to make it clear that we are ready not only to do our part toward the substantive reduction of armaments, but if this is effected by general international agreement we are also prepared to contribute in other ways to the organization of peace.

In particular we are willing to consult the other states in case of a threat to peace with a view to averting conflict.

Further than that, in the event that the states, in conference, determine that a state has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which these states may thus make to restore peace.

EFFECTIVE SUPERVISION HELD INDISPENSABLE

Finally, we believe that a system of adequate supervision should be formulated to insure the effective and faithful carrying out of any measure of disarmament.

We are prepared to assist in this formulation and to participate in this supervision.

We are heartily in sympathy with the idea that means of effective automatic and continuous supervision should be found whereby nations will be able to rest assured that as long as they respect their obligations with regard to armaments the corresponding obligations of their neighbors will be carried out in the same scrupulous manner.

The disarmament conference has already formulated measures for the establishment of a permanent disarmament commission. The powers now proposed for this commission may well be reinforced. The commission will have many important duties, but none more essential than that of effectively supervising the fulfillment of the treaty.

We recognize that the ultimate objective in disarmament must be attained by stages, but we believe that the time for the next and decisive step is long overdue and cannot be further postponed.

Virtually all the nations of the world have entered upon the solemn obligation of the Briand-Kellogg Pact to renounce war as an instrument of national policy and to settle their disputes only by pacific means.

If we are to keep faith with these obligations, we must definitely make up our minds to settle our disputes around a conference table instead of preparing to settle them on the battlefield.

It was with such a thought that the President proposed an undertaking by the nations that, subject to existing treaty rights, armed forces should not be sent across national frontiers.

SIMPLEST DEFINITION OF AN AGGRESSOR

In the long run we may come to the conclusion that the simplest and most accurate definition of an aggressor is one whose armed forces are found on alien soil in violation of treaties.

There have been two main obstacles to disarmament. One was the apprehension that Germany proposed to rearm; the other the reluctance of the armed powers of Europe in the present state of the world to take a real step in disarmament.

If at this decisive point any nation should fail to give conclusive evidence of its pacific intentions and insist upon the right to rearm, even though the other powers take effective and substantial steps toward disarmament, then the burden of responsibility for the failure of the disarmament conference, with the incalculable consequences of such a failure, would rest on the shoulders of that nation.

The problem with which we are faced cannot be solved if one nation insists on rearming while the others disarm. The result inevitably would be another race in armaments.

As regards the action of the other powers we are not unaware in the United States of the political difficulties which still lie in the way of the reduction of European armaments.

We recognize the legitimate claim which any state has to safeguard its security.

But we are firmly convinced that in the long run this security can best be achieved through a controlled disarmament by which the military strength of the most heavily armed nations is progressively reduced to a level such as that provided for in the peace treaties.

To the extent that armaments create political tension they in themselves constitute a menace to peace and may jeopardize the security of the very nations which maintain them.

If we take a long step in the direction of disarmament today and agree by stages to achieve our ultimate objective, we can meet any legitimate claim of the powers bound by the peace treaties and at the same time effectively help to insure peace.

A few days ago the conference met a serious obstacle to further progress in its detailed examination of the British plan. Since then there has been an appreciable change.

NEW GERMAN ATTITUDE MAKES FOR SUCCESS

The recent speech by the German Chancellor before the Reichstag clarifying the German attitude and policy with regard to disarmament and endorsing the proposal of President Roosevelt has been most helpful.

This and also the subsequent announcement made here by our colleague, Herr Nadolny, of Germany's acceptance of the British plan as the basis of the future convention, have so altered the situation as to justify us in assuming that we can now resume our consideration of this plan with real hope of agreement.

Our present agenda is a consideration of the chapters on war material. It was understood that other related subjects might be introduced and my colleagues may feel that I have made wide use of the latitude thus given me.

But in closing my remarks and to bring our discussion back to the concrete question before us I desire to state that the American delegation accepts the chapter on material and expresses the hope that the other delegations will join in this acceptance and that the way may thus be cleared for an immediate decision on the concrete proposals in this chapter.

This conference is not only a disarmament conference. It is an emergency conference of a world in a state of political uncertainty and economic depression.

The next weeks will bring the decisive test. It will require courage and statesmanship to meet this test, but the failure to do so will go far to shatter any hope of world organization for peace.

As far as the United States is concerned, our abilities and our incentive to collaborate wholeheartedly in the continuing task of helping to maintain world peace depend in large measure upon the results achieved here in disarmament.

UNITED STATES READY TO SHARE RESPONSIBILITY

President Roosevelt's message is a clear indication of the fact that the United States will exert its full power and influence and accept its just share of responsibility to make results in disarmament definite, prompt, and effective.

The results of success here and now would bring benefits beyond all calculation. It would give new confidence and hope—confidence that governments can still govern and leaders lead; hope that a definite step in disarmament having at last been taken, economic recovery will be hastened and the millions in all countries who are only asking for the opportunity to work will have restored to them the possibility of living in peace and of earning their daily bread.

If by a great act of faith each and every nation will now summon the courage to take a decisive step in general disarmament, conditions throughout the world will so improve that we can henceforth face the future with a real feeling of security and confidence.

With the alternative to success in mind, we cannot allow ourselves to fail.

[From the New York Times, May 23, 1933]

A STEP FORWARD

Yesterday's address by Mr. Norman Davis at Geneva naturally followed the lines of President Roosevelt's message to the world last week. The main points are the same, though they were emphasized and perhaps more clearly defined in detail by Mr. Davis. The net effect of his announcement of American policy is agreement with the thesis that, in the next war, if there is to be one on a great scale, there can be no such thing as neutrality. The United States will be prepared to waive all rights as a neutral, provided that, after consultation with other nations, she has herself decided that an aggressor is threatening the peace of the whole world. It is clear that, as President Roosevelt stated the other day, this vital decision will not be forced upon our Government by other nations but "made right here in Washington." Thus national self-determination would be retained. But there is no mistaking the fact that, as the other delegates at Geneva at once perceived, and as the foreign diplomats in Washington immediately concluded, the Davis speech proclaims an advance in American policy as respects disarmament and all the possible issues of war or peace.

Highly significant was the statement by Mr. Davis that the United States would not favor an agreement by which any nation would be allowed to rearm. This, of course, looks straight at the German contention. On the other hand, Mr. Davis conceded that a fair interpretation of the Versailles Treaty would obligate the victors gradually to cut their armaments down to a defensive level no higher than that imposed upon the vanquished. But almost in the same breath Ambassador Davis gave it as the American view that "the territorial status quo" should be maintained. This reads amazingly like a tacit adherence to the famous article X of the Covenant of the League of Nations, which was fought to the death by the United States Senate in 1919, and had much to do with its final rejection of the Versailles Treaty.

The inevitable inference is that the world has moved, and that the United States has moved with it. This country no longer boasts of its "splendid isolation." The President and his special representative at Geneva have now fully recognized the fact that our chief interests are inextricably bound up with those of the rest of the world. To this extent there has been a frank change in the American attitude. Thus far its manifestation and effect are largely mental. But the time for practical application may come sooner than many think. As the case stands today, our Government has plainly shown that it sees not only an obligation but an advantage in joining other nations in the pursuit and realization of the necessary means of keeping the peace.

REGULATION OF PUBLIC UTILITIES

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation of May 31, 1933, entitled "The Supreme Court Blocks Utility Regulation."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Nation, May 31, 1933]

THE SUPREME COURT BLOCKS UTILITY REGULATION

By Will Maslow and E Michael White

While public-utility consumers all over the country rightly complain about excessive utility rates and seek improvement in the personnel of their public-service commissions, the real villains in the piece—nine black-robed old gentlemen in Washington (or a majority thereof)—escape attention and criticism. In the shadow of the Capitol, far removed from the whir of turbines, the roar of waterfalls, or the ring of the utility bill collector, the United States Supreme Court, "the watchdog of the Constitution", manufactures decisions which thwart the public desire and interest, cause the more enlightened regulatory commissions to throw up their hands in disgust, and permit the utilities to enjoy the benefits of anarchic monopoly. The latest decision of the Supreme Court on public-utility regulation, handed down May 8, 1933, in the Los Angeles Gas & Electric Co. case, and hailed as a great step forward, is only another reminder that the chief obstacle to effective regulation is the attitude of the Supreme Court on the all-important and little-understood quesion of "valuation."

In November 1930 the California Railroad Commission ordered a cut in the gas rates of the Los Angeles Gas & Electric Co. which was calculated to reduce the company's revenues by about 9 percent. The company appealed to the Federal courts, invoking the magic word "confiscation." Two and one-half years later the Supreme Court reviewed the case. The Court upheld the new rate, since it allowed a return of 7.7 percent on the commission's valuation based on the theory of "historical cost" and a return of 7 percent on the valuation based on the "reproduction-cost theory." (These theories and their importance will be discussed farther on.) The rate order of the California commission which the Supreme Court upheld was hardly a revolutionary or daring one. For example, it failed to deduct anything for depreciation (a minimum of $7,650,000), which it might have done under the law. The Supreme Court used this difference to account for the mythical "going value."

Although the Supreme Court achieved a proper result in upholding this order, which it could hardly have reversed, the opinion itself, written by Chief Justice Hughes, only served further to muddle the already muddled utility law by perpetuating the confusion and uncertainty which now exist. The "liberal minority" of the Supreme Court, headed by Mr. Justice Brandeis, failed to dissent from this unsatisfactory decision. The dissent, however, was forthcoming from Justices Butler and Sutherland, who asserted that the company's property was being confiscated. Mr. Justice Butler could have concurred safely in the majority opinion in this case. But the learned Justice, in his early days a utility lawyer, found it necessary to dissent very vigorously from the majority opinion. He said: "As the commission's refusal to apply principles of valuation established by our decisions resulted in arbitrary undervaluations, the prescribed rates should on that ground be set aside."

The financial history of a utility company claiming confiscation is worthy of comment. In 1924 the Los Angeles company paid a dividend of 33.75 percent, which included a stock dividend of 25 percent. In 1925 the dividend on the capitalization thus inflated was 9 percent; in 1926, 9.8 percent. In 1927 another stock dividend was declared, this time of 21.42 percent, making a total dividend for the year of 35.17 percent. In 1928 on this last increased capitalization, the company paid a dividend of 16 percent; in 1929, 17 percent; and in 1930, the year before the "confiscation", 21 percent. In 1931, after the alleged confiscation (also in the second year of the depression), the company paid a dividend of 16.75 percent on its common stock. Meanwhile, the company's surplus increased from $381,212 in 1916 to $4,176,663 in 1929, while its depreciation reserve increased from $3,804,383 to $16,804,105 in the same period.

All the common stock of the Los Angeles Gas & Electric Co. is held by the Pacific Lighting Corporation, a holding company. This happy parent of so productive a child paid a 16-percent dividend on its common stock in 1926 and 1927. In 1929 it split its common stock 10 for 1, and since that time has paid $3 a share on each of the new shares, or 30 percent on the original par value of $100. (It should be recalled that electric utilities, according to their own propaganda, make no profit.) How could a corporation with such a dividend record even get into the Supreme Court with a plea of confiscation? The answer is that "confiscation" means "legal confiscation", and under its interpretation of the "due process" clause of the fourteenth amendment the Supreme Court may find that even profitable utilities are being "deprived" of their constitutional rights. Rates are fixed in the first instance by regulatory commissions established by State legislatures. The Federal courts may, however, forbid such rates, on the theory that the utility has a constitutional right to a fair return on the fair value of its property, commonly referred to as the rate base. If the Federal court believes that the rates fixed by the State commission are so low that the utility will be unable to earn what the court regards as a fair return on that rate base, it declares the rates confiscatory and enjoins their enforcement.

There are two conflicting theories as to the correct method for determining fair value: One is the theory of original cost; the other is the theory of reproduction cost. According to the first method, advocated by Mr. Justice Brandeis and spokesmen for the consumer, the fair value, or rate base, is fixed as that sum originally invested in the business. Advocates of this theory contend that if an investor receives adequate dividends on his actual investment (taking into consideration the nature of the public-utility industry) he ought to be satisfied. According to the second method, the fair value of a utility is fixed as the present cost of reproducing it. This theory as applied in a period of rising prices has meant millions of dollars added to the rate base and therefore to rates.

The cost-of-reproduction theory has few defenders besides utility lawyers and certain members of the Supreme Court. Its vices are many: It is based on illogical premises, it calls for frequent and expensive appraisals of utility property, and it loads the rate base with mythical items of value. What is the present value of a complicated and extensive utility business? Spokesmen for the utilities have urged that the present cost of reproducing its property be taken as the sole measure of its value. They might have argued with some justification that the cost of constructing a plant which would produce the present service should be taken as a measure of value. But the reproduction-cost theory involves a reproduction of the plant and not of the service. For example, if plants of the New York Edison Co. were to be torn down, its obsolete machinery producing direct current would surely not be replaced. But the New York Edison Co. insists that in measuring the value of its property the present cost of reproducing its entire plant, with its inefficient locations, its small generating units, its dangerous overhead wires, its direct-current switchboards, must be determined and included in the rate base.

The cost-of-reproduction theory is not only illogical but demands a technique of pure guesswork. How delusive the supposed exactness of this technique is can be seen from the conflicting estimates of the value of the property of the Los Angeles company. The commission determined the "fair value" of the company's property to be $65,500,000. The utility company's engineers testified to a figure of $95,000,000, an excess of 50 percent!

But if the imagination of high-priced appraisal experts is given free rein in evaluating physical properties, their fancies are absolutely unfettered in evaluating so-called "intangible factors." The Consolidated Gas Co., for example, insisted some years ago that in estimating the cost of reproducing its gas mains extra items of cost would have to be added, since the improvement in highway construction made street openings more expensive! Another utility company insisted that in the process of calculating the value of its property, if it were to be reproduced de novo, the cost of training its engineers and of making its consumers gas-conscious should be included in the rate base!

Another figment of the imagination for which the public pays is the item of "going value." What this item is, it is not for us to attempt to explain. Far be it from lawyers to rush in where judges fear to tread. According to Chief Justice Hughes, who wrote the opinion in the Los Angeles case, going value is "an element of value in an assembled and established plant doing business and earning money over one not thus advanced." This sounds suspiciously like "goodwill." Yet the Court specifically stated that "going value" was not to be confused with "goodwill", and goodwill, as an item of value, was excluded by the Supreme Court a generation ago. The result is that today only a Supreme Court Justice can distinguish between the goodwill that was barred and the going value that is admitted.

In the Los Angeles case the Supreme Court found that the value of the property as valued by the commission on an original-cost basis was $5,600,000 less than when calculated on a reproduction-cost basis. Since price levels at the time of construction were higher than those prevailing in 1930, as the Court itself pointed out, there was no reason why the reproduction cost should have exceeded the original cost by $5,600,000. Instead of pointing out this error of the commission, the Supreme Court called the excess "going value", thus swelling the rate base by about 8 percent. When the reproduction-cost theory in a period of low prices favors the consumer for the first time in 20 years, a reactionary court may nullify the effect of falling prices by swelling the rate base with the mythical item of going value.

Another vice in the reproduction-cost theory is the necessity for periodic reappraisals—at the consumers' expense. Since reproduction costs depend upon the current cost of labor and materials, every major shift in price levels demands a new valuation. In the Los Angeles case the California commission fixed the "fair value" of the utility's property at $65,000,000 on the basis of 1930 prices. After 2½ years of litigation this valuation was upheld by the Supreme Court by a 6-to-2 vote. Meanwhile, an unprecedented drop in prices has rendered the valuation hopelessly out of date. If the California Railroad Commission were vigilant—and equipped to do the work of reappraising—it would have to start another rate case, which would be passed upon by the Supreme Court in 1936.

Vicious as the theory of reproduction cost is, it is at least better than no theory at all, which is precisely the state of the law today as a result of the Los Angeles case. During the many years of high price levels a rule seemed to crystallize from the Supreme Court's learned, if not lucid, opinions that in determining the value of utility properties "dominant emphasis" had to be given to reproduction cost. While prices were rising this theory worked well for the companies, resulting in larger rate bases, higher rates, and soaring dividends. Now that prices are dropping and the consumer is about to gain from an application of the reproduction-cost theory, we find the Supreme Court edging away from it in the Los Angeles case. Chief Justice Hughes tacitly repudiated the "dominant emphasis" theory and stated that neither reproduction cost nor historical cost was to be used exclu-

sively in computing value. He wrote: "The weight to be given to historical cost and to cost of reproduction new is to be determined in the light of the facts of the particular case."

This "light" throws a feeble glimmer in the tangled forests of public utility law. "Facts" are of no help in determining how much weight must be given to each factor. What is necessary is rules, based not on arbitrary intuitions but on logic. In this situation such rules are impossible to formulate. If the Supreme Court had directed that fair value be fixed at some point between historical and reproduction cost, the lack of meaning of such an arbitrary direction would have been apparent. So the Court hedged, as it has hedged ever since the first public-utility valuation case came before it in 1898. It refused to formulate a workable method of choosing between original cost and reproduction cost. The result is that public-utility commissioners, in addition to being lawyers, economists, and engineers, must also be psychics. They must guess which way the Court will jump next, because it is impossible to know which theory to follow, or how much weight to give each factor of value.

Had the California commission not feared an arbitrary reversal, it might have reduced the rate base to as low a figure as $45,000,000 by subtracting from its valuation figure the entire amount of the depreciation reserve. This would have resulted in an additional annual saving to consumers of at least $1,500,000 and reduced the company's revenues by 18 percent instead of 9 percent. Despite this additional reduction, the company would still have been able to pay a 9-percent dividend on its common stock in 1931, the second year of the depression.

The solution of the problem is to deprive the Federal courts of power to interfere with the rulings of public-utility commissioners. This would require legislation. If such legislation be declared unconstitutional, as it may well be, a constitutional amendment would then be necessary in order to make this change. In the many years that would have to elapse before such an amendment became law State ownership ought to be sought. Under State ownership the troublesome question of valuation for rate-making purposes would never arise. The present system of regulation is defended today only by the public utilities.

FARM RELIEF

Mr. NYE. Mr. President, I ask permission to have printed in the RECORD a very interesting article written by Charles S. Barrett on the subject of "The Roosevelt Farm Bill." It relates to the subject of farm legislation recently enacted.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ROOSEVELT FARM BILL

By Charles S. Barrett

I have been asked at least a thousand times what I thought of the Roosevelt farm bill. The bill is a good one. The truth about this matter is the Congress of the United States never passed a farm bill that was not good. The trouble has never been in the law itself, it has always been in the administration of the law. A good law can be made to operate and have the effect of a bad law, and a bad law can be made to operate and have the effect of a good law.

FOUNDATIONS RIGHT

Take the late Federal Marketing Act with its Federal Farm Board. It was a good law. No better law was ever passed. Administration was the only trouble with that law. Practically everything that was ever started in good faith for the American farmer was good. Every one of the farm organizations that this country has ever known was founded on principles that were all right. The Grange, the American Society of Equity, the Farmers Alliance, the Agricultural Wheel, the Farmers Mutual Benefit Association, the Farm Bureau, the Farmers Union, the Gleaners, etc., all were founded on wise principles. The only trouble that any of them ever had was in their administration.

LAWS, ADMINISTRATORS, FARMERS

Those who administer government or organizations or laws will never get very far until they thoroughly understand that there is more in the administration than there is in the law itself.

Millions and millions of times it has been said that the farmer wouldn't do. They say he is too independent; they say he is too stubborn; they say he is too individualistic and noncooperative; they say he is too stupid. I will admit that there is some truth in what they say about him. This is largely due to the manner in which he has been treated in the administration of the various acts which have been passed supposedly for his benefit.

FATE OF STRONG-ARM TACTICS

Now, the Farm Board Act was administered as though its administrators had been chosen by God Almighty to save the American farmer against his own stupidity. Likewise, its manner of administration psychologized the American farmer into believing that someone was jamming something down his throat. Thus before this great act had been long in existence, an undercover opposition of the farmers to the Farm Board, and the Farm Board to the farmers, was in evidence.

The administrators of that act carried the thought which they actually often expressed, "Whip the farm leaders into line." No one questioned then, or now, the actual desire of the administrators to save American agriculture as a family unit industry. Their approach to a method of administration of this great act was where all the trouble existed.

OPPORTUNITY THREATENED BY STUPIDITY

Now the farmers of this country are not going to be "whipped into line." They are in line now. And if some missteppers don't get the farmers out of step, the present Roosevelt farm bill has the opportunity to preserve American agriculture as we know it should be. By the proper administration of this act, not only will the farmers be served but the rural towns may be preserved, business be stimulated, bankruptcy stopped, and the Nation placed back on the road to or in full recovery.

The farmer has dealt with nature and nature's God and thus has become a generous, charitable, and patient individual, in most cases without the opportunities of great scholastic attainment, rarely placed in the position of authority in public affairs or in the securing of common justice for society. If those who administer in the name of agriculture are not more stupid than they charge the farmer with being, then we will begin to get somewhere.

IGNORANT INTELLIGENCE

I honestly believe that ignorance among the powers that be is the greatest of all crimes. They have gone through the colleges of our country, and therefore are supposed to be educated. Their opportunities in life have carried them into the far places and high places. They are cultured to the point of great intelligence, but when it comes to some simple but important thing often show amazing ignorance. Their ignorance of this real farm problem is the crime of the age when they accept places of power and responsibility. Will they continue to attempt to manhandle the farmers of this Nation and know more about everything connected with agriculture than those who deal with it, who are of it, and who have graduated from its schools of common sense and experience?

KNOWING HOW, ESSENTIAL

I am telling you that this patient creature, the farmer, will not always be patient. We already hear the rumblings in the Middle West.

In the Roosevelt farm bill there is plenty of authority and plenty of money. If it does not properly succeed, it will not be on account of the farmer.

I declare to you that you can get the farmer to do anything that is right if you know how, but you have just got to know how. You have got to know how his mind works. You have got to know what is in his mind, what it is susceptible to, what is repellent to it, what he and his family suffer individually and collectively, what they enjoy. In fact, you have got to eat and sleep with the farmer to know anything about the farm problem whatsoever.

AMAZING POSSIBILITIES IN THE FARM LAW

You have got to know his likes and dislikes. You have got to know his friends and enemies; his heroes and martyrs. You have got to know whom he will follow and whom he will not follow. You have got to know every monkey-wrench thrower and every constructive fixer. You have got to know how to slip rubber pads between the monkey wrench and where it hits. You have got to know the American farmer to know anything about the farm problem.

This new farm law is a great law with amazing possibilities. There is not the least doubt about the sincere desire for making it a success on the part of those responsible for its operation. There is no room for doubt about their scholastic training and their great intelligence. Only time will tell whether we are to be victims again of the ignorance of intelligent people.

P.S.—We are all for results and should all do everything we can to make them satisfactory. But patience, in time, runs out. So here is hoping patience endures until relief comes.

ADJOURNMENT

Mr. ROBINSON of Arkansas. Mr. President, if there be no further business, I move that the Senate adjourn until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 35 minutes p.m.) the Senate adjourned until Monday, May 29, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 27, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, Thou hast made the earth by Thy power, established the world by Thy wisdom, and stretched forth the heavens by Thy understanding. We therefore humble ourselves at Thy footstool. In all our ways may we acknowledge Thee. We pray Thee that Thou wouldst sustain us in that glad confidence and in that calm assurance that all things work together for good to them that love Thee. As Thy moral law is perfect in its character and perpetual in its obligation, may we make it our way by intelligent obedience. For everything that makes life better, happier, and richer, for all the mercies that turn our days into

strength and encouragement, and for the sweet memories of those blessings that abide while time shall last, we are thankful to Thee, our Heavenly Father, upon earth through the name of Christ, our redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency and the Committee on Rules may have until 12 o'clock tonight to file reports.

The SPEAKER. Is there objection?

Mr. LUCE. Reserving the right to object, the last time I made a request to file minority views my recollection is that I asked to have the minority views printed with the majority views. Somehow the request was overlooked.

Mr. BYRNS. I will include it in my request that the majority report and minority views may be filed before 12 o'clock tonight and printed in the same document.

Mr. BANKHEAD. Mr. Speaker, I should like to announce to Members that the Rules Committee will have a meeting immediately after adjournment today.

Mr. McFADDEN. Can the gentleman from Tennessee tell us how much time there will be to discuss the matter?

Mr. BYRNS. I cannot tell. That will be decided by the Rules Committee.

Mr. McFADDEN. May I say that I hope there will be a liberal time given for the discussion.

Mr. BYRNS. I am sure that the Rules Committee and the chairman are in favor of a liberal time.

Mr. MAPES. Mr. Speaker, reserving the right to object, and I do not intend to object, I should like to ask the gentleman from Tennessee when he expects the legislation reported by the Committee on Banking and Currency will be brought up?

Mr. BYRNS. The object in meeting today was that the committee might report, so that the business might be brought up on Monday, if, after the suspension of the rules, there is time. The Speaker has several suspensions in mind. I am unable to say whether they will be disposed of in time to take this up or not. But there will be no disposition to hold the House for a late session on Monday.

Mr. MAPES. I realize that this is largely a formal matter—that if one objected to the request of the gentleman, the only result would be to keep the House in session waiting for the report, and so nothing would be gained by an objection. But I should like to express my own feelings about the matter. I think it is a violent procedure, to bring up a bill of such importance that was only introduced yesterday, which has been considered by the Banking and Currency Committee only 1 day, and I think with very limited hearings, if any. The Members of the House and the country have had no time to study and digest it. I think it is a violent procedure to bring it up in such a precipitous way for consideration by the House.

Mr. BYRNS. Let me say that it is a very short bill and only one question involved. I do not know whether there have been extensive hearings or not. We are all anxious to get through with the session as soon as we can.

Mr. MAPES. I realize that it is a short bill as far as language is concerned, but that does not minimize its importance.

Mr. BYRNS. I am not minimizing the importance of the bill.

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BEEDY. Just to correct the statement of the gentleman from Michigan [Mr. MAPES] that this bill has been considered by the Committee on Banking and Currency. It may have been considered by part of that committee. I do not know as to that. As usual, I went to the Departments to keep appointments which I had made yesterday. At 10 o'clock this morning I got notice of the meeting. As soon as I could get here I did so, but found when I did get here that the committee had reported out a bill taking the country off the gold standard and repudiating most solemn contracts made by the Government. Of course, some of you may think that it is not an event of any great consequence, but nobody had a chance to go into it, and I now hold in my hand for the first time a copy of the bill.

Mr. BYRNS. Oh, I do not think it does just what the gentleman says, but that is a matter for discussion.

Mr. BEEDY. It is absolutely as I state.

Mr. SABATH. Is it not a fact that these gentlemen will have this afternoon and all day tomorrow to study that short bill?

Mr. BEEDY. But the gentleman must realize that some of us go to church on Sunday.

Mr. SABATH. Well, in the morning; and with the intelligence that the gentleman possesses, it should not take him long to digest the bill.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. McFADDEN. In order to ask the Chairman of the Committee on Banking and Currency whether or not any hearings were held on the bill.

Mr. STEAGALL. There were no hearings.

Mr. McFADDEN. So no study has been given to the bill other than just to draft it.

Mr. STEAGALL. Oh, I might say to the gentleman that he does not mean to say there has been no study of everything involved in this legislation. The gentleman fully understands that the Banking and Currency Committee for many years has studied the various phases of this legislation, and in every direction.

Mr. BYRNS. Mr. Speaker, I hope there will be no objection to my request.

The SPEAKER. Is there objection?

There was no objection.

FARM CREDITS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until 12 o'clock Monday to file a report upon the farm credits bill, which has been pending before the committee for several days. Of course, it is not intended to take that up on Monday, but we would like to have the bill printed so Members can see it.

The SPEAKER. Is there objection?

There was no objection.

GOVERNORSHIP OF HAWAII

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to have until 12 o'clock tonight to file minority views upon the bill relating to the appointment of a Governor of Hawaii.

The SPEAKER. Is there objection?

There was no objection.

CENTURY OF PROGRESS EXPOSITION, CHICAGO

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I shall be obliged to object because the session today was with the expectation that nothing would be done except to get the permission which the gentleman from Tennessee [Mr. BYRNS] has already obtained. I do not think we want to stay here for any prolonged discussion. I object.

The SPEAKER. Objection is heard.

Mr. SABATH. Mr. Speaker, will the gentleman withhold his objection for a moment?

Mr. MARTIN of Massachusetts. I withhold the objection.

Mr. SABATH. All I desire to say is this, that the great city of Chicago——

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. MARTIN of Massachusetts. I reserve the right to object.

Mr. SABATH. All I wish to speak on is the opening of the Century of Progress Exposition in Chicago today. Surely the gentleman will not object to that.

Mr. MARTIN of Massachusetts. We all know about the opening of that fair; and if I permitted the gentleman to go ahead, I would be obliged to let others.

The SPEAKER. Objection is heard.

Mr. SABATH. Will the gentleman withhold it for just a moment? He states that the country knows all about this fair. I do not question the gentleman's statement. The country should know about it, but I do not know whether the Members do, and I want to extend an invitation to the Members to attend the exposition.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have objected.

Mr. SABATH. All I desire to do is to extend the invitation to the Members of this House.

The SPEAKER. Objection is heard.

CAN THE AMERICAN FARMER COME BACK?

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent to extend my remarks by publishing therein an address delivered over the radio on Can the American Farmer Come Back, by the gentleman from Oregon [Mr. PIERCE].

The SPEAKER. Is there objection?

There was no objection.

Mr. KNUTE HILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by Hon. WALTER M. PIERCE, of Oregon:

Can the American farmer come back? This is the question asked whenever farmers meet or the subject is discussed. It is now generally admitted that the millions of Americans who do not live on farms cannot prosper until the farmer is again prosperous. On the other hand, the farmer cannot prosper until the industrial millions have purchasing power. During the last half century I have been closely connected with the farmers of the West, raising wheat, cattle, sheep, and hogs on a large scale. In legislative halls as State senator, as Governor of the State of Oregon, and now after a brief experience in the House of Representatives I have come into contact with those who are trying to bring relief to farmers, and I am today speaking to my fellow farmers to give you my views as to the future.

Six years ago this summer I read a remarkable article by Professor Dodd, of Chicago University, entitled "Must the American Farmer Sink to Peasantry?" I remember with what a shock I read the title and followed the careful reasoning of the historian; and when I discussed it in public, I felt that my audiences were amused rather than deeply concerned with Professor Dodd's prophecy, for that distinguished author proved that the economic trend would surely carry the American farmer to peasantry. Now, 6 years later, here in Washington, I find this word "peasant" on the lips of many in high official positions. They assume it is the inevitable future condition of the American farmer. I wonder if they think the American farmer when reduced to peasantry will sustain the present Government officials in their high offices and continue to build marble halls for public buildings! I repeat, today, what I have frequently said, that, if the farmer sinks to peasantry, he will carry with him the whole fabric of our present-day civilization, officialdom, universities, and popular education. These have been supported from the earnings of the farmer. Our civilization could not have been built on a class system.

In discussing irrigation farming recently with a high official, the question of taxes and maintenance per acre on irrigated tracts was brought up, and this official seemed surprised to learn that the maintenance charges and taxes of about $5 an acre left no margin for the farmer, but represented a loss. Officialdom and city dwellers ask why the farmers remain on their farms, struggling through year after year of failure, unable to pay taxes, interest, and cost of production; going behind all the time. They do not seem to comprehend the fact that there is nothing else that the farmer can do. It would be folly for him to swell the crowds of unemployed in the cities. At any rate, the farmer has a roof and most of his food.

One of the principal causes of economic breakdown of American rural life is interest—high, immeasurably high interest—far beyond the ability of the producer to pay. Interest has always been cheaper in the East than in the West, where farmers have paid from 8 to 9 percent on well-secured loans. On Federal funds western farmers have paid from 5 to 9½ percent. By cheap interest I mean not 4½ or 5 percent, as now provided by the new farm law, but the cheapest interest at which Federal money is given to any industry. Remember that 4 percent now is equivalent to 16 percent at peak prices.

A second cause has been the excessive cost of transferring the product from the hands that produce to the mouths that consume. It is true that less than one third of the money paid by the consumer reaches the original producer. The transportation agencies, protected in their profits by Federal legislation, exact more than the producer gets. Think of the injustice of transportation lines collecting more freight rates now than in the prosperous days before the war! These excessive freight rates have made it impossible to conduct farming advantageously except in the few favored localities adjacent to the seaboard or large centers of population.

Another serious difficulty has been the contribution demanded by other utilities, those that give us light, power, water, and telephones. By special governmental privilege the owners of these necessities of life have been enabled to collect excessive profits, which have not only raised rates to those who had these conveniences but have increased costs of things bought by farmers from merchants and manufacturers who charged these rates in their overhead.

The clearest statement I have found of this situation is made by Charles Beard in his history, The Rise of American Civilization, wherein he states: "In every age and in every clime where civilization has passed its most primitive form there has always appeared a small group of men devoted to finance, commerce, and industry, who have borne down with terrific oppression upon that group that derive their sustenance from agriculture." This has been true of bankers and implement manufacturers, as well as of railways. Debts have reached such a point today that they can never be paid. Mortgages and bonds are renewed or repudiated.

The long period of depression has pressed down upon the brow of the farmer a grievous crown of thorns in the form of mortgage foreclosures. With our banking system in chaos our land values have shrunk to the vanishing point. The mortgage provision in the farm relief law is far less helpful than the one I worked for as a member of the House Committee on Agriculture, but it is a step toward justice. We must go farther. These foreclosures which are taking place throughout our land are making just as tragic an episode in American history as the selling of slaves in the public square.

Another basic difficulty has been taxation, the burden of Government being largely levied upon property instead of upon wealth measured by income and inheritance. Taxes upon property are levied without any regard to the ability to pay. To such colossal heights have taxes risen that it takes today practically the entire rental income to pay the taxes on most of the farm lands of the West. I find our national tax budget is so high that it threatens the very stability of our Government. It takes as much money to pay the annual interest on our national debt today as it took to run the entire Government when the other Roosevelt lived in the White House.

We cannot tax, borrow, nor bond ourselves into prosperity. The Grange has taken a stand against the sales tax. It is a tax on consumption, a tax on necessities, levied without any regard to ability to pay. Its general purpose is to relieve the rich and powerful and place the load on the backs of the already overburdened masses.

There are outstanding today fifty billions of tax-exempt bonds, practically one fourth of the wealth of the country, bearing no part of the burden of Government. Let us put a stop to this.

Unquestionably one of the real causes for the fall of the price of farm products is the lack of buying power among the consuming masses. I hold in my hand a chart published by the United States Department of Agriculture which shows most graphically that farm prices and the wages of industrial workers rise and fall together. Fifty billions of dollars has been the loss of buying power since the crash of October 1929—10 times the entire value of all farm products raised last year, including those consumed on the farms. We may have temporary restoration of prosperity, but its permanence depends on the adoption of measures which will increase the amount of money divided among the workers.

The farmer is politically helpless unless he is more strongly organized than any other group, because he is outnumbered and scattered. The great rich industries of the East have been created and fostered largely by privilege which has come from political power. The tariff for their benefit has practically ruined the farmers' foreign markets—one of the contributing causes of the downfall.

Whatever may be our plight today we must not lose heart; we must fight politically for economic justice and we shall struggle more hopefully because we have today in Washington an administration more sympathetic with the farmers than any that has preceded it.

I am a firm believer in the quantitative theory of money. My reading of history teaches me that among the great contributing factors that brought us out of the financial crash of 1893 was the addition to our gold supply from South Africa and Alaska, quadrupling in about 15 years the amount of gold used as money. If we cannot again repeat the experience of 30 years ago it seems to me the logical thing would be to coin silver—yes; at the ratio of 16 to 1, creating an unlimited demand for silver, thus raising commodity prices the world over. The President has been given that right and I believe he has the courage to use it. The law also gives him the right to cause to be issued three thousand millions of currency. How much better to issue currency than to create greater public debt by borrowing money through interest-bearing and nontaxable bonds. We farmers certainly agree with our President's statement in his radio speech on May 6, when he said: "Government credit and Government currency are really one and the same thing. Behind Government bonds there is only a promise to pay. Behind Government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver."

The causes of our troubles may be quickly summarized—interest, taxes, tax-exempt securities, fixed dividends for public utilities, high tariffs for the privileged few, lack of credit and adequate banking system, lack of buying power among the workers—all economic evils subject to correction through our political system.

Can the farmer come back? Yes; if he will use his governmental privileges. He can get cheaper and more plentiful money; he can reduce public expenditures; conditions can be made under which men will have jobs and buying power. He can insist upon

a guaranteed insurance for bank deposits so that we shall never again suffer the collapse of our banking system. We can accomplish this by the ballot, our strongest weapon, and in many States by the recall and the initiative and referendum—truly popular government. We cannot handle our new economic problems by old political methods.

The political alignment is wrong. It is apparent today that both parties have conservatives and liberals. The farmers of America may help themselves by voting for their own kind. There are no better legislators than intelligent, thinking farmers.

Let me say to my farmer friends today, join the farm organizations in the communities in which you live. In my State of Oregon we have an active, virile Grange of 25,000 members. We are interested in legislation and have in a remarkable way affected the political history of the State. Great organizations can effectively bring pressure upon the public and upon legislative bodies.

The farmer cannot stand alone. Only group action will be effective. The farmer cannot come back if he is silent and lets the world forget his economic distress. He must protest wrongs, but he need not resort to violence. The farmer cannot come back unless purchasing power is generally restored. No thinking person dreams of wealth equally distributed but great fortunes and immense aggregations of capital must, through the form of taxation, feel the effect of the leveling hand, so that wealth is equitably divided and opportunity is universal.

Can the farmer come back? Yes; if he may start the return journey without the back-breaking burden of all the accumulated debts of mortgage, interest, and taxes. Farmers must come back and will come back through their own efforts, politically and economically. We must support for public office men who will help us. We must not form our opinions from the advertising press alone; we must be serious students of public questions. We must read, think, discuss, and act. Farmers and industrial workers are interdependent. We went down together, we must rise together. "Live and let live." Our other Roosevelt understood this when he said that in the long run this country is not going to be a good place for any of us to live in unless it is a reasonably good place for all of us to live in.

ST. LAWRENCE WATERWAY

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a joint resolution of the Senate and General Assembly of the State of Illinois relative to the St. Lawrence waterway.

The SPEAKER. Is there objection?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following joint resolution of the Senate and General Assembly of the State of Illinois relative to the St. Lawrence waterway.

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 27, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 25th day of May A.D. 1933.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

STATE OF ILLINOIS,
FIFTY-EIGHTH GENERAL ASSEMBLY 1933.

Senate Joint Resolution 27

Whereas a treaty relating to the St. Lawrence waterway has been negotiated between the United States and Canada which is now before the Senate for ratification; and

Whereas this treaty internationalized Lake Michigan, a body of water entirely within the limits of the United States, and places the control in an international joint commission; and

Whereas it embodies the order of the Supreme Court reducing the flow of water from Lake Michigan into the Chicago River to 1,500 cubic feet per second, and thereby makes this order unchangeable except by international agreement; and

Whereas 1,500 cubic feet per second, as provided in the treaty, is inadequate for the needs of the waterway from the Great Lakes to the Gulf, and is therefore injurious to the entire Mississippi Valley; and

Whereas by the terms of this treaty the cost of the undertaking is borne mainly by the United States and the benefits therefrom are received mainly by Canada; and

Whereas not only are valuable rights of the whole United States surrendered by the treaty for no adequate consideration, but it constitutes a gross injustice to the State of Illinois against which Illinois should have the joint protection and support of its sister States; and

Whereas our two United States Senators, LEWIS and DIETERICH, are making a steadfast fight on behalf of the people of this State against the treaty in its present form: Now, therefore, be it

Resolved by the Senate of the Fifty-eighth General Assembly of the State of Illinois (the house of representatives concurring herein), That the General Assembly of the State of Illinois petition the Senate of the United States to disapprove and refuse to ratify the proposed treaty, to the end that a fair and just agreement may be negotiated between the United States and Canada; and be it further

Resolved, That copies of this preamble and joint resolution be transmitted forthwith to the President of the United States, the Secretary of State of the United States, and to each Senator and Member of the House of Representatives of Congress from the State of Illinois.

Adopted by the senate May 16, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

Concurred in by the house of representatives May 16, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. OLIVER of Alabama, for 3 days, on account of illness in family.

To Mr. CLARK of North Carolina, for several days, on account of important business.

To Mr. KEE, for several days, on account of important business.

PERSONAL EXPLANATION

Mr. MARLAND. Mr. Speaker, I was absent from the House yesterday on official business. Had I been present, I would have voted "yea" on the passage of the public-works bill.

LEAVE TO ADDRESS THE HOUSE

Mr. MORAN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I object.

Mr. MORAN. Will the gentleman withhold that?

Mr. MARTIN of Massachusetts. I will withhold it temporarily.

Mr. MORAN. The question, I am sure, is of interest to all Members of the House, and if not given at this time it will not be of value. I have only asked for 3 minutes. It relates to Memorial Sunday and the situation in respect to the attitude of one of the departments of Government.

Mr. BYRNS. Mr. Speaker, a parliamentary inquiry. May I ask the gentleman is he asking to consider a bill?

Mr. MORAN. Nothing to do with considering a bill or any legislation.

Mr. BYRNS. Because I gave my promise there would be no business transacted today.

Mr. MORAN. It is not with regard to any business to be called up.

Mr. MARTIN of Massachusetts. Mr. Speaker, I am going to permit the gentleman to speak 3 minutes, but at the conclusion of his remarks I shall raise the question of no quorum.

The SPEAKER. Is there objection to the request of the gentleman from Maine [Mr. MORAN].

There was no objection.

Mr. MORAN. Mr. Speaker, tomorrow small groups of our citizens will repair to the various national cemeteries for the purpose of decorating the graves of the veterans. It so happens that this particular year a new problem arises through the attitude of one of our departments of Government that I think should be made known to the Members of this House. I will take, for illustration, the cemetery at the National Soldiers Home, Togus, Maine. In that particular cemetery there are 3,500 Civil War veterans buried. It has been the custom in the past to decorate those graves with the usual small flags, and leave those flags there during the summer. I can assure any of you who have never passed that particular cemetery that it is an inspiring picture to see those decorations. This year, however, a new regulation goes into effect which applies not only to that cemetery but to all other national cemeteries. It is this,

that the flags which may be set tomorrow in some localities, or on Memorial Day in other localities, are to be removed the day after Memorial Day, or May 31. A short time ago it was my privilege to go to Gettysburg and witness the scene there, where one of my own ancestors fought, and I cannot help a feeling of consecration to duty as I see a thing of that sort. For some official in Washington to require the removal of those flags on May 31 is abhorrent to me; it violates the American custom of proper commemoration. I have protested to the Veterans' Bureau against this ruling, and I hope it may be changed before it is too late.

The SPEAKER. The time of the gentleman from Maine has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I question the presence of a quorum.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 20 minutes p.m.), the House adjourned until Monday, May 29, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

81. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 17, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of waterway connecting Core Sound and Beaufort Harbor, N.C., authorized by the River and Harbor Act approved July 3, 1930, was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr RANKIN: Committee on the Territories. H.R. 5767. A bill to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii; without amendment (Rept. No. 168). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. House Joint Resolution 192. Joint resolution to assure uniform value to the coins and currencies of the United States; without amendment (Rept. No. 169). Referred to the Committee of the Whole House on the state of the Union.

Mr. BANKHEAD: Committee on Rules. House Resolution 161. Resolution providing for the consideration of House Joint Resolution 192, a joint resolution to assure uniform value to the coins and currencies of the United States; without amendment (Rept. No. 170). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H.R. 5508) for the relief of John Frank Peters, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WILCOX: A bill (H.R. 5811) granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key; to the Committee on Interstate and Foreign Commerce.

By Mr. WATSON: A bill (H.R. 5812) to provide for the prevention of blindness in infants born in the District of Columbia; to the Committee on the District of Columbia.

By Mr. KRAMER: A bill (H.R. 5813) to amend section 4 of the act approved March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat. 1512); to the Committee on Immigration and Naturalization.

By Mr. BANKHEAD: Resolution (H.Res. 161) providing for the consideration of House Joint Resolution 192, a joint resolution to assure uniform value to the coins and currencies of the United States; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLANTON: A bill (H.R. 5814) for the relief of Mollie J. Hill; to the Committee on Pensions.

By Mr. DIRKSEN: A bill (H.R. 5815) for the relief of Carl C. Block; to the Committee on Claims.

By Mr. EVANS: A bill (H.R. 5816) granting a pension to Addie E. Kennedy; to the Committee on Pensions.

By Mr. McSWAIN: A bill (H.R. 5817) for the relief of the Mary Black Clinic; to the Committee on Claims.

By Mr. PARKER of New York: A bill (H.R. 5818) granting an increase of pension to Mary E. Harrington; to the Committee on Invalid Pensions.

By Mr. TRAEGER: A bill (H.R. 5819) for the relief of John Micklos; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1209. By Mr. GIBSON: Petition of Rutland Post, No. 31, of the American Legion, opposing removal of Burlington regional office of Veterans' Administration; to the Committee on World War Veterans' Legislation.

1210. By Mr. KRAMER: Petition of Los Angeles Chapter, No. 5, Disabled American Veterans of the World War, urging Mr. KRAMER to insist in the Democratic caucus that Congress does not adjourn until President changes regulations and gives back to service-connected disabled veterans those rights, schedules, ratings, retirements, compensations, presumptions, and pensions that were enjoyed prior to the passage of Public, No. 2, Seventy-third Congress; to the Committee on World War Veterans' Legislation.

1211. By Mr. LEHR: Petition of voters of Washtenaw County, asking that the Presidential public-works program be financed by the issue of legal-tender Government national notes instead of interest-bearing tax-exempt bond issues; to the Committee on Ways and Means.

1212. By Mr. LESINSKI: Petition of Gaelic League of Detroit, Mich., protesting against cancelation, revision, modification, or the extension of time for payment of any installment of public debts due to the United States from foreign countries under existing debt agreements; to the Committee on Foreign Affairs.

1213. By Mr. LINDSAY: Petition of American Manufacturers Export Association, New York City, urging the delegation by Congress to the President of full powers to negotiate and conclude reciprocal tariff arrangements between the United States and other individual nations; to the Committee on Ways and Means.

1214. Also, petition of the New York Lumber Trade Association, New York City, concerning tariff on lumber; to the Committee on Ways and Means.

1215. Also, petition of National Woman's Party, New York City, urging the passage of House bill 3673; to the Committee on Immigration and Naturalization.

1216. By Mr. RUDD: Petition of National Women's Party, New York City committee, favoring the passage of House bill 3673; to the Committee on Immigration and Naturalization.

SENATE

MONDAY, MAY 29, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty God, who holdest in Thine hand the destiny of men and nations and from whom all good things do come, look upon us with Thine infinite compassion, for all have sinned and come short of the glory of God, and as we enter upon the duties of this, another day, inspire us with the sense of Thy presence and the cleansing power of Thine absolution, for apart from Thee we cannot but fail.

Sanctify our every endeavor in behalf of this Nation and our relations to the larger family of mankind, that truth and justice may be established in the earth, to the removal of the spirit of distrust and fear. Grant that as we strive for the increase of material well-being we may never be content until our souls are brought into that inner harmony with Thee, without which the spirit of man will still be athirst. We ask it in the name of Jesus Christ, who upon the mount in loving accents said, "Blessed are they which do hunger and thirst after righteousness, for they shall be filled." Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar days of May 26 and 27, 1933, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dill	Lewis	Schall
Bankhead	Duffy	Logan	Sheppard
Barkley	Erickson	Lonergan	Shipstead
Black	Fess	Long	Steiwer
Bone	Fletcher	McAdoo	Stephens
Borah	Frazier	McCarran	Thomas, Okla.
Bratton	George	McGill	Thomas, Utah
Brown	Glass	McKellar	Thompson
Bulkley	Goldsborough	McNary	Townsend
Bulow	Gore	Metcalf	Trammell
Byrd	Hale	Murphy	Tydings
Byrnes	Harrison	Neely	Vandenberg
Capper	Hastings	Norris	Van Nuys
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Overton	Walcott
Connally	Hebert	Patterson	Walsh
Coolidge	Johnson	Pope	Wheeler
Copeland	Kean	Reed	White
Costigan	Kendrick	Reynolds	

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

Mr. LEWIS. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate on official business.

I also wish to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Missouri [Mr. CLARK], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. On behalf of the majority, I ask that the Senator from Nebraska [Mr. THOMPSON] be assigned to service on the following committees: Indian Affairs, Interstate Commerce, and Public Lands and Surveys.

The VICE PRESIDENT. Without objection, the assignments will be made.

Mr. ROBINSON of Arkansas. I also, on behalf of the majority, ask that the Senator from North Carolina [Mr. REYNOLDS] be assigned to service on the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, the assignment will be made.

CLAIM OF THE RIO GRANDE SOUTHERN RAILROAD CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Rio Grande Southern Railroad Co. against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum by-products, which was referred to the Committee on Finance.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to adopt, as part of the emergency unemployment-relief program, a plan for the construction of worthy public projects, and to include therein the construction of the Central Valley Project of the California State water plan, which was referred to the Committee on Finance.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the relief of California Indians, which was referred to the Committee on Indian Affairs.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Central Labor Council of Portland, Oreg., and vicinity, favoring amendment of the Federal Reserve Act so as to enable States, counties, and cities and other subdivisions of government to obtain loans directly from Federal Reserve System banks and pay therefor the same rate of interest that may be paid by member banks of said System, which was referred to the Committee on Banking and Currency.

He also laid before the Senate petitions of sundry citizens of the State of California, praying for the passage of legislation to restore to all veterans who were actually disabled in the military or naval service of the United States their former benefits, rights, privileges, etc., enjoyed by them prior to the passage of the so-called "Economy Act", which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by Justice Council, No. 2, Sons and Daughters of Liberty, Washington, D.C., favoring the passage of the so-called "Dies bill" establishing a fixed quota pertaining to the admission of alien immigrants to the United States, which were referred to the Committee on Immigration.

He also laid before the Senate a letter from Mrs. J. N. Whitfield, of New Orleans, La., relative to the possible resumption of the investigation of the Louisiana senatorial election of 1932, and making certain references to Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

Mr. MURPHY presented resolutions adopted by the Disabled American Veterans of the World War, Department of Iowa, in State convention assembled, favoring reconsideration of the economy law and regulations and Executive orders issued thereunder, as to their effect on the compensa-

tion, hospitalization, and benefits of veterans, and urging that all benefits which were made for service-connected disabled veterans of the World War be reestablished as of June 30, 1930, which were referred to the Committee on Finance.

Mr. FESS presented resolutions adopted at a meeting of the people of the city of Springfield, Ohio, relative to the successful Jubilee of Progress now nearing its conclusion at Springfield, and stating that that city, along with the balance of the State of Ohio, stands at all times solidly behind the endeavors now being made to solve the problem of unemployment through a public-works program, so as to restore prosperity, which were referred to the Committee on Finance.

Mr. BULKLEY presented resolutions adopted at a mass meeting held in Cleveland on Sunday, the 14th instant, and also resolutions of the social welfare committee of the federated churches of Cleveland, in the State of Ohio, protesting against the treatment of, and alleged outrages committed, against members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

Mr. ROBINSON of Arkansas presented a letter from Burton E. Vaughan, secretary-treasurer, Little Rock Real Estate Board, Little Rock, Ark., in relation to pending home-loan bank legislation, which was ordered to lie on the table.

He also presented a letter from E. N. Hopkins, director of public relations, Meredith Publishing Co., of Des Moines, Iowa, relative to the sale of prison-made goods in the open market, which was referred to the Committee on Finance.

Mr. COPELAND presented a resolution adopted by the Foreign Commerce Club of New York, N.Y., favoring the passage of legislation investing the President with authority to alter by Executive order any rates of duty within 50 percent of the rates of the Tariff Act of 1930, in the interest of international trade, which was referred to the Committee on Finance.

He also presented a resolution adopted by the board of directors of the American Manufacturers Export Association at New York City, N.Y., favoring the passage of legislation investing the President with authority to negotiate and conclude reciprocal tariff agreements with foreign nations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the directors of the New York State Automobile Association at Albany, N.Y., opposing any increased tax on gasoline, but favoring instead the imposition, if necessary, of a general sales tax, which was referred to the Committee on Finance.

He also presented resolutions unanimously adopted by the congregation of St. John's Reformed Church, of Upper Red Hook, N.Y., endorsing the recently expressed attitude of President Roosevelt in suggesting steps toward security for all nations, and favoring the reduction of armaments, and tariff and trade restrictions, etc., which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Corporal Joseph J. Mooney Post, No. 2250, Veterans of Foreign Wars, of Hornell, N.Y., favoring the compulsory military training of young men in colleges (and high schools also recommended) in the interest of the national defense, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the board of directors of the American Forestry Association, Washington, D.C., favoring the passage of legislation providing adequate Federal authority for the control, use, improvement, and development of the public domain, which was referred to the Committee on Public Lands and Surveys.

He also presented a paper signed by sundry citizens of Kingston, N.Y., endorsing "President Roosevelt's 30-year compulsory retirement for Federal employees as a means to relieve unemployment among the substitute postal employees in the Post Office Department, and the restoration of the 2-cent postage", which was ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 27

Adopted in assembly April 25, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

Adopted in senate May 9, 1933.

J. A. BEEK,
Secretary of the Senate.

This resolution was received by the Governor this 12th day of May A.D. 1933, at 3 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 12, 1933, at 5 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

CHAPTER 73

Assembly Joint Resolution 27, relative to memoralizing the Congress of the United States to adopt legislation providing for Government use of American-grown rubber

Whereas one of the greatest needs of this Nation is immediate relief of unemployment, both agricultural and industrial, and normally functioning private industry offers the most desirable employment opportunities; and

Whereas it has been fully demonstrated and proven that a large portion of the rubber consumed in the United States could and would be produced in the United States if the industry was properly assisted and protected; and

Whereas it has been proven by, first, the experimental and, second, the actual production of rubber on a commercial scale in the Salinas Valley, Calif., that rubber can be produced in the United States practically at the same cost as the plantation rubber produced in foreign countries; and

Whereas the production of rubber used in the United States would necessitate the use of thousands of acres of land now producing competitive crops that are actually not bringing the producers the cost of production but are serving to produce an overproduction of various crops, thereby lessening the profits to all concerned; and

Whereas this development would put into production thousands of acres that are not now producing anything, thereby giving agricultural employment to thousands of people; and

Whereas the milling of the rubber would require the construction of many mills, thereby giving the different industries involved in producing materials for such factory construction employment and the actual operation of said mills would give employment to large numbers of industrial workers; and

Whereas the value of producing such an article as rubber within the territorial limits of the United States, from a standpoint of war insurance and from the standpoint of actual value to the country in case of war, is perhaps of greater consideration than any other; and

Whereas the development of acreage sufficient to take care of all the needs of rubber for this country would undoubtedly require a great many years; and

Whereas there are several thousands of acres of Guayule rubber in the Salinas and Santa Maria Valleys, which is ready to be harvested and made into rubber, but which is not being harvested due to the present price of rubber; and

Whereas there are nurseries containing seedlings ready to be planted, which take 4 years' growth to produce rubber, which are also not being used; and

Whereas there is a danger of losing not only these thousands of acres of mature rubber and the seedlings ready to plant but of losing the entire development to this country, which has taken 20 or more years to develop, together with the expenditure of $4,000,000 to bring it to its present state of development; and

Whereas the immediate need is a clause in Government supply bills requiring the purchase of rubber grown in the United States, in the same manner that other American products are included: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States, now in special session, to enact legislation providing that in all Government contracts requiring the consumption or use of rubber the contract shall specify the rubber to be used must be raised within the territorial limits of the United States or Territories; and be it further

Resolved, That the Legislature of the State of California requests the honorable Senators and Representatives in the Congress of the United States to use every honorable means to secure the adoption of such legislation; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the President of the United States and to the Senators and Representatives of the State of California in Congress; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the Governors of all the States of the United States, requesting that the legislatures of all the States pass and present similar memorials to Congress.

WALTER J. LITTLE,
Speaker of the Assembly.
FRANK F. MERRIAM,
President of the Senate.

Attest:
[SEAL] FRANK C. JORDAN,
Secretary of State.

Mr. JOHNSON also presented the following joint resolutions of the Legislature of the State of California, which were referred to the Committee on Finance:

CHAPTER 104

Assembly Joint Resolution 29, relative to memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts

Whereas the oil industry not only of this State but of other States in the United States has found it necessary to curtail production of crude petroleum and the byproducts thereof; and

Whereas the petroleum industry is one of the major industries of California and is vital to the welfare of this State and its citizens; and

Whereas one of the reasons it has been necessary to so curtail the production in this State, thereby preventing many of our citizens from obtaining a livelihood, is that crude petroleum and crude petroleum products are being imported into this country; and

Whereas the prohibition of such importation would foster the petroleum industry in this State and, by furnishing employment to thousands of our citizens, thereby substantially contribute to the termination of the present economic depression; and

Whereas the Honorable HENRY E. STUBBS has introduced in the Congress of the United States a measure numbered H.R. 4544 which will forbid the importation of crude petroleum and crude petroleum byproducts, which measure has been referred to the Committee on Ways and Means in the House of Representatives of the Congress of the United States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California jointly, That the Legislature of the State of California most respectfully urges the Congress of the United States to enact H.R. 4544; and be it further

Resolved, That his excellency the Governor of the State of California be requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairman of the Committee on Ways and Means of the House of Representatives, and to the Senators and Representatives from California in Congress.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 17, 1933, at 4 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Senate Joint Resolution 29

Adopted in senate May 12, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 12, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 19th day of May A.D. 1933, at 11 o'clock a.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 109

Senate Joint Resolution 29, relative to memorializing and petitioning the President and the Congress of the United States to adopt, as part of an emergency unemployment-relief program, a plan for the construction of worthy public projects, and to include therein the construction of the Central Valley project of the California State water plan

Whereas it is reported that the President and the Congress of the United States are now considering as part of a meritorious emergency unemployment-relief program, a large bond issue, the proceeds of which would be expended in furnishing employment to unemployed men throughout the Nation on major afforestation, reclamation, flood-control, and other worthy public projects; and

Whereas there are now in the State of California approximately 817,000 unemployed and in addition thereto a far greater number of persons dependent thereon for the common necessaries of life; and

Whereas the unemployment of this great number of people has created in our State a most serious and acute public problem and economic crisis; and

Whereas over a period of more than 10 years there has been expended by this State in excess of the sum of $1,000,000 in the investigation of the water resources of this State and in the formulation of plans for the development, utilization, conservation, and control of the said water resources; and

Whereas the development and conservation of waters of the Santa Ana River system is an important part of the State program of water conservation; and

Whereas there has been recommended and approved by the State engineer as a part of a State-wide plan, an initial project to be constructed, and known as "the Central Valley project", and construction of which will improve navigation, control floods, supply water to areas in dire need thereof, prevent the encroachment of salinity, and otherwise confer great benefits upon the people of our State and upon the Nation at large; and

Whereas the construction of said Central Valley project would in great measure relieve the present acute unemployment situation in this State; and

Whereas there has been recommended to the President of the United States and to the Governor of the State of California by the California Joint Federal-State Water Resources Commission under date of December 27, 1930, that the Federal Government participate with the State in the construction of said Central Valley project, and said Central Valley project has been investigated, reported upon, and approved by the Corps of Engineers of the United States Army; and

Whereas there has been recommended to the Governor of California by the California Water Resources Commission the construction of said Central Valley project, described in the report of said commission under date of June 1932; and

Whereas there has been recommended to this legislature by the California joint legislative water committee the construction of said Central Valley project, described in the report of said committee under date of April 20, 1932; and

Whereas this legislature did on May 5, 1933, adopt a resolution proposing to the people of the State of California the adoption of an amendment to the constitution of this State, which proposed amendment in designated assembly constitutional amendment no. 18, and relates to the control, development, and utilization of the water resources in the State, and designed to better insure and adequately empower the legislature to enact legislation in furtherance of the construction and operation of said State-wide plan and said Central Valley project; and

Whereas the assembly of this legislature did, on May 11, 1933, pass assembly bill no. 259, providing for the construction and operation of the Central Valley project of said State-wide plan in cooperation with the United States of America; and

Whereas this legislature has now taken all action in furtherance of the construction of said Central Valley project which is deemed advisable pending the reconvening thereof on July 17, 1933; and

Whereas it is now deemed advisable to seek and obtain the advice, cooperation, and assistance of the United States of America prior to the reconvening of this legislature on July 17, 1933, in order that such further legislative action may then be taken as may be deemed proper: Now, therefore, be it

Resolved by the senate and assembly jointly, That the State of California through its legislature, hereby respectfully urges that the President and the Congress of the United States adopt as part of its emergency unemployment-relief program an adequate bond issue the proceeds of which shall be expended in furnishing employment to the unemployed throughout the Nation, and that as a part thereof there be adopted appropriate plans for the construction of worthy public projects, and that there be adopted as part and parcel thereof the construction of said Central Valley project and the development and conservation of the waters of the Santa Ana River system as initial projects of the California State water plan; and be it further

Resolved, That the Governor is requested to transmit copies of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL] FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 19, 1933, at 1 o'clock p.m. Frank C. Jordan, secretary of state. By Chas. J. Hagerty, deputy.

Senate Joint Resolution 30

Adopted in senate May 12, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 12, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 19th day of May A.D. 1933, at 11 a.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 110

Senate Joint Resolution 30, relative to memoralizing and petitioning the President and the Congress of the United States to adopt, as part of an emergency unemployment relief program, a plan for the completion of worthy public projects, and to include therein the construction and maintenance of roads and highways

Whereas it is reported that the President and the Congress of the United States are now considering as part of a meritorious emergency unemployment-relief program, a large bond issue, the proceeds of which would be expended in furnishing employment to unemployed men throughout the Nation on major afforestation, reclamation, flood control, and other worthy public projects; and

Whereas there are now in the State of California approximately 800,000 unemployed and in addition thereto a far greater number of persons dependent thereon for the common necessaries of life; and

Whereas the unemployment of this great number of people has created in our State a most serious and acute public problem and economic crisis: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the State of California, through its legislature, hereby respectfully urges that the President and the Congress of the United States adopt as part of its emergency unemployment-relief program an adequate bond issue, the proceeds of which shall be expended in furnishing employment to the unemployed throughout the Nation, and that as a part thereof there be adopted appropriate plans for the construction or maintenance of worthy public projects, and that there be adopted as a part of said plan the improvement of the present secondary highways in the State of California and the completion of such additional secondary highways as are now in the process of construction; and be it further

Resolved, That the Governor is requested to transmit copies of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 19, 1933, at 1 p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Senate Joint Resolution 22

Adopted in senate May 4, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 4, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor, this 8th day of May A.D. 1933, at 4 p.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 66

Senate Joint Resolution 22, relative to memorializing Congress to exempt from the provisions of legislation limiting hours of labor to 30 hours a week people engaged in the mining industry

Whereas there is now pending before the Congress of the United States a bill introduced by Senator BLACK, known as "S. 158", requiring the hours of labor of all persons to be limited to 30 hours per week; and

Whereas, it is the opinion of this legislature that persons engaged in the gold-mining industry should be exempt from the provisions of such a bill by reason of the peculiar circumstances surrounding the operation of that industry: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the Congress of the United States be and it is hereby urgently requested and memorialized to adopt amendments to Senate bill 158 introduced by Mr. BLACK so that all persons engaged in the mining industry will be exempt from the operation of such a bill and will not be restricted in any manner as to the number of hours during which the mining industry may be carried on and conducted; and be it further

Resolved, That the Governor is requested to forward a copy of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, and to each Member from the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 8, 1933, at 5 p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Indian Affairs:

CHAPTER 103

Assembly Joint Resolution 28, relative to memorializing Congress to enact legislation providing for relief of California Indians

Whereas certain facts have come to the attention of this legislature indicating that the Indians of this State are living in extreme poverty, with a lack of proper housing and sanitary arrangements, and insufficient food and other necessities of life; and

Whereas the foregoing conditions have caused much sickness, distress, and suffering among the Indians on the reservations in this State; and

Whereas the Government of the United States has previously agreed, by treaties and otherwise, to properly provide for the education and housing of the Indians and the furnishing of tools, animals, and other farming equipment in exchange for lands taken from the Indians; and

Whereas it appears to this legislature that it is imperative that the Congress immediately enact legislation providing for the proper care and relief of such Indians: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States to immediately adopt legislation to either provide for direct appropriation for the relief of the conditions referred to or to provide for the furnishing of proper housing and the tools and other farming equipment necessary to enable said Indians to provide their own livelihood; and be it further

Resolved, That the Governor of this State be, and he is hereby, requested to forward a copy of this resolution to the President of the United States, the Vice President of the United States, and to each Senator and Representative from California in Congress.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 17, 1933, at 4 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Resolution 20

Adopted in senate April 24, 1933.
J. A. BEEK, *Secretary of the Senate.*

Adopted in assembly May 5, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor, this 8th day of May A.D. 1933, at 4 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 65

Senate Joint Resolution 20, relative to approval by the President of the United States of a project for the conservation of the waters of Yosemite Creek and the preservation of Yosemite Falls in Yosemite National Park, under the provisions of act of Congress approved March 31, 1933

Whereas the Seventy-third Congress of the United States of America in its first session adopted on March 31, 1933, an act entitled, "An act for the relief of unemployment through the performance of useful public works, and for other purposes", under which the President of the United States was authorized to select projects qualifying for construction in accordance with the purposes of the act; and

Whereas there is urgent need for regulation of the waters of Yosemite Creek in Yosemite National Park by means of one or more small reservoirs for the purposes of flood control, the prevention of excessive erosion, and the preservation of Yosemite Falls during the dry season of the year; and

Whereas it is highly desirable that the scenic beauty of Yosemite Falls be maintained during the summer when the great bulk of visitors are able to view this outstanding national attraction by the preservation of a sufficient supply of water to maintain a natural flow over the falls during the dry months, and at the same time accomplish desirable flood control benefits: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California jointly, at the fiftieth session of the California Legislature, commencing on the 2d day of January 1933, a majority of all members elected to each house of said legislature voting in favor thereof, That the President of the United States be respectfully requested to adopt the project contemplating conservation of the waters of Yosemite Creek, and the preservation of Yosemite Falls for the enjoyment of the people throughout the entire summer season, as a unit of the program under said Emergency Unemployment Relief Act, and to cause the construction of said reservoir or reservoirs to be completed during the current calendar year.

Resolved further, That certified copies of the foregoing resolution be forwarded by the Governor of the State of California to the President of the United States, to the Secretary of the United States Department of the Interior, and to each of the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 8, 1933, at 5 o'clock p.m.

FRANK C. JORDAN, *Secretary of State.*
By CHAS. J. HAGERTY, *Deputy.*

BENEFITS OF WORLD WAR VETERANS

Mr. JOHNSON. Mr. President, also I present certain petitions signed very numerously by disabled veterans in the military and naval service of this Nation during the World War, asking that their former benefits be restored to them, the benefits that were given them for wounds received in actual service, and that the economy bill may be amended accordingly. I ask that the body of one of the petitions may be printed in the RECORD, and that the petitions themselves be referred to the Committee on Finance.

There being no objection, the petitions were referred to the Committee on Finance, and the body of one of the petitions was ordered to be printed in the RECORD, as follows:

A PETITION TO THE UNITED STATES SENATE AND THE UNITED STATES HOUSE OF REPRESENTATIVES FROM THE PEOPLE OF CALIFORNIA TO RESTORE TO ALL SERVICE-CONNECTED DISABLED VETERANS THEIR FORMER BENEFITS, PRIVILEGES, SCHEDULES, RATINGS, ETC., ETC.

We, the undersigned, citizens of the United States of America, residents and voters of the State of California, do hereby affix our signatures and thereby protest certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, and we do hereby further petition the United States Senate and the United States House of Representatives to take such action as is necessary to revise the aforesaid regulations and/or the Economy Act itself so that there shall be restored to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existence prior to the enactment of said Economy Act.

UNEMPLOYMENT RELIEF—PETITION OF UNEMPLOYED COLLEGE GRADUATES

Mr. COSTIGAN. Mr. President, early in the present month a conference was held in the city of Washington by representatives of unemployed college graduates. That conference formulated a petition addressed to the President and the Congress embodying certain considered suggestions and recommendations on the present economic crisis. In one respect the petition was particularly noteworthy. Its authors did not ask special privileges for themselves, even on the basis of their special training.

It is proper and in accordance with our recognized constitutional rights that the petition be placed in the RECORD as part of my remarks and appropriately referred, and I so request.

There being no objection, the petition was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

UNEMPLOYMENT AND EDUCATION

A petition presented to the President and to Senator COSTIGAN for the Congress of the United States by the National Conference of the Association of Unemployed College Alumni held at Washington, D.C., May 2–3, 1933

We, in presenting this petition, recognize the fact that our interests are indissolubly bound up with those of all other workers in society. We are not asking for special dispensation for ourselves; but rather we are asking to be put to work for society in those specialized capacities for which society has trained us. We know there is plenty of work to be done, and that there are plenty of men to do it. Since economic activities are means to an end—namely, the support and maintenance of the individual and society and the advancement of cultural activities—we believe that when one means fails of these objects, as the present means has, another must be installed to obtain these ends.

Since many of our schools are completely shut down, many more are open only part time, many teachers suffer from lack of pay, and millions of children of school age are denied a school education, while at the same time 75,000 school teachers are seeking jobs, we advocate Federal grants to counties, municipalities, and other political subdivisions for the restoration and extension of educational facilities. In addition, we recommend Federal grants to libraries and museums to continue their functions unabated.

Since statistics show that there is acute need for medical and dental care among the poorer paid workers, farmers, and the unemployed, and hospitals and clinics have been obliged to curtail services, while at the same time doctors, dentists, and nurses are destitute, we advocate Federal grants for health services, not only to remedy the immediate situation but to provide for permanent health service for all classes.

Since there is need for many public works, among others, regional development, such as city-planning projects, including slum clearance and adequate housing for all, recreational facilities, public buildings, roads, flood control, while at the same time engineers, architects, and other workers are suffering from want of jobs, we advocate a generous policy of extension of public works on the part of the Federal Government.

Since there are many persons who need legal service but are unable to pay for it, and since many lawyers are without work, we advocate the establishment of the office of public lawyer, which will, upon request, take charge of cases for either plaintiffs or defendants in civil as well as criminal cases at the public expense.

Since scientific work is essential not only as part of the Government activities but for the general welfare, and since there are large numbers of chemists, engineers, and other professionally trained men and women who are unemployed, we advocate that the Government make use of their valuable training in extending its own scientific work for the good of the people at large. For example, we recommend the extension of the testing functions of the Bureau of Standards to give information to the public on all consumers' goods, and the establishment of branches of this service throughout the several States; the enlargement of the information-gathering activities of the Department of Labor, including periodic reports on unemployment and the conditions surrounding it; the continuation and extension of the research work of the Department of Agriculture, with greater publicity for its findings; and the completion of the geodetic and geologic surveys. In addition we urge the creation of an emergency fund for Federal fellowships for these and other research projects.

We urge that in the application of the above recommendations and the distribution of employment thereunder, there shall be no discrimination on account of race, color, religion, or political affiliation.

We realize the implications of the above recommendations in that the welfare of any individual or class is dependent on the welfare of all others. This holds true not only for workers in any one nation but for workers in all nations. We therefore recommend the extension of direct Federal relief to the unemployed and to all those who lack the necessities of life; the establishment of unemployment insurance and eventually of employment assurance; the setting up of Federal employment agencies; the creation of a minimum wage and maximum hours per week law, the minimum wage to be consistent with minimum subsistence budget set by the Department of Labor; the nationalization of the banking system and the socialization of credit; the abolition of tax-exempt securities and a steeply graded increase in income and inheritance taxes with the exemption of small incomes; the lowering of tariff barriers; the recognition of Soviet Russia; and complete disarmament. In conclusion we favor a system of planned economy on the basis of production for use and not for profit.

THE ASSOCIATION OF UNEMPLOYED COLLEGE ALUMNI,
112 East Nineteenth Street, New York City.

REPORT OF THE JUDICIARY COMMITTEE

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 815) to provide for the survival of certain actions in favor of the United States, reported it with amendments and submitted a report (No. 100) thereon.

EXECUTIVE REPORTS OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone, to succeed James J. Lenihan, term expired.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of William Thomas Collins, of Missouri, to be clerk of the United States Court for China.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KING:

A bill (S. 1796) to authorize an exchange of lands between the United States and Joseph Hodges; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 1797) authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

By Mr. SHIPSTEAD:

A bill (S. 1798) for the relief of L. Elbert Van Buren; to the Committee on Claims.

By Mr. BANKHEAD:

A bill (S. 1799) to authorize the issuance of stamped-money certificates for the relief of depositors in closed banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. McKELLAR:

A joint resolution (S.J.Res. 57) calling on the Secretary of the Treasury for information concerning tax assessments, income taxes, tax refunds, and claims therefor, including depletion, credits, and abatements, made by certain persons and corporations; ordered to lie on the table.

AMENDMENTS TO PUBLIC WORKS BILL

Mr. POPE and Mr. METCALF each submitted an amendment, and Mr. ASHURST submitted two amendments, intended to be proposed by them, respectively, to Senate bill 1712, the so-called "industrial control and public works bill", which were severally referred to the Committee on Finance and ordered to be printed.

Mr. ASHURST and Mr. THOMAS of Oklahoma each submitted an amendment intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were referred to the Committee on Finance and ordered to be printed.

Mr. ASHURST and Mr. HAYDEN jointly submitted an amendment intended to be proposed by them to House bill 5755, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

EXPENSES OF INVESTIGATION OF HARRIMAN NATIONAL BANK

Mr. COSTIGAN. Mr. President, by request of the Committee on the Judiciary, I send to the desk a resolution which ought to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. May I ask, in connection with it, that Senate Resolution 55, to which the present resolution relates, may be printed in the RECORD?

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I did not hear the request of the Senator from Colorado.

Mr. COSTIGAN. I will repeat for the benefit of the Senator from Oregon that I have sent to the desk a Senate resolution which is approved by the Committee on the Judiciary. I asked to have it referred to the Committee to Audit and Control the Contingent Expenses of the Senate. It seeks to provide further funds with which to continue the so-called "Harriman National Bank investigation." I ask that the resolution and Senate Resolution 55 may be printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The resolution (S.Res. 89) was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the limit of expenditures under Senate Resolution No. 55, Seventy-third Congress, agreed to April 18, 1933, to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, is hereby increased by $500.

Senate Resolution 55, submitted by Mr. COSTIGAN and agreed to on April 18, 1933, is as follows:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to investigate the reported failure on the part of the Department of Justice to prosecute promptly alleged violations of law by the Harriman National Bank, New York City, or the officers or directors thereof. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INCOME-TAX ASSESSMENTS, PAYMENTS, AND REFUNDS

Mr. McKELLAR submitted a resolution, S.Res. 90, which was ordered to lie on the table, as follows:

Resolved, That the Secretary of the Treasury is hereby directed to furnish to the Senate, at the earliest possible moment, the hereinafter-described information concerning the following corporations and individuals: Andrew W. Mellon, the Gulf Refining Co., the Gulf Oil Corporation, the Gulf Production Co., the Gulf Pipeline Co., the Gulf Refining Co. of Louisiana, the Gypsy Oil Co., the Gulf Pipeline Co. of Oklahoma, the Mexican Gulf Oil Co., the South American Gulf Oil Co., the Panama Gulf Oil Co., the Gulf Cooperage Co., the Gulf Commissary Co., the Standard Steel Car Co., the Middleton Car Co., the Baltimore Car & Foundry Co., the Verona Steel Casting Co., the Forged Steel Wheel Co., the Steel Car Forge Co., the Butler Bolt & Rivet Co., the Butler Car Wheel Co., the Lundora Land & Improvement Co., the Mellon National Bank, the Union Trust Co., the Union Savings Bank, Aluminum Co. of America, Aluminum Cooking Utensils Co., Aluminum Die Casting Corporation, the Aluminum Ore Co., the Aluminum Seal Co., the Electric Carbon Co., the Knoxville Power Co., the St. Lawrence River Power Co., the St. Lawrence Securities Co., the Tallahassee Power Co., McClintic-Marshall Co., Union Shipbuilding Co., Carborundum Co., the Pittsburgh Plate Glass Co., and the Koppers Corporation; also Ogden L. Mills, and Ogden L. Mills, executor of the estate of Ogden L. Mills, Sr.

First. The assessments for individual and corporation income taxes as first made against each of said corporations and indivuals for the years 1917 to 1933, inclusive;

Second. The aggregate sums actually paid by each of said several taxpayers for said several years, inclusive, the said several sums given by years;

Third. The claims for tax refunds, the dates of their filing, the names of the several attorneys filing same, the several amounts claimed as refunds by each of said parties for each, all, or any of said years, giving same by years;

Fourth. The claims of any of said parties for depletion allowances, the date of their filing, and the amounts allowed for depletion, and the dates of such allowances, giving the same by years;

Fifth. The dates and amounts refunded to each of said companies or individuals in the way of credits for current taxes or otherwise, giving the same by years;

Sixth. The amounts allowed in abatement to any of said corporations or individuals during said period, inclusive, giving the same by years;

Seventh. The amounts refunded to each of said several companies and individuals, by the years, in cash;

Eighth. The names of the officials in the Treasury Department approving such refunds, abatements, depletions, or credits, and the dates of their several approvals; and

Ninth. The names of the members of the committee or committees first determining each of said claims, the amount of salary paid each, and the names of any other officials or employees approving said claims, as well as the names of any officials or employees who disapproved any of said refunds.

PERSECUTION OF JEWS IN GERMANY—EXCERPTS FROM ADDRESSES BY BRITISH LEADERS

Mr. ROBINSON of Arkansas. Mr. President, I request that excerpts from addresses by the Secretary of State for Foreign Affairs of Great Britain and from other addresses by British leaders on the subject of the persecution of Jews in Germany be printed in the RECORD.

There being no objection, the addresses were ordered printed in the RECORD as follows:

ADDRESS OF THE SECRETARY OF STATE FOR FOREIGN AFFAIRS FOR GREAT BRITAIN AND OTHER ADDRESSES IN THE BRITISH PARLIAMENT ON THE PERSECUTION OF JEWS IN GERMANY

The Archbishop of Canterbury, House of Lords, March 30, 1933, with reference to Lord Reading's observations on the persecution of the Jews in Germany:

"I should feel I had been somewhat lacking if I did not here publicly say, representing as in some sense I may claim to do the best citizenship of the country, that I associate myself entirely with what was said by the noble and learned Marquess (the Marquess of Reading) in a way which touched our hearts a short time ago. I earnestly trust that His Majesty's Government will be able to give assurances—I know they will—that they are doing whatever seems to them possible to express the concern of the people of this country and of their Christian fellow citizens with regard to the Jewish community, and, not least, the concern of those among them who are animated by feelings of sincere friendship for the German people."

The Bishop of Llandaff, meeting at Cardiff, April 5, 1933:

"The Bishop of Llandaff, supporting, spoke of the conditions prevailing in Germany as a throw-back to barbaric ages. Civilization was, at the moment, at the crossroads, and the hope of the nations was in their ability to work in harmony, but Germany was only stirring up racial prejudice." (Western Mail, Apr. 6, 1933.)

The Roman Catholic Archbishop of Liverpool, meeting at Liverpool, April 5, 1933:

"Dr. Downey said that the eyes of the world were upon Germany, the eyes of her friends, to see if she had any constructive policy which would make for social stability at home and peace and good will with nations abroad. One could not help feeling that if she could not peacefully set her own home in order she was not likely to contribute anything of value to the comity of nations. It was deplorable that at such a time as this a narrow, grasping, racial prejudice should be allowed to stay or even put back the hands of the clock. The friends of Germany, those who wished her well, were anxiously watching her to see if they could discern any symptoms of a change of heart." (Liverpool Post, Apr. 6, 1933.)

Dr. Scott-Lidgett, President of the United Methodist Churches, message to meeting at Whitechapel Art Gallery, April 1, 1933:

"All branches of the Christian Church share with the Jewish community the horror at all civil violence, and especially at outbreaks of such violence against any particular race or class of the community. I am sure that I am speaking the mind of the Methodist Church in particular when I express the hope that steps may promptly be taken in Germany to prevent any such outbreaks for the future." (Manchester Guardian, Apr. 3, 1933.)

HOUSE OF LORDS

Viscount Cecil, House of Lords, March 30, 1933:

"As I understand it, three different allegations are made. In the first place it is said that members of the Jewish community have been treated with great violence and outrage, and that that has been done not indeed by the authorization of the Government, but without interference by the police and other representatives of the Government.

"As to that, I believe that the German Government have made in the strongest way protests against what they regard as the great exaggerations that have been made on the subject. They have said that the Government are entirely guiltless in the matter, and that such events as may have occurred have been merely the inevitable if regrettable excesses which take place in a time of revolution. If the Government have any information which enables them to confirm that view I am sure we shall hear it with the greatest pleasure. There is also another charge, that the newspapers in Germany, or some of them, have published the most violent and inflammatory articles against the Jews. Instances have been sent to me, with which I will not trouble your lordships by reading, but certainly, if they are typical of much that has been said in Germany, they are a very scandalous abuse of the license of the press. I do not understand that that is denied; at least I have seen no denial of it. Of course it becomes very difficult to understand by friends of Germany in this country—and I have never been since the war anything else—because there is in existence in Germany a very strict censorship which one would have thought would have enabled the Government to put a stop to any proceedings of that kind.

"Then there is a third matter which perhaps in its ultimate results is going to be more serious than any other to the Jewish community—that is, the compulsory dismissal of Jews from judgeships, from appointments as doctors and so on, which is going on now all over Germany. The people who are so dismissed are put in a very difficult position, because it is obvious that it will be very difficult for them in those circumstances to acquire any kind of private practice of their own, and naturally they will be ruined and put in very great difficulties as to living. That is not denied at all, as I understand it. It is admitted. Some of it, at any rate, is justified on the ground—a rather strange ground—that something in the nature of a boycott has been organized against German trade in various countries and that the governments of those countries have done nothing to stop it. That is a rather strange doctrine—novel, as far as I know, in international law—but at any rate it has this effect, that it seems to recognize that these matters are matters of international concern.

"These events have undoubtedly caused great anxiety in this country. Your lordships will not forget that there are many thousands, hundreds of thousands of Jews who are subjects of His Majesty the King, and are among the most peaceable and orderly citizens in this country. It is quite obvious that events in a foreign country which cause great anxiety and unrest in a large section of the population of this country must give anxiety to the Government, and to your lordships. I have heard at Geneva, and anybody who has been there must have heard too, the representatives of the German Government pressing very strongly for the strict administration of those treaties and, indeed, urging that they ought to be made more stringent, and that the machinery of the League should be made more drastic in dealing with them.

"Certainly it is a little astonishing that a country that has taken that line should regard it as legitimate to treat a certain section of its population in quite a different way from the manner in which it treats the majority. To put the thing quite simply, it seems difficult to contend that anti-Semitism in Germany is perfectly legitimate but anti-Germanism in Poland is an act of tyranny. That is the position which I have thought it right to bring before your lordships because it does seem to me a matter in which the Government of this country must be interested. Whether they think there is anything they can do in the matter or not is another question. In any case I am quite sure I am speaking the mind of the whole of your lordships in saying that if the Government can in this matter give us any reassurance we shall be indeed grateful to them."

The Earl of Iddesleigh, House of Lords, March 30, 1933:

"I hope I may be permitted to express my respectful and sympathetic concurrence with the remarks made by the noble and learned marquess, Lord Reading. I speak not only on my own behalf, I speak as a member of the Roman Catholic Church. My coreligionists and Lord Reading's worked together very successfully and very happily in Germany before the recent revolution, and we do feel—I think we feel in every country—real sympathy with those who are the victims of a movement which has been condemned by our bishops."

Sir Austen Chamberlain in a speech at Birmingham April 7, 1933, said:

"It is a very delicate thing to speak on what may be considered the internal politics of another country. I am very conscious that the German Government profess that they have been grossly misrepresented in the sensational and propagandist press. I am not a reader of that press. I do not draw my knowledge or inspiration from it. I read only the most sober and the most moderate correspondents, but I do not rely for what I am going to say upon that.

"I can base what I have to say on the utterances of men in authority in Germany, and I say that these utterances, at present reflecting an attitude applied only to Germans in Germany, reveal a spirit which we hoped had departed from this world, and that it shocks other nations to see the embers of a religious persecution stirring again and to hear talk of a religious or racial proscription of a great section of the German people." (Manchester Guardian, Apr. 9, 1933.)

Mr. George Lansbury and Mr. Attlee sent a joint message to the Whitechapel Art Gallery protest meeting saying:

"We sincerely hope that world public opinion will speedily prove to the German authorities that they are making a tremendous mistake in adopting their present attitude toward those people from whose ranks some of the finest men and women have sprung." (The Times, Apr. 3, 1933.)

Sir Philip Dawson and Mr. Patrick J. Hannon:

"Sir Philip Dawson, member of Parliament, and Mr. Patrick J. Hannon, member of Parliament, have sent a letter to Field Marshal von Hindenburg, President of the German Republic, in which they state that they have taken a deep interest in the promotion of friendship with Germany for the past 12 years, and add:

"'The recent action of your Government toward the Jewish community has created a profound sensation of disappointment in the minds of the friends of Germany throughout Great Britain, and we are bound to conclude that this feeling will be universal in all parts of the British Empire.

"'We earnestly appeal to Your Excellency to take such action as may commend itself to you through your Government to bring to an end as speedily as possible the attacks upon the Jewish people and restore to them their rights of German citizenship.'" (Manchester Guardian, Apr. 4, 1933.)

THE HOUSE OF COMMONS

The following are extracts from speeches delivered in the debate on foreign affairs in the House of Commons, April 13, 1933:

Major Attlee:

"When we come to this matter of treaty revision, I hope that our Government will tell Germany straight out that if she wants any revision she must come with clean hands. Germany is de-

manding a number of adjustments, adjustments on the side of Poland, adjustments here and adjustments there. There is even talk of Germany asking for a retrocession of some of her former colonies. In all the areas where Germany is demanding to get back territory there are minorities. In none of those areas is there an unmixed German population, in all there are people of alien races, and we should say quite frankly to Germany that at the present moment no one in this country would propose to entrust any minority to Germany, seeing how she has been treating minorities."

Sir Austen Chamberlain:

"I am not going to enter into a discussion of the internal happenings of Germany except insofar as they are applicable and pertinent to a debate on foreign affairs. What is this new spirit of German nationalism? The worst of the all-Prussian imperialism, with an added savagery, a racial pride, an exclusiveness which cannot allow to any fellow subject not of 'pure Nordic birth' equality of rights and citizenship within the nation to which he belongs. Are you going to discuss revision with a government like that? Are you going to discuss with such a government the Polish Corridor? The Polish Corridor is inhabited by Poles; do you dare to put another Pole under the heel of such a government? I beg the right honorable gentleman to beware of what he is doing. After all, we stand for something in this country. Our traditions count for our own people, for Europe, and for the world. Europe is menaced and Germany is afflicted by this narrow, exclusive, aggressive spirit, by which it is a crime to be in favor of peace and a crime to be a Jew. That is not a Germany to which we can afford to make concessions. That is not a Germany to which Europe can afford to give the equality of which the Prime Minister spoke. That is more than he ever promised. I understood that the promise made by the five powers was of equality of status, to be reached by stages. Before you can afford to decide, or to urge others to decide, you must see a Germany whose mind is turned to peace, who will use her equality of status to secure her own safety but not to menace the safety of others; a Germany which has learnt not only how to live herself, but how to let others live inside her and beside her."

Miss Eleanor Rathbone:

"It is not often that even a free-lance like myself finds herself in almost passionate agreement with almost every word that has fallen from two speakers so different usually in their outlook as the honorable member for Limehouse (Mr. Attlee), who began this discussion, and the right honorable member for West Birmingham (Sir A. Chamberlain). But that feeling, I think, was shared by members in all quarters of the house. Since I have been a member of the house I have seldom been in a debate in which feeling seemed to be so unanimous. * * *

"Herr Hitler and his colleagues have let the world see plainly the feelings which they cherish about questions of blood and race. Their treatment of members of the most highly civilized and gifted of all oriental races, even those members of it who have been for generations peaceful German citizens, shows what their attitude would be toward weaker and less developed peoples, in places where public opinion could not exercise any control. It would be a crime to allow the present Germany any share in mandates."

Captain Cazalet:

"There will be a chorus of approval of the remarkable speech of the right honorable member for West Birmingham (Sir A. Chamberlain). There can be no question in any quarter of the house as to the opinion of the people of this country on recent events in Germany, and I cannot imagine anything more effective than the appeal of the right honorable gentleman who has been for the last 15 years the best friend that Germany ever had."

Colonel Wedgwood:

"Everything I wished to say has been said far better than I could say it by the right honorable member for West Birmingham (Sir A. Chamberlain), and by the right honorable member for Limehouse (Mr. Attlee), in speeches which, I believe, have been the finest of their career. They have voiced not only the true English sentiment, but they have voiced, I believe, the views of the whole of this house and of the country. The revision of the treaties is dead—killed by two speeches, or, rather, killed not so much by those two speeches as by that which caused them. * * * The corner boys of Germany have disgraced their country."

Brigadier General Spears:

"I will not detain the house more than a very few moments, because I, like the right honorable and gallant gentleman, the member of Newcastle-under-Lyme (Colonel Wedgwood) believe that the right honorable gentleman, the member for West Birmingham (Sir A. Chamberlain) has expressed not only my feeling and the feelings of the majority of the house, but the feelings of the country as a whole."

Mr. Mallalieu:

"I think the unanimity with which feeling has been expressed in this house and in this country may, in some degree, bring consolation, if not active help, to those who are being oppressed in Germany now."

Mr. J. P. Morris:

"I never felt more proud of being a member of this house than when listening to the speech of my right honorable friend the member for West Birmingham (Sir A. Chamberlain). It was a speech of superb statesmanship. * * *

"The whole of the people of this country are definitely opposed to the policy of the Jewish persecution in Germany, a persecution which is depriving the Jews of that country of the elementary rights of citizenship. Public opinion throughout the world sympathizes with German Jewry, and it is only owing to the existence of that world public opinion that there has been a mitigation of the persecution."

Mr. Winston Churchill:

"I am not going to use harsh words about Germany and about the conditions there. I am addressing myself to the problem in a severely practical manner. Nevertheless, one of the things which we were told after the Great War would be a security for us was parliamentary institutions in Germany; that she would be a democracy with parliamentary institutions. All that has been swept away. You have dictatorship—most grim dictatorship. You have militarism and appeals to every form of fighting spirit, from the introduction of duelling in the colleges to the Minister of Education advising the plentiful use of the cane in the elementary schools. You have these martial or pugnacious manifestations, and also this persecution of the Jews, of which so many honorable members have spoken and which appeals to everyone who feels that men and women have a right to live in the world where they are born, and have a right to pursue a livelihood which has hitherto been guaranteed them under the public laws of the land of their birth."

The Secretary of State for Foreign Affairs (Sir John Simon):

"I desire to say a word on a matter which the right honorable member for Epping dealt with at the end of his very impressive and moving speech, namely, the special concern which we have at the present time with regard to the news as to the treatment of Jews in Germany. This debate has been especially useful, because it has expressed the deep, general, and, I might say, universal feeling that is entertained in this country on the recent treatment of Jews and other minorities in Germany.

"I do not think it would be out of place if I say now, speaking as a member of the Government, that it would be a profound mistake for anyone in any country to imagine that this feeling is either limited to or instigated by members of the Jewish community. On the contrary, it is a spontaneous expression and it is an inevitable expresson of the attachment which we all feel to the principle of racial toleration. My right honorable friend, the member for Darwen (Sir H. Samuel), said, quite truly, that it was a Liberal principle. So it is. It is a claim which many of us who have great attachment to that general outlook may fairly make. It is one of those principles which in past times has been a subject of controversy in our own political life and in which, in the broadest sense, liberal opinion has championed the oppressed.

"It is also one of those things which have entered into the traditions of the whole of the British people. Today there is no distinction between any of us, whatever our party affiliations may be, and we cannot conceive that civil liberty, upon which the progress not only of great nations but of neighborly relations so often depend, are not gravely menaced by the matters to which attention has been called today. It is not a Jewish outlook and it is not merely the outlook of a section or of a party; it is what may truly be called the Anglo-Saxon outlook. It is the outlook of those who have inherited traditions which have been common to England and Germany alike. I make these observations knowing well the responsibility which rests upon the Government in such a matter, and I do not believe that we should be expressing the feelings of the country if I did not associate myself with what has been said on this subject today." (House of Commons, Official Report, Apr. 13, 1933, col. 2737 ff.)

OTHER EXPRESSIONS OF OPINION

Mr. Lloyd George, meeting of British and Foreign Bible Society, at Godalming, April 28, 1933:

"Mr. Lloyd George, presiding last night at a meeting of the British and Foreign Bible Society, at Godolming, referred to the persecution of the Jews in Germany, and said that the Bible taught the highest moral and spiritual stands of which man was capable.

"At the present moment they were enduring a mean persecution in one of the great countries of Christendom. It was rooted in a degrading envy. Jews in that country, as in every country, had attained high positions not because they were Jews but because they were men of great intellectual attainment, and many of them of resplendent genius. * * * There was a temper rising in this country to see that Germans were treated with equality at the table of the nations, and now they were reviving old memories and antagonisms and, as Sir Austen Chamberlain said the other day, the old feeling against Prussianism in its most arrogant form. It was a misfortune to Germany and the world." (The Times, Apr. 29, 1933.)

Viscount Grey, of Fallodon, Liberal Council, April 28, 1933:

"We were anxious to see Germany recover. We felt that, though defeated in the war, she was a great nation—great in science, in music, and in many of the things which are pre-eminent in civilization—and I ought to add that some of the men most distinguished in music and in science whom we honored were certainly Germans, but are also Jews. [Hear! hear!] Then suddenly there comes this attack upon the Jews, showing that Germany was not prepared to give them even tolerance. If we had done that, and so suddenly refused the right of citizenship to Jews in this country, which has been given them for 100 years, if we had suddenly gone back in that way, we should have thought that we had receded by 100 years. Well, that has happened in Germany, and with it has come a feeling apparently throughout Germany that might is right, and that all means are legitimate

and may be used which are for the German race alone and to the exclusion of everyone else.

"We were, as I said, sympathetic to Germany and to the revision of the Treaty of Versailles. A few months ago a speech such as that made by Sir Austen Chamberlain in the House of Commons the other day would not have commanded the universal assent it did command. So far as I am concerned, I associate myself with what Sir Austen Chamberlain said and what the House of Commons endorsed the other day." (The Times, Apr. 29, 1933.)

Viscountess Snowden, Derby, April 10, 1933:

"* * * The Germans were depriving hundreds, if not thousands of law-abiding Jews of their livelihood, and were giving them up to starvation and poverty for no reason in the world. If that had happened in an uncivilized country, one would have said they did not know any better, but it was happening in the country that had the greatest reputation for culture in Europe. It pointed to madness." (Derby Daily Telegraph, Apr. 11, 1933.)

WORLD WAR DEBTS—EDITORIAL FROM AVON PARK (FLA.) TIMES

Mr. TRAMMELL. Mr. President, I offer for the RECORD an editorial written by Judge John W. Dodge, of Jacksonville, Fla., entitled "World War Debts: They Must be Paid," appearing in the Avon Park Times of Florida. This is one of the best and most forceful expressions I have seen in opposition to the cancelation of the war debts.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Avon Park (Fla.) Times of May 19, 1933]

WORLD WAR DEBTS—THEY MUST BE PAID

By Judge John W. Dodge

Fifteen sovereign nations in Europe owed last year to Uncle Sam the stupendous figures of over $12,000,000,000, proposed to be paid over a period of 62 years, which with interest would amount to $22,000,000,000.

Great Britain, France, and Italy owed eleven twelfths of the above; and Great Britain's part was $4,715,310,000.

The United States borrowed, evidenced by her Liberty bonds and other obligations sold to Americans, the money she lent to Europe.

On July 1 the Treasury Department had received $1,677,333,024 in return for her generosity some 15 years ago. The cost to the United States, in interest paid to carry those debts from their dates of settlement to July 1, has been in excess of $4,000,000,000, which places the United States $2,365,499,538 the worse off for playing the part of Santa Claus to Europe when she began the little exhibitions of pyrotechnics.

Inasmuch as the payments made and to be made for 62 years by debtor nations will be insufficient to pay the interest charges incurred by the United States to carry these debts, it is evident there will never be anything to apply on the principal. Hence, these principal sums are canceled. To determine the consequent loss to July 1, 1932, add together the sums of $2,365,499,538 excess interest paid by the United States and $12,090,667,000 total debts. The sum is $14,466,117,000. From year to year this huge loss will increase even though the debtor nations pay their obligations in full.

With retaliatory foreign commercial agreements and tariffs imposed by those European nations against us; with defaults by France and others, with constant dickering to repudiate, or slip from under those debts, it behooves American taxpayers to write their Senators and Representatives in Congress not to let those debts be saddled on Americans.

Let Europe default; it will spell her, not our, ruin and destruction of credit for carrying on any future wars. Others will not, if she defaults and repudiates her obligations, hereafter lend her either credit, money, or gold.

There is no use in Americans playing Santa Claus to let Europe shoot fireworks of war, to destroy human beings as cannon fodder. If they are made to pay, they will, of necessity, have to live in peace, in honesty, with others.

REMONETIZATION OF SILVER—ADDRESS BY JOHN A. SIMPSON

Mr. WHEELER. Mr. President, I ask unanimous consent to have inserted in the RECORD an able and interesting address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting System on May 27, 1933. It will be noted that Mr. Simpson states that the Farmers' Union is cooperating with the National Bimetallic League for the remonetization of silver.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

First of all, I want to talk today to you farmers listening in who are not members of the Farmers' Union and, especially, you farmers east of the Mississippi River. On you rests the blame for the defeat of the two measures that have been pending in this and the last two sessions of Congress—one known as the "cost of production bill" and the other as the "Frazier farm mortgage refinancing bill." If you farmers in the East had been members of your class organization, the Farmers' Union, to the extent that the farmers of the West are, we would have been able to pass both of these measures in this session of Congress. It is not the bankers, it is not the lawyers or the doctors who keep you from getting what is right in an economic or legislative way. It is the unorganized farmers who are the rock in the way.

A Western State with small population like, for instance, South Dakota, has two Senators. Just as many as the State of New York or Pennsylvania. But it has only 2 Members of the House of Representatives while New York has 47 and Pennsylvania 35. About 20 Farmers' Union States west of the Mississippi River can get considerable recognition and consideration in the Senate but very little recognition and consideration in the House of Representatives.

If you farmers in the East will wake up and get into your class organization in a few years' time we will be able to get real legislation for farmers instead of very poor substitutes and imitations.

As an example, take the cost-of-production amendment to the farm relief bill that recently passed this session. In the Senate the Farmers' Union was successful in spite of the opposition of supposed farm organizations and of the administration in having the amendment voted into the bill. In this vote 19 Republicans voted for the bill and 28 Democrats voted for the bill; 14 Republicans voted against the bill and 27 Democrats voted against the bill. You will observe, if you get the CONGRESSIONAL RECORD, that nearly all of our votes came from the Western States, where we have the Farmers' Union. You will find the vote in April 13 issue of the CONGRESSIONAL RECORD.

Then take the vote in the House on this amendment and you will find that most of the Members of the House from the Farmers' Union States voted for the amendment, but your Congressmen from east of the Mississippi River voted against it almost to a man. So far as States are concerned about the same number of States voted for it in the House as did in the Senate, but they were States with few Congressmen. The vote in the House on this was 109 for and 283 against.

If this amendment had remained in the bill and the Secretary of Agriculture had desired to help farmers he could have had it operating on many crops in 10 days. If you farmers in the East were Union farmers you could be receiving cost of production for that portion of your products consumed in this country, this very moment. This is not a wild statement. In 1919 this Government did that very thing for wheat farmers. I begged the committees of the House and Senate to do for all agriculture just what they did in 1919 for wheat. But because you farmers in the East were completely unorganized, so far as a class organization is concerned, your Congressmen voted against giving you that thing.

The facts are supposed farm organizations were there telling your Congressmen they were representing you and that you did not want this amendment. They told your Congressmen that they represented you and that you did not want the Frazier bill to become a law. In other words, that you did not want this Government to do for you what it has been doing for other groups—refinancing them many times at less than 1½ percent interest. The Frazier bill provided that the Government should lend farmers money to pay off their farm mortgages and that the Government should charge the farmers 1½ percent interest and 1½ percent on the principal each year until the debt was paid. Mr. Farmer in Pennsylvania, Mr. Farmer in New York State, Ohio, Indiana, and Michigan, you could be looking that mortgagee you owe in the face today and telling him, "Here is the money" if you had been members of the Farmers' Union. Mr. Farmer of the East, if you had been a member of your Union we could have passed the Frazier bill and thereby reduced the annual interest debt of the farmers of the United States by half a billion dollars. In 20 years the difference in interest would pay the principal.

Farmers everywhere, so far as the farm relief bill is concerned, in those parts that pertain to marketing and to refinancing of farmers it will be a complete failure.

You farmers with a distressed loan on your farm, write to the Secretary of Agriculture and find out how quickly you can be refinanced at a lower rate of interest. The facts are, most of you cannot be refinanced at all.

Remember, the president of the United States Chamber of Commerce helped to write the bill. It is the Farmers' Union, the farmers' class organization of the United States, that can tell you these truths without fear or favor. As president of the National Farmers' Union I am under obligations to no human on earth except the members of the Farmers' Union.

You farmers listening in, when you sell that load of wheat that you will be threshing pretty soon see if I am stating the truth when I tell you that you will not take home with you one penny more than the market price. All you will receive at the time of selling a load of wheat besides the market price is a promise that along about Christmas Santa Claus will send you a check. Again, mark my words, that check will be so small that many of you will send it to Secretary Wallace with a letter that will not be very complimentary. You may send a few to the President of the United States. You ought to. The President of the United States ran on a platform that pledged farmers cost of production, and then, through his spokesmen in the House of Representatives, prevented the cost-of-production amendment's going into the bill.

While we have not been able to put the Farmers' Union program through just as we would have it, yet there is more of our program in the legislation that has passed than that of any other group.

In the farm-relief measure one thing that is thoroughly established is price fixing of farm products. That is the principle involved in the Farmers' Union plan. The only difference is the basis of fixing the price. It is my judgment that another session

of Congress will adopt the Farmers' Union method of fixing the price.

Likewise, the principle of the Government seeing that farmers are refinanced has been adopted. The main difference between what passed and what the Farmers' Union asked for is the rate of interest. We will get a lower rate in the next session of Congress if you farmers listening in who are not members of the Farmers' Union do your duty and get into the Farmers' Union.

There is no question, the influence of the Farmers' Union, together with some other organizations are completely responsible for the defeat of every effort to saddle on the poor of the country a sales tax. If this had been our total accomplishment it justifies all the efforts we put forth and gives us the right to ask those farmers who are not members of the Farmers' Union to come in with us. The sales tax would have meant a tax on an average farm family of $25 per year. Sure, we have a right to ask you to come into your class organization—the Farmers' Union.

Senator ELMER THOMAS of Oklahoma is a member of the Farmers' Union and has been for years. The amendments he drove into the farm relief bill are strictly the Farmers' Union national legislative program for inflation. The Thomas amendment for inflation provides for the Government's issuing noninterest bearing full legal-tender Treasury notes when it needs money instead of issuing interest-bearing bonds and asking the bankers to furnish the money for the Government. Another provision of the Thomas amendment is the revaluation of the gold dollar in which it may be reduced to the extent of half the number of grains of gold that now constitutes a dollar. Of course all these provisions are given to the President and to the Secretary of Agriculture as optional powers. They may or may not use them. I believe conditions will compel them to use them. Another amendment to the farm relief bill that no other organization has supported for the last 3 years except the Farmers' Union, is the Wheeler bill providing for the remonetization of silver. This is one of the very best provisions for inflation placed within the power of the President to use.

The Farmers' Union is unalterably opposed to war. We believe that big war preparations are a peace hazard. There is no question but that we have been a big influence in the reduction of appropriations for Army and Navy. For the first time in many years these appropriations have been reduced. In line with these reductions the President of the United States has issued a communication to 54 nations of the world that promises the beginning of a real world-wide peace movement.

You farmers listening in who are not members of your class organization, why not write E. E. Kennedy, national secretary of the Farmers' Union, Kankakee, Ill., and find out how you may get into your own class organization and help to bring about the fulfillment of the complete legislative program of the Farmers' Educational and Cooperative Union of America.

I want you to know that the Farmers' Union has just been through a few battles. We have lost none. We have never been compelled to retreat. Every move has been a forward move. We also know that a war does not consist of 1, 3, or 4 battles. Wars have many battles. They sometimes last for years. This is a war. The Farmers' Union is the cooperative army. It is the army of unselfishness. We are at war with greed and avarice. We are right and because we are right we are going to win this war. We need recruits. You farmers listening in, come join this cooperative army of unselfishness, the Farmers' Union.

NATIONAL REMONETIZATION LEAGUE

The National Remonetization League is an organization with one specific purpose and that is the remonetization of silver as provided in the Wheeler bill, S. 70. Senator BURTON K. WHEELER, of Montana, author of the Wheeler bill, is president of this organization. Among a number of the officials of the organization is William Jennings Bryan, Jr.

The Farmers' Union is cooperating in every way with the National Remonetization League. I urge our members and those listening in to support this organization in every way possible.

The remonetization of silver is simply wiping out the crime of 1873. Every good citizen should be willing to assist in wiping out crime.

President Roosevelt is now clothed with the power of putting into effect the Wheeler bill. He can at any time restore to silver its function as money. He can put the United States on the bimetallic basis as it was when thieves went to the National Capitol and by stealth demonetized silver.

When you are working for the remonetization of silver you are asking for the same money that Washington used, for the same money that Jefferson used, for the same money that Jackson and Abraham Lincoln used. I would rather be on the side of Washington, Jefferson, Jackson, and Lincoln in this money matter than on the side of the now thoroughly discredited international bankers. These crooked bankers are opposed to the Wheeler bill.

Let the President of the United States know that you would like for him to remonetize silver at once.

COOPERATIVE BUSINESS

Mr. Farmer of the East, I want to talk to you about other activities of the Farmers' Union than legislation.

You come into my State, Oklahoma, today and this is what you will find. You will find some 20,000 farm families members of the Farmers' Union with cooperative institutions scattered over the State with a paid-up capital of over $4,000,000. You will find our adjusters for our property insurance have just come in from adjusting and paying a large number of windstorm losses. You will find the Oklahoma Farmers' Union carrying on a property insurance company for their members and their cooperative institutions with a combined business of over $40,000,000. You will find that they have operated for years on a premium of one half the old-line companies' rates. You will find that they have paid thousands of losses with not more than 3 or 4 lawsuits. You will find that they are much more prompt in the payment of losses than old-line companies. You will find the Farmers' Union of Oklahoma with its own office building in Oklahoma City in connection with the warehouse where they do a wholesale and car-lot business in the handling of things farmers need. You will find farmers bringing in their livestock to the stockyards, then driving over to the Farmers' Union warehouse and loading up building supplies, manufactured feeds of all kinds, furniture, stoves, farm implements, and hundreds of other things. Many times I have heard a farmer say, after loading his truck, "I have saved $50 on the things I have purchased here as compared with the prices in my home town." The wholesale houses admit that we are the only concern that can compete with the chain stores. You can go out over the State and find more than 150 cooperative grain elevators, produce and cream stations, cotton gins, and other business institutions that are strictly Farmers' Union. Right now our Farmers' Union sales department is delivering about 2,000,000 pounds of twine to our Farmers' Union institutions. We buy this and deliver it at such a low expense that our members buy at retail their binder twine at 6 cents a pound. This is just a little brief statement of what is going on in one State.

You could go into Kansas and find them operating their insurance and sales department on just as big a scale as Oklahoma. You can go into Nebraska and besides doing all these things you would find the pioneer in the cooperative livestock business. The Farmers' Union of Nebraska in 1917 established in Omaha, Nebr., the first cooperative commission house in the United States. Later they established such a company at St. Joseph, Mo., then Sioux City, Iowa. These three places, with the oldest one only a few months over 15 years old, has paid back in patronage dividends to Farmers' Union members more than $3,000,000. This is not bookkeeping dividends. This is actual cash. Today Kansas and other States have livestock commission firms and the total volume of business of these cooperative livestock commission companies is greater than all other cooperative livestock commission companies in the United States. They are operating without Government money and are a success.

The Farmers' Union is strictly a farmers' class organization. Membership is limited to farmers. When we want to go into business or legislation, State or National, we do not have to consult any other group. That is the reason we have been so successful in our undertakings.

OUR NAME

You will observe in our name, Farmers' Educational and Cooperative Union of America, two suggested topics, education and cooperation. Of course, education precedes cooperation. There is no other Nation-wide farm organization in the United States that has established and practiced cooperation to the extent the Farmers' Union has. We believe cooperation to be the law of God. It means working together for the good of all. All betterment comes through cooperation. All protection comes through cooperation.

COOPERATIVE SHOES

To you new locals who have self-organized, let me remind you that a well-shod horse never slips. The Farmers' Union local must have on cooperative shoes or it is liable to slip. I mean by this, when a local is organized and does no cooperative business it is like an unshod horse, and I mean by slipping that your members will not pay up at the end of the year. My advice to you is to put on cooperative shoes at once. At every local meeting make arrangements to cooperatively buy the things you need and sell the things you produce. If you do this, you are well shod. Your members will not slip, neither will your local.

Remember, cooperation never fails. It is lack of cooperation that fails. You will hear some fellow say, "We tried cooperation, but it did not work." The trouble was they just tried, they did not really cooperate. Real cooperation is loyalty to your own institution. Loyalty is the first essential to the success of cooperation and disloyalty is the cause of 90 percent of the failures of cooperation.

Cooperative buying is needed just as badly as cooperative selling. We often hear farmers say the price of things they have to buy is of small difference to them. All they care about is what they get for the things they produce. This is a mistake.

I saw a letter recently written to a retail merchant from a wholesale shoe house in which they advised an immediate large purchase of shoes for the reason that the advance in the price of cotton justified an increase in the price of leather goods. The point I desire to impress upon you is this: The business world figures just how much the farmer will have to spend and then places the price on the things the farmer will have to buy sufficiently high to absorb all that he gets for his products. So if you are going to help yourselves you must arrange to do cooperative buying as well as cooperative selling.

LOCAL MEETINGS

Many times the members do not realize the value of meeting together. No organization can be effective or even exist very long where the members do not have regular meetings. In the first place it is necessary in order for them to think together. There is a wonderful power in thinking together. If six and a half million farmers, their wives, sons, and daughters were all mem-

bers of the Farmers' Union, meeting in their locals at least twice a month, thinking the same thoughts, discussing the same subjects, no human could measure the effect of that cooperative thinking on the rest of the people of the Nation. If I were adept in the study of psychology I might be able to give this subject the consideration it deserves, but I can only touch the surface by simply calling your attention to the fact that there is a power in thought and especially in thinking together.

Another value of meeting together is that it is here you have an opportunity to cooperate in a business way. Those locals that never meet do very little cooperating in a business way and sooner or later members drop out and the local dies. Those locals who do meet regularly are almost continually cooperating in selling or buying, or both. They are the alive, wide-awake locals that never die.

OPPOSITION A BLESSING

To you new members east of the Mississippi River, and to you farmers who are not members, let me tell you of my experiences and observations, both of individuals and organizations in the matter of opposition both must meet. I have found in my own experience that opposition is absolutely necessary to success. I have found that organizations are just like persons in that regard. If you are doing anything worth while, opposition will develop. If a farmer organization is actually making and saving money to farmers, there will be plenty of opposition. But when you are right, enemies are more necessary to your success than friends. It is the opposing wind that makes the kite rise. The heavy blows of the blacksmith to the fire-tested iron make possible the completed, useful tools. The hurdles in the way of the athlete are the thing necessary to increase his speed and his jump. It is the cold north wind that makes the blood flow fast, quickens the pulse, and energizes and vitalizes both the body and mind. Your enemies are the north wind; they only make you stronger in the faith; their opposition develops your activity; they force you to arm yourself in unanswerable argument; they stimulate you to work overtime. Yes; all of the time. Your friends are the warm noonday sun that relaxes and enervates you and makes you lazy. They are an anesthetic that causes you to sleep overtime. So be sure you are right, then be thankful for your enemies and watch your friends.

APPEAL FOR MEMBERSHIP

You members of the Farmers' Union listening in, let me appeal to you to go forth from where you are listening in this moment more determined than ever to see that the farmers in your community, your county, and State are thoroughly organized into a class organization of their own. You farmers listening in, who are not members of the Farmers' Union, I urge, I beseech, I beg of you to write to our national secretary, E. E. Kennedy, Kankakee, Ill., and find out how you may organize a local of the Farmers' Union right there in your neighborhood. You need the Farmers' Union. The Farmers' Union needs you. Remember all other farm organizations have city chaperons. The Farmers' Union has no city chaperons. You farmers listening in who are not members of the Farmers' Union should self-organize. Let all of us work together. Let each of us do his part in establishing in these United States a permanent farmers' class organization with the numbers and the power to prevent the enemies of democracy from stealing from us that which our forefathers gave us in the sacrifice of their blood and tears. Let us prove ourselves worthy sons of the patriots of 1776, fully able to outwit and outgeneral the sons of the Tories of 1776.

In every war the farmers of this Nation have furnished more soldiers than any other class, and not only have furnished more soldiers but in every war have furnished a higher percentage of soldiers according to the number of farmers than any other class according to their number. In war we have been the backbone of the Army and the protector of our Nation. Let us, like men, assume that same position in time of peace and through our own good organization place ourselves in position where we can be the protector and defender of the land we love.

THE CALENDAR

The VICE PRESIDENT. The calendar, under rule VIII, is in order.

Mr. COSTIGAN. Mr. President, may I call up at this time a resolution coming over from a previous day?

The VICE PRESIDENT. The Chair calls the attention of the Senator to the fact that that can be done only after the call of the calendar is completed.

Mr. ROBINSON of Arkansas. Mr. President, I understand the resolution to which the Senator from Colorado has reference is on the table, and comes over from a previous day.

The VICE PRESIDENT. The parliamentary clerk advises the Chair that it does not come over from a previous day. It was ordered to lie on the table.

Mr. McNARY. Mr. President, when the resolution was presented by the able Senator from Colorado I objected because I thought it was an inappropriate occasion for its consideration. The resolution was left on the desk and never placed on the calendar. I made no objection to that procedure at that time. It must have come under the rule relating to resolutions coming over from a previous day.

The VICE PRESIDENT. The Chair understands from the parliamentary clerk that there is nothing coming over from the previous day but the Table Calendar. The resolution belongs on the Table Calendar, and can only come up after the calendar has been called under rule VIII.

Mr. ROBINSON of Arkansas. Mr. President, I inquire how the resolution was placed on the Table Calendar?

The VICE PRESIDENT. By request of the Senator from Colorado when he introduced it.

Mr. ROBINSON of Arkansas. I had not understood that he made such a request.

Mr. COSTIGAN. The request will be withdrawn at this time.

The VICE PRESIDENT. The calendar, under rule VIII, is in order. The clerk will state the first order of business on the calendar.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as first in order on the calendar.

Mr. McKELLAR. Mr. President, the Senator from Utah [Mr. KING], who is necessarily absent, has objected on previous occasions to consideration of the joint resolution and asked that it go over.

Mr. McNARY. Does the Senator desire to make objection to its consideration at this time?

Mr. McKELLAR. Yes; I do.

The VICE PRESIDENT. The joint resolution will be passed over.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the calendar be called for unobjected bills only.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the next order of business on the calendar.

BILL PASSED OVER

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. JOHNSON. That may go over.

The VICE PRESIDENT. The bill will be passed over.

RECONSTRUCTION FINANCE CORPORATION ADVANCES TO RECLAMATION FUND

The Senate proceeded to consider the bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund, which had been reported from the Committee on Irrigation and Reclamation with an amendment, on page 1, line 9, after the word "necessary", to insert "not exceeding $5,000,000", so as to make the bill read:

Be it enacted, etc., That the Reconstruction Finance Corporation, upon request of the Secretary of the Interior, is authorized and empowered to advance from funds made available by section 2 of the act of January 22, 1932 (47 Stat.L. 5), to the reclamation fund created by the act of June 17, 1902 (32 Stat.L. 388), such sum or sums as the Secretary of the Interior may deem necessary, not exceeding $5,000,000, for the completion of projects or divisions of projects now under construction, or projects approved and authorized. Funds so advanced shall be repaid out of any receipts and accretions accruing to the reclamation fund within such time as may be fixed by the Reconstruction Finance Corporation, not exceeding 5 years from the date of advance, with interest at the rate of 4 percent per annum. Sums so advanced may be expended in the same way as other moneys in the reclamation fund.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. REED. Mr. President, does the Senator from California desire to have the bill considered at this time?

Mr. JOHNSON. No; let it go over.

The VICE PRESIDENT. The bill will be passed over.

EVERGLADES NATIONAL PARK, FLA.

The bill (S. 324) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That when title to all the lands within boundaries to be determined by the Secretary of the Interior within the area of approximately 2,000 square miles in the region of the Everglades of Dade, Monroe, and Collier Counties, in the State of Florida, recommended by said Secretary in his report to Congress of December 3, 1930, pursuant to the act of March 1, 1929 (45 Stat., pt. 1, 1443), shall have been vested in the United States, said lands shall be, and are hereby, established, dedicated, and set apart as a public park for the benefit and enjoyment of the people and shall be known as the "Everglades National Park": *Provided*, That the United States shall not purchase by appropriation of public moneys any land within the aforesaid area, but such lands shall be secured by the United States only by public or private donation.

SEC. 2. The Secretary of the Interior is hereby authorized, in his discretion and upon submission of evidence of title satisfactory to him, to accept on behalf of the United States title to the lands referred to in the previous section hereof as may be deemed by him necessary or desirable for national park purposes: *Provided*, That no land for said park shall be accepted until exclusive jurisdiction over the entire park area, in form satisfactory to the Secretary of the Interior, shall have been ceded by the State of Florida to the United States.

SEC. 3. The administration, protection, and development of the aforesaid park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916 (39 Stat. 535), entitled "An act to establish a National Park Service, and for other purposes", as amended: *Provided*, That the provisions of the act approved June 10, 1920, known as the "Federal Water Power Act", shall not apply to this park: *Provided further*, That nothing in this act shall be construed to lessen any existing rights of the Seminole Indians which are not in conflict with the purposes for which the Everglades National Park is created.

SALES OF TIMBER ON KLAMATH INDIAN RESERVATION

The bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I inquire of the Senator from Oregon if he is familiar with the bill and what its purposes are?

Mr. McNARY. Mr. President, the bill appertains to timber on Indian lands and Indian reservations of the Klamath Indians located in the southern part of Oregon. The timber is under contract for sale far above the present commercial value and none of it is being cut. It must be converted into lumber in order to give the Indians compensation upon which they may live. The bill permits the Secretary of the Interior to conform the price so it will be salable. It has the approval of the committee and it has the approval of the Commissioner of Indian Affairs and the Secretary of the Interior.

Mr. McKELLAR. Mr. President, as the Senator knows, there has been a full-fledged scandal about the administration of the reservation of the Klamath Indians in Oregon.

Mr. McNARY. On the contrary, the Senator does not know anything of the kind. There has been no scandal. There have been charges against the administration which have now passed into history.

Mr. McKELLAR. I want to say that not only have charges been made but proof has been offered showing beyond a shadow of controversy that those Indians, some 200 in number, have been looked after in the beginning by something like 58 officers and employees on the reservation, every one of them except three having a stenographer, having an automobile at the expense of the Indians; every one getting a per diem when he went from one part of the reservation to another; every one of them drawing a good salary out of the Indians' funds; every one of them standing together with the others.

The Assistant Commissioner of Indian Affairs at that time, whose name escapes my mind for the moment, testified that it ought not to be any concern of our committee, because the money came out of the Indians and did not come out of the Government. That was the statement which the then Assistant Commissioner of Indian Affairs made. In other words, some $250,000 of income which had come to the Indians was involved, and some $60,000 of it had been spent by those employees on the reservation, and the Indians got practically nothing that year. That may not be a scandal to some Senators, but to my mind it is a scandal. It is an indefensible thing. Every one of the officers on the reservation and those in charge of the Bureau boldly say that it ought not to be any matter of concern to the Senate Committee on Indian Affairs because the funds by which those employees were paid big salaries, furnished automobiles, furnished homes, given a per diem in addition, came out of the Indians and did not come out of the Government. For that reason it seems to me somebody ought to think and speak for the Indians on this reservation.

Mr. McNARY. Mr. President, there have been rumors of that character. I think I know as much about the situation as does the Senator from Tennessee. The Indians at one time sold their timber at such huge profits that it caused them extravagantly to spend more money than they should. That was when the price of timber was high several years ago. The price level is now so low that unless arrangements can be made by which the Secretary of the Interior may sell the timber at its present market value, there will not be enough income to sustain the Indians on the reservation.

I have introduced the bill at the request of the Indians, represented by their tribal council held at Klamath Falls. They are in dire need of money to sustain them. The bill simply provides that the Commissioner of Indian Affairs, in whom the Senator has implicit confidence, may so arrange it that the timber will sell at the present market price in order to help the Indians.

Mr. McKELLAR. Mr. President, as a matter of fact, that timber is all under contract now. If the contractors who bought the timber at a price upon which the contractors and the Government both agreed, would simply carry out their contracts, the Indians would get a sufficient fund to sustain them, provided it is not all taken up by administrative expenses as it has been in the past. But the contractors want to get out of their contracts because timber has gone down since the contracts were made. The bill makes provision and gives the contractors a right to get out of their contract. But that is not all there is in the bill. It is not for the benefit of the Indians. It is for the benefit of the contractors. So far as I am concerned, I think the bill ought not to pass. I am opposed to it, and I shall object to its consideration at this time.

Mr. STEIWER. Mr. President, will the Senator withhold his objection until I may make a statement?

Mr. McKELLAR. I withhold the objection momentarily.

Mr. STEIWER. I desire to make a suggestion to the Senator which I think might cause him to withhold his objection permanently. It is true that the contractors would be benefited by the bill, provided the Indians themselves favor the modification of the contract, and provided the Commissioner of Indian Affairs reaches the conclusion that the modification ought to be made. I think from that the Senator from Tennessee said that he was assuming that if the bill is not passed, the contractor would proceed with the cutting of the timber and the Indians would, in any event, get the benefit of its sale.

Mr. McKELLAR. They will if the Commissioner of Indian Affairs simply does his duty, because he has the right to enforce the contract.

Mr. STEIWER. There is where the Senator is seriously in error. The trouble is that the timber companies, with one or two possible exceptions, are financially unable to continue the operation under the contracts. With few exceptions the bonds are not good for more than a fractional

part of the losses which the contractors would sustain if they attempted to cut the timber and pay $8 for stumpage when the wholesale market in which they sell manufactured lumber is not very much in excess of that figure. It is utterly impossible for the contractors to go forward.

I want to say one thing further. The Senator knows that in the matter of expenditures on the reservation he and I have been in accord. I think I have always voted the same way the Senator from Tennessee has voted in the Appropriations Committee with reference to the matter of cutting down expenses on the Klamath Reservation. He will be interested to know that the current figures show a very different story from the old figures against which we used to complain. The automobiles are not so numerous now.

Mr. McKELLAR. Oh, yes.

Mr. STEIWER. The 53 employees are not there now. The number has been cut down about 70 percent.

Mr. McKELLAR. The number of employees has been cut down from 58 to 27. All of them who are there still have their automobiles and still have their good salaries and their per diems, and still have their homes furnished.

Mr. STEIWER. That is not my information. Moreover, the delegate representing the Indians, who came here to protest against the expenditure, himself an Indian, has been placed in charge of that reservation and we may assume he will protest against extravagance. Still, moreover, the Indians recently held a tribal meeting upon the reservation. I am told that at that meeting there was no white man present. It was a meeting within the last 10 days at which, by an overwhelming vote, the Indians of the Klamath Reservation endorsed the bill.

Those Indians are not stupid. Many of them are well educated and are very intelligent people. They know what the old abuses were. They know what corrections have been made. They know what curtailments have been provided for their benefit. They know the financial condition of the contractors; they know the price of stumpage; and they know there is going to be no revenue for them unless some remedial legislation is enacted. It seems to me that a high-class people like the Klamath Indians ought to have some voice in the management of their own business. I can assure the Senator that an examination of the new figures will show to him such a great improvement in those conditions that I think he will be entirely satisfied with the situation.

Mr. President, I ask unanimous consent that there may be incorporated in the RECORD at this point certain sheets showing the reductions in pay roll and other expense upon the Klamath Indian Reservation.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Comparison in regular pay roll, Klamath Agency, Oreg., for months April 1931 and March 1933

Position	Annual gross salary	Occupant April 1931	Occupant March 1933	Remarks[1]
Superintendent	$4,200	L. D. Arnold		Not to be filled.
Day-school representative	1,860	H. L. Shilling	Same	Position abolished beginning July 1.
Physician	3,000	Orra E. Patterson	Same	
Principal clerk	2,700	Carl A. Gossett	Same	
Clerk	1,920	Mildred D. Neave	Same	Do.
Temporary clerk	1,620	Florence Edwardsen	(2)	
Junior clerk	1,680	Vera T. Lamb	Same	Do.
Assistant clerk	1,620	Burney O. Wilson	Same	
Financial clerk	2,300	Willard Hamilton	John R. Lynn	
Clerk	1,800	Dorothy Dillstrom	Same	
Assistant clerk	1,800	Alice G. Andrews	(2)	
Do	1,620		Alice G. Andrews	
Junior clerk	1,500	Clara L. Allen	(2)	
Assistant clerk	1,620		Clara L. Allen	Do.
Forest ranger	2,000	John W. Libby	(2)	
Special officer	2,300	Louis C. Mueller	(2)	
Carpenter	1,800	Wm. A. Bourell	(2)	
Stockman	1,740	Floyd Lovelace	(2)	
Field matron	1,680	Bertah Wallace	(2)	
Field nurse	2,200	Zillah Mathias	(2)	
Police private	540	David Chocktoot	Same	
Forest examiner	2,700	W. B. MacMillan	Same	Administrative furlough, no payment. Position abolished beginning July 1.
Do	3,000	Harry Nettleton	(2)	
Forest ranger	2,400	Carl D. Rawie, Sr	(2)	
Do	2,000	Silos O. Davis	Same	
Do	2,100	Edward Neave	Same	Do.
Junior forester	2,000	Nicholas Welter	(2)	
Forest assistant	2,300	Arlie W. Toole	Same	
Do	2,500	Harold Weaver	Same	
Do	2,300	Floyd H. Phillips	Same	
Forest guard	1,800	Alfred E. Hart	Same	Do.
Do	1,860	Marion J. Gober	Same	Position abolished beginning July 1.
Scaler	1,980	C. A. Middlebusher	Same	Administrative furlough; no payment. Position abolished beginning July 1.
Do	1,920	Opie K. Pace	(2)	
Do	1,920	Britton Clair	(2)	
Do	1,920	Geo. C. Hepworth	(2)	
Do	2,040	Frank G. Manness	Same	Do.
Do	1,980	Clarence Whitaker	(2)	
Forest ranger	2,300	Allen F. Space, Sr	(2)	
Forest supervisor	3,300	Frederick R. Moffat	Same	
Scaler	1,920	Philip J. Duffy	Same	Do.
Do	1,860	Roy Rice	Albert L. Christy	
Do	1,980	Clyde W. Flinn	Same	
Do	1,920	Lloyd E. Lamb	Same	Do.
Senior forest ranger	2,400	Stanley J. Johnson	Same	
Do	2,400	Earl L. Silvers	Same	Do.
Nurse	2,100	Inez Rucker	(2)	
Nurse (temporary)	1,800	Lucille L. Shilling	Harriet Blyton	
Nurse	1,800	Florence Miller	Same	
Do	1,860	Pearl I. Clark	(2)	
Do	1,800		Pearl I. Clark	
Cook	1,380	Matie Lemmon	Matie Middlebusher	
Laborer	1,200	Anna Foust	Mollie C. Lewis	

[1] Remarks refer only to 1933 column.

[2] Position abolished prior to fiscal year 1933.

Irregular roll for March 1933

	Net amount paid
Jesse Copeland, laborer (spotter)	$16.32
Irving Crawford, laborer (fireman)	105.09
Kate David, laborer (hospital laundress)	47.30

Irregular roll for March 1933—Continued

	Net amount paid
R. W. DeShazer, special officer	93.31
B. A. Dillstrom, laborer (mechanical)	132.06
Elmer Dillstrom, laborer (mechanical)	100.10

Irregular roll for March 1933—Continued

	Net amount paid
James Gardiner, laborer (agency grounds)	83.74
Maxie Gober, special night telephone operator	41.54
Francis Kirk, laborer (janitor)	112.22
Charles Knight, laborer (saw filer)	95.34
Madge Redmond, nurse (emergency)	36.56
Robert Summers, laborer (treater)	77.97
Lee Warnick, special officer	140.74
Cora Wilson, laborer	23.37
Edwin H. Wilson, laborer	45.00
Harry Wright, laborer (agency grounds)	85.32
Jesse Wright, laborer (agency grounds)	83.74
Total	1,319.72

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.

	Total
Temporary scalers:	
Charles L. Mick, at $5.40 per day	$54.00
Harry L. Francis, at $5.40 per day	81.00
	135.00
Lineriders, grazing:	
Marvin Williams, at $4.50 per day	94.50
William Thomason, at $4.50 per day	31.50
Dice Crain, at $4.50 per day	58.50
Lee V. Corbell, at $4.50 per day	49.50
	234.00
Liquor control:	
James Murphy, at $5 per day	150.00
Eddie Johnson, at $5 per day	10.00
R. G. Haskin, at $5 per day	150.00
R. W. DeShazer, at $5 per day	150.00
Rudolph Cheraldo, at $5 per day	40.00
K. K. Ambrose, at $5 per day	45.00
	545.00
Fire protection:	
L. O. Wright, saw filing, at $6 per day	6.00
John Scott, fireguard, at $4 per day	8.00
George Glasby, fireguard, at $4 per day	8.00
Fred Danelson, laborer, at $3.75 per day	7.50
Fred Danelson, at 35 cents per hour	2.45
	31.95
Road construction and maintenance:	
Herman Akin, powder man, at $4.25 per day	80.75
Jack Cody, laborer, at $3.75 per day	33.75
Harry Francis, foreman, at $5.50 per day	38.50
M. A. Harris, cook, at $4 per day	68.00
Frank Jennie, laborer, at $3.75 per day	71.25
Ted Petterson, laborer, at $3.75 per day	71.25
David Shorpe, patrol operator, at $6 per day	96.00
Thomas Moran, laborer, at $4 per day	36.00
Carl Williams, straw boss, at $4.70 per day	91.65
L. O. Wright, filer, at $6 per day	6.00
Benjamin Tupper, laborer, at $3.75 per day	82.50
Benjamin Mitchell, grader man, at $5.50 per day	145.75
Samuel McGregor, cook, at $4.50 per day	78.75
Sam Klapperick, car driver, at $5.50 per day	154.00
Benjamin Jones, laborer, at $3.75 per day	37.50
McKinley Jackson, laborer, at $3.75 per day	63.75
Elmer Hilt, laborer, at $3.75 per day	26.25
F. E. Hill, laborer, at $3.75 per day	80.63
M. A. Harris, cook, at $4 per day	30.00
Joe Effman, laborer, at $3.75 per day	101.25
Joe Dumore, laborer, at $3.75 per day	33.75
Albert Christy, foreman, at $6 per day	165.00
Leland Parazoo, laborer, at $3.75 per day	54.38
	1,646.66
Beetle-control work:	
L. O. Wright, saw filer, at $6 per day	135.00
Frank Weideman, at $4.25 per day	119.00
John Vogel, at $4.75 per day	38.00
H. L. Tripp, at $4.25 per day	127.50
D. H. Tripp, at $5.50 per day	165.00
James W. Thomas, at $4.25 per day	127.50
Ben Swigard, at $4.75 per day	99.75
Virgil E. Starr, at $4.25 per day	127.50
A. L. Shadley, at $4.25 per day	102.00
William Ruhmann, at $5.50 per day	121.00
Jessie Pete, at $4.25 per day	123.25
Carl Olsen, at $4.25 per day	110.50
C. H. McCumber, at $4.25 per day	59.50
Harry Kallander, at $4.25 per day	114.75
Carrol R. Hussey, at $4.25 per day	102.00
Lester Hodson, at $4.25 per day	84.50
J. C. Hobby, at $4.25 per day	123.25
Delmar Groshong, at $5 per day	115.00

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued

	Total
Beetle-control work—Continued	
Harry Francis, at $4.25 per day	21.25
Cal Francis, at $4.25 per day	123.25
Leslie Flinn, at $4.25 per day	119.00
Forrest Cunningham, at $4.25 per day	114.75
Floyd Cunningham, at $5 per day	115.00
Wesley Cole, at $4.25 per day	76.50
J. B. Chohran, at $4.25 per day	76.50
Russel Bower, at $5 per day	145.00
J. S. Blankenship, at $4.25 per day	102.00
Herman Akin, at $4.25 per day	29.75
J. M. Cole, at $4.25 per day	42.50
	2,960.50
Agency grounds and miscellaneous:	
Jessie Wright, at $3.50 per day	75.25
Harry Wright, at $3.50 per day	35.00
James Saunders, at $3.50 per day	91.00
Pete McDonald, at $4.70 per day	126.90
Elmer Dillstrom, at $4.25 per day	110.50
Ernest Clauson, at $3.50 per day	84.00
John Barclay, at $4 per day	112.00
	634.65
Miscellaneous:	
C. R. Andrews, janitor, at $4 per day	120.00
Jan. O. McKenzie, engineer, at $4.70 per day	141.00
Kenneth Nelson, mechanic, at $4.25 per day	55.25
Kenneth Nelson, mechanic, at $4 per day	52.00
R. B. Wade, painter, at $5 per day	115.00
R. B. Wade, painter, at $5 per day	17.50
Cora Wilson, caring for guest room at 35 cents per hour	12.70
Maxie Gober, telephone operator, at $1.33⅓ per day	40.00
Gertrude I. Hepworth, laundress (hospital), at $3.50 per day	35.00
	588.45
Liquor control:	
Alec Tecumseh, at $5 per day	10.00
Russell White, at $5 per day	10.00
	20.00
Miscellaneous improvements, forestry:	
Fred Danelson, at $3.75 per day	86.25
George Glasby, at $4 per day	96.00
W. T. Schilling, at $3.75 per day	26.25
John Scott, at $4 per day	92.00
	300.50
Construction and maintenance of telephone lines:	
C. R. Holmes, at $4 per day	10.00
George Dohl, at $4 per day	110.00
W. H. Dobney, at $4.50 per day	74.25
Myron Taylor, at $4.50 per day	76.50
Ted Peterson, at $4 per day	18.00
Jack Nye, at $4 per day	14.00
N. A. McNab, at $4 per day	18.00
Sam McGregor, at $4 per day	24.00
F. Jennie, at $4 per day	18.00
Elmer Hilt, at $4 per day	18.00
B. J. Brewer, at $4.50 per day	20.25
Bill Backer, at $4 per day	8.00
	409.00
Total	6,583.22

Table showing comparison of total pay rolls of Klamath Agency, Oreg., as of April 1931 and March 1933

	April 1931	March 1933
Total paid to regular pay roll, after making deductions for quarters, legislative furlough, retirement, or other purposes	$7,421.00	$3,210.21
Total paid to irregular roll	6,583.22	1,319.72
Total paid to regular and irregular roll	14,004.22	4,529.93

Table showing comparison of expenditures from tribal and public funds, Klamath Agency, Oreg., for years 1931 and 1933

	1931	1933[1]
Total paid from tribal funds	$185,457.94	$82,850
Total paid from public funds	105,177.93	22,700
Total paid from tribal and public funds	290,635.87	105,550

[1] Estimate of Indian Bureau based on fiscal appropriation and past expenditures.

Mr. McKELLAR. Mr. President, if the Senator will permit me, I will read what this bill provides. It proposes to amend the existing law by striking out of the first section thereof the following words:

Provided, That the prices are not reduced below the basic sale prices.

It is proposed, therefore, to reduce the prices below the basic sale prices; that is, below the prices for which other people are selling lumber.

Mr. STEIWER. No; below the basic sale prices in the contracts. No Klamath Indian stumpage will be sold below the market at which other people sell.

Mr. McKELLAR. It does not say that. It says, "below the basic sale prices"; not "below the contract sale prices."

Mr. LA FOLLETTE. Mr. President, that refers to the basic sale prices in the contracts.

Mr. STEIWER. In the contracts, of course.

Mr. McKELLAR. This provision does not so provide.

Mr. LA FOLLETTE. But the Senator has not before him the act which this bill proposes to amend. If he had, it would be perfectly apparent that this bill refers to nothing but the basic prices in the contracts.

If the Senator from Oregon will permit me, if he has the floor, may I say to the Senator from Tennessee that I share with him the desire which he manifests to protect the rights of the Indians in this situation; but may I point out to the Senator that when Public Act No. 435 was passed the same representative of the Klamath Indians was before the committee and insisted that the phraseology now proposed to be stricken out should be in the bill. After the act was passed, after returning to the reservation, and after studying the full effect of that phraseology, my information is that the Indians themselves, acting entirely upon their own motion, came to the unanimous conclusion that it was in the interest of the tribe itself to have that phraseology taken from the bill, for the simple reason that it is impossible for these companies to operate under the contracts entered into prior to the depression.

Now, as I understand, both the Department and the representative of the Indians in tribal council have recognized that unless this phraseology is taken out of the act passed at the last session of Congress there will be no operations whatsoever, or they will be upon such a limited scale that the revenues to the Indians will be greatly diminished.

For whatever it may be worth, may I say to the Senator from Tennessee that I am convinced, from such information as I have, both from the Department and from the representatives of the Klamath Indians—a very intelligent tribe—that their interests will be best served by the enactment of this amendatory bill?

Mr. McKELLAR. Mr. President, may I ask the Senator a question? Of course, my only interest in this matter is the interest of the Indians.

Mr. LA FOLLETTE. I know that.

Mr. McKELLAR. The contractors who have bought this lumber are taking it out in accordance with the contract, cutting it, sawing it, and sending it out.

Mr. LONG. Mr. President——

Mr. McKELLAR. They give the Government a bond——

The VICE PRESIDENT. The Senator from Oregon [Mr. STEIWER] has the floor, and his time under the rule has expired.

Mr. LONG. Can we not have a little bit better order in the Senate?

The VICE PRESIDENT. The Senate will be in order.

Is there objection to the present consideration of the bill?

Mr. McKELLAR. Mr. President, in view of the fact that the former Chairman of the Committee on Indian Affairs [Mr. FRAZIER] and others on the committee have stated that this bill is in the interest of the Indians—I cannot see how it is possible—but, in view of their statements, since they are on the Indian Affairs Committee, I am not going to object. I really think, however, that this is a bad bill and that it is in the interest of the contractors and not in the interest of the Indians.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Public Act No. 435 of the Seventy-second Congress entitled "An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian lands when it is in the interest of the Indians so to do" is hereby amended by striking from the first section thereof the words "*Provided*, That the prices are not reduced below the basic sale prices."

NATIONAL EMPLOYMENT SYSTEM

The bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I have several amendments which I should like to offer to this bill. I suggest that it go over.

Mr. WAGNER. Mr. President, I desire to say to the Senator from Utah that the Senate on two occasions has approved this legislation, and I am informed that the Senator from Utah himself supported it heretofore. In view of that fact, I did not think there would be any need for further discussion.

The bill simply provides for a coordinated system of employment exchanges between the States and the Federal Government. I may say that the President himself is strongly in favor of the legislation, and recognizes, particularly at this time, the need of such a system. We are without any coordinated system of public employment exchanges; and with the legislation that is about to come, which will require the reassembling of workers in different sections of the country, the work will be very much impeded, if not frustrated, if we have not a system of employment exchanges of this character.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. ROBINSON of Arkansas. Is not this the bill that passed at the previous session?

Mr. WAGNER. Yes. As a matter of fact, the Senate passed upon it twice, I may say to the Senator.

Mr. ROBINSON of Arkansas. That is my recollection.

Mr. WAGNER. I understood that it was universally accepted. The committee reported it unanimously.

Mr. COPELAND. Mr. President, will my colleague yield?

Mr. WAGNER. Yes.

Mr. COPELAND. May I say for the committee that we had an extended hearing on this bill this year, as we have had before; and by unanimous vote of the committee its passage was recommended. I hope it may be passed now.

Mr. KING. Mr. President, in a conversation which I had some time ago with the Secretary of Labor, I was informed that her intention was to utilize more and more the State organizations.

Mr. COPELAND. This bill provides, may I say to the Senator, for the absolute utilization of the State organizations.

Mr. KING. I thought this bill was not in harmony with the views of the Secretary of Labor.

Mr. COPELAND. Oh, no; it exactly carries out that view. It provides for the use of State organizations, and the Federal Government simply coordinates by securing certain service from State organizations.

Mr. KING. My objection was based upon my understanding that the bill was not in harmony with views of the Secretary of Labor. If she has approved of this bill, of course that alters the situation.

Mr. LA FOLLETTE. On the contrary, she was the first and most ardent advocate to appear before the committee on behalf of the bill.

Mr. WAGNER. Exactly.

Mr. LA FOLLETTE. May I say to the Senator from Utah, if the Senator from New York will permit me, that not only in conjunction with the present situation so far as unemployment is concerned, but particularly in connection with any program for its stimulation, this measure is of vital

importance in order that the necessary information and service may be rendered to those seeking opportunities for work in connection with any reemployment program. I sincerely hope, therefore, that the Senator from Utah will not insist upon his objection.

Mr. KING. I stated that my opposition was based upon the assumption that the measure was not in harmony with the views of the Secretary of Labor; but if she has put her O.K. upon it, I have no objection.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Education and Labor with amendments, on page 4, line 4, after the word "act", to insert "If the legislature of any State has not made provision for accepting the provisions of this act, the Governor of such State may, insofar as he is authorized to do so by the laws of such State, accept the provisions of this act and designate or create a State agency to cooperate with the United States Employment Service until 6 months after the adjournment of the first regular session of the legislature in such State following the passage of this act"; on page 4, line 15, after the word "appropriated", to insert "(1)"; in line 16, after "1934", to strike out "and" and insert "(2)"; in line 18, after "1938", to insert "(3) and thereafter such sums annually as the Congress may deem necessary"; and on page 6, line 23, after the word "legislature", to insert "or its Governor, as the case may be", so as to make the bill read:

Be it enacted, etc., That (a) in order to promote the establishment and maintenance of a national system of public employment offices, there is hereby created in the Department of Labor a bureau to be known as "the United States Employment Service", at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $8,500 per annum.

(b) Upon the expiration of 3 months after the enactment of this act the employment service now existing in the Department of Labor shall be abolished; and all records, files, and property (including office equipment) of the existing employment service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this act without change in classification or compensation, but the term of office of any person transferred by this section to the United States Employment Service, and who was not appointed subject to the provisions of the Civil Service laws, shall expire upon the expiration of 6 months from the date of enactment of this act.

SEC. 2. The Secretary of Labor is authorized, in accordance with the Civil Service laws, to appoint and, in accordance with the Classification Act of 1923, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of Government and elsewhere, and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this act.

SEC. 3. (a) It shall be the province and duty of the bureau to promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, to maintain a farm placement service, to maintain a public employment service for the District of Columbia, to cooperate with the Veterans' Administration in securing employment for veterans and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof. The bureau shall also assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States.

(b) Whenever in this act the word "State" or "States" is used it shall be understood to include the Territory of Hawaii.

SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this act. If the legislature of any State has not made provision for accepting the provisions of this act, the Governor of such State may, insofar as he is authorized to do so by the laws of such State, accept the provisions of this act and designate or create a State agency to cooperate with the United States Employment Service until 6 months after the adjournment of the first regular session of the legislature in such State following the passage of this act.

SEC. 5. (a) For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated (1) the sum of $1,500,000 for the fiscal year ending June 30, 1934, (2) $4,000,000 for each fiscal year thereafter up to and including the fiscal year ending June 30, 1938, (3) and thereafter such sums annually as the Congress may deem necessary. Seventy-five percent of the amounts appropriated under this act shall be apportioned by the director among the several States in the proportion which their population bears to the total population of the States of the United States according to the next preceding United States census, to be available for the purpose of establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in accordance with the provisions of this act. No payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated or otherwise made available for that year by the State, or by any agency thereof, including appropriations made by local subdivisions, for the purpose of maintaining public employment offices as a part of a State-controlled system of public employment offices; except that the amounts so appropriated by the State shall not be less than 25 percent of the apportionment according to population made by the director for such State for the current year, and in no event less than $5,000. The balance of the amounts appropriated under this act shall be available for all the purposes of this act other than for apportionment among the several States as herein provided.

(b) The amounts apportioned to any State for any fiscal year shall be available for payment to and expenditure by such State, for the purposes of this act, until the close of the next succeeding fiscal year; except that amounts apportioned to any State for any fiscal year preceding the fiscal year during which is commenced the first regular session of the legislature of such State held after the enactment of this act shall remain available for payment to and expenditure by such State until the close of the fiscal year next succeeding that in which such session is commenced. Subject to the foregoing limitations, any amount so apportioned unexpended at the end of the period during which it is available for expenditure under this act shall, within 60 days thereafter, be reapportioned for the current fiscal year among all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and treasurers of the States in the same manner, as if it were being apportioned under this act for the first time.

SEC. 6. Within 60 days after any appropriation has been made under authority of this act the director shall make the apportionment thereof as provided in section 5 and shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State for the fiscal year for which the appropriation has been made.

SEC. 7. Within 60 days after any appropriation has been made under the authority of this act, and as often thereafter while such appropriation remains available as he deems advisable, the director shall ascertain as to each of the several States (1) whether the State has, through its legislature or its Governor, as the case may be, accepted the provisions of this act and designated or authorized the creation of an agency to cooperate with the United States Employment Service in the administration of this act in compliance with the provisions of section 4 of this act; and (2) the amounts, if any, which have been appropriated or otherwise made available by such State and by any agency thereof, including appropriations made by local subdivisions, in compliance with the provisions of section 5 of this act. If the director finds that a State has complied with the requirements of such sections, and if plans have been submitted and approved in compliance with the provisions of section 8 of this act, the director shall determine the amount of the payments, if any, to which the State is entitled under the provisions of section 5, and certify such amount to the Secretary of the Treasury. Such certificate shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 8. Any State desiring to receive the benefits of this act shall, by the agency designated to cooperate with the United States Employment Service, submit to the director detailed plans for carrying out the provisions of this act within such State. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this act. If such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the director and due notice of such approval shall be given to the State agency.

SEC. 9. Each State agency cooperating with the United States Employment Service under this act shall make such reports concerning its operations and expenditures as shall be prescribed by the director. It shall be the duty of the director to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the director in accordance with the provisions of this act. The director may revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State in accordance with plans approved under this act. Before any such certificate shall be revoked or withheld from any State, the Director shall give notice in writing to the

State agency stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the director in any such case, and the Secretary of Labor may either affirm or reverse the action of the director with such directions as he shall consider proper.

SEC. 10 (a) The director shall establish a Federal Advisory Council composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and discussing problems relating to employment and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of such council shall be selected from time to time in such manner as the director shall prescribe and shall serve without compensation, but when attending meetings of the council they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The council shall have access to all files and records of the United States Employment Service. The director shall also require the organization of similar State advisory councils composed of men and women representing employers and employees in equal numbers and the public.

(b) In carrying out the provisions of this act the director is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

SEC. 11. The director, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. 12. The Postmaster General is hereby authorized and directed to extend to the United States Employment Service and to the system of employment offices operated by it in conformity with the provisions of this act, and to all State employment systems which receive funds appropriated under authority of this act, the privilege of free transmission of official mail matter.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ST. LAWRENCE RIVER BRIDGE, OGDENSBURG, N.Y.

The bill (S. 1577) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., was announced as next in order.

Mr. COPELAND. Mr. President, I ask that Order of Business 87, House bill 5329, be substituted for this bill. It is an identical bill which has passed the House, but I wish to offer an amendment to it.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., which was read, as follows:

Be it enacted, etc., That in order to facilitate international commerce, the St. Lawrence Bridge Commission (hereinafter created, and hereinafter referred to as the "Commission") and its successors and assigns, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the St. Lawrence River at or near the city of Ogdensburg, N.Y., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada. For like purposes said Commission and its successors and assigns are hereby authorized to purchase, maintain, and operate all or any ferries across the St. Lawrence River within 5 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada.

SEC. 2. There is hereby conferred upon the Commission and its successors and assigns all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of New York as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of New York, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in such State; and the Commission and its successors and assigns may exercise in the Dominion of Canada all rights, powers, and authority which shall be granted or permitted to the Commission by the proper authorities of the Dominion of Canada or of the Province of Ontario, including the entering upon lands and acquiring, condemning, occupying, possessing, and using such real estate and other property in the Dominion of Canada as may be needed for such location, construction, operation, and maintenance of such bridge.

SEC. 3. The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordance with the provisions of this act.

SEC. 4. The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the Commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registerable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 30 years from their respective dates, shall be in such denominations, shall be executed in such manner and be payable in such medium and at such place or places as the Commission may determine. The Commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the Commission prior to the issuance of the bonds. The Commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreements may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge or ferry tolls or other moneys of the Commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for international commerce authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6 percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner, if, in the judgment of the Commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the Commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of depreciating, maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the Commission prior to the issuance of the bonds. An accurate

record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The Commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the Commission or of the Governments of the United States or Canada while in the discharge of their duties.

SEC. 6. Nothing herein contained shall require the Commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the Commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the Commission or its successors it may seem expedient so to do. The Commission and its successors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to the bridge, that part within the United States to the State of New York or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "United States interests") and that part within Canada to the Dominion of Canada or to such Province, municipality, or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Canadian interests"), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the United States interests and the Canadian interests, as may be agreed upon; but if either the United States interests or the Canadian interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the United States interests and the Canadian interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the Commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as practicable, at such price and upon such terms as the Commission or its successors may determine, but in making any such sale preference shall be given to the Canadian interests and thereafter to the United States interests before any sale except to such respective interests.

SEC. 8. For the purpose of carrying into effect the objects stated in this act there is hereby created the St. Lawrence Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The Commission shall consist of Walter Willson, George W. Sisson, Jr., John Bird, James C. Dolan, Albert P. Newell, Charles Steger, Franklin R. Little, Felix Hulser, Arthur Belgard, Robert H. McEwen, and Julius Frank. Such Commission shall be a body corporate and politic constituting a public-benefit corporation. Any vacancy occurring in said Commission shall be filled by a majority vote of the remaining members of the Commission, and notices of elections to fill vacancies and of acceptances thereof shall be filed with the county clerk of St. Lawrence County, N.Y. Each member of the Commission and their respective successors shall qualify by giving such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned for the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Five members shall constitute a quorum for the transaction of business: *Provided, however,* That if there be less than five members of said Commission on account of vacancies, the remaining member or members may fill such vacancies.

SEC. 9. The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the Commission shall be entitled to a per diem compensation for their services of $10 for each day actually spent in the business of the Commission, but the maximum compensation of the chairman in any year shall not exceed $2,500 and of each other member shall not exceed $500. The members of the Commission shall also be entitled to receive traveling expense allowance of 10 cents a mile for each mile actually traveled on the business of the Commission. The Commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the Commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payments shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the United States interests and the Canadian interests as herein provided, and any ferry or ferries shall have been sold, the Commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Ogdensburg, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Ogdensburg, N.Y., and a newspaper published in Prescott, Ontario. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided into two equal parts, one of which shall be paid to said United States interests and the other to said Canadian interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the Commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the Commission, but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of New York, the United States district attorney for the district in which the bridge may be located in part, or by the solicitor general of the Dominion of Canada in any court having competent jurisdiction of the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

The VICE PRESIDENT. The Senator from New York offers an amendment, which will be stated.

The CHIEF CLERK. On page 11, it is proposed to strike out lines 3 to 24, both inclusive, and to insert in lieu thereof the following:

The Commission shall consist of 11 persons appointed by the Governor of New York. Such Commission shall be a body corporate and politic constituting a public-benefit corporation. Any vacancy occurring in said Commission shall be filled by the Governor. Each member of the Commission and their respective successors shall qualify by giving such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned for the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Five members shall constitute a quorum for the transaction of business.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The VICE PRESIDENT. Without objection, Senate bill 1577 will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

OCHOCO NATIONAL FOREST, OREG.

The Senate proceeded to consider the bill (S. 285) to authorize the addition of certain lands to the Ochoco National Forest, Oreg., which was read, as follows:

Be it enacted, That the following described public lands are hereby included in and made a part of the Ochoco National Forest, Oreg., subject to all the laws and regulations applicable to na-

tional forests, but such inclusion shall not affect any entry or vested rights acquired under the public land laws prior to the passage of this act: The west half southeast quarter and the southwest quarter section 7; the southwest quarter northeast quarter, the northwest quarter northwest quarter, the south half northwest quarter, the north half southwest quarter, the southeast quarter southwest quarter, the north half southeast quarter, and the southwest quarter southeast quarter section 17; the north half northeast quarter, the southwest quarter northeast quarter, the west half southeast quarter, and the west half section 18; and all of section 19; all in township 13 south, range 24 east, Willamette meridian.

Mr. KING. Mr. President, in view of the fact that some of us are receiving petitions to exclude or withdraw lands that have been incorporated within the forest reserves upon the ground that it was not necessary to do so and that their incorporation is injurious to the people living contiguous to the forests, I should like to ask the Senator from Oregon [Mr. STEIWER] what is the necessity now of enlarging the boundaries of this forest.

Mr. STEIWER. Mr. President, I think there is no objection to this particular item of extension. The land involved is high mountain land, forming the divide between the headwaters of two small river systems. It is contiguous to the national forest; it is a part of the public domain, but has been withdrawn from entry for a great many years—I think at least 10 years.

The application for this extension was made sometime ago by the Department of Agriculture, and was submitted to the Interior Department, which, of course, controls this land. Both Departments are desirous that the bill be enacted. The report discloses that the present Secretary of the Interior reported favorably upon the bill. The Secretary of the Interior prior to this administration favored the bill. The Secretaries of Agriculture in this and in the prior administration, I understand, both favored the bill. There is no settlement here. There is no private ownership involved. There is a total of 1,800 acres of land which it is thought should be logically a part of the national park.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill is the unfinished business.

SEVERAL SENATORS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

LOANS BY RECONSTRUCTION FINANCE CORPORATION TO CLOSED BUILDING-AND-LOAN ASSOCIATIONS

The bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations, was announced as next in order.

Mr. KING. Mr. President, I should like an explanation by the Senator from Ohio [Mr. BULKLEY] as to the necessity and wisdom of this measure.

Mr. BULKLEY. Mr. President, the Reconstruction Finance Corporation Act as originally passed gave the Corporation authority to make loans to banks, savings banks, and building-and-loan associations, among other institutions. The original act gave the Corporation authority to lend to closed banks. A subsequent amendment gave the Corporation the authority to lend to closed savings banks; but no authority has yet been given to lend to closed building-and-loan associations. It is believed that the theory of the original act will be carried out by extending the authority to lend to closed building-and-loan associations exactly the same as to closed banks or closed savings banks.

Another change in the law that is made by this bill is with respect to the limitation of all loans to closed institutions. The original act contained a limitation of $200,000,000, and the attorneys for the Reconstruction Finance Corporation are not certain whether that limitation is an absolute limitation or whether the $200,000,000 constitutes a revolving fund. The bill as reported by the committee would raise that limit to $300,000,000, and make it clear that it is a revolving fund.

Mr. KING. Mr. President, is it recommended that there should be an increase of $100,000,000 for this purpose?

Mr. BULKLEY. Yes. The Reconstruction Finance Corporation recommended that all limit be removed, but the committee thought it wise to leave a limit of $300,000,000, with a provision that it shall be considered as a revolving fund.

Mr. KING. Has not the Senator received a number of communications—I know I have received six or seven—to the effect that some building-and-loan associations which are practically insolvent are unloading and want to unload upon the Federal Government, through the Reconstruction Finance Corporation, some of their unsound and wholly unliquid assets, and to free themselves from the bad situation in which they find themselves because of bad loans and of frozen assets?

Mr. BULKLEY. I have no doubt that many owners of bad securities, both building-and-loan associations and banks and other institutions, would be glad if they could unload their bad securities on the Reconstruction Finance Corporation, or on anybody else; but I submit that that has nothing to do with the matter now before us. The Reconstruction Finance Corporation is required to take adequate security for each and every loan made, and it is not presumed that any bad loans will be made under this measure.

Mr. KING. May I ask the Senator whether he believes it is wise that the Federal Government should get behind the building-and-loan associations in their distress and make advances to them up to this tremendous sum?

Mr. BULKLEY. Mr. President, the Congress has taken the view that the Government should get very liberally behind financial institutions, savings banks and other banks, to save them from closing, and also to help them to reopen, and to help them to get dividends paid to depositors. I submit that exactly the same principle applies to the building-and-loan associations.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

The amendments were, on page 2, line 15, to strike out "$250,000,000" and to insert in lieu thereof "$300,000,000", and in line 19, after the word "liquidation", to insert a comma and the words "and such sum shall constitute a revolving fund for such purposes", so as to make the bill read:

Be it enacted, etc., That the first paragraph of section 5 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building-and-loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank, savings bank, or building-and-loan association that is closed or in process of liquidation, to aid in the reorganization or liquidation of such banks or building and loan associations, upon application of the receiver or liquidating agent of such bank or building-and-loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $300,000,000 shall be used for the relief of banks (including savings banks and building-and-loan associations) that are closed or in the process of liquidation, and such sum shall constitute a revolving fund for such purposes."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DILL subsequently said: Mr. President, I desire to enter a motion to reconsider the vote whereby the Senate

passed this morning the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations.

The VICE PRESIDENT. The motion of the Senator from Washington will be entered.

RELIEF OF HOME OWNERS

The bill (H.R. 5240) to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, was announced as next in order.

Mr. BULKLEY. Mr. President, that bill should go over. A number of Senators want to speak on it and to offer amendments to it.

The VICE PRESIDENT. The bill will be passed over.

NAVAL AIR STATION, PENSACOLA, FLA.

The bill (S. 1103) to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to construct additional buildings, structures, roads, utilities, and appurtenances, and to remove, relocate, replace, remodel, and extend existing buildings, structures, roads, utilities, and appurtenances at the naval air station, Pensacola, Fla., at a cost not to exceed $6,955,000, and said sum is hereby authorized to be appropriated.

NAVAL AIR STATION, PENSACOLA (CORRY FIELD), FLA.

The bill (S. 1104) authorizing the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola (Corry Field), Fla., was announced as next in order.

Mr. KING. Let that go over.

Mr. TRAMMELL. Mr. President——

Mr. KING. I withhold the objection.

Mr. TRAMMELL. Mr. President, this bill provides an authorization, not an appropriation, for the building of hangars and of some other minor improvements at the landing field at Pensacola, Fla. The object of the bill, particularly at this time, is that there may be an authorization so that if the President and the Budget Director see proper to include this in the public-works program, it may be included. Otherwise, there would be no expenditure made at all, and that rests in the sound judgment of the President and the Director of the Budget. The bill itself does not carry an appropriation but merely an authorization.

Mr. KING. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. KING. If I had not had my attention distracted, I should have objected to the consideration of calendar 101, Senate bill 1103. A joint committee of the House and of the Senate are now engaged in hearing testimony with respect to the question of dirigibles, trying to ascertain the cause of the disaster to the *Akron*, as well as to the *Shenandoah*, and other dirigibles constructed by the Government, and to determine whether or not there is any utility in the construction of these airships.

May I ask the Senator whether Senate bill 1103 is for the purpose of obtaining nearly $7,000,000 for the purpose of making ready for the reception of airships, when we may not construct them?

Mr. TRAMMELL. Mr. President, the purpose of it is to provide sufficient housing and facilities at the naval air station at Pensacola, Fla. Of course, that is not a station where they use dirigibles at all. It is a heavier-than-air station, and is used exclusively for the training of student flyers for the Navy. Air drills for trained pilots are carried on at the station located in California. The station at Pensacola is one of the major air stations of the country, and it is here that students are sent to learn to fly. The lighter-than-air planes have never been used, and such operation is not contemplated. Unless the President should decide to use the authorization here proposed in a public-works program, the appropriation would not be made. Of course, the bill does not carry any appropriation.

The Government has about 80 planes at this training field on the average, and those planes are exposed to the weather. They have been so exposed for years and years, and the principal part of the expense involved in this measure would be for the building of hangars to protect those planes in the interest of economy and in the interest of increased protection to the flyers. Exposed as they are, the planes deteriorate much more rapidly than if in hangars, and there is much more danger of defects resulting from the exposure as well as a greater expense for upkeep. The Navy Department for 2 or 3 years or 4 years has called attention to the necessity of these hangars and other facilities at this field. However, it all reverts back to the question of the authority of the President and of the Budget Director as to whether anything shall be done under the provisions of a public-works program. I know the improvement called for in the bill is very necessary and I believe well merits being taken care of in the public-works program. In this connection this legislation is exceedingly desirable, and I urge its passage.

Mr. KING. Mr. President, the bill which ought to command the largest opposition was passed during the time I was called to another part of the Chamber, and if that becomes a law, obviously the pending bill should be enacted. In my opinion, however, neither of them at this particular juncture should have received the approval of the Congress or of the Senate. We have been insisting that there should be a reduction of 25 percent, and when we make a reduction of 25 percent in one line we increase it by 50 or 100 percent in some other. Instead of there being reductions and economies, with the profligate manner in which we are passing many of these appropriation bills, I venture the prophecy that there will be no reduction.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to construct additional buildings, structures, roads, utilities, and appurtenances, at the naval air station, Pensacola (Corry Field), Fla., at a cost not to exceed $1,053,500, and said sum is hereby authorized to be appropriated.

PRACTICE OF GOVERNMENT EMPLOYEES BEFORE DEPARTMENTS

The Senate proceeded to consider the joint resolution (S.J.Res. 54) limiting the operation of sections 109 and 113 of the Criminal Code.

Mr. REED. Mr. President, will not the Senator from Arkansas explain why this is necessary?

Mr. ROBINSON of Arkansas. Mr. President, this measure is affected with emergency considerations. It is the desire of the Secretary of Agriculture and others who are charged with responsibility for administering the Farm Act recently passed by the Congress to secure the services as attorney of Mr. Lee, whom every Member of the Senate well knows. Mr. Lee has, without compensation, collaborated with Members of both Houses of Congress, and with the committees having jurisdiction of the legislation, in the preparation of the bill.

In addition to that fact, he is familiar with all relief legislation pertaining to agriculture passed by the Congress during recent years. He is a member of a law firm here consisting of two persons, and is unwilling to surrender his connection with the law firm for mere temporary employment in the Department of Agriculture, as the legislation referred to contemplates. The Department is anxious to have his services.

There are two precedents for this proposed legislation—one in the case of former Senator Pomerene and Mr. Roberts, now Associate Justice Roberts, when they were employed under the resolution of the Senate in connection with the litigation pertaining to oil lands owned by the United States, and the other in connection with Mr. Huston Thompson.

There is a provision in the pending measure which denies to the attorney and his subordinates the right to practice before the Department of Agriculture. I shall place in the RECORD, with the consent of the Senate, the statutes which are involved in this measure, and the statements of fact, more elaborately gone into than I have gone into them.

Mr. KING. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. I noticed in the paper yesterday that Mr. Lee has been employed by the Governor of the State of Maryland for the purpose of presenting a claim of the State of Maryland to the Reconstruction Finance Corporation, as I understood it, or to some governmental agency, in order that that State might obtain a considerable part of an appropriation made by Congress. I was wondering whether, being employed by the State to present a claim against the Government, it would be quite consistent that he should receive employment along the lines indicated by the Senator. Knowing Mr. Lee so well and having such confidence in his integrity personally, I would trust him with employment on both sides of a case.

Mr. ROBINSON of Arkansas. Mr. President, there is no proposal here that Mr. Lee shall be employed on both sides of any case. The proposal is that the general rule established by the statute, that no person in the employ of the Government shall be permitted to practice law before any department, is relaxed for the reasons I have stated.

This does not interfere with Mr. Lee or his associate in taking cases of the nature described by the Senator from Utah. It has no relationship to that subject.

The representatives of the Government desire the services of Mr. Lee. As every Senator who hears me knows, the Farm Act is an exceedingly complicated statute. It requires the advice of counsel, in its proper administration, familiar with the legislation, and with preceding legislation having relation to similar purposes and effects.

I think there is nothing further I desire to say.

The VICE PRESIDENT. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than three such officers shall hold such exemptions at the same time.

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to place in the RECORD, in connection with my remarks, a copy of the statute and statements referred to.

The VICE PRESIDENT. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

SECTIONS 109 AND 113 OF THE CRIMINAL CODE

Whoever, being an officer of the United States, or a person holding any place of trust or profit, or discharging any official function under, or in connection with, any executive department of the Government of the United States, or under the Senate or House of Representatives of the United States, shall act as an agent or attorney for prosecuting any claim against the United States, or in any manner, or by any means, otherwise than in discharge of his proper official duties, shall aid or assist in the prosecution or support of any such claim, or receive any gratuity, or any share of or interest in any claim from any claimant against the United States, with intent to aid or assist, or in the consideration of having aided or assisted, in the prosecution of such claim, shall be fined not more than $5,000 or imprisoned for not more than 1 year, or both. Members of the National Guard of the District of Columbia who receive compensation for their services as such shall not be held or construed to be officers of the United States, or persons holding any place of trust or profit, or discharging any official function under or in connection with any executive department of the Government of the United States within the provisions of this section (Criminal Code, sec. 109).

Whoever, being elected or appointed a Senator, Member of or Delegate to Congress, or a Resident Commissioner, shall after his election or appointment and either before or after he has qualified, and during his continuance in office, or being the head of a department, or other officer or clerk in the employ of the United States, shall, directly or indirectly, receive, or agree to receive, any compensation whatever for any services rendered or to be rendered to any person, either by himself or another, in relation to any proceeding, contract, claim, controversy, charge, accusation, arrest, or other matter or thing in which the United States is a party or directly or indirectly interested, before any department, courtmartial, bureau, officer, or any civil, military, or naval commission whatever, shall be fined not more than $10,000 and imprisoned not more than 2 years; and shall, moreover, thereafter be incapable of holding any office of honor, trust, or profit under the Government of the United States (Criminal Code, sec. 113).

STATEMENTS

The proposed resolution does not alter the maximum salary of $10,000, less 15 percent under the Economy Act, as authorized by the farm bill, nor does it otherwise affect the salary situation. What the proposed resolution does provide is that the designated appointee may be employed by the Secretary of Agriculture without having to surrender his connection with his own law firm or his private practice before any department or agency of the Government, other than the Department of Agriculture. During the tenure of the employment, however, practice before the Department of Agriculture could not be engaged in.

There are two precedents for the proposed resolution. One is the joint resolution of December 21, 1928 (45 Stat. 1067), covering the cases of Owen J. Roberts and Atlee Pomerene; the other is the act of December 24, 1931 (Public, No. 1, 72d Cong.), covering the case of Huston Thompson. The language of the proposed resolution is substantially the same as that of the above-cited resolution and act, except that under these practice was permitted to be continued before all Departments and agencies of the Government, without exception. The act covering the Huston Thompson case, for instance, reads as follows:

"*Be it enacted, etc.*, That nothing in sections 109 and 113 of the act entitled 'An act to codify, revise, and amend the penal laws of the United States,' approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203), or of any other act of Congress forbidding any person in the employ of the United States or acting in any official capacity under them from acting as agent or attorney for another before any department or branch of the Government or from receiving pay for so acting shall be deemed to apply to counsel serving in the case of the Appalachian Electric Power Co. against George Otis Smith and others, now pending in the District Court of the United States for the Western District of Virginia."

Frederic P. Lee, whom it is understood the Secretary of Agriculture will designate under the proposed joint resolution, is a member of the firm of MacCracken & Lee, with offices in the National Press Building in this city. There are only two members of the firm. Unless the benefits of the proposed resolution were given him he could not accept appointment for service in the Department of Agriculture as he cannot afford to give up his private practice and withdraw from his firm.

Mr. Lee is a resident of Maryland and a member of the New York and District of Columbia bars. He was legislative counsel of the Senate from 1923 to 1930, and assistant legislative counsel in the House of Representatives from 1919 to 1923. During this period he drafted and prepared legal arguments, memoranda, and reports concerning a large majority of the farm-relief measures considered and acted upon by the two Houses. As a result he became familiar with most of the legal and economic problems involved in the farm-relief legislation.

For approximately 2 weeks last November, he aided in developing a farm-relief legislative program at the request of Mr. Moley. This service was volunteer service without compensation. During December, January, and February last, Mr. Lee was retained by the national farm organizations in connection with the drafting and legal phases of their legislative program for farm relief and agricultural credits. He also appeared on behalf of the farm organizations at the hearings before the House Committee on Agriculture. This retainer expired on March 4. Immediately thereafter Mr. Lee was commandeered by Secretary of Agriculture Wallace to serve as special counsel in connection with the farm relief bill just passed. He served the Secretary and the committees of Congress in the framing of the legislation and represented the Secretary on numerous occasions before committees and Members of Congress. Up to a few days before the measue was signed by the President, Mr. Lee gave his full time to this work. This service was without compensation from the Government or any other source.

The Secretary of Agriculture and the administrator of the Farm Relief Act desire again to commandeer Mr. Lee's services in handling for the Department of Agriculture the legal problems arising under the act. They believe his services are necessary because of his exceptional familiarity with farm-relief legislation, its legal phases, legislative history, and subject matter; and because of his knowledge of departmental legal procedure and other legal activities of the Government.

WATER CHARGES ON DAMAGED LAND

The Senate proceeded to consider the bill (S. 1536) giving credit for water charges paid on damaged land, which had been reported by the Committee on Irrigation and Reclama-

tion with amendments, on page 2, line 9, to strike out the word "districts" and insert the word "district", and on line 12, strike out the word "districts" and insert the word "district", so as to make the bill read:

Be it enacted, etc., That all construction charges heretofore paid by owners on lands to be conveyed to the United States of America pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.), shall be transferred as a credit to the lands to be so patented by the United States, and all payments of operation and maintenance charges with penalty and interest heretofore made on such of the lands to be conveyed as were not, in the determination of the Secretary of the Interior, during the period for which payment was made, susceptible of successful cultivation by reason of seepage, alkalinity, or other causes not within the control of the owners of such land, shall be allowed as credits on future construction, operation, and maintenance charges on the lands retained or those to be patented by the United States pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.). Like credit shall also be given the irrigation district for all the charges heretofore paid by it on such lands and for which the owners of said lands have not in turn reimbursed the irrigation district.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MENOMINEE TRIBE OF INDIANS, WISCONSIN

The bill (H.R. 4494) authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

LOANS TO IRRIGATION DISTRICTS

The bill (S. 1738) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation Act, as amended, to irrigation districts organized under the laws of any State, and operating under contract with the United States, to aid in the payment of their operation and maintenance charges and to provide funds for the installation and operation of necessary works, upon the same terms and conditions, and subject to the same limitations, as are applicable in the case of loans to financial institutions as specified in section 5 of such act, as amended; except that such loans may also be made to any such irrigation district to aid in refunding or refinancing its obligations outstanding on the date of enactment of this act.

SEC. 2. (a) The Reconstruction Finance Corporation is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

(b) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under section 9 of the Reconstruction Finance Corporation Act, as amended, is increased by such amount as may be necessary to enable the Corporation to obtain funds for the purposes of this act.

FRANK W. MAHIN

The bill (S. 696) to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Frank W. Mahin, retired American Foreign Service officer, be, and he is hereby, authorized to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of officer of the Royal Netherland Order of Orange Nassau, which has been tendered to said officer, through the Department of State, in appreciation of services rendered the people of Holland.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 56) to assure uniform value to the coins and currencies of the United States was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

PAYMENT TO SURPLUS GRADUATES OF NAVAL ACADEMY

The Senate proceeded to consider the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, which had been reported from the Committee on Naval Affairs with an amendment, on page 1, after the word "discharge", at the end of line 10, to insert the following proviso: "*Provided, however*, That one half of 1 year's sea pay as heretofore provided by law shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment", so as to make the bill read:

Be it enacted, etc., That so much of the act of August 5, 1882 (22 Stat. 285, ch. 391), as is contained in the proviso at the end of section 1057, title 34, United States Code, is hereby amended by repealing the words "and 1 year's sea pay", so that the said proviso will read as follows: "*Provided*, That if there be a surplus of graduates, those who do not receive such appointments shall be given a certificate of graduation and an honorable discharge: *Provided, however*, That one half of 1 year's sea pay as heretofore provided by law shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment."

Mr. KING. Mr. President, I inquire of the Senator from Florida if the report on the bill is unanimous?

Mr. TRAMMELL. It is a unanimous report, 11 members of the committee participating in it.

Mr. KING. I have no objection to the consideration of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. TRAMMELL subsequently said: Mr. President, I move that the Senate insist upon its amendment to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, ask for a conference with the House of Representatives, and that conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer (Mr. POPE in the chair) appointed Mr. TRAMMELL, Mr. MCGILL, and Mr. HALE conferees on the part of the Senate.

PROPOSED ADJOURNMENT TO WEDNESDAY

Mr. ROBINSON of Arkansas. Mr. President, the desire has been expressed on the part of many Senators that the Senate at the conclusion of its labors today shall take a recess until Wednesday next. It is my opinion, from a study of the situation, that we will well be able to do that, in the event that the unfinished business, which is the independent offices appropriation bill, shall be disposed of during the present calendar day.

SALARY SCHEDULES OF BANKS, PUBLIC UTILITIES, ETC.

Mr. COSTIGAN. Mr. President, at this time I desire to ask unanimous consent for the immediate consideration of Senate Resolution 75, as modified.

The VICE PRESIDENT. The clerk will state the resolution by title.

The CHIEF CLERK. A resolution (S.Res. 75) calling for salary schedules of executive officers of certain banks, railroads, and electric and power corporations.

Mr. MCNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Oregon?

Mr. COSTIGAN. I yield.

Mr. MCNARY. When this resolution came before the Senate on three different occasions during the past week I objected to its consideration and it went to the calendar. I do not understand that it is necessary for the Senator from Colorado to ask unanimous consent for the consideration of the resolution. I think it comes up automatically after the conclusion of the call of the calendar.

Mr. COSTIGAN. If that be so, I hope the resolution may be considered at this time.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

There being no objection, the resolution (S.Res. 75), submitted by Mr. COSTIGAN on May 8, 1933, and modified on May 16, was read, considered, and agreed to, as follows:

Resolved, That the Federal Reserve Board is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each Federal Reserve bank and member bank of the Federal Reserve System; be it further

Resolved, That the Reconstruction Finance Corporation is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each bank not a member of the Federal Reserve System to which loans or advances have been made by the Corporation; be it further

Resolved, That the Federal Power Commission is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each public-utility corporation engaged in the transportation of electrical energy in interstate commerce and of all other corporations licensed under the Federal Water Power Act; and be it further

Resolved, That the Federal Trade Commission is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value, whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

For the purposes of this resolution the term "salary" includes any compensation, fee, bonus, commission, or other payments, direct or indirect, in money or otherwise, for personal services.

Mr. COSTIGAN subsequently said: Mr. President, following today's proceedings whereby Senate Resolution 75 was adopted, I ask unanimous consent to have inserted in the RECORD an article from this morning's Washington Post indicating certain possibilities of Executive and legislative action based on the requested information.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 29, 1933]

FANCY CORPORATION PAY CUT BY RECONSTRUCTION FINANCE CORPORATION—BORROWERS ARE COMPELLED TO SHOW THAT SALARIES ARE NOT EXCESSIVE

Executives of corporations who obtain loans for their companies from the Reconstruction Finance Corporation hereafter must take reductions in salaries or prove that their compensation is not excessive.

This rule, an outgrowth of efforts in Congress to require limitation of salaries paid by companies which receive Government loans, was laid down yesterday by Jesse H. Jones, chairman of the Reconstruction Finance Corporation. It was applied last week in the case of the Southern Pacific Co., which received loans totaling $23,200,000.

The Southern Pacific, always noted for paying handsome salaries to its officers and executives, who operate one of the greatest transportation systems in the country, was required to reduce executive salaries by from 10 to 60 percent.

The scale of reductions as laid down by the corporation in this specific case was 60 percent, including previous reductions, for all salaries of $100,000 or more per year; 50 percent for salaries from $50,000 to $100,000; 40 percent from $25,000 to $50,000; 25 percent from $15,000 to $25,000; 15 percent from $10,000 to $15,000; and at least 10 percent for salaries and wages from $4,800 to $10,000. Reductions already made in salaries and wages are to be included in the reductions required by the Corporation.

Contracts of the railroad brotherhoods and other unions which deal with the Southern Pacific, which runs, besides its railroad and steamship lines, a number of bus lines and a hotel system and has other interests, are not affected. Higher-salaried officials of the Southern Pacific already have taken cuts of approximately 25 percent.

The Southern Pacific agreement provided that in the event Congress passed a law requiring a limitation of salaries of officers of corporations borrowing from the Reconstruction Corporation, the reduction in salaries of officers would be put at whatever limitation Congress imposed from June 1.

The Southern Pacific agreement also required that the company go to bankers and the public for funds to repay the Government as soon as the money market would permit. Salaries cannot be increased during the life of the loan.

Hale Holden, of New York, is chairman of the executive committee of the company. It was reported in railroad circles yesterday that the reduction agreed upon would cut his salary from $150,000 a year to $60,000, including any reduction already made.

Other high officials of the company include H. W. DeForest, chairman of the board; Angus D. McDonald, vice chairman of the executive committee; and Paul Shoup, of San Francisco, president of the company.

"While the Southern Pacific Railroad loan is the first in which these salary reductions have been required", Mr. Jones said yesterday, "it will be the policy of the Corporation to impose similar conditions in all future loans to railroads or other corporations paying excessive salaries."

The VICE PRESIDENT. That completes the calendar.

COST OF ELECTRICAL DISTRIBUTION

Mr. COSTIGAN. Mr. President, I ask unanimous consent to bring up at this time for immediate action Senate Resolution No. 80. It is my understanding that the respective party leaders on both sides of the Senate Chamber have no objection to such immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read Senate Resolution 80, submitted by Mr. COSTIGAN on the 15th instant, as follows:

Whereas growing interest is manifest throughout the Nation on the part of householders, both urban and rural, as to present and future uses of electricity and reasonable rates chargeable therefor; and

Whereas a considerable, if not controlling, factor in the cost of rural and domestic electric service is reported to be the expense of distributing transmitted current between local substations and the customers' meters; and

Whereas it is responsibly alleged by engineers that the service companies keep no record of this important distribution cost and that the subject has never been discussed before any engineering society; that technical literature does not deal with it; and that only rarely has it been considered in electric rate cases:

Resolved, That the Federal Power Commission is hereby requested to furnish the Senate with a report summarizing such information as may be available indicating the cost of electrical distribution expressed in cents per kilowatt-hour under varying service conditions, as contrasted with the more widely known costs of electrical generation and electrical transmission.

Mr. VANDENBERG. Mr. President, I understand the Senator from Colorado to say that the resolution is now satisfactory to the Senator from Oregon [Mr. MCNARY].

Mr. COSTIGAN. I may say to the able Senator from Michigan that the Senator from Oregon has stated to me today that he has no objection to action on the resolution.

The resolution was agreed to.

The preamble was agreed to.

Mr. COSTIGAN. I ask unanimous consent to have published in the RECORD, in connection with the resolution and informative as to its purposes, an editorial in the Electrical World of March 7, 1931, and an article in the New Republic of December 21, 1932, dealing with the subject matter of the resolution. The article was prepared by a distinguished authority in this field, Mr. Morris Llewellyn Cooke, of Philadelphia.

There being no objection, the editorial and article were ordered to be printed in the RECORD, as follows:

[Editorial from the Electrical World for Mar. 7, 1931]

TURN MORE LIGHT UPON DISTRIBUTION COSTS

Segregation of distribution costs is needed more than ever before because the public does not comprehend why these costs are relatively high compared with others. Although many companies have used itemized costs of this character to determine the expense of serving different classes of business and to guide moves for economy, these costs have not had the publicity that has been given to production costs, and since the public hears of nothing but the low values of the latter it is no surprise that it reaches the conclusion it does.

When the public hears more frequently about systematic analyses of distribution costs and knows that they are being used to establish the most equitable tariffs, political agitation will have less weight. Political attacks are not due to the divulging of generating costs but to failure to give equal emphasis to distribution costs—domestic, commercial, and industrial. Of course the intermingling of services prevents absolutely accurate allocation of costs, but it does not eliminate the relative value of data apportioned, according to the best knowledge obtainable.

Sufficient study already has been made of cost allocation to show that this is a difficult problem to solve by a single method or plan. But the general basic principles should be determined and the influence of local modifying elements, such as quality of service and territorial conditions, ascertained. If these topics were discussed as thoroughly in committees and conventions as other economic engineering topics have been, a consensus of opinion might be developed on how to make analyses more accurate and more generally applicable. If this task is not initiated and carried to fruition by the industry, sooner or later commissions will pre-

scribe the details of cost allocation and methods for ascertaining values.

Insistently the public asks: "Why the spread between generating and customer cost?" Publicity on analyses of distribution costs is the only answer. Incidentally these analyses may show where economies can be effected. If economies are found possible, the industry may be trusted to do as popular a job as it has with production costs.

[From the New Republic for Dec. 21, 1932]

PAYING TOO MUCH FOR ELECTRICITY

By Morris Llewellyn Cooke

It seems clear that the American people are definitely of the opinion that retail electric rates are excessive. Householders are asking why they are compelled to pay, say 7 cents per kilowatt-hour for current which their neighbor, the big industrialist, purchases for, say, 7 mills to operate his blast furnaces, mines, and railways. The merchant, the farmer, and the city councilor negotiating a contract for street lighting also question the rates charged them.

Our Ambassador to Germany, the Honorable Frederick M. Sackett, gained Nation-wide popularity for his remark at the World Power Conference in Berlin 2 years ago to the effect that he knew of no other manufacturing industry where the sale price of the product to consumers is 15 times the actual cost of production. In my opinion the Ambassador overestimated the spread. On the other hand the rejoinder of the spokesmen for the industry was unsatisfactory. The next day George N. Tidd, at Berlin, and J. F. Owens, of the National Electric Light Association, then in convention in San Francisco, both explained that the apparently excessive price to domestic users for electric service was due to the high cost of distribution. Bananas, they said, were cheap off the plants in Central America, but necessarily cost many times more in a grocery store in New York. The gentlemen were quite right. It does cost more per unit to deliver electric energy in small quantities to a house on a side street than in huge volume to a great industrial plant—but how much more? That is what they failed to state and what the American people, and presumably Mr. Sackett himself, would like to know.

The surprising thing is that had Ambassador Sackett put this question to his critics they could not have answered him, because they did not know. The whole electrical industry could not have answered him, because it does not know. Its executives can tell you to the fraction of a mill what it costs to generate electricity, or what it costs to transmit current over high-tension lines for 10 miles, or 350 miles. But they do not know what it costs per kilowatt-hour to distribute energy from a local switchboard or the step-down station at the end of a transmission line to houses, stores, and streets—a distance usually not more than 5 miles.

They have not investigated or discovered this important fact about their business in all the 50 years of its existence. Had Mr. Sackett gone to the libraries, even the engineering libraries, he would have found no light on this subject. Had he turned expectantly to the great engineering societies, he would have been no better off.

The electric-service companies do not claim to keep cost accounts on distribution by such methods as are employed in every phase of the steel, clothing, paper, and other industries. Only a few years ago every operating company in Pennsylvania officially advised an investigating commission that cost-keeping in the domestic field was not attempted. Mr. Alex Dow, president of the Detroit Edison Co., recently testified to the same effect. The Electrical World, recognized organ of the industry, in its leading editorial for the issue of March 7, 1931, "Turn More Light on Distribution Costs", frankly admitted the entire absence of these data and emphasized their public importance.

This indifference to distribution costs has been studied and deliberated. It is well known that the uniform classification of accounts required of electrical companies by State public-service commissions originated with the National Electric Light Association. It provides no possibility of cost-finding on distribution. As a result the regulators know nothing of this matter. The absence of distribution-cost data has barely attracted their attention. Further, the rate research committee of the National Electric Light Association has studiously avoided the question.

The upshot is that while the householder and commercial manager are told that their higher rates are primarily due to the high cost of distribution, there are absolutely no scientific data upon which such costs are based. The importance of the issue here raised becomes apparent when we consider that while the national electrical bill for 1931 was $2,000,000,000, 70 percent of this amount, or $1,400,000,000, was paid by the retail consumers. The energy they used possibly cost the companies $400,000,000 to generate and transmit to local substations. Therefore the retail users paid $1,000,000,000 for local distribution. The item is impressive.

In the absence of a proper engineering, cost-finding technique we are compelled to resort to other methods in an effort to determine whether the above estimated distribution-cost figure is excessive and, if so, to what degree. The cost of distribution is a matter of concern to three classes of electric service: (1) domestic, including rural; (2) commercial light and power, retail; and (3) municipal, largely street lighting. The current consumed by each class, the revenue derived therefrom, and the average rates paid in 1931 as reported by the National Electric Light Association, were as follows:

	Kilowatt-hours (in billions)	Revenue (in millions)	Average rate per kilowatt-hour
			Cents
Domestic	11,785	$686	5.82
Commercial light and power	13,837	569	4.11
Municipal and street lighting	2,793	108	3.87
Total	28,415	1,363	4.80

To determine what part of this total charge for retail service belongs to distribution we may assume that the "transmitted current" costs on the average one and a half cents per kilowatt hour, including return on invested capital. The national average rate paid for wholesale transmitted power in 1931 was 1.48 cents per kilowatt-hour.

There are municipalities owning their distribution systems, but buying current at wholesale, who pay for it in the neighborhood of 1 cent per kilowatt-hour. That part of the sales price, therefore, which may be said to be attributable to the total national consumption of 28,415,000,000 kilowatt-hours would be not more than $426,225,000. Subtracting this from the $1,363,000,000 of total revenue, there remains $936,775,000 to be justified as the cost, including profit, of distribution, or nearly one half the revenues of the industry. A distribution overcharge of major proportions is here clearly indicated. This overcharge, as before stated, cannot be exactly determined. It can, however, be roughly approximated.

There is support for the statement that "the whole cost of distribution is approximately $7.50 per year per domestic consumer for 500 kilowatt-hours of service, or 1½ cents per kilowatt-hour." If, then, the cost of current ready for delivery is 1½ cents per kilowatt-hour and the distribution cost is 1½ cents, a fair average price to the domestic consumer would be 3 cents per kilowatt-hour with a fair profit left to the industry. But reports show that in 1931 the national average collected by the industry was 5.82 cents. Subtracting, we arrive at a suggested excess charge of 2.82 cents. Apply this to the nearly 12,000,000,000 kilowatt-hours used in domestic service for that year and we arrive at an estimated unjustifiable charge of $330,000,000 for distribution expense. Even allowing 2 cents for distribution, the overchange will still total $275,000,000.

In commercial service the average use per customer is much higher than domestic use, and other factors are more favorable. Allowing 1¼ cents for cost of current and the same for distribution, the overcharge in this field would be over $200,000,000. Even using the same cost figures as for domestic service, an overcharge of $150,000,000 is indicated. As for municipal service, no approximation of overcharge is possible because of varying local conditions and contracts. Hence, until we have some definite cost data scientifically determined to the contrary, the estimate of $400,000,000—possibly $500,000,000—annual overcharge on distribution seems justified and conservative, this despite the possibly misleading character of general averages when applied to certain special local conditions. The figures here used, however, are well within the facts for a great majority of urban situations.

Substantial support is given these estimates by the unexplained differences between the general level of rates charged by private and by the public plants. In Ontario, Canada, for instance, in the year 1930–31, the householders in 289 cities, towns, and hamlets paid just a little over 1½ cents per kilowatt-hour. In Seattle, where the public plant is in competition with a private plant, the average domestic cost is 2.8 cents and in Tacoma 1.72 cents per kilowatt-hour. In Winnipeg and Fort William it was 8 mills; in Ottawa 9 mills. Thus our national average cost per kilowatt-hour is more than three times that of Ontario and well over double that in several American cities having public plants. This difference in rates, though not an accurate measure of the difference in costs, is far too large to be accounted for by taxes and profits paid by private companies, charges which public plants customarily do not have to meet. The discrepancy is further emphasized by the fact that the capital outlay of public plants both in Ontario and the United States is being amortized, so that in time the people will own the plants outright. Under private ownership no such deduction is made, so that a return must be paid indefinitely by the public on the capital invested.

In spite of the dramatic drop in electric costs during the last 10 years, rates for the great majority of small consumers have remained practically stationary. The average rates reported have fallen because a small percentage of the more well-to-do customers have received the advantage of the lower rates in stepped-rate schedules. In many places the changes in demand charges, service charges, minimum charges, etc., have actually raised rates for large numbers of consumers.

Notwithstanding this discrimination in rates, however, the consumption of electricity in our homes is slowly increasing. In 1926 the average domestic revenue stood at $29.70 and at $33.70 in 1931. Yet the industry has doubtless obtained a greater profit both per domestic consumer and per kilowatt-hour used in domestic service with each drop in the national average of rates paid. The principal added expense to the companies has been for the current itself. If we compute the cost of this current at 1½ cents per kilowatt-hour, we find that in each of the last

5 years the cost of the added current is only about half the added revenue received. Normal business usage in other lines suggests a smaller profit per unit as the number of units sold increases. In view of the fact that increased consumption at lower rates not only ensures larger net profits to the industry but removes the public feeling that it has an antisocial attitude, it is puzzling to understand why the industry has so persistently fought to maintain high-rate levels.

That low rates result in greatly increased consumption is easily demonstrated. In the United States the average family consumption is less than 600 kilowatt-hours per year; in Seattle it is nearly 1,200; in Ontario as a whole, 1,600; in Winnipeg, over 4,000 kilowatt-hours per year. It is clear that if we abandon our present topsy-turvy rate structure based on "all the traffic will bear" and replace this by one based on actual cost plus a fair profit, our present domestic use can speedily be trebled.

As a by-product a much better feeling on the part of the public toward the industry will be engendered. The people are now aware, from the revelations of the Federal Trade Commission investigation, that misleading propaganda, political activities and other antisocial practices sponsored by the National Electric Light Association and other agencies of the industry are largely paid for out of profits yielded by high rates to retail consumers.

To understand how the electrical industry has ignored modern cost accounting in the field under discussion one must go back 50 years to the time when electricity was used almost exclusively for lighting during a few hours at night. To succeed it was necessary to put the plant at work in the daytime. Hence the urge to sell current to factories for industrial purposes. This technically was called improving the load factor. It seemed, and was, at that time, more important to find customers who could use electricity in off-peak hours for plants designed primarily for night lighting. This absorbed the attention of the engineers and the executives, and little attention was paid to distribution. But now that about half the revenue received is from distribution amounting to $1,000,000,000 annually—$8,000,000,000 in the last 10 years—through the tremendous growth of domestic usage, there is an obligation on the industry to give retail consumers the benefit of scientific cost-finding in respect to distribution already given to other consumers in the field of generation and transmission.

The importance of the domestic business as a financial stabilizer has, during the depression, been impressed upon the industry. While industrial use has materially decreased, household consumption of electricity has increased, and the total earnings show a decline of but 1.2 percent. Again the load factor in domestic use compares favorably with that of industry. A study by the Commonwealth Edison Co., of Chicago, disclosed it to be 31 percent. The old arguments seeking to justify discrimination against the retail consumer are disappearing. As a matter of fact, the most promising load builder for the immediate future lies in increased domestic use. But that result will not follow to the desired extent if the industry continues to penalize its customers in the home.

If it is objected that the further extension of the accounting classifications will burden the industry by an added expense, the answer is that the expense will not be increased because it is proposed to substitute for the present meaningless and cumbersome system a truly scientific system which will prove profitable both to the industry and to the consumers. To date, accounting in the industry has been developed almost wholly by accountants who knew nothing of the necessary engineering techniques. The time has come when the engineer must be called in, for the reason that, in order to practice effective cost-finding, expenses must be subdivided in accordance with the plant and work units involved. Each unit must have its standard, and comparisons must be made between the units and actual costs progressively as the work goes forward. It is not a question of further subdivision of accounts, or more elaborate distribution of general and overhead expense, but better organization of accounts and a more obvious tie-in of costs with the general books.

It is not hoped to obtain costs which are absolutely correct, but to obtain comparable costs under different conditions and in different localities for the light which these costs will throw upon the relative value of different devices, methods and administrative policies.

It is pertinent here to take note of a recent decision by the Indiana Public Service Commission in the Martinsville-Wabash electric case, now before the United States Supreme Court. The commission fixed the domestic rate by first ascertaining the cost of "transmitted current" at the city limits. To this was added only the local distribution expense incurred within the city limits. This simplifies rate-making procedure. The significance of this case lies in the fact that a commission has recognized that retail costs consist of two factors: The one the cost of transmitted current, which is now generally known within reasonable limits; the other, local distribution costs, a scientific method of determining which must be devised.

The appliances of distribution, however much they may vary in size and number, are always the same. Everywhere and always we have poles, wires, transformers, meters, and sometimes underground ducts. These factors are so constant that the day is not far off when, given a few easily obtained facts about a given community, the rates for retail electric service will be quickly determined on a slide rule. Such a development, however, would throw into the discard every retail rate schedule in the United States. By eliminating many present wasteful practices based on guesswork, as well as unjust overcharges on distribution, costs will be obtained which will drive drudgery out of the home and off the farm. The ledger balance of the commercial houses will be removed farther from the red and the tax levy for street lighting will be lessened. Another result of importance to investors and promoters will follow: The temptation will be materially lessened to form holding companies, whose chief reason for existence has been to provide reservoirs in which to drain off, and so conceal, the unjustified profits taken from retail consumers by operating companies.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. VANDENBERG. Mr. President, I think that under the parliamentary situation I am now entitled to proceed for a few moments.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McKELLAR. Does not the unfinished business automatically come before the Senate, and may it not be laid before the Senate, and then the Senator from Michigan may proceed?

The VICE PRESIDENT. Not until 2 o'clock. Without objection, however, the unfinished business may be laid before the Senate and be considered pending. Is there objection to that being done?

There being no objection, the Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

THE ST. LAWRENCE DEEP-WATERWAY PROJECT

Mr. VANDENBERG. Mr. President, I desire at this time to present the affirmative case to the Senate in behalf of the St. Lawrence Seaway Treaty between the Government of the United States and the Government of Canada.

Opponents intermittently and sporadically testify against the treaty and—from my viewpoint—thus invite unwarranted prejudice.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. VANDENBERG. I yield.

Mr. LEWIS. May I ask the able Senator from Michigan if it is his purpose in connection with his presentation to press the subject for a vote today?

Mr. VANDENBERG. It is not.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I will yield now, but I desire to proceed without interruption.

Mr. LONG. I merely desire to say to the Senator from Illinois that the Senator from Michigan has more intelligence than that.

Mr. LEWIS. I grant the intelligence of the Senator from Michigan, though I do not know to what particular subject the compliment properly addressed to him relates.

Mr. VANDENBERG. The chief reason that I find it necessary to intrude upon the time and attention of the Senate is the fact that just such persistent prophecy of the treaty's defeat as we heard a moment ago has created a prejudice and miscalculation regarding the Senate's attitude which in fairness to 40,000,000 people who have a stake involved in this proposition can no longer be left without an affirmative case in behalf of the pending treaty.

It would not be fair for this process—and I refer to the process to which I have just adverted—to continue without the present submission of what we believe to be the compelling reasons, grounded in public welfare and in sound public policy, for the immediate ratification of the pending treaty which has twice been favorably reported by the Foreign Relations Committee, the last time by a vote of 16 to 2.

Strenuous efforts have been made to aline a Senate majority against consideration of the treaty at this present extraordinary session of the Senate. It is openly stated that these efforts are pledged to success, despite the fact that the President of the United States authorized a statement in his behalf last week that he desires ratification at

the present session. I am hopeful that he will make his attitude clear in a direct message. The success or failure of the movement obviously depends upon his action in this respect; but, be that as it may, the hopes and aspirations of 40,000,000 people in the United States call upon those of us who believe in the President's stated position to present to the Senate and the country what we believe to be the compelling reasons for affirmative action before this session shall draw to a close.

I shall undertake to demonstrate that this present action is part and parcel of the emergency objectives to which this administration and this special session are dedicated.

First. Because it offers direct and specific encouragement to the economic welfare of the great American mid-continent;

Second. Because it is a practical and primary contribution to farm relief;

Third. Because it is a practical and primary contribution to the recapture of American export trade.

Fourth. Because it is one of the greatest make-work projects which can be dedicated to our war upon unemployment; and it seems to me that it would be nothing less than a travesty to dedicate $3,300,000,000 to a public-works program and not place this St. Lawrence project within reach of that great prospectus.

Fifth. Because the criticisms of the undertaking are always more apparent than real, and no remote offset to the stupendous advantages involved can be claimed to lie within these criticisms.

A sixth reason might well find itself in the aspirations of the New York power authority to extend to the great northeastern section of the Nation another of the great public-power developments which may have within it such vast advantage for the people.

Mr. President, in bringing the Great Lakes-St. Lawrence Deep Waterway Treaty to the attention of the Senate, I first crave the privilege of a memorial word respecting the silenced sponsor who was always its greatest, its most loyal, and its most irresistible proponent in this Chamber. I speak reverently, and with deep significance, of the late Senator from Montana, Mr. Walsh.

Those of us who now take up this treaty sponsorship where he laid it down, in an hour of irreparable loss to the Republic, are conscious of our own limitations compared with the commanding genius and the contagious conviction which he dedicated to this cause. But we are the more consecrated to our tasks by the recollection of his attitudes and his allegiance. We are the surer of our ground because of the knowledge that we plead an objective which he deemed necessitous and paramount. We are the more convinced because of his convincing allegiance to this challenging enterprise.

The last public responsibility which the late Senator from Montana discharged was to speak for some 2 hours in the Foreign Relations Committee in behalf of the favorable report which he had personally written to recommend this treaty's ratification. The last senatorial appeal which he addressed to his colleagues was his plea in committee which successfully brought the treaty to the Senate Calendar.

It was his anxiety not to leave the Senate, in anticipation of the prospective Attorney Generalship which he never lived to occupy, without putting this treaty as far forward as it could go in the Seventy-second Congress. As a faithful member of the subcommittee which held long and comprehensive hearings, he never missed a meeting or a witness in the broad and probing survey which we devoted to this inquiry. Prior thereto, for many years, his eloquent voice was always and implacably lifted in behalf of this stupendous adventure. He saw in this seaway, Mr. President, the economic salvation of the land-locked Middle West. He saw in it the most practical formula for farm relief in all the agricultural prospectus. He saw in it, as a by-product, the most gigantic hydroelectric development of modern times. He saw in it new ties of mutually beneficent fraternity between Canada and the United States. It was his dream—and I do not run from the word, because dreams always have preceded great achievements. It was his dream. In ultimate completion it shall be his monument.

I do not recall the late Senator from Montana as my preliminary witness in behalf of the treaty's ratification with any desire to invoke the emotions of his erstwhile colleagues. He would himself reject any such appeal, because he was a realist and preeminently the logician. I recall him solely on these latter counts. Because I feel my own relative incompetence to do justice to the cause of which he was the master, I am submitting at the outset—as a reason for the Senate's friendly and responsive ears—that since he found this seaway completely practical and this treaty entirely worthy of ratification, the Senate should give my own address in this behalf a credence beyond anything which I might alone deserve.

At any rate, Mr. President, the first words spoken for the pending treaty should be the commendations of it as they would have come from our late lamented friend if he were here to urge that the Senate shall advise and consent. In historic justice, lest republics forever be ungrateful, I have wanted the preface to my own observations to speak thus of the seaway's historic "first friend", the late Senator from Montana. Nor could anything else be more cogent or persuasive as an argument.

With these initial, favorable presumptions upon my side, I proceed to my own analysis of this problem now at the Senate's bar.

Mr. President, 200 years of pioneering, 30 years of long-range planning, and 12 years of research, investigation, and examination into the economic, engineering, and international aspects of the Great Lakes-St. Lawrence deep waterway have culminated in the pending treaty between the Governments of Canada and the United States. If the treaty be ratified by us, and then by the Canadian Parliament, immediate construction will be instituted upon the greatest transportation project since Theodore Roosevelt bisected Panama. Then in 7 or 8 years the seaway will be completed; and when it is, the Great Lakes will join the oceans in a common traffic which will unlock this vast American midcontinent and its 40,000,000 people to favorable trade and commerce with the earth.

The possibilities of subsequent developments and advantages stagger the imagination. The asset values to the Nation are well-nigh incalculable. This prospectus does not lie in idle speculation. There are solid reasons for this faith and for these expectations. These are not snap judgments. On the contrary, they are supported by long-sustained studies by international commissions of high experts. Nor are these judgments partisan. The present Democratic President of the United States recommends this treaty precisely as did his Republican predecessors.

Again, these judgments are not sectional. On the contrary, 23 States of the Union have expressed, by executive or legislative action, their deep concern that the seaway shall be built. This is the roll: California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Ohio, Oregon, South Carolina, Utah, Washington, West Virginia, Wisconsin, and Wyoming. Very recently, Mr. President, resolutions favoring this seaway treaty and its consideration and ratification at the present session of the Senate have been adopted by the Legislatures of Arkansas, Indiana, Michigan, Montana, Minnesota, North Dakota, South Dakota, and Wisconsin. Resolutions similarly favoring action upon it at this session of the Senate have been adopted by one body of the State Legislature of Ohio and one body of the State Legislature of Nebraska. In other words, we are bringing to the Senate an appeal that has behind it a more fundamental sweep of aspiration across a great section of the American people than any other single appeal that has been laid at the bar of the Senate this year.

Typical, Mr. President, of the resolutions that are being adopted not only by State legislatures but by municipal authorities throughout this great area, is the following resolution adopted unanimously by the Common Council of the

City of Detroit, Mich., which I ask unanimous consent may be inserted in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection? The Chair hears none, and it is so ordered.

The resolution is as follows:

By Councilman Bradley

Whereas the Michigan-St. Lawrence Waterway and Great Lakes Harbors Association, in convention assembled in Detroit today, thanked the President of the United States, Franklin D. Roosevelt, for his earnest and courageous support of the treaty between the United States of America and Canada for the development of the Great Lakes-St. Lawrence waterway, and expressed the hope that he would be able to use his great influence to secure its approval at the present session of Congress; and

Whereas it is reliably stated that opponents of the treaty are making desperate efforts to defeat the will of the President, alleging the Lake States have lost interest in the project; and

Whereas the city of Detroit and State of Michigan have taken a leading part in forwarding this great project, and few, if any, of our prominent citizens or public officials have expressed any sentiments against it; and

Whereas the sentiment in favor of this project is more pronounced in Detroit and the State of Michigan, and the demand for its early consummation is greater at the present time than ever before; and

Whereas the treaty is now before the United States Senate for its ratification: Therefore be it

Resolved, That the Common Council of the City of Detroit express its thanks to the President of the United States for his great interest in the ratification of the treaty, and we respectfully petition the two Members of the Senate from the State of Michigan to support it with their votes and also to use their influence to secure its approval at the present session of Congress; and be it further

Resolved, That a copy of this resolution be sent to His Excellency the President of the United States and to Senators COUZENS and VANDENBERG.

Adopted as follows:

Yeas: Councilmen Bradley, Castator, Couzens, Hall, Lindsay, Lodge, and president pro tempore—7.

Nays: None.

Mr. VANDENBERG. Nor is this all. For example, New England has registered a deep concern, first in a favorable report by a committee representing six States and headed by Col. Charles R. Gow, of Cambridge; more recently by the contemporary endorsement of Mr. Henry I. Harriman, now president of the United States Chamber of Commerce. Again, New York, speaking through its power authority, as well as through its distinguished ex-Governor, now President of the United States, supports this fraternity of action.

Furthermore, if there is any validity and integrity in political promises given to the American people in political campaigns, there is a fundamental contract between the people and both Republican and Democratic parties, a contract written at the polls last November which calls for validation in action upon this treaty before this session of the Senate adjourns. Here is what the Republican members of this body are committed to under the terms of their national platform, their contract with the 15,000,000 voters who sustained them. I read:

The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiations of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms its allegiance to this great project and pledges its best efforts to secure its early completion.

That is the contract under which Republican Senators, on their word and faith, must approach this proposed ratification.

Now what about the dominant Democratic Party in this same aspect? I will confess there was a little mystery about the attitude of the Democratic Party at the Chicago National Convention. The subcommittee on platform reported a platform with a plank which unequivocally endorsed the St. Lawrence Treaty project.

When that platform was submitted to the full convention, however, that particular plank seemed to have disappeared and in the platform as subsequently published in behalf of the convention the plank was mysteriously absent. But a few days later, Mr. President, to wit, on the evening of July 30, 1932, the distinguished Democratic nominee for the Presidency spoke over the air from his executive chambers in Albany and undertook to tell the American people what was in the Democratic national platform. In that address he told them that "The Democratic platform promises the completion of the St. Lawrence-Great Lakes seaway." So, I assume that whatever mystery may have attached to the slippery convention itself in this respect, we have the final commitment of the candidate himself that it is the purpose of the party to carry on in behalf of this undertaking.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New York?

Mr. VANDENBERG. I yield.

Mr. COPELAND. Is there not a later aspect where at a later time the President called attention to the mystery of which the Senator speaks?

Mr. VANDENBERG. If there is, I missed his particular reference to the matter, but I am referring to the fact that there is no question whatever about the President's attitude in regard to the proposition. I hope there is nothing I have said that has indicated any lack of faith on my part in his attitude. I am sure he does not intend to duplicate the Chicago mystery in respect to his own connection with the treaty.

Mr. COPELAND. I think the Senator will find that at a later date the President-elect called attention to the fact that on perusal of the platform as adopted this clause was not found in it.

Mr. VANDENBERG. Whatever he subsequently said in that respect, Mr. President, he himself promised the American people to build the St. Lawrence seaway. There was no equivocation about the promise either. The great former Senator from Montana, Mr. Walsh, to whom I have recently referred, went into the heart of the middle Northwest as ambassador of the Democratic candidate for President and promised those people, who have no greater aspiration in this world than the completion of this treaty, promised them in behalf of the Democratic nominee for President, that under his auspices this great adventure would carry on. Now is the time to validate the promise.

I want to repeat that I think the President stands at this hour precisely where he undertook to say he stood then. I think he wants the treaty ratified before the adjournment of this session of Congress, and I only regret that he has not thus far seen fit to step squarely forward with an affirmative recommendation. Nevertheless, I am perfectly confident that before the session is concluded the Senate will have heard from the President in no uncertain terms.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. COSTIGAN in the chair). Does the Senator from Michigan yield to the Senator from Texas?

Mr. VANDENBERG. I yield, although I prefer to proceed.

Mr. CONNALLY. Very well.

Mr. VANDENBERG. I am happy to yield to the Senator from Texas, however.

Mr. CONNALLY. The Senator from Texas declines to interrupt the Senator from Michigan under the circumstances.

Mr. VANDENBERG. Mr. President, I have been speaking about the various general credentials which this project enjoys and about the attitude of the President in particular. We have a still more specific exhibit upon this latter point.

A few days ago a telegram went out of a group meeting in Chicago, which only one or two governors were able in person to attend, but which in substantial numbers was attended by their authenticated representatives. A telegram went out of that group meeting addressed to the President of the United States, praying for ratification of this treaty at the present session and signed by the following chief executives:

William A. Comstock, Governor of Michigan; Alfred M. Landon, Governor of Kansas; George White, Governor of Ohio; A. G. Schmedeman, Governor of Wisconsin; Floyd B. Olson, Governor of Minnesota; Clyde L. Herring, Governor of Iowa; William Langer, Governor of North Dakota; Paul V. McNutt, Governor of Indiana; I. C. Blackwood, Governor of South Carolina; James Rolph, Jr., Governor of Califor-

nia; Charles W. Bryan, Governor of Nebraska; C. Ben Ross, Governor of Idaho; F. H. Cooney, Governor of Montana.

I submit that this of itself is a formidable challenge to the attention of the Senate. I want to read the telegram which was sent back to that conference from the White House, a message signed by Stephen Early, assistant secretary to the President:

THE WHITE HOUSE,
Washington, D.C., May 16, 1933.

To A. O. MOREAUX,
Chairman Executive Committee,
Great Lakes-St. Lawrence Tidewater Association,
Stevens Hotel, Chicago:

The President requests acknowledgment with thanks assurances your whole-hearted cooperation bring St. Lawrence Treaty to fulfillment by ratification. Only crushing pressure business prevents the President extending personal greetings your gathering and wishing your movement complete, certain success.

STEPHEN EARLY,
Assistant Secretary to the President.

That is the last word we have on this subject from the White House. It is dated May 16, 1933, and it says to those who plead for the ratification of this treaty at this session of the Congress that the President of the United States wishes this movement "complete, certain success." I hope he will say it to the Senate itself in that same conclusive fashion, which always brings results when he wants results.

It is a national undertaking, just as truly as was the Panama Canal. I beg of Senators to view it in this broad light. A provincial or parochial decision on a project of this far-flung magnitude would be a reflection upon our willingness and our ability to think in terms of a united America.

I beg of Senators also to understand, at the outset, that it is a thoroughly practical undertaking which has the warrant of the most searching preliminary inquiries ever addressed to a project of this character. No enterprise ever came to the Senate with more formidable credentials. Fair play and truth will decline to permit it to be self-servingly scorned as an unsound fantasy. It is inevitable that differences of opinion should exist in respect to so gigantic a contemplation. But that it should be derided as an impracticable and sterile aspiration would belie the facts. The seaway has the unqualified approval of every public inquiry which has put it under a decade of scrutiny. The facts and all official authority are on its side.

First an International Joint Commission, existing by virtue of the treaty of 1909, held protracted hearings on both sides of the international boundary, from Boston to Calgary, and reported to the Congress in 1922. The report was an enthusiastic recommendation that Canada and the United States should proceed to develop this St. Lawrence seaway. The report stamped the project, without qualification, as economically practicable and as sure of a traffic sufficient "to justify the expense involved."

Mr. President, the chief official of the International Joint Commission at that time was the Honorable Obadiah Gardner, of the State of Maine, previously an honored Member of this body. I wondered the other day whether ex-Senator Gardner had changed his mind with respect to this convincing report which he signed as one of the officials sponsors; so, in company with my able friend the senior Senator from Wisconsin [Mr. LA FOLLETTE], we addressed a telegram to Mr. Gardner and asked him whether he had changed his mind; whether he did not still think that New England had a stake in this proposition quite as great even as the stake of the Middle West. I quote from a telegram of May 23 from ex-Senator Gardner, who, I remind you again, was chairman of this initial International Joint Commission:

Am more firmly convinced than ever of the great economic benefit to this country as a whole by the development of the St. Lawrence waterway as projected. I know of no other contemplated project which in my judgment would result in as great a benefit to the people of the United States.

I commend that testimony to those Senators from New England who are willing to give an open-minded, fair consideration to this tremendous opportunity for the advantage of the Nation.

After this International Commission had done its work, a special commission was ordained to study further into this prospectus. It was headed on the American side by Herbert Hoover, then Secretary of Commerce; and on the Canadian side by George P. Graham, then Dominion Minister of Railways and Canals. The Commission had the advice of the most eminent engineers and economists in the New World. It reported to the Congress in 1926. The report contained the plans and estimates upon which it is contemplated that we shall now proceed. I particularly ask the Senate's attention to the following brief summary in the Commission's report:

The conclusions of this Commission are therefore:

First. The construction of the shipway from the Great Lakes to the sea is imperative—

Is imperative!—

both for the relief and for the future development of a vast area in the interior of the continent.

Second. The shipway should be constructed on the St. Lawrence route, provided suitable agreement can be made for its joint undertaking with the Dominion of Canada.

Third. That the development of the power resources of the St. Lawrence should be undertaken by appropriate agencies.

Fourth. That negotiations should be entered into with Canada in an endeavor to arrive at agreement upon all these subjects. In such negotiations the United States should recognize the proper relations of New York to the power development in the international section.

Mr. President, I stand upon those conclusions which rest for their validity upon the best and surest engineering and economic talent in North America. Pursuant to these conclusions, negotiations proceeded as rapidly as possible to bring Canada and the United States into agreement upon a contract of construction. These negotiations speeded up in 1931. Our State Department, acting particularly through American Minister MacNider and through Assistant Secretary James Grafton Rogers, and ably supported by ex-Senator Henry J. Allen, of Kansas, as special commissioner, concluded its agreement with representatives of the Dominion Government on July 18, 1932. President Hoover promptly submitted the proposed treaty to the Senate with his urgent recommendation that it be ratified. The Senate Foreign Relations Committee authorized a subcommittee, headed by the distinguished Senator from Idaho, Mr. BORAH, to open the entire subject to searching investigation. I had the honor to sit upon that subcommittee. It devoted many weeks to many witnesses. It finally recommended the treaty to the full committee, with a single reservation dealing with a purely domestic diversion problem in New York. The full committee thereupon recommended the treaty to the Senate. And thus we come to the present zero hour in the life of this magnificent aspiration. The Senate must decide whether the Government of the United States shall reject the fruition of these pregnant plans or whether the Government shall be released to develop one of the modern wonders of this modern world.

It is this international contract which now impends in treaty form. Frankly acknowledging my personal prejudice of many years' standing in favor of this objective, I propose now to summarize the case for the treaty, to assess the oppositions to it, and to submit my reasons for believing it would be a sad and tragic error to void this superb opportunity for the common weal. This is my incorrigible text: We of the mid-continent must reach the sea, and the achievement of this aim is everlastingly to the national advantage.

The first thing that Senators should realize is that when we speak of building the St. Lawrence seaway we are not talking about the new creation of a totally new and virgin water route. On the contrary, we are talking about the culmination of a transportation program long since initiated under the joint auspices of nature and of man. We are talking about the maximum utilization of investments and facilities long since created upon a grand scale. We are talking about an enterprise to link up and correlate a series of already existing waterways which must always have been intended to form a united route from the heart of the con-

tinent to the ocean. We are talking about creating a uniform depth of 27 feet in these interlocked and connecting lakes and river and channels—thus to admit 88 percent of all the cargo ships upon the oceans to commerce on the Lakes. In particular, we are talking about removing the last remaining major barrier to this continuity of water service, namely, the elimination of the St. Lawrence Rapids over a 48-mile so-called "international section" in the St. Lawrence River. The amazing thing is not that so much, but that so little remains to be done, and the still more amazing thing would be that, after approaching so near to the final goal, we should decline the culminating step. It would be wantonly unsound economy.

The truth of the matter is that both Canada and the United States, wittingly or otherwise, have been building this seaway piecemeal for many years. I refer, for example, to our locks at the Soo and to Canada's magnificent new Welland Canal. Now the time has come to put the pieces together. I repeat that the only major task remaining is in the "international section" where $275,000,000 of the total expenditure—and I shall refer to these expenditures in detail later—will be made upon two gigantic dams and their flanking locks. It is fair analogy to translate this remaining problem into a question which I put to Senators in all earnestness and candor. If we had a superb transcontinental highway 1,500 miles long, which had been painstakingly improved for all but a single, impassable stretch of 48 miles, how long would it take us to complete this final 48 miles and open the highway to use from end to end? What would we say of any legislative judgments which would shun so obvious a duty? The pending treaty asks a verdict in kindred common sense, and nothing else.

Senators should realize another important fundamental in thinking of this problem. We are proposing a seaway in fact as well as name. It is not a mere series of canals. It must not be confused with barge transportation. It is a seaway in all that this name implies. It is for ocean ships of 25 or 26 feet draft. They will use the seaway almost as freely as they use the sea itself. Over the distance of 1,677 miles from the head of Lake Superior to the Gulf of St. Lawrence there will be but 16 locks and only 40 miles of canal section. Do not overlook that fact, because it is a major one—only 40 miles of canal section out of a total of 1,677 miles. This means that 97 percent of the route is either open water or through channels no more restricted than the entrance channels to most of our ocean ports. The detention to a ship due to these locks and canals will not cause a delay of more than 12 hours in traveling time as compared with open water. There is not another inland prospectus for water-borne commerce to compare with this opportunity anywhere else on earth. The Senate's decision upon the pending treaty will determine whether, in America's name, this unprecedented opportunity shall be declined. I respectfully suggest that the relatively petty objections to the treaty, as we shall subsequently frankly meet them, be viewed in perspective against the background of this vision.

Perhaps the quickest and surest way to visualize the seaway, in its maximum stretch, is to imagine ourselves on an ocean vessel entering the mouth of the St. Lawrence River and bound for Duluth at the head of Lake Superior. In quick sketches the journey would proceed as follows:

Now you are about to take a journey the length of the proposed St. Lawrence seaway; and let us see what it would be.

1. Plain sailing in the river to Montreal. This stretch already has a mean depth of 30 feet, and Canada, on her own account, is making it 35 feet. Thus for 340 miles.

2. Three miles of canal around the Lachine Rapids. This canal is now 14 feet deep. It will become 27 feet in depth.

3. Now through deep Lake St. Louis for a distance of about 16 miles.

4. Fifteen miles through the Beauharnois Channel, where nearly three fourths of the route already has a 27-foot depth.

5. Twenty-six miles through Lake St. Francis.

6. Down the 48-mile international section, where there will be 27-foot channels flanking two of the largest dams in the world, with three 30-foot locks and 8 miles of canals. This is the major link to be wrought within the purview of the treaty.

7. Emerge at the source of the St. Lawrence River, where its waters pour down out of the Great Lakes among the picturesque and famous Thousand Islands. Here the United States already has practically completed a 27-foot channel 67 miles long.

8. Lake Ontario.

9. Through the magnificent new Welland Canal, 25 miles long and 27 feet deep, which Canada has completed at her own expense. The cost was $128,000,000. No finer canal exists on earth. It has seven lift locks 820 feet long, 80 feet wide, and 30 feet deep.

10. Lake Erie.

11. Up the Detroit and St. Clair Rivers and through Lake St. Clair. Here the United States is now completing the deepening of connecting channels to 27 feet.

12. Lake Huron.

13. Chicago traffic, or Michigan's west-shore traffic, now turns through the Straits of Mackinac and into Lake Michigan. Duluth traffic proceeds on through the St. Marys River and the Soo locks. The United States will deepen the river 2 additional feet and build new 30-foot locks at the Soo. These Soo locks already handle twice as much tonnage in a normal year as Panama, Suez, and Manchester combined.

14. Lake Superior.

I want to linger on that statement for a moment, for the benefit of those who seem to think or fear that perhaps there cannot be developed in these inland waters a sufficient commerce to justify this aspiration that would join us with the sea. I say to you again that now, within a restricted calendar, twice the commerce passes through the locks at the Soo that passes through the locks of the Pamana Canal, the Suez Canal, and the Manchester Canal combined.

We are not dealing merely in an idle dream for tomorrow. We are dealing in the development and the further promotion of a great institution of transportation which already has challenged the admiration of the world.

Such is the seaway. Of the entire distance which a ship will have traveled when the waterway is completed, all but 286 miles is already open on seaway specifications; or, if the destination is Chicago, all but 211 miles. Of these remaining distances, as previously stated, only the 48 miles of the international section present a major engineering and fiscal problem.

This, then, is the undertaking to which the Governments of Canada and the United States have pledged their faith. It is the sort of thing which appeals to the imagination of brave peoples. It is the sort of thing which justifies governments and serves nations. It is the contemplation now waiting for a Senate verdict.

Such an enterprise, no matter how romantic, cannot justify itself however—particularly in these days of economic realism—by a mere appeal to the imagination, although I should dislike to rob it of its colorful perspective and confine its assessment exclusively to the mathematics of commerce. But this commercial justification must tangibly exist, and I shall presently deal with this commercial phase in respect to transportation. Meanwhile, however, while we are getting our initial grasp of the magnitude and the romance—yes; and the commerce—of this great enterprise, it is advisable also to realize that the seaway deals not alone in transportation but also in hydroelectric energy upon an equally grand scale. It is not only a gigantic navigation project. It is equally a gigantic power project. It contemplates the development of 2,200,000 horsepower of electricity in the so-called "international section" where the St. Lawrence River drops 92 feet in 48 miles. Half of this power, which exceeds Hoover Dam and Muscle Shoals combined, will come to the United States and will be delivered to the Power Authority of the State of New York in return for New York's payment of that portion of the total cost of the enterprise which is properly allocatable to power. This share of power is 1,100,000 horsepower, and the allocatable cost has been tentatively agreed upon between the War

Department Board of Engineers and the Power Authority of the State of New York as $89,000,000. Congress subsequently will govern the contract which will be made upon this score.

Suffice it to say at the moment that this new and expectedly cheap power will be quite as great a benediction upon New York and New England as this new transportation facility will be to the mid-continent. It will be developed in the heart of the busiest industrial section of the United States. It is eagerly desired by the Power Authority of the State of New York, which unreservedly recommends the ratification of the pending treaty. It represents 6,000,000,000 kilowatt-hours of electricity per year—a power equal to nearly half the total amount of power used in the State of New York in 1929. This natural resource now runs to waste. It can be harnessed only by international agreement with our neighbor to the north. Here is the treaty which achieves this end. It is for the Senate to determine whether the waste shall end and whether these waters hereafter shall labor for mankind.

It is well known that I am not an advocate of Government in business. But, Mr. President, when so stupendous a public power project invites fruition as a by-product of an equally stupendous navigation project, I submit that the dual challenge permits but one rational answer. To reject nature's bounty under such auspices would appear to me as social and economic sabotage.

I said that New York State will pay $89,000,000 for this power. As I understand the mathematics, this is the total cost of all works exclusively chargeable to power and half the cost of the works that serve both power and navigation. The Government of the United States is accordingly relieved of $89,000,000 of the total treaty project cost.

The total treaty project cost, based upon unit costs in 1926, will be $270,976,000 for Canada and $272,453,000 for the United States. But a portion of the latter cost, which represents a multitude of links in the chain, is already appropriated for work that is either completed or is now under way in connection with our own regular rivers and harbors program. The principal credit accruing to the United States attaches to work prosecuted by us in the waters connecting Lakes Superior and Huron and Lakes Huron and Erie, while the principal Canadian credit involves Canada's expenditure of $128,000,000 on her magnificent new Welland Canal which was built on seaway specifications.

Mr. LONG. Mr. President, if the Senator wants to yield, I was just going to ask the Senator, if he would permit, this question: I believe he stated that there would be $89,000,000 coming from New York State. I desire to ask whether that is not a cheap price for New York to get for its port?

Mr. LEWIS. Mr. President, the Senator from Michigan has made request of the Senate, particularly of us who oppose this treaty, that he be not interrupted, and I am sure the able Senator from Louisiana did not understand the request. I ask that the Senator from Michigan be not interrupted.

Mr. VANDENBERG. Mr. President, I should be glad to be interrupted at any time after I shall have completed an affirmative presentation of the case. Before I have finished, I will submit to the Senate a complete answer to every bit of misinformation that has been submitted by the senior Senator from Louisiana upon this proposition.

Mr. President, I was speaking of the cost to the United States of this undertaking. Without stopping for details, which are all set out voluminously in the hearings, we finally reach a net cost figure of $221,000,000 over a period of 7 years, according to General Pillsbury, Assistant Chief of Engineers. This does not include accrued interest during construction if the project shall be funded as was the Panama Canal. But Colonel Markham, division engineer for the Great Lakes Division, declares that construction undertaken at present prices will more than underrun the 1926 estimates to the extent of absorbing any such carrying charges during construction.

It may be advisable at this point to advert to some of the fantastically higher estimates of cost which have been submitted by other and external engineers in support of criticism against the seaway. General Pillsbury's testimony demolished all of them. He stood upon the proposition that the seaway can be built well within the official estimates, significantly pointing out that the $29,000,000 project for deepening connecting channels between the Great Lakes—part of this whole prospectus which is already under way—will be completed for less than two thirds of the estimate. Meanwhile Colonel Markham committed himself to the following unequivocal statement at the hearings:

> As the matter stands today, I regard the estimates as being very greatly in excess of what will be the likely cost of that improvement if undertaken during the period of conditions such as obtain today or at anywhere moderately up the incline.

This could lead one to observe that one of the persuasive reasons why the seaway should be started at once is that present price levels are lower than they are calculated to be a few years hence, and that the launching of these tremendous construction projects will provide one of the greatest possible reservoirs of work for the unemployed.

Our total cost figure, to recapitulate, is $221,000,000. There is no question about it, unless we want to impeach our own rivers and harbors engineers, and our own War Department. There is no color of fact to support the constantly reiterated nonsense submitted by the senior Senator from Louisiana to the end that this is a $600,000,000 project, so far as the people of the United States are concerned. It is nothing of the sort, by any color of calculation that can be justified.

I repeat, our total cost figure is $221,000,000. The power offset is $89,000,000. The ultimate Federal investment thus does not exceed $132,000,000. The calculations reported by the late Senator Walsh put the figure at $125,000,000; $125,000,000 for this great adventure, less than we are proposing to spend to plant saplings. We are asking for less than is proposed to dedicate and plant saplings during the next 12 months, in order to unlock 40,000,000 people in the midcontinent of this Nation, give them fair and adequate and equitable access to the sea. If paid out of pocket in the course of the 7 years estimated to complete the work, the annual pro prata cost would be about $18,000,000. No fantastic $600,000,000 estimate; on the contrary, an estimate of between eighteen and twenty million dollars a year for 7 years. Let that figure challenge the attention of the Senate; instead of thinking prejudicially in terms of a staggering burden upon the Treasury, let us think of this adventure in terms of annual reality. Eighteen millions. Eighteen million dollars a year, for 7 years, to complete the greatest waterway on earth. The St. Lawrence was "the river that has no end", as it was described by the Indians to Jacques Cartier when he first sailed into the Straits of Belle Isle in the summer of 1534. "The river that has no end" of golden possibilities under the prospectus conjured by this pending treaty—at a price of $18,000,000 for 7 years. Unlock the American midcontinent. Join the oceans and the Lakes. Set seaports in the heart of the Nation. Endow agriculture and industry with new outlets to the markets of the earth. Eighteen million dollars. The bargain of the ages. Nothing like it has been offered to the Senate in modern times.

Some Senators may think I deal in hyperbole. But facts are available to justify this apostrophe. International commissions have not been in a perpetual trance when they have planned this undertaking. Presidents have not ignored realities. Twenty-three States and 40,000,000 people have not been dreaming idle dreams. Economists and engineers have not surrendered to a myth. The Senate's committee, which heard the case argued at exhaustive length, did not grasp a shadow and avoid the substance. On the contrary, proofs abound to verify the faith which impels those of us—both American and Canadian—who urge that this pending treaty contemplates a project incalculably worth while. I earnestly urge the Senate's open-minded attention to a few of these specific considerations. The printed hearings abound in kindred details.

The seaway, of course, must be susceptible of actual profitable use if it shall justify itself. We built the Panama Canal

primarily as a national-defense measure for the purpose of making one fleet mobile in two oceans. Although little has been said about this phase, the new St. Lawrence seaway would itself have a great defense value. At least Mr. Julius Barnes, former president of the Chamber of Commerce of the United States and in a position of large executive responsibility in respect of food during the World War, recently told our Senate Foreign Relations Committee: "It is my profound conviction that if we had only had the seaway, America's part in the war would have been much simplified"—with particular reference to food blockades. In this connection, also, it should be noted that the fact of international auspices for the seaway would not delimit its defense utility, because the pending treaty gives us irrevocable right of navigation through its Canadian sections. The only jeopardy to this right would be in the event that the United States and Great Britain and Canada were directly at war with each other. But in that event our border waters would be unnavigable—treaty or no treaty. Furthermore, anyone who can imagine a war between these two English-speaking peoples across the American-Canadian border has imagination enough to envision the end of civilization. The seaway will be just one more tie of Canadian-American fraternity to help make this war calamity still more remote along 3,000 miles of boundary upon which there is not a single fort or gun.

But this sort of utility alone is not enough. Critics of the seaway have a right to demand proofs of its specific commercial utility. Happily such proofs are amply available. Total tonnage available for the seaway is variously estimated. Dr. Moulton, an opponent, admits 10,500,000 tons. Dr. MacElwee, a proponent, says 20,000,000 tons. Mr. Alfred H. Ritter, transportation specialist of the United States Government, says 30,000,000 tons. The United States Department of Commerce says an average of 21,000,000 tons. The grand average of all these estimates is 20,000,000 tons. This is only 30 percent less than Panama in its present development. Such a prospect is unanswerably worth while. The ultimate use may be more, because these Great Lakes will be open to 88 percent of all the cargo ships in all the world; and, again quoting Julius Barnes:

> History shows that transportation projects were always used to a far greater extent than could be foreseen ahead of time.

But even tonnage of itself is not a justification. It must be carried at a substantial economy under existing facilities. Here again the proofs are thrilling. For example, an automobile traffic expert from Detroit has told our Senate committee that, based on the previous 5-year average we could expect 375,000 cars to be annually exported via the seaway, at a transportation saving of at least $22.50 per car; that an additional saving of $20 per car can be effected by eliminating crating and instead driving the cars on shipboard at Detroit; that these two items alone respecting this one commodity represent nearly $15,000,000 per annum; and that it will be the greatest single factor in expanding or recapturing our export trade. This is but one industrial commodity out of many. My own State of Michigan has been the fourth largest exporting State in the Union, despite the fact that it is a thousand miles from the sea. Since water transportation axiomatically is 10 times cheaper than rail transportation, this new facility for exports cannot fail to be an incalculable boon. The motor exhibit but typifies the general opportunity.

South Haven, Mich., has had 56 foreign ships of less than 14-foot draft in its harbor during 1932. Despite the difficulty of negotiating all existing St. Lawrence shallow channels, these little tramps have brought in 64,000 tons of pulp or kaolin this past season, at a proven saving of from $1.50 to $2 per ton over use of an Atlantic port. This has not only helped the port of South Haven; it has equally helped the paper industry in the Kalamazoo Valley. The saving would be substantially larger if larger and more economical ships use the new seaway. The point is that the potential trade does exist and so do the potential traffic savings.

There is not only great opportunity in transoceanic trade; there is equal opportunity in intercoastal trade. It now costs $1.72 to send a motor engine by rail from Muskegon to San Francisco. The cost via St. Lawrence seaway is estimated at 86.8 cents. It costs $325 to bring a car of canned fruit from California to Michigan. The cost via seaway is estimated at $240. The saving on Pacific coast lumber into Michigan—and we bring in 80 percent of our consumption from the outside—is estimated at from $6 to $8 per thousand feet. There are 55,000 tons of butter, cheese, eggs, and dressed poultry sent from the agricultural Northwest to three main Atlantic ports annually at a transportation cost of $19.50 per ton, as compared with an estimated $12 via the prospective seaway—a saving in one casual item of more than $400,000.

These are random exhibits. They could be multiplied indefinitely. But they suffice to personify the prospectus. The hearings are full of them, and anybody who suggests we are proceeding in the absence of adequate economic surveys, I submit, simply has not familiarized himself with the available official literature. I repeat that these exhibits could be multiplied indefinitely, but the ones referred to suffice to personify the prospectus. As a matter of fact, all of the imports consumed in the midcontinent and now necessarily transshipped from the seaboard could come into our Great Lakes ports direct, and all of the exports originating in the midcontinent could leave from our own wharves. I do not speak literally when I say "all." But I speak of such tremendous potentialities that even a small average of actual traffic diversion through the new seaway would be of vast value—and the prospective trade is reciprocal, which is to say that it offers shiploads both in and out.

Mr. President, the States directly tributary to the seaway account for 44 percent of our meat exports, 18 percent of our wheat-flour exports, 42 percent of our export in farm machinery, and 17 percent of our export in iron and steel sheets. These same States account for 65 percent of all the crude rubber brought into the United States, one third of all the coffee and tea, and 60 percent of Canadian pulp products. A careful study a few years ago showed that 38 percent of all our exports and 24 percent of all our imports may be termed potential traffic for the seaway route.

The greatest potential export crop of all to be served by the seaway is grain from the land-locked Northwest, which is demanding ratification of the pending treaty on the plea that it is the only export hope for this vast granary. There is no place in the world except America's interior where an heretofore prosperous agriculture has existed 1,500 miles from the sea. Russia raises wheat, but the port of Odessa is only 300 miles from her concentrated wheat-producing area. Rumanian wheat fields are 200 miles from Constanza. Argentine centers of agricultural production are only 300 miles from Buenos Aires, Rosario, and Bahia Blanca. Our own American granary can no longer survive against the handicap of its land-locked location. The greatest of all practical farm relief measures is to put the seaway at the disposition of the midcontinent's land-locked surpluses.

Much is made by seaway opponents of the fact that under existing distress water rates it is possible to ship a bushel of grain from the lakehead at Duluth to Liverpool for 8 cents a bushel; and they argue, plausibly, that the seaway certainly cannot cut from 6 to 10 cents a bushel from this contemporary 8-cent rate. But this contemporary rate is one of the transient byproducts of these fatefully depressionistic times. Ship operators frankly testify that the ships soon must cease to operate if these cutthroat rates persist. Any such rates, as a permanent thing, are possible only in larger ships which make unbroken transit. In other words, they are possible only when such a facility as the St. Lawrence seaway is provided. This is the significant fact. The average cost for 7 years from 1924 to 1931 to handle grain between Duluth and Liverpool via Montreal was 16.2 cents. The average cost via New York was 16.83 cents. The average all-rail cost to New York and thence by water was 28.97 cents. These averages are the appropriate criterion for

comparisons. They are not peaks; they are not valleys; they are averages. Against these averages it is correctly estimated that the seaway will normally save from 6 to 10 cents a bushel in grain-carrying charges from Duluth to Liverpool or from Chicago to Liverpool. The estimate of the Department of Commerce is 6½ cents. The estimate of Mr. F. S. Keiser, traffic manager for the Duluth Board of Trade, is a minimum of 8 cents. The grain thus available for export via the St. Lawrence is estimated by the Department of Commerce at 96,000,000 bushels annually. Even the hostile Dr. Moulton, the chief economist in opposition, estimates a saving of $5,000,000 annually upon this one score—and it is a sum of money poured into the pocketbook of American agriculture. Upon the basis of this and kindred scores, I have heard the late Senator Walsh, of Montana—a man not easily misled—repeatedly exclaim that the completion of the seaway is the greatest and most practical "farm relief" upon which America can embark.

There are hundreds of pages of testimony supporting the utility of the seaway in the record made last December by the Senate committee and in the voluminous economic surveys theretofore concluded. The prospective benefits are enormous and are easily identified in countless different directions. Modern industry develops on cheap transportation lanes. Otherwise it cannot permanently meet modern competition. When the midcontinent is joined at tidewater with the Atlantic Ocean, it at last becomes eligible for the most highly competitive industrial development to serve both foreign and domestic markets. The seaway will feed this development, and the development in turn will feed the seaway. All of these movements contribute to the sum total of national prosperity, because we are an integrated Union and a stimulus to one member is a stimulus to all.

This is peculiarly true when it is enhanced export trade that wins this stimulus. I want to iterate and reiterate that the export factor is of particular importance, especially at a moment when we universally recognize the need for recaptured world trade. The International Joint Commission discussed this phase in its initial report from which I quote the following significant paragraph:

> The conclusion is obvious that if countries that had for the most part to import their raw materials from abroad were able to build up a great foreign trade because of their ready access to the sea, the region economically tributary to the Great Lakes, with its limitless resources, its raw materials within easy reach, its facilities for industrial expansion, can hardly fail to become an even greater factor in the world's markets than it is today, if given a practicable and efficient water route to the sea.

We are not dealing in idle dreams. We are dealing in conclusions urged upon us by the best available engineers and economists in both the United States and Canada. Let me trespass upon your attention, even at the risk of repetition, with a paragraph from the recommendations of the Department of Commerce:

> In the Midwest, the territory tributary to any of these projects, the economic situation is considerably distorted; there is much agricultural distress and incessant demands for remedial legislation. This situation to a large extent has been brought about by transportation changes. Increases in railway rates since the war force the Midwest farmer to pay from 6 to 12 cents more per bushel to reach world markets than before the war. Foreign farmers produce close to ocean ports and pay but little, if any, more than pre-war costs, because shipping rates are substantially at pre-war levels. While it is true that these rate increases apply only on the exports of grain, nevertheless the price which the farmer receives in foreign markets is the principal factor in determining his return upon the whole crop, not alone the export balance. It is this transportation differential that is, unquestionably, one of the most important causes for our present agricultural depression.

That final line is directly reminiscent of the conclusions of the late Senator Walsh, to which I have previously adverted. Here is another important paragraph from that same report of the Department of Commerce. Speaking of modern transportation developments, the Department says:

> All of these influences have had a very far-reaching effect, certain classes of industry have migrated to the seaboard, agriculture has been greatly depressed, and through the increasing separation of agriculture and manufacture both have been affected adversely. The net result has been to accentuate one of our present-day evils—the concentration of industry and population in urban communities.
>
> The waterway project under consideration offers a measure of relief for these conditions. Transportation has brought about economic distortion; in the proposed waterway we have an instrument which will have a beneficial effect and tend largely to restore the former satisfactory economic situation. The Panama Canal cannot be closed, the railroad rates cannot be reduced without impairing disastrously the usefulness of our carriers, but a Great Lakes-to-the-ocean waterway offers the Midwest a substantial rate advantage which will enable it to compete successfully once more in the world markets.

I beg of Senators to get the full impact of that last line: the Mid West can compete successfully once more in the world markets. Is not that an economic aspiration to which the Nation is prayerfully committed? Will not its achievement bring diffused dividends to all our people? Yes; and even to our railroads, which will be fed by the collateral traffic which this new trade will engender.

Former Gov. J. P. Goodrich, of Indiana, was one of the many persuasive witnesses urging this viewpoint on the committee.

Without reading, I ask that a brief quotation from his testimony may be incorporated in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, it is so ordered.

The quotation referred to is as follows:

> We believe that the opening up of this waterway will greatly facilitate the growth of industry in our State, and we are looking forward to the time when we are to have a balanced production, enough industry, and men working in factories and offices to consume the products of the farms, which would be, from my viewpoint, an ideal situation. We know that the opening of this waterway will greatly aid our manufacturers in exporting their products. We are not guessing at it. There was a shipload of automobiles sent out of South Bend to the South American trade last year. It went out in a ship that brought into Michigan City in the north end of our State, about 7 miles from South Bend, some clay products that we need in manufacturing; and it saved in freight $25 on each automobile shipped, besides the facility of handling. It avoided the expense of crating and of storage charges in New York and other expensive terminal charges in that city. We were able to load them at Michigan City and send them to their destination.

Mr. VANDENBERG. Mr. President, testimony available upon this score is a veritable encyclopedia. It is by no means confined to the immediate midcontinent benefits. Let me quote but one more authority in respect to what this treaty holds for New England. The spokesman is Henry I. Harriman, formerly president of the Boston Chamber of Commerce, now president of the Chamber of Commerce of the United States. Mr. Harriman's benediction upon this seaway and this treaty is as follows:

> I am convinced that the St. Lawrence seaway is of as great importance to New England as to the Middle West, and that New England should unitedly, heartily, and enthusiastically support the project.
>
> The seaway means to New England—
>
> 1. Lower transportation costs on much of its food supply, hence a lower cost of living;
>
> 2. Lower freight rates on many of the raw materials required by its industries;
>
> 3. Lower freight rates to many markets for its finished products.
>
> 4. A supply of export grain and flour at prices as low or lower than can prevail in other North Atlantic ports, hence a revival in the export business of the port of Boston and other New England ports;
>
> 5. The removal of the handicap of rail differentials due to water competition via the St. Lawrence; and
>
> 6. A reasonable supply of cheap power.

Those are not my conclusions respecting the benefits for New England inherent in this project; that is the testimony of one of the most seasoned and dependable business leaders of New England itself.

I shall not weary the Senate with all the available repetition of these cogent exhibits. There never was a more complete and exhaustive survey made of any project than that which Dr. Roy S. MacElwee, internationally famous expert, made for the Senate's committee and submitted in convincing detail. It is printed in full in the hearings. Senators who retain lingering doubts respecting the utility or the prac-

ticality of the seaway owe it to themselves and the welfare of their country to read Dr. MacElwee. They owe it to candor and to the justice of the verdict which the Senate will return in respect to this pending treaty. They owe it to themselves to escape the status of an earlier statesman who, when the first Soo Canal was projected, contemptuously ridiculed the project, saying that it "would serve in the future as an objective to which the Ojibway Indians would paddle down in their canoes to gaze upon the utter folly of the white man." That was the same Soo Canal which now passes twice as much tonnage in an average year as Panama, Suez, and Manchester combined. That was the same Soo Canal which is a major link in the chain of the projected seaway. The "folly" was that of the statesman who declined to look ahead. May history acquit the statesmen of 1933 of kindred flaw.

One further affirmative contemplation is worth passing emphasis. The new water route from the mouth of the St. Lawrence to the seaway terminii, whether at Duluth or Chicago, will be one of the most interesting and unique and spectacular excursion journeys for summer tourists in all the world. There is no more colorful water journey anywhere on earth. Substantial tourist passenger traffic is inevitable. This particular section of the mid-continent is the summer playground of the Nation. Here will be a new and vital feeder to this tourist trade, even as it will contribute to the usefulness of the seaway itself, and to the pleasure and the recreation of our people.

Now, Mr. President, I want to deal with the main body of the opposition to this treaty and this seaway. Already we have pursued its economic phases pro and con. Already we have resolved all doubts respecting the economic utility involved. We have found the estimates of cost reliable. With these prior criticisms dismissed, I want now to search the question whether the main body of the opposition—the real sources of hostility—are of a substance entitled to weigh against the need and the anxiety of the mid-continent to reach the sea and the markets of the earth. Some of this opposition is local. A little of it is sectional. A portion is vocational. None of it, I venture to assert, can claim for itself any such well-nigh national aspect as pleads for the project's support. Some of it is skeptical. Much of it capitalizes relatively casual considerations—perhaps, occasionally, through unwillingness or inability to meet the real issue face to face. None of it, I shall undertake to prove, is entitled to preponderate.

I claim no monopoly either of good faith or of wisdom in behalf of those who urge this undertaking. In some instances there are solid and well-buttressed adverse arguments, which, however, invariably fall before the whole truth and the full facts. Indeed, I am persuaded that if most of those persons who have been led to believe they are opposed to the seaway could have sat with the subcommittee of the Foreign Relations Committee and heard all the witnesses and confronted all the realities, they would hesitate a long time before taking the responsibility for a hostile commitment. I beg of any Senator who finds his inclinations running in an adverse current to study these hearings. They convinced the distinguished chairman of our committee, the able senior Senator from Idaho [Mr. BORAH], I think I am entitled to say, and convinced him against an initial adverse prejudice. I am content to believe that they will have a kindred authority with any judicially minded student.

Let me hastily sketch some of the lesser arguments in opposition and indicate how readily they surrender to proved facts.

There are, for example, the physical aspects of the St. Lawrence route. It is said that the route is ice-bound 5 months in every year, and therefore is impractical. The answer is that the major contemplated traffic is already similarly seasonal or can readily be made so by regimented commodity production. A further answer is that despite this same winter handicap the Great Lakes already have developed a traffic which represents 35 percent of all the water-borne commerce that travels under the American flag. Evidently this particular complaint is more fancied than real.

But it is said the St. Lawrence is fog-bound so much of the time that navigation is hazardous and the lane therefore is impractical. One answer is that Montreal has but 100 fog-hours per year and Toronto has but 440 fog-hours per year, and the Detroit River has but 311 fog-hours per year; whereas the great and successful port of New York has an average of 1,064 fog-hours per year. The truth of the matter is that there are no serious physical handicaps attendant upon the route, and most experienced navigators agree upon this score.

It is said, nevertheless, that ships and shipping will not regularly penetrate this route. The first answer is that world trade already is limping past the barriers to a free contact between the Lakes and tidewater. Ships of shallow draft already, despite all handicaps, are pioneering this full journey, and with profit to all concerned. The second answer is that ship operators frankly look forward to this unfolding opportunity. For instance, the dean of American ship operators, the late Robert Dollar, for whom my able and distinguished friend from New York [Mr. COPELAND] joins me in the utmost respect—at one time a lumberman in upper Michigan—wrote before his death as follows:

> You ask whether ocean-going ships would be willing to go to the upper Lakes for cargo. I can answer you without fear of contradiction by saying that ships will certainly go to the Lakes for cargo; in fact, ships will go anywhere and everywhere to get cargo. We have big ocean-going steamers running 1,000 miles up the Yangtze River, where the current is very swift and navigation quite difficult, far more difficult than it would be going to Lake Superior from Montreal. Bulk cargoes would be available on the Lakes and of the kind that would attract shipping. There is no question that full cargoes of general merchandise would also be obtained going inward.

It is said that these inward-bound cargoes represent a facilitation of imports and, therefore, a hazard to protected American industry. One answer is that much of the anticipated traffic will be in noncompetitive imports. The other answer is that competitive imports will be governed by protective tariffs; and these tariffs can always be made adequate.

It is difficult to meet both attacks at the same time, one that there is not going to be enough traffic to justify the seaway and the other that there is going to be so much traffic that it will destroy our internal domestic trade.

Then, Mr. President, there is another group of opponents who speak largely out of fear that the seaway will dislocate and divert existing port business and thus work to the disadvantage of existing eastern port facilities. This, undoubtedly, is a thoroughly human viewpoint. Yet it scarcely should be entitled to dominate our attitudes. There are the Buffalo grain and ship interests, for example, which fear a loss of their business if traffic no longer needs to break cargo at this port in seeking access to the ocean. But even at this key point it is to be noted that one witness, himself a man of large Buffalo interests and a lifelong ship and elevator operator, told our committee that Buffalo is bound to more than compensate itself from collateral trade development. Furthermore, this same witness—Hon. James Davidson—speaking as the operator of many ships belonging to the Lake Carriers Association, flatly disputed the protests from these present carriers on the Lakes that this new competition would ruin their existing operations.

Numerous port authorities along the Atlantic seaboard have frankly voiced a fear that their cities and their ports will seriously suffer if the mid-continent docks its imports at its own Great Lakes wharves and sends forth its direct exports on the return voyages of the ocean-cargo ships which will invade the Lakes. I doubt whether, upon reflection, our fellow citizens upon the seaboard would insist upon this attitude, if they be otherwise convinced that the seaway is nationally worth while. I do not believe they would offer us this adverse reciprocity in return for all the years of uncomplaining contribution which the land-locked mid-continent has made to the seaboard's development. I reject the notion that they are thus selfishly provincial.

As a matter of fact, there will be ample offsets for these seaboard cities through increased coastwise trade which will be builded up between the Lakes and these ocean ports. There will be offsets through the generally increased mid-continent prosperity which always pays its full share of toll to the industrial and financial East. There will be replacement offsets through the natural growth of these eastern ports in the 7 years which the construction of the seaway will require. But even if there were no offsets, it would be entirely unthinkable that there should be seaboard hostility to midcontinent development after the midcontinent has been so prodigal in contributing to seaboard development throughout the years, contributing not alone in trade and traffic but contributing also in the tax funds which have made these proud Atlantic seaports possible.

We have not complained over the years about paying our share of $53,000,000 to make a seaport of Philadelphia, which is 101 miles inland, or our share of $35,000,000 to make a seaport out of New Orleans, which is 110 miles inland, or our share of 58 million Federal dollars put into New York Harbor?

We do not complain, nor have we had any complaint against our share of $102,000,000 spent upon navigation projects on the Mississippi River or our share of $219,000,000 of flood-control projects on the Mississippi River. But I submit that we do have a right to complain when the senior Senator from Louisiana [Mr. LONG] arose, as he did on May 3, interrupting the senior Senator from Ohio [Mr. FESS], and submitted this astounding proposition in selfishness to the Senate—and I quote from page 2792 of the RECORD:

> But here my friend from Ohio and I are both living in the Mississippi Valley, and naturally I felt if there was any money outside of the Budget or within the Budget that was going to be spent it should be spent to develop the Mississippi Valley, the Ohio River, and the Mississippi River.

Mr. President, I submit again that we are making our vast contribution to this great development in the Mississippi Valley and we are making it not only without complaint but we are making it readily and gladly. When the time comes for a reciprocity of consideration, I submit that we are entitled to have it.

Is it rational that the theory of national contribution should cease at the first moment when we are in a position to get ocean reciprocity? We have not complained that a total of $1,586,514,586 should have been spent by the Federal Government up to June 30, 1931, on water-transportation projects other than the Great Lakes, while simultaneously only $194,000,000 has gone into Great Lakes harbors and channels—only 11 percent of the appropriations for the Great Lakes, although the Great Lakes carry 35 percent of all the water-borne commerce under the American flag. We have been glad to bide our time. But our time has now arrived. Certainly it has arrived, when for less than half the sum spent by the Government in seacoast harbors and channels we can create a new seacoast status for the now land-locked American mid-continent. By "we" I mean some 20 States and some 40,000,000 people.

We did not complain against our share of the $400,000,000 expended upon the building of the Panama Canal. We gloried in its national advantages for the great common good. Yet we in the midcontinent actually have been savagely penalized by the Panama Canal, which has showered its economic advantages exclusively upon the Atlantic and Pacific coasts. For example, industries on each seacoast can ship to the opposite seacoast at rate advantages varying from 40 percent to 64 percent under rates available from Michigan to these same destinations. To reach the west coast from Michigan it actually is cheaper to ship goods by rail 800 miles east and thence by water through the Panama Canal than to ship them straight west by rail. Thus, obviously, the cost of the eastern rail haul measures the Michigan handicap compared with New York in reaching a western destination 800 miles nearer Michigan than New York. This prejudicial differential constantly and progressively increases. It is often insufferable. The entire mid-continent is proportionately affected. Both seaboards proportionately benefit. We helped pay for the Panama Canal, which thus bears down upon us in transportation handicaps. Is it possible that the coastal beneficiaries of that great development and our sacrifice shall successfully refuse us reciprocal cooperation now that our chance has come to put the mid-continent in kindred touch with the oceans? For the mid-continent this means not only an outlet to our own coasts and an equality of service from the Panama Canal; it also means cheaper and more direct transportation to other continents, and thus it means the most practical possible encouragement to more exports and more foreign trade.

Mr. President, I repeat that I decline to believe that Senators from States which know the priceless boon of direct tidewater contacts with the oceans and the markets of the world will vote to deny their less fortunate but equally deserving fellow citizens of the midcontinent this belated opportunity to reach the sea. Justice, sportsmanship, and fair play revolt against any such libel upon our common Americanism.

The next and perhaps the most formidable single source of opposition to the seaway and the treaty centers and then ramifies around Chicago, its drainage canal, its diversion of water from Lake Michigan, and its aspirations for the Lakes-to-the-Gulf barge canal, just now coming into completion. The complaint is: First, that the treaty recognizes and solidifies the 1930 decision of the United States Supreme Court and its order limiting diversion of water from Lake Michigan; second, that this diversion is insufficient for a commercially useful waterway in the Illinois Barge Canal; and, third, that these treaty limitations constitute not only a threat to this barge canal but also an actual surrender to Canada of sovereignty over the exclusively American waters of Lake Michigan.

I think I have correctly summarized the general complaint.

I desire to answer categorically (1) that the treaty's recognition of a United States Supreme Court decree can scarcely be the subject of appropriate or logical complaint in the United States, and that this recognition by Canada, on the other hand, is actually the first time that Canada has ever consented to any diversion of water at Chicago for any purpose whatever, and is therefore actually a step in advance from Chicago's viewpoint; (2) that the permitted diversion is ample, according to all official authorities, for a commercially useful Illinois waterway, as defined in Senate Document No. 126 of the Seventy-first Congress; and (3) that there is no alienation of sovereignty over Lake Michigan. In other words, I shall submit that there is no validity in this particular objection to the treaty. The treaty is not at war with the Illinois waterway, which, I may say, most of us heartily agree should be amply completed and amply utilized. I have supported it as a member of the Commerce Committee and as a Member of the Senate, and I shall continue to do so. But it does not need to interfere with the St. Lawrence Seaway, and it would be a gross perversion of logic and of relative values to permit it needlessly to estop the larger undertaking.

A swift sketch of the historical aspect of this Chicago diversion issue will facilitate the Senate's understanding of the problem. Suffice it to say that for three decades Chicago has been in combat, either with the Federal Government or with her neighbors in the other Lake States, over her artificial diversion of water from Lake Michigan, this being a diversion of water from one natural watershed to another. The diversion started as a means of reversing the natural flow of a river in order to dissipate Chicago's municipal sewage. The diversion has run as high as 10,000 cubic second-feet. At various times Chicago has clashed with the War Department in the latter's efforts to control this diversion. Repeatedly this diversion has been in the United States courts in an effort to control the diversion. For nearly 30 belligerent years Chicago has wanted more diversion, and reluctantly has been forced to be content with less. The controversy climaxed in a suit which the plaintiff Lake States of Michigan, Wisconsin, Minnesota, Ohio, Pennsylvania, and New York took to the Supreme Court. These States claimed that there was no right of diversion from Lake Michigan; that they are entitled to have the natural

level of the Lakes maintained; and that the lowering of the Lakes by unwarranted diversion was a hurt and injury to commerce thereon and to the property rights of those concerned. The Supreme Court rendered its decree on April 21, 1930. It found against the trespass by the Chicago Sanitary District. It laid out a progressive program under which Chicago should substitute modern sewage-disposal works and proportionately reduce its diversion as this substitute program is completed. On and after December 31, 1938, the State of Illinois and the sanitary district are enjoined from diverting in excess of an annual average of 1,500 cubic second-feet in addition to domestic pumpage.

The Supreme Court found—in the language of Mr. Justice Holmes—that—

> The defendant State and its creature, the sanitary district, were reducing the level of the Great Lakes, were inflicting great losses upon the complainants, and were violating their rights.

Then followed these cogent and conclusive sentences by Mr. Justice Holmes:

> It already has been decided that the defendants are doing a wrong to the complainants and that they must stop it. They must find out a way at their peril. We have only to consider what is possible if the State of Illinois devotes all its powers to dealing with an exigency to the magnitude of which it seems not yet to have fully awakened. If its constitution stands in the way of prompt action, it must amend it to yield to an authority that is paramount to the State.

This is Mr. Justice Holmes speaking.

Canada, during all these years, was reiterating, in diplomatic protests to Washington, her own claim of interest in these lake levels—and particularly the claim that since Lake Michigan and the border Lakes of Huron and Erie are at common level, any Chicago diversion from Lake Michigan was a trespass upon her well-recognized international rights. She protested, also, that any diversion from these common waters was a subtraction from the potential power which belonged to her in the St. Lawrence River.

In March 1912 the Canadian Government sent four representatives to Washington to oppose any proposal which would result in lowering the level of international boundary waters. In February 1913 a formal and substantial protest was forwarded through the British Ambassador. No protests were made during the war, but they were renewed in 1921, December 1923, and February 1924. Thus it was but the climax in consistency, from her viewpoint, when Canada set up a prerequisite demand for equitable protection against this jeopardy as the condition precedent to her agreement to a bilateral treaty respecting the development of the St. Lawrence.

Thus we reach the present issue. It has been agreed that the 1930 decree of the United States Supreme Court shall be the basic rule governing this moot diversion. Thus Canada consents to acknowledge a right of diversion at Chicago after 1938 of 1,500 cubic second-feet, plus domestic pumpage—the first time we have had Canadian consent to any diversion whatsoever. We, in turn, acknowledge the authority of our own highest judicial tribunal—which scarcely can be viewed as a revolutionary doctrine upon our part. But I particularly direct the Senate's attention to the emergency clause in this same connection. In the event of an emergency under which the United States proposes to increase the diversion of water from the Great Lakes system through the Chicago Drainage Canal, if Canada takes exception thereto, the matter shall be submitted for final decision to an arbitration which shall have the power to increase the diversion and to stipulate such compensating provisions as shall be just and equitable.

These are the provisions of the treaty. I submit they are just provisions. Behind them is the warrant of our own Supreme Court. Within them is latitude for unforeseen emergency. Such an emergency would exist, in my view, and in the announced view of our State Department, if, despite all good-faith efforts to comply with the Supreme Court's sewage construction program, Chicago should require a reasonable extension beyond 1938 in which to forego her larger use of water from Lake Michigan for sewage purposes. That use at present is 6,500 cubic second-feet, plus domestic pumpage. Such an emergency would exist if a commercially useful Illinois waterway, as defined in Senate Document No. 126, should unexpectedly fail on the basis of 1938 diversion, if good-faith efforts have been made to construct the waterway to operate upon this basis. The language in the treaty respecting an "emergency" is broader than any possible definition of an emergency could hope to be.

I desire to pause at that point and say to my able and highly respected friend, the senior Senator from Illinois [Mr. LEWIS] that I gave prayerful consideration to the possibility of writing some kind of a reservation which might cover this point more effectively; yet it came to be the common judgment of all those who were dealing with the problem that the general exemption as it now exists is broader and more effectual and more dependable than any reservation which we might write. It is reasonable and fair and adequate. Furthermore, let it constantly be borne in mind that any quarrel over additional diversion, in excess of the Supreme Court's limitations, would meet the renewed resistance of the other Lake States long before it would create an issue with Canada, unless the emergency were obvious and the extra diversion to meet it were patently justified.

We had a final adjudication the other day in the Supreme Court, and the Court again announced its conclusions in a rather significant way, and ordered the State of Illinois to underwrite the completion of this Chicago program in lieu of diversion. If there is any challenge in the future, if there is any dispute in the future, it will be a dispute between the State of Illinois and the Supreme Court of the United States on the one hand, or it will be a dispute between the State of Illinois and the other Great Lake States upon the one hand, long before it will ever be a dispute between the State of Illinois and the Dominion of Canada.

I could pursue the details of this phase of our problem for hours. But I believe this summation submits the realities as they are. Against this background, let me now undertake to assess the truth in respect to the criticism which the Senate is asked to magnify into an excuse to overturn these momentous negotiations and to reject the treaty.

It no longer is openly claimed in this treaty argument that additional diversion at Chicago is necessary for domestic sewage purposes—although it will be unless Chicago speeds the construction program demanded of her by the decree of the Supreme Court. Nor is any public claim made in behalf of power to be generated on this Illinois Canal, although we confront the rather amazing grant of a license to the State of Illinois by the Federal Power Commission to develop a gross power which would require at least six times the diversion permitted permanently by the Supreme Court. These uses and reasons for additional water are not enumerated in the plea against the limitations ordered by the Supreme Court and acknowledged by the pending treaty. They are not enumerated, but candor would not neglect to assign them a possible major place in the antitreaty impulses.

I refer to the findings of the special master who reported to the Supreme Court on March 13, 1933, regarding the failure of the State of Illinois and the Sanitary District of Chicago to comply with the Supreme Court's antidiversion order of 1930. The master said:

> It is true that the decree is painful to the defendants and that they have been influenced by a hope that something would happen so that the flow * * * need not go as low as 1,500 cubic second-feet; * * * and that it will be safe to do without controlling works if the diversion of 5,000 cubic second-feet continues. They virtually confess to this—

This is an official charge, entered upon the records of the Supreme Court, that opposition to limitations upon diversion are born of the hope that "something will happen" to make compliance with the Supreme Court's order unnecessary in respect of the construction of sewage works. Opposition to the pending treaty, on the grounds of opposition to limitations upon diversion, may well be born of similar untenable hopes that "something will happen" to save the need for this full construction program solemnly enjoined upon these

defendants by the Supreme Court. I submit that no such impulse can appropriately motivate the Senate. The master in his report proceeds to dissipate this vagrant "hope." I quote again:

After this court has decided that the diversion is damaging to the Great Lakes system, even if this treaty obligation does not ripen, it is not to be anticipated that Congress will authorize the damage.

This simply means that there is no rational chance to increase diversion on account of these indicated reasons, treaty or no treaty. Therefore it would be ridiculous for the Senate to consult any such considerations. If they are, in fact, the unspoken considerations which inspire this particular opposition to the treaty, the opposition itself should be abandoned as sterile in objective. Even if it defeated the treaty, it could not thereby gain its own ends.

The public reason given for complaint against this established order and this treaty prospectus is that we are denying sufficient water diversion from Lake Michigan to permit a commercially useful Illinois waterway. I submit to the Senate that this complaint is without reasonable foundation; and I submit my proofs in the same breath.

The Supreme Court and the treaty permit 1,500 cubic second-feet of diversion in 1938, and permanently thereafter, plus domestic pumpage, which will be approximately 1,900 cubic second-feet in 1938. This totals a water diversion of 3,400 cubic second-feet. Is this sufficient to operate a commercially useful Illinois waterway? Are 3,400 cubic second-feet adequate?

The first answer is in Senate Document No. 126 of the Seventy-first Congress, second session, which is the official definition of the project. At page 3 we read:

The waterway is well designed and well suited to serve its intended purpose. * * * The small amount of additional dredging necessary to provide a depth of 9 feet, even if the flow at Lockport is reduced to 1,000 cubic feet per second, has been included in the estimate.

In other words, the 9-foot barge canal can operate successfully on 30 percent of the permitted low, if necessary. Then at page 6, immediately preceding the signature of Maj. Gen. Lytle Brown, Chief of Engineers, the following:

The 9-foot channel heretofore adopted by Congress can be secured by various flows of water, even as low as 1,000 cubic feet per second.

The flow provided in the treaty is not 1,000 but 3,400 cubic feet per second. This same General Brown, coming to his final conclusions two years later, stated, in a memorandum to the Secretary of War on July 21, 1932:

These facts establish without question that the permissible flow will be more than ample for any commerce that may be developed on the Illinois waterway.

That is the word of the highest official engineering authority in the United States; and even though General Brown may have been less conclusive on this score in earlier years, this quoted statement stands as his final considered verdict. I submit that the Senate—yea, and the friends of the Illinois waterway, among whom I aspire to be numbered—are entitled to rest upon this high advice.

His first assistant, Brig. Gen. George B. Pillsbury, Assistant Chief of Engineers, said in the committee hearings at page 337:

I have been connected with the questions relating to the diversion by the Chicago Sanitary District for nearly 13 years. * * * I know that the waterway which we are now completing down the Illinois River can operate on the minimum diversion that is provided under this treaty.

Meanwhile, remembering that the pending treaty contemplates a minimum flow of 3,400 cubic second-feet, contemplate by way of collateral corroboration of these witnesses that the Monongahela River carries an annual yearly traffic of 25,000,000 tons on an average low-water flow of 200 cubic second-feet; that the Ohio River carries 20,000,000 tons on 1,100 feet; and that the Panama Canal carries 28,000,000 tons on 1,300 feet. The treaty promises the Illinois waterway 3,400 feet to carry an estimated 10,000,000 tons. In the face of these exhibits, I respectfully but implacably submit to the Senate that this phase of opposition to the treaty and to the completion of this stupendous seaway is without sustaining justification and should be rejected.

This leaves only the related subject of the alleged alienation of the sovereignty of the United States over Lake Michigan. I submit that this is a self-serving thesis better calculated to lay down a smoke screen to obscure the realities than to disclose the true purport of our necessary relationships with the Canadian Dominion—particularly if we are committed, as announced in President Roosevelt's inaugural, to a "good neighbor" policy in these contracts with our historic international friend.

May I content myself with submitting to the Senate upon this score four questions which I put to our State Department and the Department's categorical replies, through Assistant Secretary of State James Grafton Rogers, under date of January 5, 1933:

1. Question. Does the St. Lawrence Treaty "surrender sovereignty" over Lake Michigan in any degree?

Answer. The Great Lakes-St. Lawrence Deep Waterway Treaty, signed July 18, 1932, does not surrender in any sense this sovereignty of the United States over Lake Michigan. The net result of the pertinent article of the treaty (article 8) is to establish for a diversion of water from Lake Michigan at Chicago restrictions similar in effect to those provided for in the Boundary Waters Treaty of 1909, in the case of future diversion from Lake Michigan.

2. Question. Under international law and practice between civilized neighbors has our "sovereignty" in Lake Michigan ever included—or does it now include—an unlimited right of diversion from Lake Michigan in the event of Canadian protest that the diversion involves a trespass upon Canadian rights in boundary and connecting waters?

Answer. Sovereignty does not, and should not, include the right to use a nation's property in such a manner as to constitute a trespass in a neighboring country upon vested rights of that country.

3. Question. Under all of our general arbitration treaties with Great Britain, would not such a diversion question have come squarely within our obligation to arbitrate?

Answer. The United States has for generations been a leader in accepting and applying the principle of arbitration for the settlement of international claims and disputes. The practice has been extensively resorted to particularly in the case of Great Britain and Canada, and I cannot conceive of an abandonment of it. There exists between the United States and Great Britain a conciliation treaty, proclaimed November 11, 1914, applicable to matters connected with Canada containing the language that the nations "agree that all disputes between them of every nature whatsoever, other than disputes the settlement of which is provided for and in fact achieved under existing agreements between the high contracting parties, shall, when diplomatic methods of adjustment have failed, be referred for investigation and report to a permanent international commission * * *." As the Boundary Waters Treaty of 1909 neither attempted nor achieved the settlement as between the Governments of questions such as those which arise from diversions from Lake Michigan, the general practices and obligations of the United States in regard to arbitration or conciliation would no doubt be followed without departure.

4. Question. As a matter of fact, does not this pending treaty represent Canada's first and only official concession to an "American sovereignty" over any diversion from Lake Michigan at Chicago for any purposes?

Answer. As you are doubtless aware, a number of cities in the United States and Canada use water from the Great Lakes for domestic purposes. Ultimately, however, the water taken out of the Lakes is returned to the Great Lakes watershed in every case, I believe, except at Chicago, where the water is diverted to another watershed through the drainage canal. In the pending treaty Canada formally acquiesces for the first time in a diversion of water from Lake Michigan and the Great Lakes watershed to the Mississippi River.

Thus, Mr. President, I have completed all that I want to say and all that I deem it necessary to say in dismissal of this major complaint against the pending treaty, and if it were threatened I would not support this treaty. The Illinois waterway, a link in the Lakes-to-the-Gulf waterway, is not threatened by the terms of this treaty. I beg of Senators in the lower Mississippi Basin, where this other project has many merited friends, to study the facts which irrefutably support this conclusion. I beg of them, in open-minded justice, to permit us also to reach the sea by this other outlet with its illimitable potentialities. There is no lost impulse in the Lakes-to-the-Gulf adventure. There is no lost sovereignty in Lake Michigan. The only loss in sight is the loss to forty or fifty million Americans in our land-locked midcontinent if, through prejudicial fiction, this culmination of the St. Lawrence seaway is denied by misguidedly adverse Senate votes upon the pending treaty.

Let me speak of one thing more in this related connection. When all other argument fails we are told that the United States has made a bad bargain with Canada and that the larger advantages to be enjoyed by the latter should warn the former away from this international contract. I submit, Mr. President, that this is a vain and empty thesis. So near as it is possible to write equity, reciprocity, and neighborly fair play into an international agreement, it is to be found in this pending treaty. Canada properly looks forward to large advantage from the seaway. She should. But so do we. Indeed, there are those who insist that America gets infinitely the best of these potentialities, because we have perhaps four times as many people in the benefited sector as does Canada; because we have the developed industry and the nucleus for renewed export trade to an extent which Canada cannot approach for years; and because we have an immediate outlet for this stupendous new power development in northeastern United States, whereas Canada cannot hope to get the full advantage of its share of the power for many years to come. These relative facts may or may not be true. But in any event they are irrelevant, incompetent, and immaterial—so long as both Canada and the United States each gets its full "money's worth" and the responsibilities and commitments of both are at par with each other. Therefore I am disinclined to spend much time on the last-straw arguments of those Americans who, instead of seeing our full value received, pretend that we have been outmaneuvered in these treaty negotiations and that, in some malign way, we are so penalized that we should decline our allegedly poor share of the contract. But I should not want to run from this or any other challenge. So I deal with just one exhibit upon this score.

Governor Horner, of Illinois, has furnished many of us with photostats of a gurgling editorial in the Toronto Mail and Empire of July 19, 1932, in which this eminent Canadian journal enthusiastically promotes the treaty and, in a high-pressure sales talk to its constituency, assures Canadians that the treaty "is more favorable to Canada than any previous arrangement ever made with the United States"; that "it is more favorable than anyone outside a limited Government circle could have hoped for", and so forth. I know of no particular reason why we should resent these enthusiasms. Surely we would not require that our neighbors shall be unhappy about their relations with us before we ourselves may be content. I am gratified, personally, that Canada is thus pleased; because whatever her pleasure, it is not at the expense of any American right or any American interest. If the exhibit means anything at all it simply means that the benefits and the gratifications are bilateral. That ought to be an ideal treaty as well as an unusual one.

Mr. LONG. Mr. President, I understood that the Senator indicated in the beginning of his remarks that he did not wish to be interrupted?

Mr. VANDENBERG. I said I would be happy to yield after I had finished my preliminary case, and I am now happy to yield to the Senator.

Mr. LONG. Would the Senator just as soon go through New York for a port as through Canada?

Mr. VANDENBERG. I did not understand the Senator's question.

Mr. LONG. I say would the Senator just as soon have his people go through the port of New York as through Montreal?

Mr. VANDENBERG. To go where?

Mr. LONG. To get to the sea.

Mr. VANDENBERG. Not if they have got to transfer into barges in order to get to New York.

Mr. LONG. What is the difference if there has to be a closed navigation season?

Mr. VANDENBERG. There is a great deal of difference as to whether it is necessary to break cargo or not.

Mr. LONG. In this instance I understand there has to be at least some breaking of cargo.

Mr. VANDENBERG. There has to be no breaking of cargo whatever.

Mr. LONG. At least there is a breaking of the seasons, because during 5 or 6 months of the year the proposed waterway could not be used at all.

Mr. VANDENBERG. We have no use of the Great Lakes now for 5 or 6 months of the year, and yet we have been able to develop 35 percent of the water-borne commerce of the United States thereby.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. VANDENBERG. I will yield in a moment. If the Senator will permit me, I wish to refer further to the suggestion of the Senator from Louisiana. He speaks about seasonal situations. The last time he was discussing this seasonal subject on the floor of the Senate he referred, on page 2070 of the RECORD, in the second column, to the fact that he does not propose to submit to the St. Lawrence Treaty "because it is going to dry the Mississippi Valley", and in the first column on page 2071 in complaining against this treaty, he asked:

> Do you expect now that we are going to let you make us nothing but a dumping ground for the flood waters of this Nation?

It is rather difficult for me, Mr. President, to follow the Senator in his inconsistent objection.

Mr. LONG. That just shows——

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from Louisiana?

Mr. VANDENBERG. I yield.

Mr. LONG. That just shows, with due deference to the very able and learned Senator, that he does not know anything about the question. Any man who has had experience at all with it would not have any trouble in understanding that we receive the seasonal waters in the springtime, which flood us out; instead of our navigation having been completed and our waters impounded in such a way that, instead of being flooded in the springtime, with no water in the fall we would have a seasonal flow, that is an all-the-year-around flow with floods eliminated. I should be glad if the Senator would study the matter of inland navigation instead of studying Canada so much, because that is a primary question the Senator is asking, and there is not a 6-year-old schoolboy in Louisiana who could not have answered it for him.

Mr. VANDENBERG. I am happy that the Senator thinks it such an easy matter, but I repeat that he complains in one column because we are withholding water, and in the other column because we are overwhelming him with water. He reminds me of a bit of mythology. A stranger was wandering in the woods one night; it was a rather bitter cold evening. A wood nymph found the stranger wandering in the woods, and, being of a sort of humane turn of mind, like my genial friend from Louisiana, the nymph said to the stranger, "Come to my woodland dell and I will take care of you for the night." As they passed along toward the woodland dell the stranger blew upon his hands, and the wood nymph said, "What did you do that for?" He replied, "To warm my hands." When they got in the woodland dell the wood nymph set out hot porridge for the stranger, and right away the stranger began to blow on the hot porridge. The wood nymph said, "What do you do that for?" and the stranger replied, "To cool it off." Then the wood nymph said, "Get out of here; anybody who can blow hot and cold in the same breath cannot stay here." [Laughter.]

Mr. ROBINSON of Indiana. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. Possibly the Senator in the early part of his address, which I was unable to hear, may have answered the question I have in mind. I know he has given deep study to this whole matter, and that is the reason why I propound the question at this time, because it interests me considerably. One of the objections that have been urged to this whole project, as the Senator well knows, is that a comparatively small portion of the trade along this

route would be handled by American bottoms—by American ships. I should like, if the Senator can tell us, to know about what percentage of this shipping would be handled by American merchantmen.

Mr. VANDENBERG. I am unable to answer the Senator in any dependable detail, because that phase of the problem has never been reduced to percentages, but the answer seems to be that after we shall have extended our seacoast to include the Great Lakes shore line it is reasonable to assume that the same percentages of shipping will persist under the American flag on that portion of the sea line as on the external sea line.

Mr. ROBINSON of Indiana. That answer invites this further question: Assuming that a considerable portion of the shipping would be carried under a foreign flag, what effect would that have on American seamen or American labor in connection with such transportation? Is the Senator alarmed at all for fear, in case we open up this seaway, that American labor will be discriminated against because of the presence in that seaway of so much foreign labor, that we consider very much underpaid?

Mr. VANDENBERG. No, Mr. President; if I did think so, I would consider it a very serious menace. The ships that enter the Great Lakes, of course, cannot engage in our so-called "coastwise trade."

Mr. ROBINSON of Indiana. Has that question come before the subcommittee?

Mr. VANDENBERG. Only in a general way.

Mr. President, I was discussing the editorial in the Toronto Mail and Empire concerning which so much has been made to indicate the poor bargain that our negotiators made in connection with this treaty.

But let the persistent cynic test this Canadian editorial at each factual point. "The cost of the undertaking is to be borne mainly by the United States." The total costs are equally divided between the two countries within a fraction of 1 percent, with credits to each country for expenditures already made upon direct links in the seaway chain. Chiefly because Canada has just expended some $130,000,000 of her own money on her own Welland Canal—which becomes a partnership canal, by the way, under the treaty—her balance due on her half of the total bill is less at the moment than our balance due on our half of the total bill. And that is how "the cost of the undertaking is to be borne mainly by the United States." I do not mean to speak critically of the Toronto Mail and Empire in this connection. I have written newspaper editorials myself in my day. Zeal in the advocacy of a cause is a familiar newspaper phenomenon and in no sense unworthy.

"We have retained the right to construct an all-Canadian waterway, at any time in the future, if such an expenditure is deemed advisable", this Toronto editorial triumphantly continues. Quite correct. But we may similarly say that we have retained the right to construct an all-American canal, if we be thus minded. It is the announcement of an elementary axiom.

"The United States abandons its ancient contention that Lake Michigan is an American lake", the editorial chortles. It would be equally true for us to say that Canada abandons its contention that the Welland Canal is a Canadian canal. It would be equally true because the mutual navigation rights are the same in both places. But it would be far more accurate to say that neither country abandons anything. It would be more accurate to say that both countries simply agree to make permanent the precise reciprocal navigation rights which have existed on a revocable basis ever since the treaty of 1909 was ratified. Meanwhile, if this editorial reference relates to Chicago diversion, it would be far more specific to say that Canada, in this treaty, recognizes for the first time a right of diversion at Chicago than to say that Canada gains a new right of veto upon diversion.

Such, Mr. President, are the realities. The exhibit submitted by the Governor of Illinois says that this Canadian editorial "expresses the joy and appreciation of Canada at the great victory won by Canadian statesmen in the St. Lawrence treaty." I do not undertake to subtract a single credit mark from these eminent Canadian statesmen with whom we have been proud and glad to participate in these negotiations. It would be a travesty upon international comity if this treaty did not bear within it a just share of beneficial advantages for this great dominion to the north. I am glad that this common enterprise is wholly worth while for all concerned. I do not mourn our lack of a monopoly upon the dividends from this common effort. But I respectfully submit that it is equally logical and equally appropriate—and would reflect an equally justified gratitude on our own part—if we, with equal or even greater warrant, should express the joy and appreciation of our own United States that our own statesmen have so completely preserved American rights in these negotiations and so effectually brought us within reach of these amazingly emphatic American advantages.

Mr. President, the criticisms of the proposition which I have heard on the floor of the Senate are in the main misguided. I only want to refer specifically to one or two because I must conclude. My dear friend the able senior Senator from New York [Mr. COPELAND] constantly refers to this seaway as the "all-British canal." It is his favorite expression. Let us see.

From the head of Lake Superior to Father Point, in Quebec, where the river ends and the high seas begin, is 1,677 miles. Of this distance 1,243 miles, or 74 percent, lie in international waters, and 434 miles, or 26 percent, in wholly Canadian waters. The locks at the "Soo" will all of them be in United States territory. The connecting channels in the Great Lakes are about equally divided in mileage on the two sides of the boundary line. The locks and navigation works at the upper dam in the St. Lawrence will be in Canadian territory and built by Canada at her own cost. The locks and navigation works at the lower dam in the St. Lawrence will be wholly in the United States and built by the Federal Government.

The treaty creates and makes perpetual an international highway from lake head to the Atlantic Ocean; one entire navigation route, protecting equally and in every particular both nations alike.

Mr. President, the Senator from New York in similar light-hearted fashion says that I expect the *Leviathan* is going to tie up at the dock in Grand Haven, Mich. He says that I seem to believe in Santa Claus and fairy tales. If he considers that ships of the *Leviathan* type are essential to the success of the seaway, I want to call his attention to the fact that ships of the *Leviathan* type do not dock at Boston, Philadelphia, Baltimore, Savannah, or New Orleans; yet that certainly is no reason why those great ports do not enjoy a stupendous utility and why they should not be encouraged and supported by the American Government. We are not expecting the *Leviathan* on the Great Lakes, but we do know that 88 percent of all the cargo shipping on the seas of the world will be eligible to enter and we are perfectly cognizable of the net results, and we are perfectly satisfied without the *Leviathan* to contemplate an utterly stupendous dividend.

This now leaves us with one final source of opposition to assess. The one argument against the seaway most calculated to give serious pause is the argument that railroad transportation will be adversely affected, and at the very moment when one of the country's major needs is the rehabilitation of these railroads. It would be silly not to agree to this need of rehabilitation. I insist upon registering myself as one who completely sympathizes with this railroad problem and who will make every possible contribution to its helpful determination. We must have the railroads as the solid backlog of our entire transportation system. But I am profoundly convinced that even the railroads have more to gain than to lose, in a long-range view, from the completion of the seaway.

There will obviously be an initial diversion of traffic from the rails to the seaway—particularly east of Detroit. Thus I can understand the initial fears of eastern railroad executives. But, frankly, I cannot understand why western railroad executives should have changed front and joined atti-

tude with their eastern brethren when heretofore most of these western executives have freely admitted that the seaway will help them and their traffic. It seems to me that the seaway could not do otherwise. It will give them large new traffic en route to these new inland seaboard ports. It will inevitably contribute to the prosperity of the mid-continent, and there cannot be mid-continent prosperity without a full share going to the railroads in this area, if not throughout the Nation.

But whether the railroads be east or west, their jeopardy today is not water competition in any controlling degree. It is, first, an inevitable reflex from the general depression; second, unregulated competition with trucks and busses; third, loss of business to airplanes and private motor cars; fourth, inability to meet these new situations with comparably attractive rates and service; fifth, outworn systems and capitalizations. Would it be fair to say that the whole mid-continent shall be permanently penalized by withholding a great, natural transportation advantage—primarily intended for the creation of new export trade—because these other factors in this contemporary situation are unfortunate for the railroads? It seems to me any such penalties would be at war with elementary economics. This is particularly true in respect to an external seaway as distinguished from an internal canal. Even the Railway Bureau of Economics recognized this distinction a few years ago.

The answer to the railroad problem does not lie in stifling the seaway. The railroads and the seaway should complement each other. In the first place, less than a decade ago our railroad facilities were totally inadequate to the traffic demands upon them, and a restoration of normalcy in the Nation will again provide ample traffic, regardless of diversion of traffic via the seaway. In the second place, the seaway will hasten this return to normalcy. It will provide new American business flowing into and out of new areas—and all of this collateral flow will be on the railroads. There will be new industrial development in the midcontinent; and the rails cannot escape an advantage in the reflex. Further, it is impossible for new trade to be stimulated and new prosperity created anywhere in the whole Union without profitable repercussions in every other part of the Union.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I prefer not to yield at this time.

Mr. LONG. I want to give the Senator an interesting report.

Mr. VANDENBERG. I must decline to yield at this time.

Again, stimulated trade at the new inland seaboard will feed the rails in the process of serving this trade. For example, if automotive export is stimulated from the port of Detroit—if as a result of cheap access to foreign markets we sell more cars abroad—Detroit will buy more steel, more tires, more leather, more glass, and so forth, and it will be chiefly the railroads which will bring in these materials. Let it be remembered that the auto industry uses 81.6 percent of all the rubber, 60 percent of all the plate glass, 32 percent of all the nickel, 35.8 percent of all the lead, 28 percent of all the mohair, and 51 percent of all the upholstery leather sold in the United States. When additional motor cars move out of Detroit in export these other commodities move into Detroit, and mainly by rail.

Here is a specific and probably a typical exhibit bearing upon this point. According to the statistics of the National Automobile Chamber of Commerce, the inbound rail traffic in connection with automotive production runs as follows for 1930 and 1931:

> Eight hundred and sixty-seven thousand, seven hundred and forty carloads of inbound freight against 5,982,537 autos produced. This is an average of one carload of inbound railroad freight for each 6.89 automobiles produced.

It has been somewhat difficult for me to translate this into actual revenue. But I find that the grand average railroad revenue in 1931 from incoming and outgoing automotive traffic was $127.71 per carload. Using this figure as an index, we could say that since every average sale of between 6 and 7 automobiles produces a carload of incoming freight, therefore the railroads have a stake of $127 in every increased sale of between six and seven automobiles, regardless of how the finished product goes to market. This, then, is some indication of the direct importance to the railroads of new export business generated by the seaway—to say nothing of the indirect importance of increased mid-continent trade and prosperity reflected in collateral channels.

This story will be repeated a thousand times. Again quoting Mr. Julius Barnes, former president of the Chamber of Commerce of the United States, "Any study of economic history shows that tonnage develops from forces impossible to foresee", and the seaway will "result in new tonnage" both for itself and for the rails.

This prophecy is confirmed by Dr. MacElwee, who told the committee:

> Just as every other great change in transportation or manufacturing methods revolutionizes existing conditions, I believe there will be such an increase in business activity in the mid-continent as a result of the St. Lawrence seaway as to show an increase in per-ton mileage of the carloadings of the railroads.

It is inconceivable that there could be any permanent advantage to the rails in circumscribing the economic progress of 40,000,000 people in this land-locked mid-continent.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. VANDENBERG. I yield.

Mr. SHIPSTEAD. Germany and France own their own railroads and spend hundreds of millions of dollars for the development of rivers and canals. In conversation with an official of the German Government I pointed out the fact that in this country the railroads consider waterways and water transportation unfair competition. I expressed my curiosity as to why the Governments of France and Germany would spend so much money for water transportation when the Governments own the railroads. He told me that the waterways add to the tonnage of the railroads, bringing business to the railroads. He said it made it possible for a great deal of freight to be moved by water that could not afford to be moved by rail, but when they move it as far as they can by water the railroads carry it inland. The barges, of course, do not travel by land. We have there an example of 100 years of history of water transportation which after experiment shows that in their opinion water transportation aids the railroads.

Mr. VANDENBERG. I thank the Senator for his observations, which are unquestionably sound both in history and in economics.

I repeat that it is inconceivable that there could be any permanent advantage to the rails in circumscribing the economic progress of 40,000,000 people in this land-locked mid-continent. It is equally inconceivable that this progress would fail to spell progress for the rails themselves. Certainly their prosperity is inseverably linked with the prosperity of the people themselves.

Most certainly I do not blame railroad labor for being critical of every competitive service which seems to threaten railroad traffic. Railroad labor has one of the most enlightened organizations in the land. It has seen inroads upon its livelihood for several unhappy years. But these inroads are largely from forces and events which are entirely foreign to the considerations involved in the seaway. If the ultimate effect of the seaway would be helpful to mid-continent prosperity, and thus to railroading, this labor certainly would not oppose the seaway. The question to be decided is, Which guess for the future is right? I cannot escape the persuasion that the affirmative "guess" is the correct "guess." It might be argued that the railroad situation is too desperate to justify any "guessing" at all. Yet this very desperation calls for new experiments. It calls for bus and truck regulation. It calls for regulated competition. But it chiefly calls for "more prosperity" in the Nation; and if the seaway trends in this direction, it must trend in the direction of help rather than hurt for the railroads and for railroad labor.

Mr. President, this concludes my presentation of this absorbing subject. I cannot hope to have done it justice. It transcends the power of speech. It is one of those stupendous opportunities which is permitted but once in the lifetime of a generation. It is the promise of a benediction upon vast areas of our America. Half a continent intimately believes in it. Half the States of the Union specifically have asked for it. The commerce of the world is in its purview. The greatest engineers declare it sound. The greatest economists pronounce it good. Political parties have addressed it with a common fidelity. Presidents unite in its sponsorship—Franklin Roosevelt no less than Herbert Hoover. We are summoned to the fruition of a courageous dream. We are called to high adventure in the name of these two great English-speaking peoples. This is the appointed hour for the marriage of the oceans and the Lakes. These nuptials will bless us and our children and our children's children.

Mr. LA FOLLETTE obtained the floor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LONG. I just want to ask the Senator a question.

Mr. LA FOLLETTE. I yield if the Senator from Michigan wishes to respond.

Mr. LONG. I only want to ask the Senator a question. I was wondering if the Senator, who has so eloquently concluded his speech, knew of the magnificent further support he had in Canada, in which they recount the following statistics:

Shipments of Canadian grain—

Says this Canadian newspaper——

Mr. VANDENBERG. What is the newspaper?

Mr. LONG. This is the Shipping Register and Travel Guide.

Mr. VANDENBERG. Where is it published?

Mr. LONG. In Canada.

Mr. VANDENBERG. Where in Canada is it published? Is it published in Quebec?

Mr. LONG. Probably so.

Mr. VANDENBERG. "Probably so" is right. [Laughter.]

Mr. LONG. At any rate, this is advocating the St. Lawrence Waterway Treaty. It is published in behalf of the Halifax Harbor Commission. It is an advertisement by them, in which they say:

Shipments of Canadian grain in 1930 through United States ports, 67,747,685 bushels.
Through Canadian Atlantic ports, 5,153,553 bushels.

Then it says:

All-Canadian routes for Canada's grain!

In other words, showing that 67,000,000 bushels of Canadian grain now going through America will be made to go through Canada, as well as the American grain going through the port of Montreal, as a result of the American money spent to build a canal in Canada.

Mr. LA FOLLETTE. Mr. President, following the able and exhaustive presentation of the affirmative side of this question for the St. Lawrence Treaty, it is with some hesitation that I ask the indulgence of the Senate to a further consideration of this momentous question. Nevertheless, in view of the long and historical interest in this subject of the State which I have the honor in part to represent in this body, I should feel myself derelict in my duty did I not present the arguments as I see them in favor of action upon this most important development at this session of Congress. I regard the treaty as a part of the program for consideration at this session in order that it may become a part of the public works bill which is the most important aspect of the administration's proposals for this session.

BOTH POLITICAL PARTIES PLEDGED TO PROJECT

The completion of the seaway from the head of the Great Lakes at Superior and Duluth through the St. Lawrence River to the Atlantic has been pledged by both political parties.

This project was embodied in the treaty signed at Washington by the United States and Canada nearly a year ago. The ratification of the treaty will fulfill the pledges made to the people of this country by Republicans, Democrats, and Progressives alike in the campaigns of 1932 and preceding years.

I propose today to show that the railroads and the public utility and power companies have been energetically at work for months to prevent the consideration of this treaty at the present session of the Senate. Those interests, and the bankers allied with them, hope to defeat the treaty by obstruction and delay. This cannot be achieved without a rank betrayal of party pledges, repeatedly made to the people of the land-locked Middle West and to the electorate of the entire country.

President Roosevelt is pledged in unequivocal terms to the completion of the St. Lawrence project. He specifically included it among the policies to which the Democratic Party was bound in the 1932 campaign. In his address at Portland September 21, 1932, he listed the St. Lawrence with Boulder Dam, Muscle Shoals, and the Columbia River as four natural resources of water power which the Democratic administration would undertake to develop under public ownership and control for the benefit of the consumers of electricity.

PRESIDENT ROOSEVELT FOR PROMPT ACTION

On July 9, 1932, immediately after his nomination for the presidency, Governor Roosevelt sent a telegram to President Hoover, from which I quote in part:

I am deeply interested in the immediate construction of the deep waterway as well as in the development of abundant and cheap power. * * * With * * * an agreement between the Federal administration and the State of New York, it would be my hope that it would be possible to submit a treaty to the Senate for immediate and, I hope, favorable action as soon as signed.

May I respectfully point out that such action would hasten greatly the initiation of this vast project—one which means cheap transportation by deep waterway for the agricultural and other products of the West; cheap electricity from the State owned and controlled resource, to be developed for the primary interest of homes, farms, and industry; and, of immediate importance, employment for thousands of workers. * * * Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

In his reply to the Governor's message President Hoover stated:

Having ardently advocated for over 10 years the great work of completing this shipway from Duluth and Chicago to the sea, I am glad to know that it will meet with your support.

These telegrams were exchanged after negotiations for the pending treaty had been concluded, at a time when both Governor Roosevelt and President Hoover were advised of the major provisions which had been agreed upon.

At its national convention at Chicago, the Republican Party adopted the following plank by a unanimous vote:

The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

While both the Republican and Democratic candidates were unequivocally pledged to the completion of the St. Lawrence project in the 1932 campaign, this policy was not initiated as a partisan question.

The progressive States of the Northwest, at the headwaters of the Mississippi and the Great Lakes, were the first to demand the opening of the highway from the mid-continent to the sea. The Progressive Republicans of Wisconsin in 1920 adopted a platform plank which has been approved at every election held within the State and submitted to every Republican National Convention since that time, as follows:

We favor a deep waterway from the Great Lakes to the sea. The Government should, in conjunction with Canada, take immediate action to give the Northwestern States an outlet to the ocean for cargoes, without change in bulk, thus making the primary markets on the Great Lakes equal to those of New York.

This pledge was adopted in the same form at the Progressive Convention held at Cleveland, Ohio, July 4, 1924, and at that time was first embodied in the platform of a national political movement.

FARM ORGANIZATION AND 14 GOVERNORS SUPPORT PROJECT

At every convention since 1921 the American Farm Bureau Federation has endorsed the St. Lawrence seaway. The National Grange approved the project in resolutions adopted at its 1931 convention, and in 1933, after the pending treaty was submitted, reaffirmed its previous declaration.

On May 17, 1933, a petition urging immediate ratification of the treaty was presented to President Roosevelt, signed by the Governors of 14 States. The signers of this petition are as follows:

William A. Comstock, Governor of Michigan; A. G. Schmedeman, Governor of Wisconsin; Floyd B. Olson, Governor of Minnesota; William Langer, Governor of North Dakota; Charles W. Bryan, Governor of Nebraska; Alfred Landon, Governor of Kansas; F. H. Cooney, Governor of Montana; Clyde L. Herring, Governor of Iowa; C. Ben Ross, Governor of Idaho; James Rolph, Jr., Governor of California; Paul V. McNutt, Governor of Indiana; George White, Governor of Ohio; H. G. Kump, Governor of West Virginia; I. C. Blackwood, Governor of South Carolina.

Most of the Governors who signed the petition were represented at a meeting of the Great Lakes-St. Lawrence Tidewater Association, held at Chicago on May 16. To this conference President Roosevelt sent the following message through his Secretary:

> The President requests acknowledge with thanks assurance your whole-hearted cooperation bring St. Lawrence Treaty to fulfillment by ratification. Only crushing pressure business prevents the President extending personal greetings your gathering and wishing your movement complete certain success.

PRESIDENT ACTS TO FULFILL PLEDGE

The St. Lawrence project and the pledges made for its completion were never closer to fulfillment than when the present session of Congress convened.

President Roosevelt took an early opportunity to carry out his pledge of the 1932 campaign. He caused to be introduced simultaneously in the House and the Senate on April 18 a joint resolution confirming an agreement between the Power Authority of the State of New York and the Federal authorities allocating the costs of the navigation and power works to be built in the international rapids section of the St. Lawrence River within the boundaries of the State of New York.

The agreement had been reached as the result of the hearings conducted by the Senate Committee on Foreign Relations on the treaty itself. These hearings, authorized by the Senate in July 1932, began in the following November and continued until late in February 1933.

Every phase of the project was carefully investigated. Representatives of public utilities, railroads, and all other interests opposed to the treaty were heard. The economic advantages to the Nation and the feasibility of the project were thoroughly established by the testimony of scores of disinterested witnesses. Sixty-nine witnesses were heard orally, and written statements and briefs were filed by numerous individuals and organizations, a great majority of the whole number being favorable to the immediate completion of the St. Lawrence project. No adverse witness was denied a hearing. No line of inquiry was proposed by any Member of the Senate or of the committee which was not thoroughly investigated.

PUBLIC POWER RIGHTS PROTECTED BY JOINT RESOLUTION

When the joint resolution confirming the agreement between the Federal Government and the State of New York was introduced at the request of President Roosevelt, the opponents of the treaty in this body sought to block its consideration.

The Committee on Foreign Relations, acting upon the initiative of the late Senator Walsh of Montana, had effected the agreement between the Federal and State authorities. The agreement provided that the State of New York should assume $89,726,000 of the cost of the works in the international rapids section, thus greatly reducing the Federal expenditure involved in the St. Lawrence project. It further provided that the water-power resources on the New York side of this section of the river, which have repeatedly been sought for private exploitation by public utility and power companies, should be developed as a public project by the power authority, a public agency of the State, created by the unanimous vote of both branches of the New York State Legislature in 1931.

The joint resolution passed the House of Representatives on April 26. As passed by the House and introduced in the Senate, at the request of the President, it contained a proviso declaring:

> That no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Senators who do me the honor to follow me will see the significance of the relation of the power involved in this project to the nature and character of the opposition which is being put forward against this treaty. Led by the senior Senator from New York [Mr. COPELAND], the opponents of the treaty in the Senate seized upon this joint resolution as a means of blocking the consideration of the treaty at this session. The Senator from New York contended that the joint resolution should be referred to the Committee on Commerce.

In the course of the filibustering against the reference of the resolution to the Committee on Foreign Relations the Senator from New York [Mr. COPELAND], on April 17, page 1815, said:

> My particular object in having this joint resolution referred to a committee competent by experience and authority to deal with the problems involved is that an economic study may be made. There is not any evidence of such a study in these hearings.

On the same day the Senator from New York said, page 1816:

> But where is there in the volume of the hearings the report of any study as to what is going to happen to our country by reason of the development of this proposed canal? That is what I want to know.

During the debate on April 21, when the Chairman of the Foreign Relations Committee [Mr. PITTMAN] urged the prompt consideration of the joint resolution and the treaty, the Senator from New York said, page 2067:

> What the Senator from Nevada is doing is delaying final action on this matter because, with all due deference to him, there are some of us here who are sufficiently interested in this question to wish to know what will be the economic effect upon the United States of building the St. Lawrence canal. * * * I wish to have the domestic side of it considered now—

With heavy emphasis on the word "domestic"—

> in order that we may determine in the State of New York whether we are throwing away $90,000,000 and harming our State tremendously. I want to say to the Senator from Nevada that if he thinks that he is going to have rapid and immediate action on this matter through the process he proposes, he is very much mistaken.

UNITED STATES-NEW YORK AGREEMENT APPROVED BY PRESIDENT ROOSEVELT AND GOVERNOR LEHMAN

In the course of his remarks on April 17, the Senator from New York referred to the text of the agreement between the power authority of his own State and the engineers of the War Department, embodied in a memorandum dated February 7, 1933, and given effect by the joint resolution. The Senator said on April 17, page 1813:

> There is not a Senator here, unless he be a member of the committee, who has ever read that memorandum. I live in the State of New York and in part represent that State in this body, but until I sent this morning to the Army engineers for a copy of that memorandum I never had seen it. I have it in my hand and have had it in my possession about an hour. Other Senators do not know what is in it.

I hold in my hand a dispatch from Albany, dated February 8, 1933, published on page 2 of the New York Times of February 9. This dispatch, a column and a half in length, is headed:

Lehman declares seaway cost fair. Praises agreement reached with Washington on $89,726,000 for St. Lawrence. Low power price is seen. Congress action sought.

The dispatch states that Chairman Frank P. Walsh and Vice Chairman Delos M. Cosgrove of the New York Power Authority, accompanied by John D. Moore, an engineer for the power authority, and Leland S. Olds, assistant to the chairman, delivered the full text of the agreement to Governor Lehman on February 8 and held a conference with the newspapermen at Albany. The full text of the agreement was published in this dispatch, 66 days before the senior Senator from New York states he took the trouble to read it.

On the same occasion Governor Lehman gave a statement to the press, widely quoted, in which he said:

In my opinion this appears to be a very fair allocation of costs between the Federal Government and the State of New York. I am advised that the engineers believe that there can be savings made from estimates given to me from 20 to 25 percent because of reduced unit costs, materials, and labor involved. It would appear from these figures that New York State can develop upward of 1,000,000 horsepower at a very low unit cost. * * * I feel that very great progress has been made through the understanding reached between representatives of the Federal and State Governments as to the division of costs, on which there has heretofore been a wide difference of opinion.

I also want to quote the headlines appearing in the New York Tribune of February 9:

Lehman elated at St. Lawrence power figures.

The New York American headline was as follows:

Lehman backs pact with United States on power costs. Approves State outlay of $89,000,000 as share of St. Lawrence development.

The senior Senator from New York impeached the intelligence of the Governor of his own State, a member of his own party, and the intelligence of the State's official body, the New York Power Authority, which negotiated this agreement and approved it and publicly announced its approval and gratification at its consummation on February 9, 1933.

It was announced in this dispatch that representatives of the power authority would appear before the Foreign Relations Committee on February 10 to discuss the agreement.

At this public hearing, Gen. George B. Pillsbury, Assistant to the Chief of Engineers, and Vice Chairman Cosgrove, of the power authority, presented the agreement and discussed it in detail. The junior Senator from New York [Mr. WAGNER] participated in the examination of the witnesses. When the treaty was reported to the Senate by a vote of 9 to 2, with a recommendation favorable to the allocation of costs embodied in this agrement, the junior Senator from New York publicly stated that he favored the power development provided by the treaty and by the supplementary agreement between his own State and the Federal authorities.

This is the agreement published in newspapers all over the country on February 9 and again reported in dispatches on the committee hearings of February 10, of which the senior Senator from New York, by his own statement on the Senate floor, was entirely ignorant as late as April 17.

It is this agreement which has been approved by President Roosevelt after 4 years of study and effort as governor to protect the power resources of the State from private exploitation, by Governor Lehman, the present Governor of New York, and by the Power Authority of the State of New York.

In his address on April 17, the senior Senator from New York showed additional evidence that he required further opportunity to familiarize himself with a project which is of such enormous consequence to the people of his own State. He referred to the works to be built under the treaty in the International Rapids section of the St. Lawrence River. He denounced article 3 of the treaty in this language, page 1816:

This has to do with the international section of the river, the part where the Lachine Rapids are, and where the powerful currents of the river are capable of developing immense quantities of hydroelectric power.

If any Member of this body will refer to a map, he will find that the Lachine Rapids are 75 miles away from the International Rapids section of the St. Lawrence River. This is of a piece with the misstatements which have been made in the Senate and elsewhere by the opponents of this treaty.

They are confined entirely to Canadian territory. The senior Senator from New York, indeed, requires further time to familiarize himself with this project, for he has confused the Lachine Rapids with the International Rapids, which form the boundary of his own State for a distance of 43 miles along the St. Lawrence River.

"ECONOMY STUDY" SOUGHT IN ORDER TO BLOCK TREATY

The argument that an "economic study" should be made before proceeding with the actual construction of the waterway has been the chief device used by its opponents to block this development over the past 30 years.

No waterway project in the history of the world has received more study of its economic, engineering, and cost features than has been given to the St. Lawrence seaway.

Under an act of July 1, 1898, the Deep Waterways Commission of the United States rendered a report to the second session of the Fifty-sixth Congress, printed as Document No. 149. From 1812 down to 1900, the Commission reported to Congress, it had been generally conceded by all students of proposed water routes to the West—

that the St. Lawrence River is the natural outlet and the line of least resistance for a waterway from the Great Lakes to tidewater.

In 1919, Congress adopted an amendment to the rivers and harbors appropriation bill, introduced by Senator Lenroot, of Wisconsin, providing funds for a study of the St. Lawrence project by the International Joint Commission.

Public hearings were held by the International Joint Commission, extending from May 1920 until March 1921. The Commission held 44 hearings, 33 of them in 24 cities of 14 States of the Union, and the remainder in 12 cities of 5 Canadian Provinces. Testimony was heard from 300 individual witnesses. The hearings were published in January 1922, comprising a volume of 7,462 pages of testimony.

Concurrently with this study an international board of engineers, representing both the United States and Canada, studied the navigation and engineering phases of the project. Both the International Joint Commission and the International Board of Engineers rendered favorable reports on the projects to their Governments. As a result, Canada appointed a national advisory committee and President Coolidge appointed the St. Lawrence Commission of the United States, of which Secretary of Commerce Hoover was chairman. In 1926 the St. Lawrence Commission of the United States made a report declaring that—

The construction of the shipway from the Great Lakes to the Atlantic is imperative both for the relief and for the future development of a vast area in the interior of the continent.

An enlarged joint board of engineers, consisting of three representatives of each country, was appointed and, taking into account all previous engineering and economic studies, this board arrived at the plans which are embodied in the pending treaty.

INTERNATIONAL, NATIONAL, AND REGIONAL STUDIES COMPLETED

In addition to the national and international studies made at the direction of the Governments of the United States and the Dominion of Canada, numerous studies have been made by the Great Lakes-St. Lawrence Tidewater Association, an organization officially sanctioned by the officials of 23 States. This association has published 53 bulletins, covering every phase of the St. Lawrence project.

Economic studies of the effect of the completion of the St. Lawrence project upon various sections of this country have been made by many leading engineers, economists, and industrial authorities. In 1927, a report on the St. Lawrence project was made public by the joint New England committee. A separate committee was set up in each of the New England States to study New England's relationship to the Middle West and the value of the St. Lawrence waterway as a connecting route. Each State committee found unanimously for the St. Lawrence project. The six State committees met in conference and favored the project by a unanimous vote.

The most exhaustive studies of the economic effect of the power development on the St. Lawrence have been conducted by official bodies of the State of New York. For more than a score of years that State has been engaged in continuous struggle to prevent the water power on the St. Lawrence from falling into the hands of private power companies.

On March 29, 1930, the State legislature enacted a law authorizing Governor Roosevelt to appoint the St. Lawrence Power Development Commission to study the problem of public development of this natural resource. In addition to a distinguished advisory board of engineers, this commission established a marketing board which made an exhaustive analysis of the effect of the project upon the economic development of the State. The report of the commission was submitted on January 15, 1931.

On April 27, 1931, Governor Roosevelt signed a bill, passed by unanimous vote of both branches of the legislature, creating the Power Authority of the State of New York and directing it to proceed with the development of the St. Lawrence River in cooperation with the Federal authorities of the United States and Canada for both power and navigation purposes.

On March 8, 1932, and on March 8, 1933, the power authority submitted to the Governor and to the legislature reports based upon the most extensive investigation of the economic phases of the project.

From 1897 down to April 1929, shortly before the active negotiation of the pending treaty began, 13 separate reports had been made on the St. Lawrence waterway by authorized officials of the Federal Government of the United States and of Canada. In addition, 121 reports, pamphlets, and other publications were issued on this subject by private individuals and organizations on the basis of separate studies of the proposed project.

The pending treaty is thus based upon engineering and economic plans resulting from more than 30 years of the most exhaustive investigation and upon conclusions in which officials of the United States Government, the Dominion of Canada, the Province of Ontario, and the State of New York, charged with the duty of developing the St. Lawrence, are now in complete accord.

The senior Senator from New York [Mr. COPELAND] asks that this painstaking investigation be disregarded and that the conclusions reached be swept aside when he demands that a new economic study be made before the treaty is considered by the Senate.

ORIGIN OF DEMAND FOR NEW "ECONOMIC STUDY"

The claim that no adequate, impartial economic study has been made regarding this project is a mere subterfuge to delay and ultimately to defeat the ratification of the pending treaty.

The proposal that another economic study be made at this time did not, however, originate with the senior Senator from New York.

On November 18, 1932, a representative of the Chamber of Commerce of the State of New York appeared before the Foreign Relations Committee in opposition to the pending treaty. This organization presented a long report and copies of resolutions strongly opposing the development of the St. Lawrence River for navigation and power purposes.

At the regular monthly meeting of the Chamber of Commerce of the State of New York on April 6, 1933, a further report and resolution were unanimously adopted, advancing in almost identical terms the proposal for an economic study presented on the floor of the Senate on April 17 by the senior Senator from New York.

The resolutions adopted on April 6 are as follows:

Resolved, That the Chamber of Commerce of the State of New York urges upon the Senate of the United States that action on the Great Lakes-St. Lawrence Deep Waterway Treaty be held in abeyance until official and up-to-date data have been made available by a competent nonpartisan body upon the expenses of operation, the amount of traffic, the savings to the United States and other economic questions involved in the St. Lawrence project; and, be it further

Resolved, That copies of this report be sent to the President and Members of the Senate.

This, in my opinion, was the origin of the demand that, after more than 30 years of investigation, the United States Senate should not be permitted to pass upon the pending treaty until an entirely new economic study was authorized and the findings resulting therefrom reported to this body.

REPORT IN CONFLICT WITH PUBLIC RECORD OF 30 YEARS

The report adopted by the Chamber of Commerce of the State of New York at the time it passed this resolution represents a complete falsification of the public records of the last 30 years. This report states:

In the study of the United States engineers, which is the one being relied upon by the Senate in considering the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, no economic survey was made. * * * Only the cost and engineering features were covered, no appropriation being made to provide for an analysis of the economic questions. The only economic consideration under Federal auspices which has been given to the Great Lakes-to-ocean waterway has been prepared by employees of the Bureau of Foreign and Domestic Commerce. * * *

Obviously, a new economic survey should be made by a nonpartisan official body, composed of recognized experts, upon the various economic questions involved.

The United States Government and other governments have frequently announced that it should be a general policy that expenditures for public works should, under existing financial and industrial conditions, be confined to self-liquidating projects. In accordance with this policy a study should be made of the St. Lawrence canal project to learn if the expenditure is justifiable upon economic grounds.

In the face of the public record this document and the resolutions accompanying it can only be characterized as deliberately misleading and in direct conflict with the facts.

CHAMBER OPPOSED TO MUSCLE SHOALS PROJECT, MISSISSIPPI WATERWAY

The Chamber of Commerce of the State of New York has been actively resisting the St. Lawrence project for more than a dozen years. It has resorted to every argument and device to delay and to thwart the completion of the waterway from the Great Lakes to the sea.

In October 1920 the chamber adopted a report in opposition to the project and renewed that declaration 12 years later, on October 6, 1932. In this report, the chamber frankly based its opposition on the desire to protect the railroads and the private power industry from competition. It not only condemned the St. Lawrence waterway but renewed its opposition to the utilization of the Mississippi waterway. I quote from this report:

This chamber has gone on record on several occasions against Government participation in business. It seems as if the huge expenditure contemplated on the St. Lawrence is closely akin to the enterprises this chamber has so often criticized. * * * No scientific principles exist which can be used as a guide in allocating the expenditures on the canal which are for navigation to be paid by the Government, and the expenditures which are for water power and accordingly should be self-sustaining. The result will be that the private electric power industry will not know for years what competition to expect from the St. Lawrence. Also, the railroad industry will be uncertain as to the effect the opening of the canal will have upon its business. It might even develop that the Government will go into the operation of barges or similar craft on the St. Lawrence waterway when completed, as it has on the Mississippi River, which this chamber condemned on December 3, 1931. It might even happen that Congress would decide to put the Federal Government still further into the water-power business.

In an earlier report, on similar grounds, the Chamber of Commerce of the State of New York strongly condemned the Muscle Shoals power project, embodied in the act recently passed by Congress and signed by President Roosevelt. I shall show in just a few moments, Mr. President, the underlying reason why the Chamber of Commerce of the State of New York has consistently opposed public power development of every kind and nature.

The Senator from Nebraska [Mr. NORRIS] a few days ago produced on the floor an analysis of the official roster of the Chamber of Commerce of the United States, showing how that organization had been prostituted by power and banking interests in lobbying and propaganda activities to block the development of Muscle Shoals and other water-power projects.

CHAMBER CONTROLLED BY BANKS, RAILROADS, POWER COMPANIES

I have before me an analysis of the membership of the Chamber of Commerce of the State of New York. The analysis shows that this organization is absolutely dominated and controlled by railroad and public-utility companies and the bankers allied with these interests.

The analysis demonstrates that the pending St. Lawrence Treaty is being blocked and resisted today with the support of the leading partners of J. P. Morgan & Co. and the powerful combination of railroads and public-utility companies operating in the eastern section of the country which are under Morgan control.

The analysis shows beyond question that the Chamber of Commerce of the State of New York, which has led the organized opposition to the pending treaty, and is now demanding that a new economic study be made, represents the financial district in Wall Street, and is utterly indifferent to the benefits this project will bring to the consumers of electricity in New York City and to the farms and homes in the State as a whole.

I summarize this analysis as follows:

First. The pretense that the New York State Chamber of Commerce is in any true sense representative of the State of New York as a whole is shown to be a fiction by the fact that out of 1,538 members only 142, or less than 10 percent of the total number, show an address outside of the city of New York. Most of the 142 either show addresses within the metropolitan area or indicate that they have retired and live outside the State. A careful check reveals not more than 10 who can in any sense be considered as representing any local business interests in the State outside of the New York City area.

Second. The interests represented by the membership of the Chamber of Commerce of the State of New York are even more limited than the above statement would indicate. More than 50 percent of the membership actually belongs to the area known as "lower Manhattan" and appears to be definitely associated with the financial capital of the country. There are 164 members out of a total of 1,538 giving a Wall Street address.

Third. A classification of the membership by occupation shows the following:

Banking, including investment bankers	510
Insurance	105
Real estate	62
Brokers	53
Shipping	41
Railroads	39
Utilities	32
	842
Other classifications	696
Total membership	1,538

Fourth. The above figures show clearly that the New York chamber is dominated by New York City financial and banking interests, frequently referred to as "Wall Street" interests, and the great corporations associated with them. It might almost be termed a superdirectorate of American business. A considerable proportion of the members have a clear-cut, selfish interest in blocking the St. Lawrence development, either as a navigation or a power enterprise, and this interest is far from being identified with the general interest, either of the people of New York or of the country as a whole.

Fifth. The 510 listed as bankers include in their number 64 who are also railroad directors and 36 who are directors of important utilities interested in electric power. Thus the railroad and power interests have a considerably larger representation in the chamber than the original list would indicate.

Sixth. J. P. Morgan & Co. alone accounts for 13 members of the chamber, including J. Pierpont Morgan himself, Henry S. Morgan, Junius S. Morgan, Jr., Thomas W. Lamont, Thomas S. Lamont, Henry P. Davison, E. T. Stotesbury, Charles Steele, Thomas Cochran, R. C. Leffingwell, Harold Stanley, George Whitney, and Francis D. Bartow.

Seventh. Kuhn, Loeb & Co. are represented by Otto Kahn, J. J. Hanauer, and William Wiseman.

Eighth. The big public-utility interests which have been committing American business to opposition to publicly owned utility projects are well represented.

Floyd L. Carlisle, chairman of the boards of the Niagara Hudson Power Corporation, the Consolidated Gas Co. of New York, and the New York Edison Co., is a member.

George B. Cortelyou, president of the Consolidated Gas Co., holding company for all the New York City electric properties, is a member.

Lewis Gawtry, who is a member of the chamber, is a trustee of Consolidated Gas Co. of New York and a director of its subsidiary electric companies, including New York Edison Co., United Electric Light & Power Co., Westchester Lighting Co., and Yonkers Electric Light & Power Co.

Donald G. Geddes, a member of the chamber, is trustee of Consolidated Gas Co. of New York, and director of New York Edison, United Electric Light & Power, New York & Queens Electric Light & Power, and so forth. Other trustees of Consolidated Gas in the list are Charles E. Mitchell and George Whitney of J. P. Morgan & Co.

Harold S. Sutton, assistant secretary both of Floyd L. Carlisle & Co. and Niagara Hudson Power Corporation, is a member.

Harold Stanley, already noted as a member of the firm of J. P. Morgan & Co., is also present as a director of Niagara Hudson, the United Corporation, the United Gas Improvement Co., and the Columbia Gas & Electric Co., representing Morgan's far-flung utility interests. Other Morgan partners appearing as utility directors are E. T. Stotesbury of United Gas Improvement, and George Whitney of Consolidated Gas.

John E. Aldred is a member of the chamber representing a considerable number of utility companies, including several Canadian companies directly interested in preventing the development of cheap power by public authorities in New York State. These are: Montreal Light, Heat & Power Co.; Cedar Rapids Manufacturing & Power Co.; Shawinigan Water Power Co.; and the Saguenay Transmission Co. Aldred is also a director of the Duke-Price Power Co. and the Pennsylvania Water & Power Co.

Ninth. The Henry L. Doherty interests, now actively pressing an application before the Federal Power Commission for the right of the American Super-Power Corporation to develop the International Rapids section of the St. Lawrence River for power, for private exploitation, have three representatives in the membership of the chamber of commerce, including W. Alton Jones, chairman of the executive committee of Henry L. Doherty & Co., as well as director of Cities Service and its subsidiaries; Arthur B. Leach, of A. B. Leach & Co., chairman of the executive committee of the American Super-Power Corporation, which is making the application; and J. M. McMillen, of the Henry L. Doherty and Cities Service Cos.

Tenth. Lewis E. Pierson, director of Electric Bond & Share Co. and the National Power & Light Co., discussed at considerable length by the Senator from Nebraska [Mr. NORRIS] on May 4 in his remarks on the attitude of the United States Chamber of Commerce toward Muscle Shoals, is a member.

Eleventh. Other important utility men in the list are: Frank L. Dame, president of the North American Co.; Philip G. Gossler, president of the Columbia Gas & Electric Corporation and its subsidiaries; E. T. Stotesbury, a J. P. Morgan director of the United Gas Improvement Co.; Albert A. Tilney, chairman of the board of Bankers Trust Co., who is also director of American Gas & Electric Co., Electric Power & Light Corporation, and National Power & Light Co.; and Louis H. Seagrave, director of Standard Gas & Electric Co., Standard Power & Light Corporation, and United States Electric Power Corporation; Charles A. Stone, chairman of the board of Stone & Webster, and many others.

Twelfth. Eastern railroads, whose opposition to the St. Lawrence navigation scheme is founded on the fear that it might affect their traffic, are represented by such executives

as W. W. Atterbury, president of the Pennsylvania; Albert J. County, vice president of the Pennsylvania; Patrick E. Crowley, former president of the New York Central; John M. Davis, president of the Delaware, Lackawanna & Western; Edward E. Loomis, president of the Lehigh Valley; Leonor F. Loree, president of the Delaware & Hudson; Roy Barton White, president of the Central Railroad of New Jersey; and Daniel Willard, president of the Baltimore & Ohio; as well as by Cornelius Vanderbilt, member of board of managers of the Delaware & Hudson Co. and director of Illinois Central.

Thirteenth. The roster of officers shows clearly the domination of the Chamber of Commerce of the State of New York by the financial interests of lower Manhattan. They include the president, who is James Brown of Brown Brothers, Harriman & Co.; director, among other corporations, of J. G. White Engineering Corporation and the Central Hanover Bank & Trust Co.

The vice presidents of the chamber are as follows: Charles M. Schwab, the Bethlehem Steel and the Chase National Bank; John D. Rockefeller, Jr.; Ernest Iselin, trustee of the Central Hanover Bank & Trust Co., and director of a large number of railroad and other corporations; P. A. S. Franklin, director of the National City Bank, the International Mercantile Marine, the Engineers Public Service Co., and numerous other corporations; Franklin Q. Brown, director of Harriman National Bank & Trust Co., J. G. White & Co., and numerous other corporations; Arthur Curtis James, probably the largest owner of railroads in the country, director of Phelps-Dodge Corporation, and trustee of the United States Trust Co.; Fred H. Ecker, president of the Metropolitan Life Insurance Co., and director of the Chase National Bank, and of numerous other corporations, including Consolidated Gas Co. of New York; James Speyer of Speyer & Co., director of the Bank of Manhattan, and numerous other corporations; William L. DeBost, director of the Metropolitan Life Insurance Co., and numerous other corporations; Patrick E. Crowley, referred to above; James S. McCulloh, president of the New York Telephone Co.; Jeremiah Milbank, director of the Chase National Bank, and of numerous other corporations.

Fourteenth. Altogether the officers of the chamber of commerce represent over 225 separate offices or directorships. Including the executive committee more than 350 corporate offices and directorships are accounted for.

Fifteenth. Junius S. Morgan, Jr., of J. P. Morgan & Co., quite fittingly holds the office of treasurer.

The hearings before the Committee on Banking and Currency show how extensively the influence of J. P. Morgan & Co. operates throughout the membership of the Chamber of Commerce of the State of New York.

Three of the vice presidents of the New York Chamber of Commerce were purchasers of the Alleghany stock distributed by J. P. Morgan & Co. at $20 a share when it was selling to the public at a price as high as $35 a share.

P. A. S. Franklin, Arthur Curtiss James, and Frederick H. Ecker were each allotted 1,000 shares at this "ground-floor price."

This meant a gratuity of $15,000 each to these three vice presidents of the Chamber of Commerce of the State of New York.

In addition, Junius S. Morgan, Jr., the treasurer of the organization, received 8,000 shares of the Alleghany stock, or a gratuity of $120,000.

Forty-seven members of the New York Chamber of Commerce received Alleghany and Standard Brands stock distributed by J. P. Morgan & Co. They were alloted 235,000 Alleghany shares and 211,620 Standard Brands shares. Thus, a gratuity of $5,130,760 was distributed by J. P. Morgan & Co. among the membership of the Chamber of Commerce of the State of New York.

This is the organization which is the head and front of the opposition to the St. Lawrence project. It is this little group of Wall Street bankers and public-utility officials which is resisting the policy of President Roosevelt's administration to develop the St. Lawrence for power and navigation, and which is appealing to Members of this body to betray party pledges by blocking and defeating the pending treaty.

J. P. Morgan & Co. has a direct interest in the defeat of the St. Lawrence treaty. This great banking house holds dominion over an empire composed of the chief trunk-line railroads and public-utility power corporations of the East. It has underwritten hundreds of millions of dollars in railroad and power securities.

The House of Morgan is pursuing the narrow, shortsighted, and selfish policy of bottling up the interior of the United States and preventing or retarding its development by seeking to continue the obstruction to navigation existing today in the undeveloped International Rapids section of the St. Lawrence River.

The development of this section of the river under the pending treaty is opposed by Morgan and allied interests (1) because it will break the transportation monopoly of the Morgan trunk-line roads running from Chicago to the seaboard; (2) because it will produce 1,100,000 horsepower, to be developed by a public agency, furnishing electricity at low rates, in competition with the Morgan-controlled power companies. This may explain why 13 of the partners of J. P. Morgan & Co. are participating as members of the Chamber of Commerce of the State of New York in its campaign to defeat the St. Lawrence treaty.

The people of the Middle West are in no mood today to tolerate this policy of obstruction. The House of Morgan with all its vast influence and wealth is not powerful enough to stand in the way of a public project that is vital to the development of this country. Forty-five million people cannot be cheated of their birthright and the forward movement in transportation and industry be sabotaged and then the people of the mid-continent be expected to submit to it forever.

There is another special interest which has a stake in the defeat of the St. Lawrence treaty—the Aluminum Co. of America, owned and controlled by the Mellon family.

During the hearings before the Foreign Relations Committee, the fact was developed that the Aluminum Co. is diverting 20,000 cubic second-feet of the waters of the St. Lawrence to its plant at Massena, N.Y., for the generation of hydroelectric power. The Aluminum Co. attempted to secure the right to divert one fourth of the entire American share of the flow of the St. Lawrence under the treaty, a right which was denied through the vigilance of the Power Authority of the State of New York.

The passage of the joint resolution which has already been voted by the House and the ratification of the pending treaty will extinguish the diversion which is today being exercised by the Aluminum Co. of America at Massena, N.Y. Every day that ratification is delayed the Aluminum Co. is enriched by the diversion of the waters of the St. Lawrence, for which it does not pay a dollar into the Federal Treasury.

It may be said in passing that the Aluminum Co., later in combination with the General Electric and the Du Pont interests, sought for more than a quarter of a century to obtain control of the water-power rights which are vested by the pending joint resolution, in perpetuity, in the people of the State of New York.

TREATY PROVIDES PROJECT OF INCOMPARABLE SERVICE TO LARGE POPULATION WITH ENORMOUS POTENTIAL TRAFFIC

Mr. President, no other inland waterway can compare with the Great Lakes-St. Lawrence project as regards either the population which will be served or the existing and potential traffic which will utilize this route. The area which will be directly benefited by the Great Lakes-St. Lawrence waterway has a population of 45,000,000, or more than one third of the total population of the United States. This area includes not only the richest agricultural sections of the entire country but some of the most highly developed industrial districts.

This great region is unique because it is the only section in all the world located a thousand miles from the sea which ever has been able to attain a high degree of civilization and industrial advancement.

It has reached this position partly because its exceptionally rich soil for many years provided a surplus of agricultural products so cheap that they could bear the burden of heavy transportation costs and still yield a profit to the producers. Today this entire section is languishing because its land-locked position makes it impossible for it to compete with the more newly developed agricultural districts in the Argentine and Australia which are able to transport their products in ocean-going ships.

The handicap of these Middle Western and Northwestern States would be even greater if it were not for the fact that they are able to utilize the natural waterways of the Great Lakes for at least a part of the distance over which their products must be transported to reach the primary markets. It is impossible to estimate the value of the Great Lakes system to the producers of this great inland empire. It has not only given them a direct water route by which they could reach some of the most populous sections of the United States at low transportation costs, but has exercised a constantly restraining influence upon railroad rates for domestic and export shipments.

TREATY PROVIDES FOR COMPLETION OF WORK IN PROGRESS FOR CENTURY

Among those who have not studied the waterways embraced within the Great Lakes system, there seems to be an idea that the Great Lakes-St. Lawrence deep waterway project contemplates a new and novel undertaking whose prospects and potentialities are entirely unknown.

The Great Lakes-St. Lawrence waterway has in fact been in process of development for more than a century. This is the hundredth anniversary of the opening of the first Welland Canal in 1833 which made it possible for boats and barges drawing less than 8 feet of water to surmount the theretofore unsurpassable barrier of Niagara Falls. For more than a century the Governments of the United States and Canada have been engaged in opening up this great natural waterway system to commerce and navigation. By slow degrees it has now been developed until it carries approximately 90 percent of all the commerce which moves over the inland waterways of the United States. Through the Soo Canals alone, which were opposed by the reactionaries of the last century, there now moves in normal years a commerce greater than that of the Panama and Suez Canals combined.

As a result of the cooperation of the United States and Canada, there has been available for more than a generation a channel with a minimum depth of 14 feet from the head of the Lakes to the Atlantic Ocean. But this has been accessible only to barges and small ships, and the commerce has consequently been greatly restricted. Nevertheless, the utilization even of this restricted waterway had steadily increased until in 1928 a total of 8,400,000 tons was recorded as passing through the 14-foot canals of the St. Lawrence, the shallowest and consequently the least used portion of the waterway as it stands today.

We have, therefore, an already developed waterway covering the 2,200 miles from Superior and Duluth to the Atlantic, upon which large sums have already been expended by the United States and Canada, and whose actual and potential traffic is well known. Today, as everyone who has studied the subject knows, there exists a 27-foot channel, capable of being navigated by all but the largest types of ocean freighters, which extends from Superior and Duluth on the west to Prescott and Ogdensburg, N.Y., on the east. All that remains to enable the 45,000,000 people in the area tributary to the Great Lakes to have effective access to the oceans of the world is the opening up of a similar 27-foot channel in the stretch of less than 100 miles extending from Ogdensburg, N.Y., to Montreal.

ONLY ONE BARRIER TO DEEP NAVIGATION BLOCKS MIDCONTINENT FROM SEA

The States of the Middle West have waited patiently for the removal of this last barrier which blocks their access to the Atlantic Ocean. They have seen the barriers which formerly existed in the rapids at Sault Ste. Marie removed by the development of a magnificent system of canals. They have seen the channels of the St. Clair and Detroit Rivers widened, and have witnessed the enormous development of traffic which has grown up as a result. They have watched with admiration while Canada surmounted the obstacle of Niagara Falls by building the new Welland Canal, with its system of locks by which vessels are raised from the level of Lake Ontario to that of Lake Erie, a height of 326 feet.

The last great barrier, consisting of the rapids that lie between Ogdensburg and Montreal, cannot be removed except by international cooperation. That is why the treaty which is now before the Senate has been negotiated. It provides a means by which the Governments of the United States and Canada can join in the completion of this great project, and by which they can also balance the accounts of the expenditures which each Nation has heretofore made separately in the furtherance of this common end.

COSTS OF PROJECT DIVIDED EVENLY BETWEEN UNITED STATES AND CANADA

The United States is a Nation of 120,000,000 people, while Canada has only about 10,000,000. The population in the area of the United States which will be directly benefited by the completion of the waterway comprises some 45,000,000 persons, while the corresponding Canadian area has a population of about 5,000,000. There are a dozen or more great industrial cities located on the Great Lakes within the United States, whereas Canada has only two. Finally, the expenditures already made by Canada in the furtherance of this joint undertaking are many times as great as those which have been made by the United States.

The treaty provides a division of the total costs of the entire waterway project between the United States and Canada on approximately a 50–50 basis, in which both countries are credited with the amounts already expended for works which will be utilized as a part of the completed waterway.

The joint board of engineers, representing the United States and Canada, estimates costs, past and future, of the entire waterway and power project at a total of $543,429,000. This covers the cost, past and future, of the entire waterway from Superior and Duluth to Montreal, and in addition the cost of developing 2,200,000 horsepower of electricity in the International Rapids section.

This is not a statement of the new funds that will be required. It is rather a balance sheet which was set up in order that both the United States and Canada may be credited with the expenditures which each has made on works which will become an integral part of the completed waterway. In this balance sheet Canada is credited with expenditures already made for the construction of the new Welland Canal, and the United States is credited with amounts expended in the improvement of the upper Lake channels.

NET COST TO FEDERAL TREASURY $168,000,000

To gain a clear understanding of the obligations which the United States will assume under the pending treaty, we begin by first setting down the United States' share of the cost of past and present works in the development of the waterway and power project, which is fixed at $272,453,000, or approximately one half of the total cost. From this must be deducted $14,461,000 for expenditures already made by the United States on works which will form a part of the waterways.

This leaves the sum of $257,992,000 as the aggregate of new funds to be provided from the United States. That is every dollar that it will cost the people of the United States to complete this project in new funds. But of this amount New York has already agreed to pay the cost of the power works to be constructed within her boundaries, of which she will receive the benefit. This is fixed in the joint resolution, which has passed the House and is now pending before the Senate, at $89,726,000; and if it had not been for the filibustering tactics of the senior Senator from New York [Mr. COPELAND], that joint resolution would now be on the statute books.

The net cost to the Federal Government to complete the entire waterway project will, therefore, be only $168,266,000 in new funds. This sum will be spread over a period of

years and cannot impose a large immediate drain upon the Federal Treasury.

In return for this expenditure there will be created a deep waterway, accessible to ocean-going vessels, without a parallel anywhere on the face of the globe. Although the entire length of the waterway from Duluth-Superior to Montreal will be 1,200 miles, ships will be able to steam at full speed over more than 99 percent of the entire distance of 2,200 miles from Duluth-Superior to the Atlantic. The total length of all the canals combined will be 55 miles. This may be compared with the 102 miles of the Suez Canal and the 50 miles of the Panama Canal. Through its 27-foot channels all but the largest types of ocean vessels will be able to reach every port on the Great Lakes and thus reduce transportation costs not only for the Lake States but all the States of the Middle West and Northwest.

ECONOMIC BENEFITS FROM ST. LAWRENCE PROJECT CONCEDED

I cannot at this late hour elaborate upon the economic gains that will result from completion of the St. Lawrence waterway.

The benefits that will accrue to the grain growers of the Mississippi Valley and the Northwest were conceded by every impartial witness who appeared before the committee. Every wheat farmer knows that the cost of transportation is a determining factor not only in the price which he receives for his product, but in his ability to dispose of his surplus.

The farm price is the Liverpool price less the cost of transportation. The ability to market surplus grains is absolutely determined by the price at which those grains can be laid down in primary markets in this country and abroad.

The American grain grower, with his more efficient and highly organized methods, can compete on fairly equal terms with the rest of the world so far as the bare costs of production are concerned. But he cannot pay the costs of transporting his grain a thousand miles or more all-rail or rail-and-water and compete with grain growers who have only a short haul to deep water.

The commission appointed by President Coolidge to study the entire St. Lawrence project reported, in 1926, that—

> With the completion of such a shipway as the St. Lawrence, the freight rates on grain to world markets would be substantially reduced, and as a consequence the price level of all grains in the Lakes transportation area would be increased accordingly. Much the same type of economic reaction would affect other commodities and industries. It has been estimated that the values in a single year to the farmers alone would equal the capital cost of the waterway.

DAIRY AND MANUFACTURING INDUSTRIES WILL SHARE BENEFITS WITH GRAIN FARMERS

The savings on grain would be only a small part of the total economic advantages to be derived from the waterway. Meat products of the United States are competing with the meat products of the Argentine and other countries for the European markets. They are now handicapped by the excessively high transportation cost which they must carry in reaching these markets. The same is true of the dairy products of my own State of Wisconsin, as well as those of northern New York and other States. They have the keenest possible competition from Denmark and other countries. If their products could be transported to the European markets by water without transshipment, they could compete effectively and relieve the American markets of the surpluses which have brought distress to all producers.

Advantages as great, if not greater, would accrue also to the manufacturers in the great cities in the basin of the Great Lakes. The hearings before the Senate Committee on Foreign Relations are filled with examples showing the savings that could be obtained from the shipment of automobiles, agricultural implements, and other machinery by this route. In the case of rubber and other raw materials not produced in the United States which must necessarily be imported the savings would be enormous.

BENEFITS TO NEW ENGLAND ESTABLISHED BY TRADE SURVEY

The advantages to the area directly tributary to the Great Lakes are so great that there is danger of overlooking the fact that benefits of almost equal importance would be secured by other sections of the country. The New England States, for example, created a special committee, including many of their leading business men, to study the effect of the St. Lawrence waterway upon that section. After an elaborate study they reported in 1928 that the waterway would be of unquestioned benefit to every New England State.

I have adverted to the results of that study. As I stated, the committees broke up into State units, and then, meeting in joint session, voted on every occasion unanimously that this project would prove of inestimable benefit to every one of the New England States.

To summarize their position:

They unanimously recommended that the project should be completed because it would mean:

First. Lower transportation costs on food supplies, hence a lower cost of living;

Second. Lower freight rates on many of the raw materials required by New England's industries; and

Third. Lower freight rates to many markets for New England's products.

PROJECT MEANS EXTENSION OF COASTWISE TRADE

Expert witnesses before the Committee on Foreign Relations testified that there was no reason why the ships which now carry such an enormous traffic between the Atlantic and the Pacific should not extend their routes to the Lake ports when the St. Lawrence waterway is opened. This would give them a greatly increased market for their own products and the trade which would develop would increase the prosperity of all.

But, it may be said, if such a traffic as is here forecast should develop, will it not add seriously to the difficulties of the railroads? It is true, of course, that during the present depression, the railroads have been suffering from a lack of freight tonnage. But it is equally true that, during years of normal traffic, our present railroad facilities are overburdened. Hardly a mile of new, main-line track has been built in the United States since the World War. It is probable that no new mileage will be added during the several years that must elapse before the St. Lawrence waterway is completed. By that time, with the normal growth of available tonnage the railroads will be swamped, unless alternative methods of transportation are developed.

RAILROADS OPPOSED TO PROJECT SEEK CANCELATION OF $350,000,000 DEBT TO TREASURY

The railroads are now bitterly protesting against every expenditure of public money for the development of waterways and highways. They have apparently forgotten the huge land grants and other subsidies which they received from the Federal Government, the States, the counties, and municipalties.

The railroads and allied banking interests are now before Congress, and have succeeded in passing, through this body, a bill which will result in the cancelation of the debt of $350,000,000 of excess earnings which the roads owe to the Federal Treasury under the terms of the Esch-Cummins law.

This gratuity to the railroads would be more than enough to pay the net cost to the Federal Treasury of two St. Lawrence waterways.

If the railroads are to continue their policy of attempted obstruction toward every waterway project, how can they expect those States which are interested in the development of this alternative method of transportation to assist them in the difficulties which they have encountered as a result of the depression and their own mismanagement?

MAJORITY OF NATION'S RAILROADS WILL BENEFIT FROM WATERWAY

The fact is that with the possible exception of three or four Morgan controlled trunk lines running between Chicago and New York City, the railroads of the country as a whole will suffer no competition from the waterway and most of them will increase their traffic and greatly improve their service as a direct result of its completion.

During the committee hearings letters were produced from the president of every railroad running west from the Lakes to the Pacific coast advocating the St. Lawrence waterway.

These letters were written prior to the fall of 1932, when the presidents of the western roads were induced by violent opposition of eastern railroad and banking interests to cease their active advocacy of the project.

There is no question about it, Mr. President; the facts are indisputable. Every president of every railroad operating west of the Great Lakes region had been actively in support of this treaty until it was negotiated, and it was generally known that both President Hoover and President Roosevelt were committed to its ratification. Then it was that the eastern railroads, in the executive association, put pressure upon the western railroads and forced them to withdraw their support of this project. I submit that their deliberate conclusion, arrived at after careful study of the project, is the one which should be given credence and not their position taken after they were put under pressure to recant.

On November 17, 1932, the president of the New York, New Haven & Hartford Railroad said in a speech at Boston (pp. 655 and 656, hearings):

While the St. Lawrence waterway will have no serious effect upon the revenues of New England's railroads, it is an unjustified expenditure of the taxpayers' money and another evidence of the tendency on the part of the Government to spend millions constructing artificial waterways which displace our existing transportation facilities.

Prior to the delivery of this speech and other attacks upon the waterway by eastern banking and railroad interests, the presidents of the western railroads advocated the project in letters on file with the Committee on Foreign Relations, from which I quote:

E. Pennington, president Minneapolis, St. Paul & Sault Ste. Marie Railway Co., October 28, 1920:

* * * as for the benefits to be derived if the St. Lawrence project were put through, I think it would be a great thing for the Northwest and Canada to shorten the rail haul. It would have the same beneficial effect on the Northwest as the Panama Canal has had on Pacific coast cities and Coast States. * * * Looking to the future of this great Northwest, which is not over half developed, the transportation lines that we have at the present time cannot handle the products of this country. * * *

C. T. Jaffrey, president Minneapolis, St. Paul & Sault Ste. Marie Railway Co., August 15, 1932:

* * * Personally, I feel the completion of this waterway will be of benefit to these Northwestern States, and anything that is of benefit to them must be of benefit to the railroads operating throughout the territory. * * *

H. E. Byram, president Chicago, Milwaukee & St. Paul Railway Co., July 12, 1932:

There is no doubt to the extent that vessels moving through the canal would carry grain and grain products from the Middle West, that there would be an advantage to the railroads serving lake ports in the release of their cars at such ports rather than on the Atlantic coast.

H. A. Scandrett, president Chicago, Milwaukee & St. Paul Railroad Co., July 2, 1929:

The movement in volume of export and import traffic from and to eastern termini of western railroads would unquestionably be of benefit to those railroads and the territory they serve.

Charles Donnelly, Northern Pacific Railway Co., May 15, 1925:

* * * The Northwestern railroads have always recognized the advantage of transportation via the Lakes in connection with the eastbound movement of grain, lumber, copper, and other products of their territory. The necessary breaking of bulk at the lake port permits prompt release and return of cars to loading points, and to the extent the lake route is utilized we have an independent railroad operation and thus escape the losses which often attend the delayed return of cars by connecting railroads.

F. W. Sargent, president Chicago & North Western Railroad, September 17, 1925:

* * * The Great Lakes-St. Lawrence waterway will help the Middle West. Anything that will help promote the prosperity of the inland empire lying between the Alleghenies and the Rockies will help the railroads and will be of inestimable value to the entire country.

October 27, 1926:

* * * A direct ocean route from this interior territory to trans-Atlantic markets would stimulate industrial and agricultural growth with resulting benefits to all classes of business, including that of railroad transportation in the region thus benefited.

Ralph Budd, president Great Northern Railway Co., December 7, 1920:

The benefits accruing to the middle and northwestern sections of the United States as a result of the Great Lakes-St. Lawrence tidewater project cannot help being apparent to anyone who has given the subject consideration.

The success with which lake-and-rail movement of ore and coal is carried on serves as a splendid illustration of what could be done in a larger way with the tidewater project carried out so that exporting could be carried on freely from this great middle and northwestern territory directly from the termini of the rail lines which serve the territory. * * *

W. G. Bierd, Chicago & Alton Railroad Co., August 2, 1923:

With our own American roads west of the Great Lakes, of what we generally term the "central western lines", there can be nothing to lose and everything to gain. We of the Central West would still have our eastern connections to handle all-rail commodities, but in times of congestion or times of shortage of equipment, we would also have the waterway, which of course can only mean a more profitable and prosperous condition.

But the completion of this deep waterway could only be advantageous to the central western roads, although I appreciate this is partly a selfish view, that we might prosper to the loss or detriment of certain eastern lines. However, if I believed this to be true, I would not advocate it; but, in the end, I do believe that the eastern roads will not suffer by such a water route; in other words, I view this largely as does Sir Henry Thornton.

PROJECT ESSENTIAL IF WE ARE TO COMPETE WITH OTHER NATIONS DEVELOPING THEIR WATERWAYS

The effect of the development of the St. Lawrence project upon the industries of the lake region and its necessity to enable us to compete with foreign nations was well stated by Governor Leslie, of Indiana, in an address at Chicago, January 13, 1932 (p. 756, hearings). He said:

The Calumet area is the industrial center of America. Indiana has some 40 miles of lake frontage on the southern end of Lake Michigan which reaches down into the heart of the richest area in the world. While the lake frontage is small, it is the most important harbor project on Lake Michigan. * * *

From the experience of others nations in the construction of ship canals there can be no reasonable doubt as to the advantages of the proposed canal nor as to the absolute necessity of it. England spent hundreds of millions of dollars to bring Manchester to the sea, and her greatness is largely due to her overseas commerce. Germany, through the Kiel Canal, and a network of waterways that connect her industrial centers with the sea, has conclusively demonstrated the vital importance of bringing the sea to her manufacturing centers in order to enable them to compete for the markets of the world.

This project brings seagoing ships to the center of industry, it reaches the richest agricultural region of the world, it brings the world markets a thousand miles closer to the sources of production, it cheapens the cost of transportation both domestic and foreign. Its immediate construction is of vital importance to the economic life of the greater part of our country and should be hastened with the greatest possible speed.

POWER PROJECT WILL BENEFIT CONSUMERS OF ENTIRE NATION

Under the pending treaty, direct advantages will accrue to the people of the Northeastern section of the United States from the development of the water power resources of the St. Lawrence through a public agency.

The St. Lawrence provides the greatest and most dependable source of cheap electricity within reach of a developed market anywhere in the world. Its development will not only prevent the continued migration of American industries to Canada in search of cheap power, but will have a profound influence upon the rates paid by private consumers for electricity throughout the United States. For more than a quarter of a century the private utilities, now dominated by the Morgan group, have sought to secure control of this incomparable natural resource. They can succeed only if the treaty and the joint resolution, which are now pending before the Senate, are defeated.

Mr. President, the development of this water power will be adjacent to one of the greatest industrial sections of the world. There is no question about the market for this stupendous block of power. The market is there. It does not have to be developed. It is waiting to take every kilowatt of electricity which will be produced by this project.

At Muscle Shoals, at Boulder Dam, and at many other places where public power is proposed to be generated, the markets have to be developed, but within transmission distance of the international rapids section of the Great Lakes-St. Lawrence waterway development the market for the elec-

tricity, both industrial and domestic, is waiting and anxious to take every kilowatt of electricity produced.

APPEAL TO SECTIONALISM INVOKED AGAINST THE TREATY

It is clear from statements which have already been made on the floor of the Senate that an appeal to sectionalism is relied upon to defeat the pending treaty.

The Senator from New York [Mr. COPELAND] has stated he is opposed to the treaty because he believes it would injure the ports of New York. The Senator from Louisiana [Mr. LONG] has denounced the Great Lakes-St. Lawrence waterway on the ground that it would be prejudicial to the interests of the port of New Orleans and to other Gulf ports. Others have contended that the development of this project would be inimical to the Lakes-to-the-Gulf waterway. An appeal has also been made to Senators from States bordering on the Atlantic coast, the Gulf of Mexico, and the Pacific coast on the ground that the opening up of the waterway from the Great Lakes to the Atlantic would in some way be injurious to the seaports in those States.

This note of sectionalism which has been injected into the debates by the opponents of the treaty appears to me most unfortunate.

Heretofore, when proposals were under consideration for the development of our inland waterways, we have had to contend against the powerful railroad interests inimical to the development of this form of transportation. But we have not been faced with attempts on the part of Senators to create opposition to the development of inland waterways on grounds of sectional prejudice. All those who have believed in the development of our waterways as an alternative means of transportation have stood together in securing the development of the Ohio River, the Mississippi River, the Missouri River, the Lakes-to-the-Gulf waterway, the intracoastal canals, the Panama Canal, the harbors on the Atlantic, Pacific, and Gulf coasts, and a score of other projects. We have not asked whether they would immediately hurt our own particular States and sections, but have given them our whole-hearted support in the conviction that whatever will benefit the trade of the country as a whole must inevitably redound to the prosperity of every section.

CONGRESS HAS SUPPORTED OTHER PROJECTS, REGARDLESS OF SECTIONALISM

I find by consulting the last Annual Report of the Chief of Engineers of the United States Army that up to June 30, 1932, the Federal Government has appropriated for seacoast harbors and channels $633,700,138, for the Mississippi River system $455,523,607, and for intracoastal canals and other waterways $115,591,825. In addition we have appropriated for flood control on the Mississippi River and its tributaries $309,348,351, making a total expenditure for the Mississippi system of three quarters of a billion dollars.

When the project for flood control on the Mississippi River was under consideration I was a member of the Committee on Commerce. The question came up as to whether or not the administration's proposal that the States must furnish the cost of the rights of way for those projects for flood control should prevail, it so happened that I cast the deciding vote in that committee to make the Federal Government bear the entire cost of furnishing the rights of way and the easements for those projects. I recite this history merely to acquit myself of ever having taken a narrow, a selfish, or a sectional attitude in relation to the question of the development of our common country.

The total appropriations up to June 30, 1932, for all harbors and channels in the entire Great Lakes system amounted to $204,466,629. This is roughly only 16 percent of our total appropriations for inland waterways, exclusive of seacoast harbors and channels, although 90 percent of our total domestic commerce moves on the Great Lakes.

I wish also to insert at this point a statement from the hearings before the subcommittee of the Committee on Foreign Relations on the St. Lawrence waterway (p. 529) showing the amount of Government expenditures up to June 30, 1931, in the development of certain ports which are now being used as centers of propaganda against the development of the Great Lakes-Atlantic Ocean waterway.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

Statement showing Government expenditures in selected harbors and channels up to June 30, 1931

New York		$58,393,978
Ambrose Channel	$5,637,458	
New York and New Jersey Channel	12,804,800	
Hudson River in New York Harbor	4,250,940	
Bay Ridge and Red Hook Channels	5,790,042	
East River	27,179,624	
Harlem River	2,731,114	
Philadelphia, 101 miles inland		52,807,596
Baltimore, 158 miles inland		13,633,490
New Orleans, 110 miles inland		35,629,705
Houston, 50 miles inland		16,139,653
Portland, 113 miles inland		11,483,591
Total, six seacoast ports		188,088,013
Hudson River up to Waterford (includes Ten Eyck's estimate of $11,200,000 for bringing ocean ships 150 miles up to Albany)		18,265,494
Buffalo		8,688,671
Total		215,043,178

Mr. LA FOLLETTE. In all, the Federal Government has appropriated for river and harbor work and flood control a grand total of $1,939,777,076.

Mr. President, does anyone believe that these vast appropriations, which have been essential to the development of our foreign and domestic commerce, would have been made if every project had been confronted with the prejudice of all other sections which would not be helped and might remotely be injured by the development in question?

Does anyone believe that the Panama Canal, which is necessary for our commerce and vital to our national defense, would ever have been constructed if those States which could see no direct benefit to themselves in the project had banded together, formed a battalion of death, and resorted to a determined filibuster to thwart its consideration?

Does anyone believe that three quarters of a billion dollars would have been expended for the improvement of the Mississippi and its tributaries if it had been anticipated that Senators from States which received these benefits would now oppose the completion of another great inland waterway that promises a measure of equality to another section?

SECTIONALISM DOOMS ALL FUTURE WATERWAY DEVELOPMENT

On the contrary, it is clear that our rivers and harbors would still be in a primitive condition and our foreign and domestic commerce would be undeveloped if such a spirit of sectionalism had prevailed in this Chamber in the past.

It must be evident to everyone who is interested in the development of our waterways and the provision of adequate facilities for our foreign and domestic commerce, that the growth of such a spirit must inevitably doom all such undertakings. If one or more sections of the country are to assume a dog-in-the-manger attitude toward projects which they believe will not be directly beneficial to themselves, they should understand that retaliation is inevitable. They cannot band themselves together to deprive the States interested in the development of the St. Lawrence waterway of the advantages of this outlet to the oceans and ports of the world and expect the Senators from those States to continue to support the projects in which the opponents of the St. Lawrence Waterway Treaty are interested.

The spirit of sectionalism, once invoked effectively in this Chamber, will defeat every useful and necessary waterway project that may be proposed hereafter.

The banking interests and the railroads and utilities they control are quick to seize upon such opportunities to play off one section against another. They have already opposed the developments at Muscle Shoals and Boulder Dam and on the lower Mississippi, taking advantage of the spirit of sectionalism.

MID-CONTINENT SEEKS PARITY, NOT SPECIAL ADVANTAGE

The completion of the St. Lawrence project does not present a case of expending Federal funds to give exclusively to one section an advantage over other sections. This project gives to the Northeast the benefits of a power development larger than Muscle Shoals and Boulder Dam combined. It provides that the last remaining obstacle in a great natural waterway shall be removed to give the interior of the continent an approach to the advantages now enjoyed by cities on the coast. Thus, the mid-continent is seeking parity, not special advantages at the expense of other sections.

Denial of this equality cannot be defended except on the theory that hereafter New York should seek to hold back the development of ports like Boston, Baltimore, and Philadelphia, and the people of the Middle West, who have paid their share of the taxes for all these developments, should oppose every future expenditure for harbor improvements, deepening of channels, and flood control. Such a policy would mean the end of the economic development of the United States.

The true doctrine upon which we must proceed if we are to serve the national interest has been ably expressed by the governor of a southern State, commenting directly upon the St. Lawrence project.

I quote from Governor McLeod of South Carolina, at page 719 of the hearings, as follows:

> Anything that improves the condition of from forty to fifty million people of the United States will create markets for South Carolina's textiles, plywood, tobacco, and other products of the State. Also, the port of Charleston, with great Government-built wartime terminals and warehouses, uncongested, ice-free, with good ship connections to the world, and only about the same distance from Chicago as New York, can accommodate those few rush shipments during the period of closed navigation on the Lakes, over uncongested lines. * * * The opening of the Middle West to ocean ships may lose some tonnage for South Carolina ports, but the increased prosperity of the Great Lakes area will create new business for the State as a whole.

Mr. President, I appeal to my colleagues in the Senate to reject all arguments against the St. Lawrence waterway, which are based upon appeals to sectional advantage, and to view the question from a broad, national standpoint.

PROJECT IS VITAL PART OF PUBLIC-WORKS PROGRAM

It has taken more than 10 years for the two Governments to arrive at the terms of the pending treaty. If it should now be rejected, or if its ratification here or in Canada should be unduly delayed, another decade might elapse before another understanding could be effected.

One of the most pressing reasons for immediate action is that this great project is a vital part of the national public-works program. It should be built now when millions of men are out of work and when the materials required for its construction can be purchased advantageously. The basic engineering plans for its construction have been worked out after years of study and investigation.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield, but I am anxious to conclude.

Mr. LONG. I just do not want the Senator to be living in a fool's paradise. Practically all this work is to be done in Canada.

Mr. LA FOLLETTE. That is just another matter as to which the Senator is mistaken; there is nothing in the hearings to justify the statement.

Mr. LONG. I did not know but that the Senator may have been talking about the Canadian public-works program.

Mr. LA FOLLETTE. There is nothing in the hearings or in the treaty to justify the Senator's statement that a great portion of the money is going to be expended in Canada.

Mr. LONG. About 90 percent of it is going to be expended in Canada, according to the figures I have here.

Mr. LA FOLLETTE. The Senator's figures are wrong, like many of his other figures.

Mr. LONG. The figures show that from 80 to 90 percent of it is to be expended in Canada, and that from 80 to 90 percent of the money expended is to be American money.

Mr. LA FOLLETTE. Those figures are not in conformity with the record, they are not in conformity with the testimony of the Army engineers nor of any other reliable statements that I know about in the more than a thousand pages of testimony.

Thousands of men can be put to work within the near future and the materials required for the dams, locks, and other works will stimulate the chief of our basic industries.

If we do not ratify this treaty at the present session, the western farmers and manufacturers will have their hopes for cheap water rates once more deferred; the people of the Northeast will be deprived of a million horsepower of cheap electricity, and the unemployed, who might be given work by this great undertaking, will continue to walk the streets.

It is now almost a year since the treaty between the United States and Canada was signed. The Committee on Foreign Relations has conducted an investigation at which both the opponents and the supporters of the waterway were heard at great length. That committee, in both the last and the present session, has favorably reported the treaty to the Senate, on both occasions with only 2 dissenting votes. Representatives of the State of New York and the Federal Government have amicably agreed upon an equitable division of the cost of the works for navigation and power. A joint resolution, embodying that agreement and effectively safeguarding the public interest in the power development, has passed the House of Representatives and is now pending in the Senate.

Every official body of the United States Government and the Dominion of Canada that has ever investigated the question of creating the waterway and developing the power resources of the St. Lawrence, has reported in favor of the undertaking.

It has received the whole-hearted endorsement of every President of the United States who has been in office since the project reached the stage of official consideration.

President Harding, in his message transmitting to Congress the favorable report of the International Joint Commission, said:

> I have spoken of the advantage which Europe enjoys because of its access to the sea, the cheapest and surest transportation facility. In our own country is presented one of the world's most attractive opportunities for extension of the seaways many hundred miles inland. The heart of the continent, with its vast resources in both agriculture and industry, would be brought in communication with all the ocean routes by the execution of the St. Lawrence waterway project. To enable ocean-going vessels to have access to all the ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.
>
> The feasibility of the project is unquestioned and its cost, compared with some other great engineering works, would be small. Disorganized and prostrate, the nations of central Europe are even now setting their hands to the development of a great continental waterway which, connecting the Rhine and Danube, will bring water transportation from the Black to the North Sea, from the Mediterranean to the Baltic. If nationalistic prejudices and economic difficulties can be overcome by Europe, they certainly should not be formidable obstacles to an achievement less expensive and giving promise of greater advantages to the peoples of North America.

President Coolidge in his message to Congress at the opening of the session of December 1923, called attention to the needed improvement of the waterways from the Great Lakes to the Gulf of Mexico and to the development of the power and navigation possibilities of the St. Lawrence River for which "efforts are now being made to secure the necessary treaty with Canada."

Continuing his message, President Coolidge said:

> These projects cannot all be undertaken at once, but all should have the immediate consideration of Congress and be adopted as fast as plans can be matured and the necessary funds become available. This is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be reproductive, as evinced by the marked increase in revenue from the Panama Canal. Upon these projects depend much future industrial and agricultural progress. They represent the protection of large areas from flood, and cheap freight by use of navigation, chief of which is the bringing of ocean-going ships to the Great Lakes.

President Hoover, in announcing the signing of the treaty, which is now before the Senate, said:

The signing of the Great Lakes-St. Lawrence Waterway Treaty marks another step forward in this, the greatest internal improvement yet undertaken on the North American Continent. The treaty must yet be ratified by the legislative bodies of the two Governments and is not effective unless this is done. * * *

Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. The large by-product of power will benefit the Northeast. These benefits are mutual with the great Dominion to the north.

The waterway will probably require 10 years for completion, during which time normal growth in traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities. The economic gains from improved transportation have always benefited the whole people. * * *

The project is of first importance to the whole continent. The many and extremely complex engineering, legal, commercial, and international problems have been worked out by the representatives of both countries in a spirit of cooperation of which all North America can be justly proud.

Recently, Mr. President, in company with the junior Senator from Michigan, the junior Senator from Wisconsin, the Senator from Minnesota, and Members of the House of Representatives, we called upon President Roosevelt and urged upon him the importance of the ratification of this treaty at the present session of Congress, and also the advisability of that action being taken in order that this project might be included in the public-works program. He stated to us that he had not changed his position upon the treaty one iota, and that he hoped and expected to see it ratified at this session of Congress.

TREATY SHOULD BE RATIFIED AT PRESENT SESSION

There is no reason why the completion of the Great Lakes-St. Lawrence waterway should be longer delayed. The treaty should be ratified at the present session of the Senate, so that the construction of the waterway and the power plants may be made a part of the administration's public-works program.

Mr. President, we have waited patiently during all these years for an opportunity for the consummation of this project. We feel that we are entitled to a fair consideration of this treaty upon its merits, and I may say, Mr. President, that we feel we are entitled to that consideration at this session of Congress.

On behalf of the 45,000,000 people who will be benefited by the completion of this waterway from the Great Lakes to the Atlantic Ocean and in the interest of the 15,000,000 people of the Northeast who live in the zone within which the St. Lawrence power may be economically distributed, I appeal to Senators to lay aside all sectional prejudices and to consider the inestimable value of this undertaking to the entire Nation. Let us take up this treaty at the first opportunity and debate it at such length as may be necessary to establish the facts and clear up any points of misunderstanding; but let us, before this session adjourns, dispose of this matter for all time. I wish to say, Mr. President, that in every possible way I am going to insist upon a fair consideration of this treaty and a vote upon it at this session of Congress.

Mr. LONG obtained the floor.

Mr. COPELAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from New York.

Mr. COPELAND. Mr. President, I ask that there may be inserted in the body of the RECORD at this point a letter received by me today from the Rochester (N.Y.) Chamber of Commerce, attached to which is the report of the Port of Rochester Committee. This is a very broad-minded and generous statement of the issue involved in the debate of this day relating to the proposed St. Lawrence deep waterway.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

THE ROCHESTER CHAMBER OF COMMERCE,
Rochester, N.Y., May 26, 1933.

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

DEAR SENATOR COPELAND: The board of trustees of the Rochester Chamber of Commerce at its meeting this week unanimously adopted the following resolution:

"That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the Board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends."

This action is based upon a comprehensive study of and report on the St. Lawrence project by our port of Rochester committee. This intensive fact-finding study was made by a special group of men eminently qualified from their experience in the transportation, harbors, waterways, and engineering fields to deal with a subject of this character. The complete report, approximately 100 pages in length, deals with the economic phases of the St. Lawrence waterway and power-development project. (See statement and conclusions attached.)

The conclusions reached in this exhaustive study, as approved by our board of trustees, are as follows:

"Our study of the St. Lawrence waterway and power project leads to the conclusion that deepening of the St. Lawrence River for improvement of navigation and the development of its power resources will in all probability ultimately follow in the future when it can be economically justified. There are, however, no compelling circumstances under present conditions which demand haste in prosecuting this great undertaking.

"While the studies of the United States engineers confirm the feasibility and practicability of developing the St. Lawrence for navigation and power, the independently made economic surveys of the early post-war periods were insufficient and did not afford adequate grounds for economic justification of the project. This lack of data on which to base conclusions favoring the project is now greatly emphasized by subsequent world-wide economic changes and the present trends. Such surveys now afford little proof of additional utilization of the St. Lawrence waterway nor market for the water power sufficient to warrant the proposed improvement, from the standpoint of the interests of the United States.

"The project during the period of construction and for many years thereafter cannot be carried on except at public expense borne by the taxpayer. There is no assurance of the project's becoming self-liquidating. There is undisputed evidence that the power plants will require years to become self-supporting, unless a large-scale industrial development takes place within the region of profitable distribution of the power, of which there is now no assurance. It is a known fact that there is at present considerable idle and reserve power capacity in New York and New England.

"It is also a fact that for every ton of freight transported over the waterway the taxpayer will contribute in overhead costs, for the benefit of shippers, an amount equal to $1 to $4 per ton, depending upon the particular estimate of tonnage which may be realized.

"There are indications that Canada may receive greater benefit from the improved waterway than the United States. The bulk of the tonnage is shown to be Canadian preferred grain, including that portion of Canadian grain traffic which has heretofore moved via the Buffalo-port of New York route. Any agreement obligating the United States to develop the St. Lawrence should take into consideration not only the preferential and adverse tariff restrictions operating against commerce and shipping of the United States and Canada but the possibility of flooding the Great Lakes area with highly competitive imports brought in at low cost by foreign-operated steamships, to the great disadvantage of United States and Canada whose shipping, industrial and labor conditions are on a much higher plane than those of many foreign competitors.

"There is every reason to believe that the additional traffic that will result from the improved St. Lawrence will be made up largely from tonnage diverted from existing routes, and that United States rail, canal, and lake carriers and Atlantic ports will adopt every possible measure to preserve their share of the available traffic. This competition is a factor which will have a bearing on the ultimate traffic for the deepened St. Lawrence route.

"The marked disagreement among authorities as to the extent which ocean shipping can economically utilize the improved St. Lawrence serves to emphasize the fact that a 27-foot channel would make Montreal a tidewater port accessible to lake shipping to the disadvantage of the port of New York and other United States ports.

"There are ample grounds for requiring the expense of the project to be borne by the interests directly benefiting from the facilities which it provides. The international shipping characteristics of the new seaway would justify the application of reasonable tolls, the same as applies to all shipping through the Panama or Suez Canals. Obviously foreign shipping of countries other than Canada docking in the heart of the continent should contribute something toward the expense of providing and maintaining the waterway.

"It is our opinion that the economic merits and justification of the large expenditure involved in the St. Lawrence waterway and power development have not been fully determined by the International Joint Commission and the boards of engineers, and that the economic justification of the project rests wholly upon the studies made by proponents 6 to 13 years ago, under conditions

materially different from those which now confront the United States or are likely to prevail during the next decade. We adhere to the principle that under the existing stringency all expenditures for public works should be based upon reasonable assurance of their being self-liquidating. We believe that there should be a complete, up-to-date, impartial appraisal of the economic considerations involved in the project, from the standpoint of the United States, before the Great Lakes-St. Lawrence Deep Waterway Treaty is approved by the Senate."

It is strikingly apparent from a careful review of the reports and data on the St. Lawrence project that the economic factors which justify an undertaking of this magnitude have received wholly inadequate consideration, and particularly so in light of changed conditions.

Our officers and trustees therefore urge that you continue to exert every possible influence to secure a delay in the adoption of the St. Lawrence Treaty, and that you make an earnest attempt to bring about an impartial, up-to-date survey by the Board of Rivers and Harbors Engineers of the economic justification of the St. Lawrence project under the existing conditions.

Yours very truly,

RICHARD R. WOODWARD,
Executive Vice President.

MEMORANDUM TO THE OFFICERS AND TRUSTEES

MAY 4, 1933.

The Port of Rochester Committee submits the attached report on the St. Lawrence waterway and power project. The committee unanimously approves the conclusions and recommendations of its special committee which has given several months' study to the important reports and data on the subject, including the reports of the New York State Power Authority and the St. Lawrence Power Development Commission of the State of New York. This special committee is: Frank H. Macy, chairman; John Handy; Roland O. Roberts; Fred'k. W. Burton, secretary.

The committee's conclusions are presented on pages 13 and 14, inclusive, of the report. The committee recommends that the chamber be placed on record as follows:

"That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors Engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends."

Accompanying the report and conclusions are appendices identified as follows:

A. History of the St. Lawrence project.

B. The Great Lakes-St. Lawrence Deep Waterway Treaty.

C. Description of the project and the principal provisions of the report of the joint board of engineers, April 9, 1932, upon which the St. Lawrence Treaty is based.

D. Political and public viewpoints in the United States.

E. What proponents say in support of the St. Lawrence waterway project.

F. What the opponents say against the St. Lawrence waterway project.

G. Distances—comparative distances lake ports to Liverpool.

H. Analysis of Great Lakes traffic.

I. The interest of New York State in the power development of the St. Lawrence.

Respectfully submitted.

PORT OF ROCHESTER COMMITTEE,
ARTHUR S. BLANCHARD, *Chairman.*
FRED'K. W. BURTON, *Secretary.*

THE ST. LAWRENCE WATERWAY

REPORT OF SPECIAL COMMITTEE OF THE PORT OF ROCHESTER COMMITTEE

After many years of discussion of the matter of providing a deep-draft ship channel from the Great Lakes to the Atlantic Ocean, the diplomatic representatives of the United States and the Dominion of Canada on July 18, 1932, signed a treaty, the purpose of which is to "ensure the completion of the St. Lawrence waterway project." The matter of the ratification of this treaty is now before the Senate of the United States. If ratified by the Senate, the treaty will then be considered by the Canadian Parliament.

The agitation for this development originated largely in the western States immediately following the World War. The three principal arguments then advanced in favor of the project were that it is necessary for the relief from railroad congestion; that it would reduce freight rates and afford much-needed relief for the interior States; and that it would make possible the development of great power resources in the interest of New York and New England States.

A brief history of the St. Lawrence project is given in appendix A. A summary of the "Great Lakes-St. Lawrence Waterway Treaty" is set forth in Appendix B. A description of the St. Lawrence project and the principal provisions of the reports of the Joint Board of Engineers, on which the treaty is based, are outlined in appendix C. The Board of Engineers declares that the construction of the navigation and power works would require 7 to 10 years.

No subject could be more controversial than the St. Lawrence project from the standpoint of its economic justification, and effect upon the various sections of the country. Among numerous outstanding authorities will be found those who favor and those who oppose the project. Unquestionably in the Western States much of the support of the project comes from the highly organized campaign of propaganda carried on by the Great Lakes-St. Lawrence Tidewater Association, sometimes called the Council of States, and from political sources. (See Appendix D.) The arguments and conclusions relied upon by the leading proponents and opponents in their case for and against the project are summarized in appendices E and F.

Your committee is satisfied that if the project is basically and economically sound the findings of the joint engineering board upon which the treaty is based represent the best practical solution of the physical problem of developing the St. Lawrence for navigation and water power. These findings represent many years of study on the part of various engineering bodies, both governmental and private.

It is, therefore, in its broader aspects that your committee undertakes to outline a basis for a course of action with respect to the treaty as drawn, in the interest of Rochester, the State of New York, and the Nation at large.

Many of the controversial points that have been raised by local and interested parties have been given consideration by the representatives of the two nations, and they are no longer considered pertinent to the discussion. Among the more important of such items is the question as to whether a Great Lakes-ocean waterway should follow an all-American route and the adaptability of the project to shipping which is designed for ocean service. The findings of the International Joint Commission and the St. Lawrence Commission indicate that no merit should be given to objections on these scores.

There are two essential aspects of this problem: The development of water power and the improvement of navigation. Were the demand for power sufficiently urgent and if developed, it would devolve upon the promoters of the power to provide navigation facilities past the dams or through the canals they might construct and the expense of providing an ample waterway would be but nominal. On the other hand, the most economical method of providing the navigation facilities alone would prevent the most advantageous use of the potential power of the river. It is, therefore, incumbent upon these two interests to work in harmony for the ends they seek.

As suggested above, we believe that the physical elements of the problem have been adequately studied and a plan prepared which will meet the demands of maximum efficiency and economy. It is now up to the sound and sober judgment of the people of the two countries to determine whether they should embark upon the enterprise. The question must be answered by determining the country's need of the improvement and if it is necessary, whether it will justify the expense. There is little doubt of the ability of the two countries to finance the project if it is determined to be essential and a good business proposition at this time.

The most optimistic estimate which has been presented to the governmental authorities has indicated that some 30,000,000 tons of traffic would be available annually for the waterway, a study made by A. H. Ritter in 1925 for the Great Lakes-St. Lawrence Tidewater Association. A second survey is that made by the Transportation Division of the United States Department of Commerce in 1927 which provides an estimate of 19,000,000 to 24,000,000 long tons. The present 14-foot draft St. Lawrence River canals handled the past 7 years an average of 6,725,237 tons per year. It would seem reasonable to assume, therefore, that the tonnage offered for the new canal would be somewhere between seven and thirty million tons per year.

When the project was first broached, over 13 years ago, it was estimated that the annual saving in handling grain alone would finance the cost. Since that time and in the immediate past few years factors have been working which have upset this argument. The United States is confronted with the closing of foreign markets to its products in general by high tariff walls and trade agreements such as Britain and her dominion and colonial provinces effected during the past year.

There is ample evidence that Canada will derive greater benefit from the improved waterway than the United States. In 1928 the St. Lawrence River canals moved 8,500,000 tons, 78 percent of which was eastbound traffic. Of this total, 72.5 percent originated in Canada and 27.5 percent in the United States. Of this movement, 5,350,000 tons consisted of grain, of which 75.5 percent—or 178,573,032 bushels—was Canadian grain. This grain constituted over 80 percent of the total eastbound tonnage. A considerable amount of Canadian grain has heretofore moved through Buffalo via the barge canal to New York or via rail to other United States ports for export. An interesting study of the origin of the grain which reaches the eastern Lake Erie ports is shown by official data from Transportation on the Great Lakes—1930, which appears in appendix H.

It is evident that the bulk of the tonnage to move over the improved St. Lawrence will be Canadian grain. With the continuance of the 6-cent per bushel preferential on Canadian grain the exportation of United States grain to Europe will be further diminished. On November 15, 1932, the British Parliament adopted a tariff law placing a duty of 2 shillings per quarter (6 cents per bushel at par) on wheat except of Canadian origin. The British customs authorities followed with a ruling that Cana-

dian wheat must move on through consignment from a point in Canada to a point in the United Kingdom in order to be admitted duty free. As a result the movement of Canadian grain through Canadian ports has been greatly augmented by the diversion of Canadian wheat from the Buffalo port of New York route, and other United States routes. Canada's new shipping bill would also prohibit grain from being carried in United States vessels from Canadian head of the Lakes ports to Buffalo and reshipped from there to world markets by way of a Canadian port. Consequently there has been a decided shrinkage in storage of Canadian grain at Buffalo.

A study of the commodity movements on the Great Lakes would indicate that the main hope for any large use of the St. Lawrence waterway would be in the transportation of grain. What the effect of the development of large blocks of comparatively cheap electric power on the St. Lawrence would have upon shifting of industrial centers so as to attract the movement of other basic commodities such as ore, coal, chemicals, as well as manufactured commodities is problematical. There is reason to believe, from the standpoint of United States, that any additional freight movement via the St. Lawrence, which may be made possible by its deepening, will be largely traffic which would be diverted from existing routes. In fact, United States ports from Portland, Maine, to Galveston, Tex., appear concerned over the threat of diversion of traffic of interior States from their respective ports.

THE COST OF THE PROJECT

The report of the Joint Engineering Board, upon the basis of which the treaty was drafted, gives the following data regarding construction costs:

Canadian section: Montreal to Cornwall	$82,954,000
International power section:	
Works for navigation alone	34,188,000
Works for power alone	132,452,000
Works for navigation and power	108,102,000
Thousand Islands section	1,233,000
	358,929,000
To which is added:	
Welland Canal	128,000,000
Channel and regulation works upper Lakes	56,500,000
	543,429,000
Of this amount Canada is to be charged with the following amounts:	
Canadian section	82,954,000
International Rapids section	59,250,000
Thousand Islands section	772,000
Welland Canal	128,000,000
	270,976,000
The United States is to be charged:	
International Rapids section	215,492,000
Thousand Islands section	461,000
Channels and regulation upper Lakes	56,500,000
	272,453,000

Considering the allowance for work already done, Canada having completed the Welland and the United States having done some deepening of channels the outlay of new funds for the United States will be $257,992,000 and Canada $142,976,000. From these costs, the engineers emphasize, should be deducted the realizations from water power.

The International Joint Commission in 1922 estimated the annual operating and maintenance costs at $2,562,000, of which $1,105,000 was chargeable to navigation and $1,457,000 to power. The entire works between Montreal and Lake Ontario was estimated to cost a total of $252,000,000.

Herbert Hoover, as chairman of the St. Lawrence Commission, in his report to President Calvin Coolidge December 27, 1926, stated: "It is estimated that maintenance plus interest at 4½ percent on the all-American route would be $36,000,000 per annum, upon the Ontario-Hudson route $28,700,000, upon this plan of development of the St. Lawrence route, say, $10,000,000 after deduction of power returns from power actually developed as above." These charges applied to the estimated annual medial tonnages is as follows:

	Per ton
All-American	$2.06
Lake Ontario-Hudson	1.64
St. Lawrence	.43

It is clear that the annual total cost for maintenance, operation, and interest costs will greatly exceed those earlier estimates. The cost of the entire project has been placed at $543,429,000. To spread this cost over a 40-year period at 3½ percent would require an annual payment of approximately $19,000,000 for fixed charges. To this would be added a fair estimate of $3,000,000 for cost of maintenance and operation, a total of $22,000,000. If the deepened St. Lawrence doubled its present tonnage and reached a total of 15,000,000 tons annually, this annual cost would approximate $1.50 per ton. If it reached 30,000,000 tons, the maximum estimate of the cost would be about 75 cents per ton.

On the other hand, Dr. Harold G. Moulton, of the Brookings Institution, estimates the total cost of the proposed improvement as $999,000,000. The annual cost of the navigation project to the people of the United States and Canada is shown to be approximately $40,000,000 under his estimate. His study of traffic produces a total of 10,500,000 tons annually. Carrying this to a conclusion, Dr. Moulton places the amount to be paid out of the national treasuries of the two countries at about $3.50 a ton. This he maintains is what the taxpayers are to contribute for the benefit of the shippers who use the route.

He further shows that since grain will constitute 60 percent of the total traffic, the overhead charges are equivalent to 11 cents a bushel on wheat and rye, the principal items of grain traffic. Obviously no tolls could be assessed if the costs per ton approach Dr. Moulton's estimate and allow traffic to move via the waterway. As he states, the inclusive costs to the taxpayers and the shippers would be much greater than the present transportation charges.

Other noted engineers, such as Hugh L. Cooper and E. P. Goodrich, have estimated the ultimate total cost of the project at $1,350,000,000 and $1,054,000,000, respectively. There is evidence that the United States Engineers' estimate of $543,429,000 may be greatly exceeded. Opponents of the project point to the fact that the actual costs of the Welland, Chicago Drainage, New York State Barge, and Panama Canals were far in excess of the original estimates.

The St. Lawrence project from a navigation standpoint creates a problem similar to that of the New York State Barge Canal, for which the taxpayers of the State contribute each year a substantial sum of money for the cost of operation and maintenance and interest on bonds. For 1932, operation and maintenance cost $3,000,000 and debt service $5,000,000, a total of $8,000,000. The total traffic transported over the Barge Canal in 1932 amounted to 3,643,433 tons. For every ton of freight moved the New York State taxpayers contributed $2.24 per ton.

The Panama Canal toll rates averaged 78.3 cents per ton of cargo in 1931. Such a toll would amount to approximately 2.3 cents per bushel for grain or 3.75 cents per 100 pounds on general cargo. It would seem proper that the expense of such an enterprise should be borne directly by the beneficiaries. New York State will have to pay the expense of the development of the water power, as will the Province of Ontario.

There is no conclusive study of the traffic which will move over the improved waterway. While the Joint International Commission in 1921 heard many witnesses who indicated the possibility of certain movements, its report contains no general analysis or survey of potential traffic. Nor was such a study made by the United States Board of Engineers, which had it been made would have called forth the same painstaking effort as when it has sought the economic justification of any other waterway project. True it is that the Great Lakes-St. Lawrence Tidewater Association and the Transportation Division of the United States Department of Commerce made traffic surveys respectively in 1925 and 1927, but under conditions materially different from those of today or likely to prevail in the future. The criticism of these surveys is pointed out in appendix F. There is little showing that the improved waterway would add any appreciable new traffic. There are good grounds for the belief that most of the traffic to move over the St. Lawrence route would be at the expense of existing routes and competition between the proposed route and the United States routes would materially lessen the prospects of realizing the original estimates of the potential traffic, prepared by the Great Lakes-St. Lawrence Tidewater Association and the Transportation Division of the United States Department of Commerce.

The contention that the St. Lawrence is necessary because of railroad congestion has been answered by the remarkable improvement in railroad service and equipment that has taken place during the last 10 years. As to this there can be no argument today. Your committee has searched the various reports for information as to the total estimated savings in freight charges which might be expected from the deepened St. Lawrence and finds little supporting data to justify a prediction of a vast saving in transportation costs.

The International Joint Commission in its conclusions with respect to the economic aspects of the project stated that comparisons of this character must be more or less conjectural in the absence of definite information as to what actual rates would apply but that "it was inclined to the view that the St. Lawrence would afford a material saving in transportation costs over any of the existing routes between points in the territory economically tributary to the St. Lawrence and overseas points." This explains to a large degree the absence of such data.

The great emphasis placed upon the saving on grain alone of 8 to 12 cents a bushel from the head of the Lakes to European ports was perhaps due to the fact that in the early days of the agitation for the St. Lawrence, United States grain for export was moving in volume and at comparatively high rates which made some savings easily discernible. During the last 2 years, however, grain has moved from the head of the Lakes to Liverpool at rates ranging from 8 to 12 cents per bushel, as recent testimony before the Senate committee on the treaty discloses. It is obvious that the claimed saving of 8 to 12 cents a bushel is not possible today and that it is no longer a cogent argument justifying the construction of the St. Lawrence. A more extensive explanation of this situation appears in appendix E.

There is also testimony before the Senate committee that the farmer does not benefit from a reduction in transportation costs beyond the terminal markets. The farmer ships his grain to Minneapolis, Chicago, or Omaha, for example, where it is sold on the exchange. From the invoice is deducted the freight charges in settlement with the farmer. If transportation costs east of Chi-

cago, for example, are reduced, the consumer gets the benefit, as the grain costs the Chicago price plus transportation charge to destination. The conclusion therefore is inevitable that the purchaser or consumer of export grain abroad would benefit from the reduction in transportation cost.

Your committee has not been able to ignore the many economic changes which have come about since the inception of the St. Lawrence project. There is no up-to-date study of the effect of this new route upon our foreign trade nor of the effect upon domestic trade in the Great Lakes trade area. It is true that tariff considerations have resulted in a marked increase in location of branch plants abroad the last decade. Of these, the Ford plant in England and the General Motors plants in England and Germany are outstanding examples. It would seem that the recent economic changes and the present trends call for reexamination of the economic justification of the St. Lawrence project before the pending treaty is adopted.

THE POWER PROJECT

The St. Lawrence River has one of the most uniform flows of any natural river in the world, due to the regulation afforded by the vast surface area of the Great Lakes. As a consequence, one of the factors which is full of uncertainties in most water-power developments, namely, assurance of an adequate stream flow, is practically eliminated from the problem.

The river drops a vertical distance of about 226 feet from Lake Ontario to Montreal, of which about 91 feet (40 percent) occurs in the international section (Lake Ontario to Cornwall). Most of the latter occurs through two rapids, the Rapids Plat, opposite Waddington, N.Y., and the Long Sault, opposite Massena, N.Y. The flow available at all times is in excess of 150,000 cubic feet per second, and for 95 percent of the time exceeds 190,000 cubic feet per second. The maximum flow of the river is seldom greater than twice the minimum flow.

Under the plan submitted and approved by the engineers of the two Governments, two dams will be constructed which will concentrate the fall available in the international section at these dams. The engineers also estimate that the ultimate economic capacity of installation would be approximately 2,200,000 horsepower, which would be divided equally between the two countries or the State of New York and the Province of Ontario. With the regulatory works which are to be constructed under the terms of the treaty, the proposed installation would furnish firm power in the amount of about 1,500,000 horsepower (approximately 10,000,000,000 kilowatt-hours per year), with secondary power available to the amount of about 2,800,000,000 kilowatt-hours.

The allocation of costs which is chargeable to navigation and power must of necessity be arbitrary, as certain elements are essential to both purposes. It should be understood, however, that the development of this section of the river for navigation alone could be accomplished at a far less cost than by the plan adopted if it were feasible to disregard the economic value of the potential power.

It is assumed for the purpose of this report that the plan for navigation and power which has been submitted by the joint engineering boards representing Canada and the United States is the most feasible for the dual purposes.

The cost of items which may be assigned to power uses can be taken at $240,000,000, or about $109 per horsepower of installation. If it is to be assumed that the entire output of the plants could be marketed, the cost of the power at the plant would be about as follows:

Fixed charges: Interest, taxes, depreciation, and renewals at 11 percent equals	$26,400,000
Operating costs: 12,000,000,000 kilowatt-hours at 0.06 cent	7,200,000
	33,600,000

$$\frac{33,600,000}{12,000,000,000} = 0.28 \text{ cent per kilowatt-hour}$$

The above costs place this power upon about a parity with Niagara Falls power. New York State purports to own the bed of the St. Lawrence River on this side of the international boundary as does the Province of Ontario on the opposite side. Subject to the jurisdiction of the Federal Government, in respect to navigation, the State has always assumed that this ownership permitted it either to grant the right to develop this power or to develop it under State auspices.

There has always been some question as to whether, in the event that the State did not assert these rights prior to a time when the National Government might construct works of the nature now contemplated for the purpose of improving navigation, the State would waive its interest. An almost parallel case occurred at Troy, N.Y., where the Federal Government constructed a dam and ultimately leased the power to a private company.

Power is a commodity—its value depends upon whether it can be marketed at a profit. Great strides were made in the development of water power from 1910 to 1925. Popular opinion came to the notion that water power meant cheap power. It is cheap power—at the plant. The development of the art of electrical transmission made feasible the development of water power during the above-mentioned period as it became possible to sell the water power located at some remote point where there was a demand for the power.

During this same period notable advances have been made which have increased the amount of power obtainable from a pound of fuel. For example, in 1920 the public utilities companies of the United States used 3 pounds of coal per kilowatt-hour, but in 1929 the fuel consumption per kilowatt-hour had been reduced to 1.69 pounds, a reduction of 44 percent. The price of coal has been reduced in about the same proportion.

The effect of this has been to shorten the distance which water power could be economically transmitted, as it must meet the price for which steam-generated power can be produced.

The attached diagram shows graphically the electric energy produced each year in New York State up to 1929, the last year for which complete figures are available to us. (There is evidence of a gradual drop for the past 2 or 3 years.) It will be noted that the up-State power nearly equals the amount for New York City, but whereas, all of the city power is steam, more than 75 percent of the up-State power is now provided by water. Therefore, if a market is to be found throughout the State for St. Lawrence River power it must supersede all of the steam-generated up-State power and 75 percent of it must be transmitted to New York City. For reasons of reliability of service and load factor demands it is doubtful if the up-State fuel-generated power could be supplanted. It is pertinent to quote from the conclusions of Governor Roosevelt's own commission upon this subject of "Market for St. Lawrence Power", as it was created in furtherance of his avowed commitments for the development of our "cheap water power" for the "benefit of all the people."

In the letter of transmittal dated January 15, 1931, the St. Lawrence Power Development Commission advises the governor and legislature among 20 definite findings:

"11. The marketing problems for St. Lawrence power are complicated in this respect; that most available customers for this power are those who can use constant power, whereas the domestic consumers of power, to whom the maximum benefits of this project should go use the current on the average only a few hours a day.

"12. If any substantial part of the actual power generated on the St. Lawrence were to be delivered to its domestic consumers, great waste would be involved unless provision were made to supplement it with power from other sources."

The commission did not quote as finding the report of their engineers on marketing, which says (p. 58): "There is danger of overdoing the long-distance transmission of electrical energy" * * * "There is no known way to so design and build these lines so that they will be free from interruption. * * * It is doubtful whether there is a market for such a large block of power at high load factor in New York City which would submit to such interruptions." Their engineers also made the following findings, on page 66:

"11. The St. Lawrence power could be utilized by continuous industries at the site. * * *"

"14. It is therefore our conclusion that the supply of St. Lawrence power exclusively to any one particular class of customers, except continuous industries at the site, would not only be accompanied by great economic waste but the resulting costs would be higher than those for steam electric production at or near the market."

These findings are set forth in full in appendix I.

The State of New York has long considered the development of power in the international section of the St. Lawrence River. This development has been a major issue of both political parties in the State for many years past. Both are committed to State development of St. Lawrence power in the interest of lower electric rates for homes and industries. See appendix D. The last three Governors have emphasized this development as a part of their economic programs.

By unanimous vote of both branches of the State legislature a bill was enacted and signed by Gov. Franklin D. Roosevelt, in April 1931, creating the Power Authority of the State of New York, a "corporate instrumentality" of the State and administered by 5 trustees, 1 appointed each year for a term of 5 years. As the law states, it is "a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, capable of suing and being sued." This act declares the policy of New York State as to the St. Lawrence River as follows:

"That part of the St. Lawrence River within the boundaries of the State of New York is hereby declared to be a natural resource of the State for the use and development of commerce and navigation in the interest of the people of this State and of the United States, and for the creation and development of hydroelectric power in the interest of the people of this State, and such natural resources, including the bed and waters of the river as instrumentalities of commerce and navigation, and the bed, waters, power, and power sites in, upon, or adjacent to or within the watershed of the said river owned or controlled by the people of the State, or which may hereafter be recovered by or come within their ownership, possession, and control, shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in the people of the State."

The power authority through its chairman appeared before the Senate Committee on Foreign Relations at hearings in Washington on the St. Lawrence treaty in December 1932 advocating the immediate development of the St. Lawrence River and that the United States agree to make available to New York State for the development of power all of the United States share of the flow of water in the international section not required for navigation. The power authority in turn for the right to the flowage agreed to pay the costs attributable to the development of the power. The summary of the statement of Chairman Frank P. Walsh before the Senate committee appears in appendix I.

As a result of a series of conferences a joint agreement was reached February 7, 1933, between the Power Authority of New York State and the engineers of the War Department with respect to the allocation of the cost of the works in the International Rapids section. Following approval of this agreement by the State and War Departments a joint resolution (H.J.Res. 157) was introduced and passed in the House and is now before the Senate for approval. This resolution provides:

"Resolved, That in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said Power Authority, shall be entitled to use for the generation of hydroelectric power all of the United States share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum above referred to: *Provided,* That no part of the United States share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power."

The joint memorandum referred to allocates these costs as between the United States and the State of New York, as follows:

"(1) The United States assumes responsibility for the cost of all works for navigation.

"(2) The State assumes $23,500,000 as its share of the cost of all works common to navigation and power, the State to receive its proportionate share of any saving if the actual cost of construction is less than the estimated cost.

"(3) The State assumes responsibility for $29,295,500 for power-house substructures, head and tail races, excavations, etc., this amount to be reduced by the amount of the saving.

"(4) The State assumes responsibility for the actual cost of its power-house superstructures and equipment, estimated at $36,930,500, and may construct these works through its own agencies or, by agreement, have them installed at actual cost by the United States.

"(5) In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,726,000, provided that if the actual cost be less than this amount the State of New York will receive the benefit of the said savings."

The memorandum concludes:

"The above recommendations are based upon the assumption that the State of New York shall have the right to utilize for power all the flow of the St. Lawrence River in the International Rapids section allocated to the United States by the treaty, other than that required for navigation, together with title to the power works and the lands upon which they are situated and which may be necessary and convenient for their operation."

Thus it will be seen that New York State would contribute approximately 20 percent of the total cost of the St. Lawrence project to be borne by the United States, plus the $89,760,000 provided for in the joint resolution. In other words, out of the United States total estimated cost of $272,453,000, New York State will pay $126,318,600, almost 50 percent of the total cost allocated to the United States under the terms of the treaty. This leaves about 50 percent as the portion to be paid by all other States, a remarkably low proportionate cost for the Western States directly interested in the project.

Your committee has searched diligently for evidence of the utilization of the power which may be developed in the international section. At present there is considerable idle and reserve capacity in New York and New England. The present distribution is at least 25 percent off compared with recent peak years. This 25 percent would have to be absorbed before consideration would be given expanding the reserve capacity now available. The report of the St. Lawrence Power Development Commission to the New York State Legislature, to which reference has been made, is convincing in its conclusion that this power could be utilized by continuous industries at the site. It is apparent, therefore, that a market for the power must be developed which may require many years before its full utilization can be had, as long as a broad scale industrial growth must take place at or near the site.

Rochester is more than 200 miles from the proposed power sites. With its surplus of power capacity from its own facilities and Niagara Falls as a much nearer source of cheap power, there seems to be little likelihood of Rochester utilizing St. Lawrence power. It is said that there is considerable flow of water at Niagara which is not being used.

The State power authority act directs the commission to develop, maintain, manage, and operate the project in such manner as to benefit, aid, and improve commerce and navigation, and declares that the development of power shall be considered primarily for the benefit of the people of the State as a whole and particularly domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose to be utilized principally to secure a sufficiently high-load factor and revenue returns which will permit domestic and rural use at lowest possible rates. (Sec. 5.)

The commission is directed to negotiate contracts for sale, transmission, and distribution of the power generated, under terms to provide payment of operating and maintenance expenses of the project, interest on and amortization and reserve charges sufficient within 50 years of the date of issuance to retire the bonds of the power authority. Provisions are made for the commission to fix rates to consumers, in the contract, and make periodic revisions of service and rates. It is provided that upon completion of the necessary contract or contracts the commission shall proceed with the physical construction of the project authorized by the act and, among other things, to borrow money and secure same by bonds or liens upon revenue from property or contracts, subject to the provision that the power authority shall have no power at any time to pledge the credit of the State. (Sec. 5.)

The act requires that no bonds shall be issued until "firm contracts for the sale of power shall have been made by it sufficient to insure payment of all operating and maintenance expenses of the project, and interest on and amortization and reserve charges sufficient to retire the bonds of the power authority in not more than 50 years from date of issuance thereof." (Sec. 8.) Contracts shall be subject to public hearing. When the contracts are finally agreed upon the power authority shall report the proposed contracts with its recommendations and the record of hearings to the Governor of the State. If the contracts are approved by the Governor they shall be executed and carried into force. (Sec. 9.) Failure to agree upon terms and conditions of a contract or upon the Governor's disapproval of a proposed contract none of the powers to own, build, operate, and maintain dams, power houses, and other instrumentalities shall be exercised until the legislature and the Governor shall have approved plans reported by the power authority. (Sec. 10.)

The Province of Quebec is opposed to the St. Lawrence project. Its legislature on April 24, 1933, passed a measure permitting the exportation of power from Quebec to the United States. A press dispatch of April 8, 1933, explains this legislation as follows:

"Explaining the proposed legislation which would permit export of power from the Province of Quebec to the United States, Premier L. A. Taschereau revealed in the provincial legislature that one of the chief reasons for it is to 'deal a deathblow to the St. Lawrence waterways development project.'

"The development of the St. Lawrence waterways will be a very expensive matter, he explained. It is designed to give the United States about 1,000,000 horsepower. If we say to the United States: 'Here is 250,000 or 300,000 horsepower, why go ahead with the St. Lawrence project', will that not be a telling argument? I am sure that we will give a deathblow to that project. It is the State of New York and the New England States which are mainly interested as regards electricity and which will benefit. If we tell them they will not have to pay 1 cent for development costs, I am sure they will be no longer interested in that project."

This is an interesting sidelight on the power development, and also reflects the idea of the limited need for the St. Lawrence power development on the United States side, as it clearly does for Canada, in view of its ability to export power.

It will be observed from the foregoing description of the Power Authority Act that while the power commission may commit the State to the construction of the power project, certain safeguards rest with the State legislature and the Governor. The development of and marketing of the power is a subject which should be considered on its own merits. Unless there is assurance of a development of a market for the power generated in the international section within a reasonable period of years, there can be no justification of the vast expenditure of money by New York State involved in the present project. The development of the power should not be undertaken as a part of a navigation project merely for the purpose of saving something in transportation costs for Central and Western States.

Your committee subscribes to the principle that New York State's equity in the power development should be preserved.

CONCLUSIONS

Our study of the St. Lawrence Waterway and power project leads to the conclusion that deepening of the St. Lawrence River for improvement of navigation and the development of its power resources will in all probability ultimately follow in the future when it can be economically justified. There are, however, no compelling circumstances under present conditions which demand haste in prosecuting this great undertaking.

While the studies of the United States engineers confirm the feasibility and practicability of developing the St. Lawrence for navigation and power, the independently made economic surveys of the early post-war periods were insufficient and did not afford adequate grounds for economic justification of the project. This lack of data on which to base conclusions favoring the project is now greatly emphasized by subsequent world-wide economic changes and the present trends. Such surveys now afford little proof of additional utilization of the St. Lawrence waterway nor market for the water power sufficient to warrant the proposed improvement, from the standpoint of the interests of the United States.

The project during the period of construction and for many years thereafter cannot be carried on except at public expense borne by the taxpayer. There is no assurance of the project becoming self-liquidating. There is undisputed evidence that the power plants will require years to become self-supporting, unless a large-scale industrial development takes place within the region of profitable distribution of the power, of which there is now no assurance. It is a known fact that there is at present considerable idle and reserve power capacity in New York and New England.

It is also a fact that for every ton of freight transported over the waterway the taxpayer will contribute in overhead costs, for the benefit of shippers, an amount equal to $1 to $4 per ton, depending upon the particular estimate of tonnage which may be realized.

There are indications that Canada may receive greater benefit from the improved waterway than the United States. The bulk of the tonnage is shown to be Canadian preferred grain, including that portion of Canadian grain traffic which has heretofore moved via the Buffalo port of New York route. Any agreement obligating the United States to develop the St. Lawrence should take into consideration not only the preferential and adverse tariff restrictions operating against commerce and shipping of the United States and Canada but the possibility of flooding the Great Lakes area with highly competitive imports brought in at low cost by foreign-operated steamships, to the great disadvantage of United States and Canada, whose shipping, industrial, and labor conditions are on a much higher plane than those of many foreign competitors.

There is every reason to believe that the additional traffic that will result from the improved St. Lawrence will be made up largely from tonnage diverted from existing routes, and that United States rail, canal, and lake carriers and Atlantic ports will adopt every possible measure to preserve their share of the available traffic. This competition is a factor which will have a bearing on the ultimate traffic for the deepened St. Lawrence route.

The marked disagreement among authorities as to the extent which ocean shipping can economically utilize the improved St. Lawrence serves to emphasize the fact that a 27-foot channel would make Montreal a tidewater port accessible to lake shipping, to the disadvantage of the port of New York and other United States ports.

There are ample grounds for requiring the expense of the project to be borne by the interests directly benefiting from the facilities which it provides. The international shipping characteristics of the new seaway would justify the application of reasonable tolls, the same as applies to all shipping through the Panama or Suez Canals. Obviously foreign shipping of countries other than Canada docking in the heart of the continent should contribute something toward the expense of providing and maintaining the waterway.

It is our opinion that the economic merits and justification of the large expenditure involved in the St. Lawrence waterway and power development have not been fully determined by the International Joint Commission and the boards of engineers and that the economic justification of the project rests wholly upon the studies made by proponents 6 to 13 years ago, under conditions materially different from those which now confront the United States or are likely to prevail during the next decade. We adhere to the principle that under the existing stringency all expenditures for public works should be based upon reasonable assurance of their being self-liquidating. We believe that there should be a complete, up-to-date, impartial appraisal of the economic considerations involved in the project, from the standpoint of the United States, before the Great Lakes-St. Lawrence Deep Waterway Treaty is approved by the Senate.

Your committee, therefore, recommends that the Rochester Chamber of Commerce be placed on record as follows:

That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors Engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the Board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends.

Respectfully submitted.

SPECIAL COMMITTEE—PORT OF ROCHESTER COMMITTEE,
FRANK H. MACY, *Chairman*,
JOHN HANDY,
ROLAND O. ROBERTS,
FRED'K W. BURTON.

MAY 3, 1933.

Mr. LONG. Mr. President, I am not going to undertake to answer the Senator from Michigan [Mr. VANDENBERG] and the Senator from Wisconsin [Mr. LA FOLLETTE] this afternoon, but I expect to do so tomorrow.

However, I wish to say in just a moment or two that the Senator from Michigan and the Senator from Wisconsin have apparently overlooked so many facts as to feel that they have been done an injustice. Whether I can convince these gentlemen or not, I think I can well see that their efforts will do more of an injustice to their own sections of the country than to the section from which I come, or to New York.

Somehow we cannot get the facts into the minds of those favoring the treaty. They have been laboring under a misapprehension as the result of false propaganda that they are going to be able to save 10 cents a bushel on wheat from their part of the country to Liverpool. The fact is that the only saving they could make, if they could make any at all, would be in the rate from the Great Lakes to Montreal. It costs only 4½ cents a bushel to ship wheat from their part of the country to Montreal; and if they saved it all, they could save but 4½ cents. The chances are they could not save anything, and yet they are influenced by such false propaganda and we cannot get them to see that the true statistics do not justify that propaganda whatsoever.

I will show further that this is not an American public-works program. It is an American expense program, but a Canadian public-works program to be carried on with American money. I will show further that conservative estimates are that from 80 to 90 percent of this money would be spent in Canada for Canadian labor and Canadian material and to build a port for Montreal, and not for the United States. The engineering would be Canadian as well.

A further matter that I will show will be—and there will be no difficulty whatever to show it—that this is not an American proposition. The Senator from Wisconsin [Mr. LA FOLLETTE] might just as well have tried to show that some member of a chamber of commerce had embraced the Hindoo religion or was a member of the Baptist Church, and tried to show that he follows Hindooism or Buddhism because the Morgan people have some connections in India, as to try to justify the charge that because one or several of the members of a chamber of commerce that have approved it had a power company somewhere or somebody in it that was in some way mixed up with Morgan. If we were to go out to Wisconsin, we would find these very same power interests are members of the chambers of commerce which are endorsing this iniquitous treaty. We would not find any difference in them. We would find that chambers of commerce have power-company directors in North Dakota, South Dakota, and Wisconsin, where they are at fault enough to endorse the treaty.

That is not all. Some mention has been made of the labor unions of the country. I have in my hand a letter from the Brotherhood of Railroad Trainmen of the United States, who are opposed to the treaty. I have here a letter from the Order of Railway Conductors of America, who are opposed to the treaty. All up and down the Mississippi Valley the laboring men and others are opposed to the treaty.

Wherever there is a coastline the people are opposed to the treaty. Wherever men have studied the matter long enough to understand it, they know that it is proposed to take American money in order to lengthen the water route to England. It will not be a shortening of that route. It is 1,100 miles shorter by the all-water route by way of New York than by way of Montreal.

There is only one more point I am going to show tomorrow. I am going to show that the Senators from Michigan and Wisconsin have made their estimated allocation of costs by allowing Canada all that it has already spent on this project and by allowing the United States some little insignificant amount that it might have spent. But in allowing Canada what it is supposed to have spent they have practically allowed Canada everything that they could find, high or low or in the middle, that had been spent on the internal waterway system of Canada. In other words, we might as well allow the United States Government to have had credit for the money it spent on the Red River, on the Ouachita River, the Tennessee River, the Mississippi River, or parts of its coasts, as to have made some of the allowances they have made for Canada as a part of its expenditure on the cost of this waterway in order to show that there is a 50–50 division of the cost. We will show

that they have lumped the costs that Canada has paid for an inland waterway system in order to make it appear that it is a 50–50 proposition, whereas the true facts are that America will probably spend from 65 to 70 percent of the money that is spent, and that the cost will run into the neighborhood of $500,000,000 or $600,000,000, and possibly more than that, in order to have a route from Canada, 1,110 miles longer than the water route through the port of New York. That, among other things, is what I will show when I have time to debate the matter as it should be discussed.

THE GOLD-STANDARD REPEAL

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the Baltimore Sun of May 28, 1933, dealing with the question of the gold-standard repeal.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Sunday, May 28, 1933]

WHY?

It is perfectly true, as Senator GLASS and Senator REED have said, that the administration's gold repealer is repudiation—of obligations entered into by the Government with the holders of its bonds and of obligations entered into by individuals in contracts between themselves. Certain specific payments are promised; these payments are not to be required. It is repudiation which has a peculiarly glaring quality in the Government's case, since as late as April 23 Secretary Woodin offered some $500,000,000 of Government notes to the public and stated to prospective purchasers that "the principal and interest of the notes will be payable in United States gold coin of the present standard of value."

But it is also true that the measure now offered by the administration is an inevitable corollary of the Thomas inflation amendment, if the administration is determined to proceed with inflation on any major scale. If all the extravagant powers in that amendment are exercised, the Government cannot meet its obligations to pay in gold and private debtors cannot meet their obligations in gold, nor in the equivalent of gold of the value set forth in the contracts. To attempt to do so would wreck the resources of the Government and, so far as private debtors are concerned, it would ruin the very class who are supposed to be helped by inflation. For both would be receiving money of constantly decreasing value, while paying debts in money of high value.

Repudiation is an ugly word, but it is a word that must be accepted and used if there is to be a major operation in inflation, for then debts must be paid in cheap money—how cheap nobody under the heavens can predict. But obvious as it is that this gold repealer is a logical corollary of the Thomas inflation amendment, it still is not clear why the administration rushed into Congress with this formal measure of repudiation. Up to this time the attitude of the administration has been that the powers contained in the Thomas amendment would be used sparingly. Spokesmen of the administration have been at great pains to explain that protests against the Thomas amendment were labor lost because only controlled credit expansion was contemplated.

Of course, it is true that if only controlled credit inflation was contemplated, there was no reason at all for enacting the Thomas amendment. If all that was to be done, in the way of inflation, was to send the Federal Reserve System into the open market to buy Government securities and thus to put out funds which would be an additional volume of credit for the use of commerce, no law was needed. The Federal Reserve System, as has frequently been pointed out, carried on such an operation under the Hoover administration to the tune of over a billion dollars. Nevertheless, it has been the asserted position of the administration lately that such innocent and controlled credit inflation was to be the rule, and that nothing drastic was in mind.

Under those circumstances, there was no need to bother for the present about logical corollaries of the Thomas inflation amendment. Our money had depreciated in the foreign exchanges and there had been some reflection of that in the internal value. But not many people had begun to worry, so far as we have heard, about the gold clauses in the Government's bonds or in private contracts. It would have done nobody any good to have demanded gold, for no gold was available. But there seemed to be no disposition on the part of holders of obligations due in gold to try to put the screws on. Money was still close enough to the previous values to prevent disturbance and the slightest intimation that Mr. Roosevelt was going to be careful allayed most people's fears.

For what reason, then, does Mr. Roosevelt's administration rush this measure into Congress? The question becomes even more pertinent when it is recalled that Mr. Roosevelt's statements, when Messrs. MacDonald, Herriot, Jung, Schacht, and others were here a little while ago, set forth that one of the objectives of the international negotiations would be a return to gold. If a nation is off gold in fact, but wishes to restore the use of gold in all the important trading nations; and if, pending negotiations, there is a general feeling among the people that the reins will be held firmly in hand and consequently there is prevailing quiet—if those conditions obtain, why rush in with a measure that amounts to formal repudiation?

Mr. Roosevelt says that people are not allowed to hold gold and, therefore, there would be no sense in paying them gold which they would have to turn in at once. But people were not demanding gold. They were not claiming what most of our best lawyers believe to be their constitutional rights to insist upon keeping gold in their possession and to insist upon payments in gold when payments in gold had been pledged by the Government. Why, under those circumstances, rush in with a measure to restrain a clamor for gold when no practical need has been demonstrated for such restraint; and, by rushing in with that measure, repudiate pledges made by the Government as late as April 23? That question needs clearer answer than Washington has given.

It needs clearer answer, one suspects, than ever will be given officially. For it is altogether probable that one of the reasons for this step is of a nature that never is officially avowed. It is altogether probable that this move is by way of being another "shot in the arm." We hopped off gold, depreciated the dollar in foreign exchange, started a wave of feeling that some kind of inflation was under way, and immediately let loose a horde of speculators in common stocks and commodities who do not know much more about inflation than how to spell the word. In due course, when a lull appeared, there was an elaborately staged announcement that open-market operations to the extent of $25,000,000 (a tidbit) had been started. And now the latest—and a boiling stock market.

What comes next nobody except the inner group in Washington can know, and they may not have decided. We shall be assured, doubtless, that nothing of an extreme character is contemplated. On the contrary, we probably shall be assured that the only inflation will still be controlled credit inflation; and that, in due course, Mr. Roosevelt will complete negotiations with other nations looking to stabilization of currencies and to agreement upon new gold bases for all the important trading nations. After which values in public bonds and private contracts will be stabilized. But in the meantime, what we can see with our eyes is one act after another in Washington which sends the speculators in the stock markets into old-time orgies, but seems to have very little relation to any of the basic factors of trade movements.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, it appears that it will not be practicable to dispose of the unfinished business today. I am advised that there are some controversial matters in the bill which will require a measure of time for disposition. Therefore I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 22 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 30, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 29, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Again, O Lord Most High, the eternal God, who hast been with us through all our days and hast vouchsafed to go with us all the way, mercifully incline to hear our prayer. Cleanse our hearts that no evil desire may rule us, and renew them by Thy heavenly grace. Gracious Father, by whose wisdom we were created and by whose providence we shall be saved, enlighten our minds that by the knowledge of the truth, fears of danger may be changed into the joys of recovery. In Thy holy name. Amen.

The Journal of the proceedings of Saturday, May 27, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

AGRICULTURAL CREDITS

Mr. JONES. Mr. Speaker, I ask unanimous consent that upon the disposition of House Joint Resolution 192 it shall be in order to consider House bill 5790, the agricultural

credits bill, that there be not to exceed 2 hours' general debate, to be equally divided and controlled between the gentleman from New York [Mr. CLARKE] and myself, and that all points of order may be considered as waived.

Mr. BYRNS. What bill is this?

Mr. JONES. This is the Farm Credit Act of 1933.

Mr. McSWAIN. Mr. Speaker, reserving the right to object, I had sort of an arrangement and understanding with the gentlemen interested that two small matters from the Committee on Military Affairs would be in order this morning under suspension of the rules. I am very sure they will not take very long. They are short bills and probably will not take over 10 minutes.

Mr. MARTIN of Massachusetts. I thought the floor leader indicated this bill would not be brought up until tomorrow, or immediately following the disposition of House Joint Resolution 192.

Mr. BYRNS. Mr. Speaker, may I say this to the House, there is great pressure to bring about the passage of the bill the gentleman from Texas has referred to, also a bill in which the gentleman from Alabama [Mr. STEAGALL] is interested.

We are going to have a suspension day next Monday, and I hope that too much of the time today will not be consumed with suspensions, so we can get rid of these bills. I told the gentleman who was interested in this farm bill that we certainly ought to pass it by Wednesday. If we consume all of today with suspensions, we will just have to put it over.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. RANKIN. We had a bill from the Territories Committee that we were going to ask be taken up under suspension of the rules today, but we agreed to carry it over until next Monday, in the hope that we might get through this House joint resolution to which the majority leader has referred.

Mr. BYRNS. And carrying out the idea that we postpone these suspensions until next Monday, which is regular suspension day and when we will have a clear calendar.

Mr. RANKIN. We were under the impression that there would be no suspensions today but that the suspensions would be carried oyer until next Monday.

Mr. MARTIN of Massachusetts. Do I understand the majority leader to say that he does not intend to call up the bills which were expected to be considered under suspension today?

Mr. BYRNS. That is a matter under the control of the Speaker.

Mr. MARTIN of Massachusetts. May I inquire, Mr. Speaker, if these bills are going to be called up under suspension of the rules today?

The SPEAKER. They will be called up.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, as I understand, the farm credit bill is necessary because of the action of the President in consolidating certain bureaus, is it not?

Mr. JONES. It is for the purpose of implementing the Executive order which consolidates various agencies engaged in the lending of money for agricultural purposes. It provides for the necessary regional and local banks and corporations to enable the administration to function properly. There are some other changes.

Mr. MARTIN of Massachusetts. The gentleman, of course, could bring this up under a rule, and this is simply to save time. We are going to take it up under the general rules of the House?

Mr. JONES. That is the purpose, to take the measure up under the general rules of the House with all points of order waived.

Mr. MAPES. Mr. Speaker, reserving the right to object, it is rather unusual to waive all points of order when granting unanimous consent to consider a bill.

Mr. JONES. I may state to the gentleman that the bill was reported unanimously or, at least, I believe no one present voted against reporting it. The reason I asked for the waiving of all points of order is that this bill transfers unexpended balances in 2 or 3 funds to the new fund, and it might be considered an appropriation in that sense. The only reference to a direct appropriation is in the form of an authorization, but it does utilize some unexpended balances of crop production and other funds in 2 or 3 different forms and it was thought not necessary to bother with the reappropriation of them. There is some question whether that would be in order.

Mr. MAPES. Has the gentleman consulted with the minority members of the committee as to the waiving of points of order?

Mr. JONES. Yes; I have consulted with some of the minority members and with the gentleman from Massachusetts about the matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NORMAN H. DAVIS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I regret to take issue with my friend and colleague, Congressman TINKHAM, regarding his proposed resolution to investigate Ambassador at Large Norman H. Davis. Such an inquiry is entirely unnecessary. Mr. Davis' life and career are an open book. He was born in Tennessee, became a successful business man, representing financial interests in connection with sugar in Cuba. Eventually he moved to New York and became associated with large banking interests. For nearly 20 years he has devoted the greater part of his knowledge and experience to the service of the Government, beginning with the most important positions under President Wilson and continuing at various intervals under the administrations of Presidents Coolidge and Hoover.

The country has been fortunate that Mr. Davis has been willing unselfishly to give his great ability to the public service. His private investments and his private connections are not the affair of Congress. Mr. Davis' honesty and integrity have never been questioned, and if questioned they could not be successfully impeached. Where is the Government to look for proper advisers other than among those who associate with the greatest minds of the world? An unwarranted and sensational attack detracts from the willingness of leaders to assist in solving the problems that confront this Nation today.

Mr. Davis has always been known as a Democrat, but he has been good enough for Republican Presidents to use. It happens that I have personally known Mr. Davis for at least 20 years. While not a voter in my district, he maintains a residence in the town where I live. So, as a neighbor and friend, I feel I have as much right to defend the good name of Mr. Davis as my colleague has to attack it. [Applause.]

TENTH ILLINOIS STATE SUNDAY AT VALLEY FORGE

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by me at Valley Forge yesterday.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me yesterday at the Tenth Illinois State Sunday at Valley Forge:

I am happy of an opportunity to come to Valley Forge on this occasion, to represent the Governor and our great State, on the Tenth Illinois State Sunday, commemorating the faith and patriotism of our heroes at this national shrine.

We in Illinois feel the importance and appreciate the services of that great jurist and executive, the present Governor of Illinois, Henry Horner. It is with much regret that the Governor was unable to attend these ceremonies. Were he present he would contribute an eloquent and expressive ability, befitting the occasion far beyond my poor power to deliver today. It is hoped that during his tenure of office he will have an opportunity to address you on a future occasion.

It is appropriate that here are gathered the sons and daughters, posterity of that patriotic band whose valor and sacrifices we commemorate today. It is appropriate that here are assembled from the surrounding territory those who often have the opportunity to drink in and absorb the spirit of a freedom that is still new in its natural splendor and beauty year in and year out. I want to praise Dr. W. Herbert Burk, the founder and builder of this chapel, for his contribution in establishing here a nation's altar for worship. I have been very agreeably surprised and impressed at the interest and the material contribution that Illinois has made to carry on the splendid work here, and I warmly commend the Illinois State Society, Daughters of the American Revolution, under whose auspices this service is conducted. Since we have been a government, yea, ever since George Washington stood on a balcony in New York and subscribed to the oath as President of these United States, Revolutionary heroes and their posterity have paused to give thanks for, and to celebrate the history made on and near this spot. There has been so much said about Valley Forge, not only here, where people are wont to worship weekly, but throughout the length and breadth of the land men and women have talked of Valley Forge on every national and patriotic holiday, that it is impossible for me to add anything new to the subject that has not already been said or written. If, however, I am able on this occasion to resay something that has already been said, but perchance in a different way, or if by repeating some of the ideas of the past, it may create nobler thoughts and higher ideals in the hearts of those assembled here, I shall have achieved my purpose.

When I began to think about the purpose of this service and reflect upon the history of this period, I was surprised at the many bits of Illinois history which fit into the picture. When the Revolution began we were a population of 4,000,000 souls in 13 colonies scattered along the Atlantic seaboard and stretching westward over what is now little more than the confines of a State. A few of the more adventuresome of our forefathers had pushed westward across the Alleghenies and settled in what was then known as the great Northwest. Little was known of its existence, and few attached much importance to it becoming a part of our country. That expanse of territory northwest of the Ohio River, east of the Mississippi, and bounded on the north by the Lakes represented an area almost equal to the size of the Thirteen Original Colonies then engaged in the Revolution. It is true this great expanse of western land contained few white souls, but the glowing accounts they gave of the land and its potential possibilities for the future excited an interest in the hearts of a few of our leaders as the war progressed and compelled serious consideration to the proposition of annexing it to the Colonies. As the Euphrates River was to Mesopotamia, as the Nile was to Egypt, so was the Mississippi and its tributaries to the United States. There is no other spot in all the world so rich in its surface soil, so bountiful in its natural resources, and so healthy and inviting to the settlement of mankind as the territory of the Northwest.

The early history of Illinois and the Northwest Territory is contemporary with that of Valley Forge and a part of the Revolution. While Washington was planning to withdraw the remnants of his all but defeated Army to winter on the heights of this sacred spot, another Virginian, Col. George Rogers Clark, was soliciting aid and planning with the members of the legislature of his State to furnish funds for an excursion into the Illinois country.

Since I come to think of it, the first spot on which Clark set foot in conquering this land was in my own congressional district at old Fort Massac in Illinois. Washington came to Valley Forge about December 19, 1777. On December 10, 1777, Clark was in conference with Patrick Henry, Governor of Virginia. While Washington was planning his summer campaigns at Valley Forge, Clark was planning a campaign for the Northwest. Washington left Valley Forge with his army about June 19, 1778. Clark left the falls of the Ohio on June 24 on his westward voyage. I do not seek to make an analogy of the two men in the sense of placing Clark in the category with Washington; but after all their experiences in the War of the Revolution, the fashion with which they organized and fought, the intense and consecrated effort both exerted in favor of independence, indicates a striking similarity of purpose and determination. Both were Virginians. One opened his eyes to the light of day at Wakefield, the other came from the heights of Charlottesville; so if Illinois is to present its leader in the American Revolution she must go to Virginia for her champion, the same as the Colonies did.

I hope we in Illinois may be pardoned if in pride for our beloved State I make such further comparisons as seem appropriate for the occasion. While Clark must be recognized as the military leader, there is one other analogy to mention if we must understand the early history of Illinois. Another Virginian shaped the destiny of our territory. Thomas Jefferson wrote with discerning hand the Declaration of Independence, but he also was the author of the Ordinance of 1787, which was the charter of liberty for the five States to be carved out of the Northwest Territory. In addition he planned our system of land survey, which has since been used for all the territory acquired by the United States. If Jefferson had never done anything else but write the Declaration of Independence and the Ordinance of 1787, his place in history would be secure. The Declaration of Independence is the charter of man's liberty in his relation to government and taxation. The ordinance not only reaffirmed this relation but fixed to a very large extent the social relationship of men in a complex civilization. No man since the dawn of the Christian era has so influenced the destinies of mankind as has Jefferson. While liberty is born in the hearts of men, Jefferson gave expression to that principle which fired their hearts and imaginations for decisive action.

Three notable clauses were written into the Ordinance of 1787 that will make it live forever as one of the world's great state papers:

1. No slavery or involuntary servitude shall be permitted to exist. Although a slave owner, Jefferson realized that slavery was incompatible with his declaration on a former occasion. Either the principle "that all men are created equal", must become a living reality, or the Declaration must become a scrap of paper. To the expression of this sentiment, Illinois owes much for its independence of thought and action.

2. No religious qualification shall be required to hold office. The history of Europe is filled with pages of religious intolerance. No one knew better the effect of religious intolerance than Jefferson. Although many settlements in America were the result of Europe's blind religious policy, nevertheless there had grown up within some of the Colonies a spirit of religious intolerance. Man must be free to worship his God according to the dictates of his own conscience, and it was so prescribed by Jefferson in his ordinance.

3. Free public education must be forever fostered. Ignorance is the blight of all nations, and Jefferson realized that if man was to govern himself, he must be educated. He sought to combine the conscience to worship, and the liberty for independent action into a force to support a system of public education in order to make representative government a working reality. Whatever may be said about the success and achievements of the American system of government, the cause of our success has rested largely on our public-school system.

May I indulge your attention for a brief moment to the sacrifices made by Clark and his men in the wild and natural wilderness of the Illinois country? While we do not minimize the sacrifices made by the Continental Army at Valley Forge, it is worthy to note that hardships born of fortitude, endured by those pioneers in subduing the enemy were almost, if not wholly comparable, to those made on any other spot of the American continent. With less than 200 men he sailed down 500 miles of river on the Ohio, and marched 200 miles through the heart of a region infested with roving tribes of Indians, hostile to the Big Knives, as the Americans were called, to accomplish the first feat in the capture of Kaskaskia. Such political and psychological strategy as Clark used to subdue the enemy posts is not written elsewhere in the annals of history. Whatever was lacking in number of men to present a formidable command, Clark made up in strategy in overcoming the prejudice of the people and efforts of superior numbers. Scarcely a shot was fired on that eventful evening of July 4, when he led his straggling band into the primitive city of Kaskaskia and received the surrender and capitulation of Rochblave. Instead of marching overland at that time to Vincennes, the strongest and best fortified outpost in that territory, he conceived the idea like warriors of old, of sending offerings and presents by way of Father Gibault to the parish at Vincennes, who received the surrender of the garrison and sworn allegiance of the people to the American cause, without even the presence of General Clark. But the great test came the following winter after the Vincennes post had again fallen into the hands of the enemy, new fortifications constructed, and with a new garrison to protect the claims of the British. Starting out from Kaskaskia with 170 men, Clark marched through the swamps and bottoms of the Okaw and Wabash Rivers. Floods covered the whole region. Miles and miles of this dreaded march was through water from 1 to 5 feet deep. The stoutest heart grew weak with fear. Even Clark himself felt the tinge of hunger and weakness. Because of his instinctive and sympathetic understanding of men he invoked strategy which marked him as a man of destiny and obtained hope, faith, and confidence of his men to eagerly accomplish their goal—the capture of Vincennes.

If Washington, on the heights of Valley Forge, breathed a prayer for succor and support, that kept up the hopes and aspirations of the naked men who surrounded him, let it be said of George Rogers Clark, that he also in that trying hour of need, radiated the same type of inspiration and encouragement to his men that Washington gave to the revolution and his copatriots. If one is remembered with undying fame and increasing reverence by all our people, the other is significant and must at least remain a secondary idol of those people who now comprise five States and more than one-fifth of our population. It was that spirit, not alone of adventure, but the spirit of men baptised with a new freedom that propelled the settlement of the Middle West.

Often in my study of the two famous settlements on this continent, that of Jamestown and Plymouth, I have reflected at length upon what could have been the attitude of those men and women, who were brave enough to leave the comforting shores of a civilized land, and embark on an unknown ocean 3,000 miles to the shores of an unfriendly continent. The perils of a new region were no doubt made known to them before they sailed. They could hardly be unmindful of the hardships they must face. The only answer that I have been able to fathom from my years of reflection is threefold in its character: First, there was a conscious knowledge they could worship the God of their choice, without being subjected to any restrictions or limitations and without being answerable to any power or authority, save their own decisive minds. Second, they knew that in a new land there would be no limitations of the law, which would or could restrict or modify their thought or conception of individual liberty. To

be subdued, with the heavy weight of tyranny forever hanging over their heads, left a rebellious and resentful thought to fan the flame of freedom. Third, they did not live unto themselves. While perhaps they did not comprehend at the time the masses of posterity that would follow, nevertheless they must have thought what their children and their children's children would have to endure under the tyranny of England, so the home instinct was born in their desire to establish a civilization in a newly discovered Western Hemisphere.

That same spirit which fired the Pilgrim Fathers and Capt. John Smith's band of Virginians developed alike in each generation of the Colonies. There were new lands to subdue and conquer, new elements of nature to bring under the hand of progress. It was the vision of bigger and larger spheres of action that led Clark to undertake an almost inconceivable achievement—the winning of the West.

But to get back to the Revolution. This was the first real unified and organized effort to achieve self-government and self-control. The wide expanse of territory, under the blue canopy of heaven, and the natural environment of a far-flung horizon was conducive to independence of thought and independence of action, out of which grew the germ, revolution. For almost a hundred years men in the Colonies had realized and comprehended their power and strength for action. Washington, Jefferson, and Henry in the South, the Adamses and Hamilton in the North, with Franklin and his publication to link them together, constituted a force in the colonial affairs of the mother country. Military experiences during Queen Anne's and the French and Indian wars had developed confidence and self-reliance in their arms. The overt acts of a mother parliament were only incidents in adding fuel to the flame. It was the pretense and the excuse to begin to do what the leading men of the Colonies had wanted to do for years—establish their own government and maintain their own self-control. Passive resistance was no longer a virtue. The sword became the arbiter of disputes.

Four places stand out in bold relief on the surface of the history of this period. Not far from the site of where the Pilgrim Fathers first set foot on a bleak New England coast, liberty was fondled in the cradle at Lexington. In the northern climate they were less restive and more impatient to tackle the problems of self-government, and so with the moral support and sympathy of all the Colonies, Paul Revere sounded the death knell of tyranny and sent forth the signal of liberty in his fateful ride on the 19th of April in 1775.

A little more than a year afterward, another important scene was enacted within the confines of this State, when the Continental Congress adopted that masterpiece of all state papers—Jefferson's discourse on independence and individual liberty. Those peals sounding from the Liberty Bell, that gave news immediately to the inhabitants of the City of Brotherly Love, literally echoed around the world. Liberty was firmly established from that day forward. The third place linked with the Revolution and well known to every school child in America, is Yorktown. Without the glare of sounding trumpets, without the color of rich dress uniforms, and without the pomp and ceremony of conquering armies known to continental Europe, the remnants of an army of 6 years received the surrender of Cornwallis and his well-trained but unskilled army of redcoats. These places, along with many others, show the marks of warfare. Not so with Valley Forge. This sacred spot stands in peculiar relation to the Revolution. No long lines of uniformed men fell on this field. The visible signs which are found at Bunker Hill, or Brandywine, or Trenton, or Saratoga, are absent here. No embankments witnessed the storming of enemy lines. Valley Forge is not a battlefield in the sense we understand combat action, but in many respects it was the scene of the mightiest struggle of the war. Conflicting opinions fought here. Discipline was taught here. Fear was overcome. Faith was triumphant. Faith in God, faith in man, faith in the principle that right makes might. On this hallowed ground, to the east and west of this chapel, tyranny fell and liberty triumphed. We have, here and there, spots which mark the site of battles, whose victory or defeat influenced the thought and progress of the world. Attempts have been made to chronicle the decisive battles of history, but no land or any clime can boast of any battle whose victory was so decisive as the spiritual victory won at Valley Forge.

Time will not permit me to enumerate the fall of thrones and dynasties since representative government was proclaimed through the sacrifices made at Valley Forge. The entire map of the world has been made and remade since then. Nations have been established and restablished according to the nationalities of its population. Rivers have run red with blood and millions have fallen on either side in subsequent conflicts. The echo from Valley Forge reechoed among the crowned heads of Europe. One by one, slowly but surely, the rights of kings and princes gave way to the rights of men. Again I say it was the spiritual victory at Valley Forge that encircled the globe and set men's faces toward the rising sun of tolerance and self-government.

Tolerance, discipline, sacrifice, self-reliance, perseverance, and humility are virtues in any race. These virtues have been exemplified in every righteous way. For the past 3 years we have been in the throes of a great war. It is not the kind of war I have been describing. It is the struggle of depression. It is the aftermath of warfare which inevitably follows in the wake of hostilities and in the remaking and reshaping of world destiny. We have seen as much misery, suffered as much financial losses, and witnessed as much destruction to our moral fabric, perhaps, as in any clash of arms in which we have ever been engaged. For a time we tried with the arm of might, within our own right, to fight this battle, but the world lost sight of the virtues that exalted nations. We must get back to fundamentals. We must get back to first things first. It is only after a surrender of our avarice and greed that we are beginning to see the silvery rays of a new day dawning in the east. We appear to be slowly but definitely emerging from this depression. We fervently hope for a return of prosperity.

The firm and decisive leadership of our Executive spreads hope and confidence throughout the land. New ambitions are springing up in the hearts of men and women. The world is looking to America for counsel and guidance. With the same type of sacrifice, with the same measure of devotion and with the same degree of submission, we are placing our all upon the altar in obedience to the example exemplified by Washington in his trials here.

Lexington, Concord, and Bunker Hill will always be known as the "cradle of liberty." Philadelphia is proclaimed throughout the Nation as the home of independence. Yorktown will be noted to generations yet unborn as the arc of triumph of democracy. But Valley Forge will remain throughout the countless ages as the altar of freedom. Without shot or shell, without the beat of fife and drum, the greatest victory of them all was achieved here. In this hour of our country's darkest period let us lift up our eyes and hearts unto the heights of Valley Forge and drink again from that fountain of inspiration and place on its altar sacrificial offerings of a new and better service to mankind. "Inasmuch as ye do it unto the least of one of these, my children, ye do it also unto me." In this spirit the State of Lincoln joins with you today in dedicating anew our lives and fortunes to the perpetuity of this Republic, whose birth was conceived on this spot by Washington and dedicated by the blood of the fathers.

ALLOWANCES TO VETERANS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Ohio, Mr. CROSSER, may be permitted to extend his remarks in the RECORD by printing a table showing the allowances to veterans under the old law and their present allowances or compensations under the new regulations, with further explanatory matter.

The SPEAKER. Is there objection.

There was no objection.

Mr. CROSSER. Mr. Speaker, the Veterans' Bureau has estimated the savings for the fiscal year 1934 under title I of "An act to maintain the credit of the United States Government" as follows:

WORLD WAR

Service-connected cases

Service-connected cases will lose $156,826,010 annually.

At present 380,648 cases would draw, under the old law, $221,728,010.

Under the new act 225,800 cases will receive $64,902,000.

Emergency officers' retirement

These officers will lose $6,729,827.

Under the old law, 6,314 retired officers would receive $10,029,827.

Under the new act the number is reduced to 2,000 retired officers and the amount reduced to $3,300,000.

Death compensation

(World War, including widows, orphans, and dependent parents, all service connected)

These beneficiaries will lose $13,689,837 annually.

Under the old law 107,325 would receive $39,389,637.

The number of beneficiaries under the new act will be reduced to 77,000 and the cost to $25,700,000.

Disability allowance

(Presumed to be for disabilities not connected with the service)

These veterans will lose $91,768,326 annually.

Under the present law, 501,724 would receive $101,652,326.

The number has been reduced to 48,500 under the new act and the amount to $9,884,000.

SPANISH-AMERICAN WAR, INCLUDING BOXER REBELLION, PHILIPPINE INSURRECTION

Service-connected

The number of cases has been increased from 600, under the old law, to 19,400, under the new act.

The amount has been increased from $291,600 to $11,508,400.

The widows have been increased from 1,175 at a cost of $330,175 to 2,300 at a cost of $700,000.

Non-service-connected

These veterans will lose $85,566,633.

Under the old law 197,260 would receive $107,026,277.

Under the present law, 98,600 of these veterans will receive $21,459,644.

The number of service-connected widows, under the old law, was 42,161, who would have received $17,124,658.

Under the new act, 41,036 will receive $7,700,000, or a loss of $9,424,658.

CIVIL WAR

Service-connected and non-service-connected

Under the old law 22,525 veterans would have drawn $24,000,000.

Under the new act, 22,525 veterans will receive $21,460,700, or a loss of 10 percent.

Widows

Widows will lose 10 percent for 1 year only, the same as the veterans will lose 10 percent for 1 year only.

Under the old law 122,492 would have received $58,534,100 the coming year.

Under the new act they will receive $52,680,690, or a loss of $5,853,410.

OTHER WARS

Indian, Mexican, 1812

The veterans will lose $559,747.

Under the old law 4,676 would receive $2,808,188; they will receive $2,248,441, under the new act instead.

The widows, 5,135, would have received $2,025,028. They also take a 10 percent reduction and will receive $1,822,525.

PEACE TIME

Service-connected

The number under the old law would have been 21,082 and the amount $6,400,000.

Under the new act the number of veterans will be 30,389 and the amount $5,672,000, or a loss to the veterans of $728,000.

The widows will be increased from 5,736 under the old law to 10,736 under the new act, and the amount increased from $1,389,974 to $2,400,000.

Under the new act there will also be an estimated saving of $34,000,000 in administration, medical, hospital, and domiciliary services from $110,538,514 under the old law, to $76,538,514 under the new act.

MILITARY AND NAVAL INSURANCE

There will be a reduction of from $134,000,000 under the old law to $123,000,000 under the new act.

HOSPITAL AND DOMICILIARY FACILITIES AND SERVICES

There will be a reduction from $5,000,000 under the old law to $1,000,000 under the new act.

ADJUSTED-SERVICE CERTIFICATE FUND

There will be a reduction of from $100,000,000 under the 1934 estimate to $50,000,000.

A total saving estimated at $460,000,000.

(A) THE NEW SECOND MISSOURI CONGRESSIONAL DISTRICT—(B) CONGRESS GIVES LOYAL SUPPORT TO HE PRESIDENT

Mr. LOZIER. And, Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by printing a radio address delivered by me on the 25th of the month.

The SPEAKER. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, on the evening of May 25, 1933, while in Washington, by a system of electrical transcription I delivered a short radio address from KRFU broadcasting station located at Columbia, Mo. I ask unanimous consent that the address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

By a recent act of the State legislature Missouri has been divided into 13 congressional districts, 1 of which, the second, embraces the counties of Carroll, Charlton, Randolph, Lafayette, Saline, Howard, Cooper, Boone, Cole, Moniteau, Miller, Morgan, Benton, Camden, and Hickory.

While I profoundly regret the loss of any of the counties I previously represented, I consider myself exceedingly fortunate and highly honored by being placed in the new Second District, which was carved out of the heart of our great Commonwealth, with a population of nearly 300,000 intelligent, progressive, and cultured people.

As I am the only 1 of our 13 Congressmen living in the new Second District, it is my duty, privilege, and pleasure to represent and serve the people of these 15 counties. They are entitled to faithful and efficient service, and I shall endeavor to bring to my new task the same industry, zeal, and unremitting attention to my duties that I tried to exercise during the 10 years I represented the old Second District.

While striving to promote the well-being of my State and Nation, my primary purpose will be to represent the people of the new Second District; to be their agent and attorney in the Nation's Capitol; to speak their language, safeguard their interests, reflect their wishes, and lighten their burdens.

I am loyally supporting the wise and constructive program of President Roosevelt and the present Congress, which has already halted the march of the American people toward economic chaos. The benevolent effects of the President's policies will be increasingly noticeable from month to month. The people are vitally interested in the prompt enactment and sympathetic administration of sound, progressive, and forward-looking legislation that will restore popular government, eliminate waste and extravagance from the administration of public affairs, lift the present unbearable tax burdens, promote social justice, place agriculture on an economic equality with industry, purge our financial system of crooked practices that impair its usefulness and threaten our national well-being; in short, legislation that will establish and maintain a just and proper balance between all vocational groups, thereby enabling all classes to equitably share in the new wealth annually created by the American people.

As the representative of a great district, I pledge my wholehearted support of all legislative and economic programs that will aid in establishing these much-desired policies, and bring our Government back to the old paths and landmarks of our constitutional fathers. Grave abuses have grown up in our financial, industrial, political, and economic systems. As a result of class legislation certain favored groups have wrongfully been permitted to use the agencies and instrumentalities of the Government to accomplish their selfish, sordid, and unethical purposes and to exploit and plunder the people.

To accomplish much-needed reforms and heal the festering ulcers on our body politic there must be genuine cooperation between the President, the Congress, and the people. In my efforts to secure the enactment of helpful and wholesome legislation, I crave the patient forebearance, support, and earnest cooperation of the good people I have the honor to represent. I welcome any suggestions from my constituents that will help solve present-day problems, lift the pall of depression, restore normal conditions, and bring into the lives of the average man and woman that full measure of happiness and prosperity intended by a benign providence and to which they are justly entitled under our beneficent form of Government. I hold myself in readiness to render my new constituents every possible service.

When Mr. Roosevelt was inaugurated conditions, which were never more serious or tragic were rapidly approaching the final stage of an economic debacle which if not quickly arrested would spell the bankruptcy and ultimate and inevitable destruction of agriculture, industry, banking, transportation, commerce, and the other agencies and activities of our highly diversified and exceedingly complex civilization. Under these calamitous conditions Congress felt justified in granting the President certain plenary powers, and in harmony with the President's recommendations, Congress enacted such new and far-reaching legislation as, in the opinion of the President and Congress, was necessary to avert the impending chaos and restore normal conditions.

Inasmuch as there was a radical and seemingly irreconcilable difference in opinion as to what measures would afford the quickest, surest, and greatest degree of relief, and as the responsibility for initiating and administering emergency measures rests primarily on the Executive, it was and is my deliberate opinion that Congress should loyally support the President's policies and give him a free hand to try out his remedies and ample opportunity to demonstrate the soundness and workability of his program.

With our National Treasury bankrupt for 3 years, with an appalling and ever-mounting cost of Government, with a crushing load of taxation, with agriculture prostrate and drifting rapidly to peasantry and penury, with 12,000,000 unemployed men and women, with every vocational group broken on the rock of insolvency, with millions of underfed and undernourished men, women, and children at a time food commodities were never so cheap and abundant, the President, Congress, and the people reached the conclusion that only by heroic treatment and resort to unusual and extraordinary remedies could we escape Nation-wide insolvency and economic chaos.

And so with a swiftness of decision and celerity of action unexampled in the history of self-governing nations, the President formulated and Congress enacted constructive and comprehensive legislation to meet the emergency, lift the depression, and turn our people back into the paths of prosperity and normal life. Other measures will be enacted, and when the President's program is completed its wise and sympathetic administration will materially aid every vocational group and bring substantial relief to people in every walk of life. That I had a little part in putting over the President's program will ever be to me a source of pride and genuine satisfaction.

While disapproving some features of the administration's program, and doubting the wisdom and workability of some of the proposals, I am nevertheless going along with the President and loyally supporting his policies. In this Nation-wide, appalling, and unprecedented emergency, the American people, regardless of politics, have unlimited confidence in President Roosevelt, and are with supreme assurance looking to him and to Congress for relief from long-existing, and may I say, unbearable burdens.

When our labors are half completed, when we are confronted with new, perplexing, and seemingly insurmountable difficulties, when we realize that new sacrifices must be made and new formulas must be adopted before we can lift the pall of depression, and before the people can be insured a happy, contented, and prosperous future, we may well pause to inquire what we, as individuals, have contributed and will contribute to the success of the President's rehabilitation program. Who among us have withheld from our democratic President the aid, encouragement, and cooperation he might reasonably expect from an intelligent and patriotic citizenry? Who, if any, have stood on the side lines and capriciously assumed the role of faultfinders and sneering, cynical, carping critics? Who, if any, among us have intrigued against the administration and sought to defeat its wise and wholesome policies? Only a few have failed their President and their country.

Without regard to their political affiliations, the American people have rallied to the President's standard. Forgetting for the time their traditional animosities, actuated by lofty ideals and exalted patriotism, Democrats and Republicans have given unstinted support to the President as he struggled to rescue a great but bewildered Nation from an economic abyss. In this unprecedented crisis party lines crumbled, and there was no North, no South, no East, no West, no Democrats, no Republicans, only Americans, fighting shoulder to shoulder to overcome the forces of fear and disaster and to preserve inviolate our free and benevolent institutions.

But the battle is not over. A complete and decisive victory has not yet been achieved. When we seemingly stand helpless before the onrushing forces of destruction, it is no time to weigh measures and remedies on an apothecary's scales; no time to wait until everybody has agreed on relief measures; no time to deliver hairsplitting, ponderous, and profound dissertations on political economy; no time to argue and quibble, grumble, and complain, or indulge in gloomy forebodings; no time for sharpshooting, bushwhacking, or sniping the President for partisan purposes, or for the gratification of an inordinate vanity or abnormal egoism; no time to assail the President's plans unless we are able and ready to offer constructive substitutes or a workable alternative system; no time for secret machinations or intriguing against the man in the White House, who with unflagging zeal and commendable courage resolutely set himself to the herculean task of saving a Nation from the baleful consequences of its own long-indulged folly.

Who, if any, among us has so little chivalry, is so void of sportsmanship, so cynical and insensible to generous impulses, so self-centered and sordid, so infatuated and intoxicated by his own little shriveled personality, that he cannot, or will not recognize in Franklin D. Roosevelt an exalted character with a great mind dominated by a great soul, each operating by benevolent, orderly, and logical processes, and each irrevocably dedicated to the cause of his country and mankind?

In beating a pathway out of this economic wilderness, the President and Congress may make mistakes, in fact have made mistakes, but this was to be expected when we consider the gravity of the situation and the prodigious tasks to be performed and performed quickly. When President Roosevelt assumed power the ship of state was on the rocks. Every vocational group was helpless and plunging to disaster. Our national Treasury was bankrupt, our banking system a wreck, our factories idle, our commerce dead, and from ocean to ocean fear halted initiative and paralyzed every industry. Something had to be done and done promptly. Heroic treatment was necessary, and in hastily formulating legislation it was inevitable that some mistakes would be made, but these will be corrected. Now that the President and Congress have averted disaster and set the Nation's face toward prosperity and normal conditions the few mistakes that were made will, I repeat, be corrected. The President will keep faith with the people and Congress will keep faith with the President, to the end that our free institutions be preserved and social justice established among all classes.

THE CONSTITUTION

Mr. MAY. Mr. Speaker, I ask unanimous consent that I may address the House for 1 minute.

The SPEAKER. Is there objection.

There was no objection.

Mr. MAY. Mr. Speaker, notwithstanding the new order of things and the new social and economic conditions, I am still a great believer in the fundamentals of the Federal Constitution and I think it shall survive notwithstanding all we may have done during this session of the Congress. It is still the charter of liberty in this Republic and when I find a friend to the Constitution I am glad to recognize him and therefore, I desire at this time to extend my remarks by including an address delivered by Mr. Sterling E. Edmonds on the radio on May 27, 1933, on the subject, "The Federal Octopus."

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered May 27, 1933, by Mr. Sterling E. Edmunds in the tax series sponsored by the American Taxpayers' League, Inc.:

THE FEDERAL OCTOPUS

In the spring of last year, prompted by a sense of alarm over the growth of despotic governmental power emanating from Washington, I wrote and published a small volume designed to reveal to my fellow citizens in simple language how far usurpation of power by Congress had carried us away from our historic constitutional moorings.

I made it clear, I believe, that through the constant assumption of new powers by Congress, upon illegal precedents, and its delegation to scores of Federal boards, bureaus, and departments, the once-free American citizen is not only being plundered of his private property but is being stealthily robbed of all right of independent choice and action under a Government that has become utterly alien to that ordained by our ancestors.

I described this perverted transformation of our once mild and respected Government at Washington as the Federal octopus; and such it is, with its now numberless tentacles reaching out into every city and every county, into every hamlet and every home in the land, crushing out civil liberty and self-government, debauching the manliness and self-reliance of our people by pandering to the venality of large groups and classes; and through the taxing suckers of its ugly prototype, draining the lifeblood from all property, from all trade, and from all industry.

Since my volume appeared 1 year ago the Federal octopus in Washington has grown some new and more powerful tentacles, which are about to close around us.

The founders of our peculiar system of dual government never intended that Congress should possess unlimited power to do what it pleases. They saw vividly the universal oppression of peoples everywhere else on the globe by all-powerful kings or by all-powerful legislatures who had displaced those kings. Fresh from experience with tyranny, they had learned that the problem of escaping that oppression and of preserving liberty under government was the problem of placing and maintaining limits upon governmental power.

And so, for the first time in history, they sought to solve that problem in a written constitution of government, containing a body of limited, definite, and enumerated delegations of power, solemnly reserving to themselves all other powers not enumerated in that instrument. It was hoped thus forever to protect the person of the American citizen against the innate tendency of government to despoil him.

It has all been rendered futile by usurpation.

The corruption of our free government has been in progress with accelerating pace for about 30 years, since the Spanish-American War, when Congress refused to be bound by the Constitution in ruling a conquered alien people. Inevitably the exercise of autocratic power abroad was reflected in the rule at home, and so, act by act, Congress has repudiated its solemn oath to be bound by the limitations of the Constitution in its domestic legislation over the citizens of the United States.

One of the essential pillars upon which the Constitution rests is a clear division and separation of the powers of government into legislative, executive, and judicial, confided to respective coordinate and coequal branches. It is fundamental that no branch shall exercise any of the powers of the others. That is to say, to combine the executive and legislative powers or the executive and judicial powers, or all three, in a single agency was declared by both Alexander Hamilton and James Madison to be the essential definition of despotism.

Yet for 30 years Congress has been progressively delegating to Federal boards, bureaus, commissions, and departments not only its own law-making power but even the judicial power, so that these bureaus and departments may now make, execute, and sit in judgment upon their own laws.

Our general law of universal application and our right of appeal to our ordinary courts are gone, and in their place we find more than 400 Federal administrative agencies, that have issued and are issuing hundreds of thousands of laws, which they may change overnight, and which no citizen can find in any published compilation outside of the bureau that issued them.

The culmination of this process may be seen in the presumptuous delegation of law-making power in the most recent legislation—the so-called "Emergency Agricultural Relief Act" of May 12, 1933. In subsection C, section 10, of title II of that act it is boldly declared:

"The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations, with the force and effect of law, as may be necessary to carry out the powers vested in him by this act."

And in subsection D the Secretary of the Treasury is given identical powers to issue decrees, with the force of law, to carry out his powers.

These Secretaries are not only given the power to make laws but also the power to impose fines and penalties for violations of them, and the offending citizen is actually deprived of his common-law right of appeal to his ordinary courts to defeat this arbitrary action. Here is a denial of the most cherished principle of Anglo-American liberty, the principle of due process of law.

As one experiment after another, in regimenting the lives of our people fails, these bureaucrats hasten back to Congress with new bills for the grant of more power to cure the failure, with the result that practically all trade and industry have been driven out of natural channels, and with transportation lies strangled in governmental shackles.

This growth of bureaucratic tyranny may be best seen in the rise of the Department of Agriculture. On August 20, 1787, Gouverneur Morris offered a resolution in the Constitutional Convention in Philadelphia to incorporate in the Constitution, then being framed, a provision for a Federal Department of Agriculture. It died in committee and was disallowed. Fifty-two years later Congress created an agricultural section in the Patent Office to gather statistics, with $1,000 appropriated for two employees. Last year—in 1932—this modest section, become the Department of Agriculture, consumed $333,500,000 of our taxes and supported an army of 30,000 Federal job holders.

Under the new so-called "Emergency Agricultural Relief Act" this number may be raised to 50,000 or 100,000, since the Secretary of Agriculture is empowered in that act to create jobs without limit, with salaries not to exceed $10,000 a year, however.

The framers of our peculiar limited system well knew that the most formidable power of government is that of taxation, and they said to Congress in section 8, of article I, of the Constitution:

"You may lay indirect taxes, such as duties and excises, but they shall be uniform throughout the United States."

And they said further in section 9:

"You shall have no power to levy any direct taxes unless you apportion them to the States on the basis of their population."

This historic rule of apportionment of direct taxes to the States according to population—which Hamilton declared had shut the door to oppression in taxation—protected the wealth of this country from being plundered by Congress for 124 years.

It was designed purposely to prevent a majority of the less-enterprising States from combining in Congress to pillage the industrious minority through unequal and discriminatory taxation.

But that is precisely what has happened since 1913, when a proposal of Congress to overthrow the rule of apportionment and give itself unlimited power to take all private income was ratified by the State legislatures in the sixteenth amendment.

Congress immediately thereafter embarked upon a career of such contempt for constitutional limitations and of such profligacy and waste of our private wealth as must inevitably have brought on economic collapse.

There are two fundamental principles that inhere in the very nature of taxation, and they are that it shall be uniform and that it shall be equal.

It was taken for granted that Congress would respect these principles in any exercise of its new direct-taxing power. But in its very first act of legislation in 1913 these principles were callously violated.

In 1915, when this grossly discriminatory, graduated income-tax law, based upon graduations of wealth alone and intentionally made unequal, was challenged in the Supreme Court, that tribunal, turning its back upon its own earlier decisions, held the law constitutional.

From the day of that decision Congress has taken from about 4 percent of our people the vast capital sum of $32,000,000,000 and wasted it as political spoils, when otherwise it would have gone back into the reproductive channels of trade and industry to multiply its blessings of employment and opportunity throughout a land now bled white.

With the repudiation by Congress of the just principles of taxation came logically enough a repudiation of the limitations as to the objects upon which Congress might constitutionally spend the huge sums that could now be extorted.

There are now in practice no limits, either to the amount Congress may take from such citizens as it pleases, or to the objects, individuals, or private classes, upon whom it may bestow what it has taken from others. Yet every citizen with the least knowledge of our American institutions knows that no tax may be constitutionally levied but for a governmental or strictly public purpose.

This is not a constitutional power of taxation; it is a simple power of confiscation, which no just government ought or would wish to possess. For, as Mr. Justice Story has said:

"Indeed, in a free government, almost all other rights would be utterly worthless if the Government possessed an uncontrollable power over the private fortune of every citizen."

I exhort you as fellow citizens, now passing under a socialized bureaucratic despotism, to get out your copies of our Federal Constitution and learn the extent of your betrayal. I urge you to compare that plain list of 18 powers delegated to Congress in section 8 of article I with the vast new powers which Congress has arrogantly assumed.

You will find there no authority whatever for its creation, under the Department of Agriculture, of a national monopoly in our food supplies, with power to fix prices, authorized in the so-called "Agricultural Marketing Act of 1929." You will find no warrant for its creation, in the same act, of the Federal Farm Board and the gift to it of $500,000,000 of our taxes, with which to gamble in wheat and cotton, $400,000,000 of which it has lost. You will find no authority in Congress to enact the recent so-called "Emergency Agricultural Relief Act", conferring upon the Secretary of Agriculture the power, not only to make laws and impose penalties, freed from judicial review, but the power actually to levy taxes upon us all in behalf of a private class.

You will find no power delegated to Congress to authorize the loan of hundreds of millions of our taxes to favored farm groups to promote their private fortunes or to make good their losses in farm-land speculation; nor will you find any authority for like loans and gifts of other hundreds of millions to favored States, municipalities, and private corporations.

You will find no power confided to Congress for the recent waste of $400,000,000 and the proposed waste of $450,000,000 more in western irrigation schemes, designed primarily to enrich certain favored private landowners at your expense.

In the tenth amendment you will discover an explicit denial to Congress of any power to meddle with the reserved rights of the States over agriculture, education, and public health, and scores of other objects upon which it has authorized the annual squandering of additional hundreds of millions.

You will find a like denial to Congress of any power to license, regulate, and control the great grain and livestock exchanges or other trade and manufactures in the States, save as to such of their products as have actually entered into and become interstate commerce.

And, finally, you will look in vain for any mention of "emergency" as justifying an enlargement of the limited list of powers delegated to Congress. But if you will read the Civil War case of *Ex parte Milligan* (4 Wallace, 2) you will find the stirring words of Mr. Justice Davis declaring for the Supreme Court:

"The Constitution of the United States is a law for rulers and for people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government."

Within the limited range of the constitutional powers of Congress there is no room for socialistic experiments in government. Yet much of its recent legislation is based squarely upon the doctrines of Engle and Karl Marx. The calamitous result has been that every latitudinarian construction of the Constitution, adopted to permit a desired experiment, has destroyed the constitutional safeguard involved.

If the experiment fails, as in the case of the Farm Board, the precedent remains, and your constitutional safeguard that was construed away is gone, and you cannot put it back.

Thus we witness, rising upon the Farm Board precedent, a more gigantic and ominous experiment in crop and crop-price control, in the so-called "Emergency Agricultural Act of 1933."

American citizens once possessed a constitutional safeguard against executive taxation, which came down to us with the glorious fame of John Hampden. But that has been construed away, first in executive customs taxation, and now it fails to protect us against the proposed executive processing tax authorized in the new agricultural act.

The safeguard against taxation without representation by executive fiat is as fully gone also as to income and inheritance taxation and all other forms of raising Federal revenue.

No charter designed to limit the powers of government so as to preserve ordered human liberty can long survive such a process. It is a piecemeal tearing down of the Constitution, a breaking of its continuity and symmetry, that leaves no political philosophy in its place. There results a hodge-podge of conflicting tendencies and theories, impossible of logical reconciliation, leading to a capricious absolutism.

The Supreme Court was instituted as the special guardian of the Constitution and it was a valiant defender of that great charter in other days. Thus in 1874 it solemnly declared:

"To lay with one hand the power of government on the property of the citizen and with the other to bestow it upon favored individuals, to aid private enterprises and build up private fortunes, is none the less robbery, because it is done under the forms of law, and is called taxation. We have established, we think, beyond cavil, that there can be no lawful tax which is not laid for a public purpose."

Yet today, when the citizen has been dispossessed of his free right of appeal, that Court usually refuses to take jurisdiction in suits challenging the validity of such experimental legislation or the validity of appropriations to enforce it on the ground that the questions involved are of a political nature and are therefore not justifiable.

If the Supreme Court should take jurisdiction of a suit to test the constitutionality of the recent so-called "Emergency Agricultural Relief Act" and sustain its provisions conferring upon the Secretary of Agriculture, who will act through inferior clerks, the power to levy and collect taxes on commodities and the processing of them, and then to expend these moneys as rewards for restraints of trade and the violations of every known rule and principle protecting an open field and free opportunity for all, then it may well be said that we are on our way to communism, and the Supreme Court will have ceased to be the protector of the people in their republican form of government.

What is happening to us today is what has happened to all other republics of history. In the words of Mr. Justice Story again:

"They have perished and perished by their own hands; prosperity has enervated them, corruption has debased them, and a venal populace has consummated their destruction."

Can we turn back?

The answer to that solemn question lies in the extent of virtue and capacity for self-sacrifice which remains in the people themselves.

When we consider the displacement of the three branches of our Government by the Executive and the centralization of their powers in his single person the chances of self-rescue appear remote indeed. For that is an historical stage in the progress toward the overthrow of freedom following the tyranny of the legislature, which was foreseen and predicted by none other than Thomas Jefferson himself in warning us to vigilance.

Within the next 2 years, however, the people of the 48 States will have the first—and maybe the last—opportunity since the Constitution was ratified to meet in conventions in their sovereign capacity to expunge a monstrous policy of legislative tyranny over their private conduct.

In the preambles of those ratifying resolutions they have the chance, if they will take it, to make known to Congress and to the Executive and to the courts as well their disapproval of the aggrandizement of Federal power and to demand the calling of subsequent conventions through which free and limited government may be restored.

If this chance for the peaceable withdrawal of autocratic powers from the Federal Government be lost, it will sooner or later make itself heard through force, and we shall be caught in that endless circle of which Jefferson warned, "of rebellion, oppression, reformation; and oppression, rebellion, and reformation again; and so on forever."

For more than a hundred years ours was the noblest attempt ever made by man to govern himself without master. Today we may exclaim with Byron on beholding the Acropolis at Athens:

"Shrine of the mighty! Can it be
That this is all remains of thee?"

POSHENG YEN

Mr. McSWAIN. Mr. Speaker, after hearing the statement by the leadership of the House, I shall not make the motion which the Speaker had promised to recognize me to make, but I am going to submit a unanimous-consent request and ask 5 minutes to explain each one. If, after 5 minutes of explanation, anyone shall object to the passage of either of these bills, of course, it will have to go over until next Monday.

I now ask unanimous consent for the present consideration of Senate Joint Resolution 48, which was referred to the Committee on Military Affairs, and is for the purpose of admitting a Chinese citizen by the name of Posheng Yen to the United States Military Academy.

This citizen of China is substituted in the place of his brother who, by act of the last Congress, was authorized to be admitted, but has since found it inconvenient to be admitted himself.

I ask unanimous consent that this Senate bill may be passed with two amendments which the Committee on Military Affairs has recommended.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask the gentleman a question. It has been the practice, unwise in my judgment, to admit citizens, say, of China and of other countries, to attend the Military Academy at West Point and the Naval Academy at Annapolis. Why continue it?

Mr. McSWAIN. Let me say to the gentleman that I feel exactly like he does about it, and I had hoped that the last measure we passed in the Seventy-second Congress of this kind would be the last one. I so notified the War Department, but the State Department did not know our attitude, and now urges this legislation on diplomatic grounds.

Mr. BLANTON. In that connection I want to ask the gentleman this question: These establishments are for our own American citizens, to prepare them for military activities. We hope to so train them at West Point that they will be outstanding generals that will "out general" any other general anywhere on the face of the earth, and we expect to train future admirals at Annapolis so they can "out admiral" any other admiral in any other navy of the world. Why should we bring these other countries in here and give them the benefit of our inside secrets on the kind of training that we hope to use to "best" them if we ever have to go to battle against them?

Mr. McSWAIN. Let me say that the instruction of the Academy is not in technical, military matters, but largely a matter of general education and discipline and character formation, and any alien citizen acquiring this training will not have any "edge" on any Army officer trained in our advanced-service schools.

Mr. BLANTON. What is the purpose of it?

Mr. McSWAIN. It is just a diplomatic courtesy. They extend many courtesies to us.

Mr. BLANTON. To what other countries now are we extending this privilege in addition to China?

Mr. McSWAIN. Costa Rica and Siam only.

Mr. BLANTON. We are not extending it to any of the big powers?

Mr. McSWAIN. Nor the strong ones, either.

Mr. BLANTON. I shall not object this time, as this Chinese boy is already here, but I think it is an unwise practice we ought to stop and I have helped to stop some of it, and I am going to give notice to the Military Affairs Committee and the Naval Affairs Committee that I am going to oppose vigorously such propositions in the future.

Mr. McSWAIN. I may say that I have notified the State Department that they should not make commitments of this sort before consulting us.

Mr. BLANTON. If we have room for some future general and some future admiral in these academies it ought to be an American and not a national of some other country.

Mr. BYRNS. Mr. Speaker, I ask for the regular order.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Senate Joint Resolution 48

Resolved, etc., That the Secretary of War be, and he is hereby, authorized to permit Posheng Yen to receive instructions at the United States Military Academy at West Point: *Provided*, That no expense shall be caused to the United States thereby, and that Posheng Yen shall agree to comply with all regulations for the police and discipline of the Academy, to be studious, and to give his utmost efforts to accomplish the courses in the various departments of instruction, and that said Posheng Yen shall not be admitted to the Academy until he shall have passed the mental and physical examinations prescribed for candidates from the United States, and that he shall be immediately withdrawn if deficient in studies or in conduct and so recommended by the Academic Board: *Provided further*, That in the case of said Posheng Yen the provisions of sections 1320 and 1321 of the Revised Statutes shall be suspended.

With the following committee amendments:

Page 1, after the words "West Point", insert "for the course beginning not later than July 1, 1934."

Page 2, line 10, after the word "suspended", insert the following proviso: "*Provided further*, That Senate Joint Resolution 179, approved March 3, 1933, be, and the same is hereby, repealed."

Mr. BLANTON. I wish to offer an amendment, that after the name where it first appears insert "in lieu of and as a substitute for his brother."

Mr. McSWAIN. That is all taken care of by the amendment in the proviso just reported.

Mr. BLANTON. I withdraw my amendment.

The committee amendments were agreed to.

The resolution as amended was agreed to.

A motion by Mr. McSWAIN to reconsider the vote whereby the resolution was agreed to was laid on the table.

Mr. McSWAIN. Mr. Speaker, in deference to the majority leader, I will not make the motion to suspend the rules on the National Guard bill, but will defer it until next Monday.

MANUFACTURE AND SALE OR POSSESSION OF BEER IN THE STATE OF OKLAHOMA

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H.R. 5690 to legalize the manufacture, sale, or possession of 3.2-percent beer in the State of Oklahoma, when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman explain just what this bill does?

Mr. HASTINGS. Mr. Speaker, let me say in the first place that this bill only applies to Oklahoma. The legislature of that State has submitted a referendum vote upon which the people will vote on the question of legalizing beer on the 11th of July. We have already passed an act in Con-

gress authorizing the manufacture, sale, and possession of 3.2-percent beer, but there are a few old statutes passed years ago before statehood, when Oklahoma was an Indian country, that it is feared might interfere with the sale of beer in the event that there is a favorable vote on the referendum. That is, all this does is to legalize the manufacture, sale, and possession, provided only that the people themselves vote favorably on the referendum, or it is legalized by the State legislature.

The SPEAKER. Is there objection?

Mr. McFADDEN. Reserving the right to object, I do it only to ask unanimous consent to address the House for 5 minutes when the gentleman has finished.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma for the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the manufacture, sale, and/or possession of 3.2-percent beer is legalized in the State of Oklahoma when and if the same is legalized by a majority of the legal voters thereof, or by an act of the Legislature of the State of Oklahoma, and all acts or part of acts in conflict therewith are hereby repealed.

Mr. HASTINGS. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, lines 5 and 6, strike out the words "voters thereof" and insert "vote cast at an election held in such State."

Mr. CUMMINGS. Mr. Speaker, I should like to ask the gentleman from Oklahoma what that amendment does?

Mr. HASTINGS. It is merely a clarifying amendment so as to legalize beer if the majority of the legal voters or of those who vote at the election—in other words, ratified by a majority of those voting.

Mr. CUMMINGS. I have no objection.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. HASTINGS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. HASTINGS. Mr. Speaker, let me say in further explanation, this bill, H.R. 5690, is to legalize the manufacture, sale, or possession of 3.2-percent beer in the State of Oklahoma, when and if the same is legalized by a majority vote of the people of Oklahoma or by act of the Legislature of the State of Oklahoma.

The Legislature of the State of Oklahoma has submitted an act to legalize the manufacture, sale, and possession of beverages, including beer, containing not more than 3.2 percent of alcohol by weight, to a vote of the people of the State of Oklahoma, at a special election ordered to be held throughout the State on the 11th day of July 1933.

Prior to statehood in Oklahoma, when the area comprising what is now the State of Oklahoma, was occupied by many Indian tribes, and the eastern part by the Five Civilized Tribes and was known as the "Indian Territory", Congress enacted special legislation prohibiting the introduction, possession, and sale of vinous, malt, or intoxicating liquors into the Indian Territory, including the act of March 1, 1895 (28 Stat.L. 697), and by subsequent legislation the act of June 30, 1919 (41 Stat.L. 4).

The courts hold that the act of March 1, 1895, section 8, prohibiting the introduction of intoxicating liquors into the Indian country, and the act of June 30, 1919 (41 Stat.L. 4), remained in force and effect after the admission of Oklahoma into the Union as a State, and that these acts are special legislation and were not repealed by the provisions of the National Prohibition Act. (*Sharp* v. *United States*, 16 Federal, 2d series, 876.)

The present bill is intended to modify and repeal the provisions of the acts of March 1, 1895, and of June 30, 1919, supra, so as to exclude from its prohibition of said statute 3.2-percent beer, when and if 3.2-percent beer is legalized by a vote of the people of the State of Oklahoma or by an act of the Legislature of the State of Oklahoma, placing the State of Oklahoma in the same position, so far as the manufacture, sale, or possession of 3.2-percent beer is concerned, as other States of the Union.

The act of June 30, 1919, was added as an amendment to the Indian appropriation bill and consisted of adding the word "or" and this amendment did not change the penalty, and added no new penalty, and if the act of June 30, 1919, were repealed it would not repeal the act of March 1, 1895, to which I have referred.

Congress has passed a beer bill legalizing the sale of 3.2-percent beer throughout the country. I believe in the referendum and favor permitting the legal voters of Oklahoma to settle the question of legalizing beer for themselves. This question is to be decided by direct vote of the people of Oklahoma on July 11, 1933. This bill clears away Congressional inhibitions so that the will of the people of the State of Oklahoma, as expressed at the polls, will prevail.

Mr. McFADDEN. Mr. Speaker, I send to the Clerk's desk a short legal notice which I ask the Clerk to read in my time. The reason for that is this: Last week I called the attention of the House to tax evasion on the part of the Mellons, of Pittsburgh. This is a legal notice which shows an attempt to cover up evidence of the Ricsar Co. Certainly, if the books and records of this company are destroyed by this proposed dissolution, the Attorney General would be handicapped in his investigation of this private holding company organized for the purpose of evading taxes, owned privately by R. B. Mellon. This case being already in the hands of the Attorney General for investigation, he should know this. It is another reason why this House should pay some attention to the question of tax evasion, and my resolution purposing an audit of the United States Treasury. I ask that the Clerk read the notice in my time.

The SPEAKER. Without objection the Clerk will read.

There was no objection, and the Clerk read as follows:

MOORHEAD & KNOX, ATTORNEYS AT LAW,
1732 OLIVER BUILDING,
Pittsburgh, Pa.

In the Court of Common Pleas of Allegheny County, Pa., No. 1802 July term, 1933. In the matter of the petition of the Ricsar Co., for decree of dissolution. Notice is hereby given that the Ricsar Co., a Pennsylvania corporation, has filed, in the above court and at the above number and term, its petition praying for a decree of dissolution, and that the court has fixed the 12th day of June 1933, at 9:30 o'clock a.m., eastern standard time, as the time and the said court as the place for hearing said petition in application for dissolution, when and where all persons interested may attend and show cause, if any they have, why the prayer of said petition should not be granted.

MOORHEAD & KNOX,
Attorneys for Petitioner.

Mr. McFADDEN. Mr. Speaker, I now desire to call your attention to another tax case in the form of a large tax refund that should have the attention of this House.

Mr. Speaker, for more than a year I have sought action by the Rules Committee and by the House on my resolution to conduct an investigation of the Treasury Department. My requests have always been refused, although not so long since I was tendered the explanation that I had not produced sufficient evidence to make such an investigation seem necessary. I have cited many instances of strange conduct by Treasury officials, including an apparent evasion of personal income taxes by Andrew W. Mellon while he was Secretary of the Treasury—an evasion, in the single instance cited, of well over a million dollars.

For reasons that are beyond my knowledge, but none beyond my surmise, the Treasury does not seem to desire that it be investigated. This unwillingness for a Treasury investigation seems to extend to other branches of the Government.

During the past week there has been much unfavorable discussion of individuals connected with the Treasury. Testimony before a Senate committee has disclosed what seem to be grave inconsistencies in the application of the income tax laws passed by the Congress. The able publicists whose services are at the disposal of the House of Morgan have poured out a stream of propaganda to the effect that Mr. Morgan is blameless for not paying his taxes, that the blame

rests upon Congress. That charge is correct, though not in the sense that it is made. We are to blame because we let the racketeers entrenched in the Treasury get away with their racket.

The power to stop abuses lies in our hands and in our hands alone. If we refuse to exercise that power in the public interest, if we sit by and permit crime to go unpunished, larceny to go unretrieved, then the fault is ours. We are considering new taxes. For what purpose? So that the Morgans and the Mellons and the Mitchells will have new laws to evade? If we do not enforce the laws we have, how can we expect to collect revenue from any other laws?

Law enforcement—more than law enforcement, is the foundation of successful government. At this point in our history the Government of the United States is not a successful government.

I have been told that I should offer additional evidence of the need of an investigation of the Treasury. I will do so.

I will quote a story from an American newspaper published in the city of Raleigh, N.C. Lest it be said that this newspaper is not a credible source of information or that it is an organ of agitation or sedition, I will preface that quotation by reading to you the statement of ownership and responsibility which appears at the top of the editorial page of the newspaper. It reads—

The News and Observer—"The Old Reliable"—Published every day in the year by the News and Observer Publishing Co., Josephus Daniels, president.

Surely I do not have to offer to the majority side of this House a certificate of character for the man who served as Secretary of the Navy in the war Cabinet of President Wilson.

Now for the quotation. I will include the large and impressive headlines in the quotation. The date of the newspaper is December 20, 1928:

Cannon estate gets $1,081,026 refunded taxes. Judge I. M. Meekins, sitting in chambers, signs compromise judgment. James W. Cannon was textile king. Executors sue for alleged tax overpayment made on 1918 and 1919 income; compromise claim for 50 percent plus interest since payment.

Just another refund, you say? There is more to it than that. Let us proceed with the text of this newspaper story. I will read from it:

On agreement of attorneys for both sides, Federal Judge I. M. Meekins, sitting in chambers here, yesterday signed a compromise judgment, compromised at 50 percent, by which executors and trustees of the estate of the late James W. Cannon, textile magnate, recovers $1,081,026, alleged to have been overpaid in 1918 and 1919 income, from the United States Government.

The amount to be returned by the Government represents half of the $882,615 on 1918 income and the $628,108 on 1919 income sued for, plus interest for the time it was paid under protest.

The suit was brought by Charles A. Cannon and David H. Blair, executors of the Cannon estate, and Charles A. Cannon, David H. Blair, and the Wachovia Banking & Trust Co., trustees of the same estate, against J. W. Bailey, former collector of internal revenue, and Gilliam Grissom, the present collector.

Let me interrupt the quotation for a moment to call your most particular attention to the next sentence of this newspaper story, which I will now read to you.

An interesting feature of the case was that Mr. Blair, one of the executors, is United States Commissioner of Internal Revenue at Washington and consequently in charge of the defense of the case, although he delegated the matter to subordinates.

Yes, he delegated the matter of defending the interest of the people of the United States to subordinates—subordinates who were working under his orders and wished to hold their jobs. It is to be noticed that Mr. Blair did not delegate his interests as trustee of the Cannon estate to any subordinate. That he took care of himself.

His interest in the prosperity of the Cannon estate was not solely the interest of a trustee in his trust. If that had been the sole consideration Mr. Blair would have been torn between love and duty, because in his capacity as Commissioner of Internal Revenue he was also a trustee—a trustee of the funds of the United States Government.

Mr. Blair did not hang suspended between the claims of two competing trusteeships. There was another weight in that scale of decision, a weight which tipped the balance so far that there was no doubt in his mind as to which side of this case should receive the benefit of his personal attention and which side should be "delegated to subordinates."

Through matrimonial relationship Mr. Blair is himself a principal beneficiary of the Cannon estate. He made his choice between public duty and private profit, and having made that choice he followed it in no half-hearted fashion. He turned his duty over to his subordinates and devoted his own attention to his profits.

Let me return to the quotation:

The estate was represented by Judge Schurman, partner of Charles Evans Hughes, of New York; Pou & Pou, of Raleigh; and Cansler & Cansler, of Charlotte. The case for the Government was handled by White B. Miller, of Chattanooga, special assistant to the United States Attorney General, and District Attorney Irving B. Tucker.

Turning once more from the direct quotation of this newspaper story, I will read a few lines from Hill's Raleigh (N.C.) City Directory, volume XIX, 1929. It is just the composition of the firm of Pou & Pou, as it is shown to the directory readers of Raleigh, N.C.

Pou & Pou (J. H. and J. H., Jr., J. L. Emanuel), lawyers, Lawyers' Building, 320 South Salisbury Street, room 804–808.

Judge Schurman has a legal identity and reputation of his own, I understand, and is not dependent upon his fame upon the fact that he was formerly the law partner of the present Chief Justice of the Supreme Court of the United States. The Charlotte firm I do not know.

Let me return once more to the newspaper quotation.

In its answers to the executors' complaints the Government alleged that the late Mr. Cannon had resorted to and practiced certain schemes and artifices to reduce and escape his Federal income taxes. Immediately the attorneys for the plaintiff demanded a bill of particulars which was denied on September 6, after hearings held here and in Durham. During these hearings the Government attorneys denied any intention of insinuating that Mr. Cannon had tried to evade his just taxes, meaning instead, they said, that he was trying to avoid payment of more than necessary taxes and had unintentionally gone over the legal line.

The "subordinates" to whose hands Internal Revenue Commissioner Blair committed the case of the Government seem to have been quite subordinate. Stating that they had evidence that Mr. Cannon was almost criminally involved and being supported in their contention by the refusal of the court to grant a bill of particulars, yet these Government attorneys hastened to put into the record their ostensible belief that Mr. Cannon was not at fault. As an extenuating circumstance, they set forth Mr. Cannon's desire to "avoid payment of more than necessary taxes." "More than necessary taxes!" Necessary from what point of view? Necessary to comply with the law as enacted by Congress or "necessary" only to establish a pretense of complying with that law?

Let us return to the newspaper story and have its final paragraphs.

On the taxes on his 1918 income, paid to Mr. Bailey in 1919, Mr. Cannon's executors demanded the return of $882,615. The half of this was agreed upon plus the interest since payment amounted to $647,161, the amount Judge Meekins ordered should be paid.

In the second case, that against Collector Grissom and concerning an alleged overpayment of taxes on Mr. Cannon's income, paid in 1920, the executors sued for $628,108 and compromised on half that amount, which, with interest, amounted to $433,865.

Mr. Speaker, under the law no compromise in a matter of income tax payment or refund can be entered into without the consent of the Commissioner of Internal Revenue. This case did not go to a trial and a verdict; it was compromised in the judge's chambers. Mr. David H. Blair was present in that chamber at that compromise. In his Jekyll and Hyde dual personality as plaintiff and defendant, he agreed with himself to pay himself Government money and then blessed the bargain by donning for the moment the robes of his authority as Commissioner of Internal Revenue.

In his office at Washington, the Commissioner of Internal Revenue issued a ruling which made this compromise and payment assume the appearance of a legal transaction. Once the deal had been consummated, he hastily withdrew that ruling. The terms of that ruling have never been ap-

plied to the case of any other taxpayer in similar circumstances. It was written solely to secure from the United States Treasury the sum of $1,081,026. When that purpose had been served, the ruling was stricken from the record.

Mr. Speaker, David H. Blair was Commissioner of Internal Revenue during that period in our financial history which will be known to the future as the "refund era." Sitting in the seat of authority he rubber-stamped the billions of dollars of tax refunds which were paid out under the auspices of Andrew W. Mellon, Secretary of the Treasury. Almost daily, he saw pass over his desk a stream of political subsidies and financial loot totaling a greater amount than our widely discussed gold reserve.

Never was there a protest from David H. Blair. Always the refunds passed with his signed approval. He knew that approving those refunds was his job, that is what he sat in his official chair to do. He did it.

In December of 1928, Mr. Blair was near the end of his long term of office. He had seen many refunds made. Is it any wonder that he wanted a refund of his very own to take back to private life as a souvenir of his career in public office?

The trough was full in 1928. The word "deficit" was unknown in our language and there was plenty to go around. So Mr. Blair got his.

Mr. Speaker, we have reached the bottom of our financial barrel. Revenue has dwindled to a trickle which can no longer keep up with the river of outgo which has drained our Treasury for so many years.

The Treasury is our most vital concern. Upon it and by it we will either stand or fall as a Nation. No longer can we treat it as an inner holy of holies, not to be profaned by the touch of common feet. We must roll back the curtain and see with our own eyes if the Ark of the Covenant still be within the temple or if it has been given to some political henchman as a refund or a souvenir.

The Treasury is the largest business in the world. Never, since its vaults first closed on the modest funds of the new-born United States, has the Treasury of the United States been audited. If all is well in the Treasury, to demonstrate that by an investigation will send a wave of confidence sweeping over the land. If an investigation of the Treasury is again refused, the Nation will know that someone in power fears the facts that will be disclosed.

To conceal wrongdoing may be practical politics, but it is not honest government.

Mr. Speaker, I ask that resolution calling for the appointment of a committee of this House to investigate the Treasury, particularly for the period of the past 10 years, be reported by the Rules Committee and put upon its passage.

VALUE OF COINS AND CURRENCIES OF THE UNITED STATES

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 161

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 192, a joint resolution to assure uniform value to the coins and currencies of the United States, and all points of order against said joint resolution are hereby waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY] on the rule. I shall not consume any of the time of the House in making any explanation of the terms of the rule. It has been read from the desk and provides for 3 hours' general debate upon the resolution, from the Committee on Banking and Currency. It is an open rule. I presume there will be no objection to the adoption of the rule. I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, Victor Hugo once said that "Nothing dies harder or more thoroughly than an old regime." Tennyson put it more mildly when he said that "The old order changeth, yielding place to new, and God fulfills himself in many ways."

We are in the midst of the most far-reaching revolution that has ever occurred in all the history of the human race, one more far-reaching than the French Revolution of 140 years ago. We are breaking away from the old order, which is yielding place to the new. An old regime is dying, and a new age is being born. This Government is now leading the way, in response to the appeals and the needs of mankind, in this revolution—this far-reaching change in the financial and economic systems of the world.

For nearly 4 years we have been in the greatest panic this world has ever seen. During that time I, for one, have pleaded for an expansion of the currency as the only means of meeting this situation and redeeming the American people from the clutches of this terrible depression that has carried us almost to the brink of revolution and our country to the brink of ruin. We are about to put the finishing touches on that change.

Already we see evidences of improvement. As soon as the first move for currency expansion was taken by the President to lay the foundation for this change, there was an immediate relaxation throughout the country, like waking a man from a hideous nightmare. Immediately prices began to rise, business men began to take on new hope, enterprises began to take on new life. I have said for 3½ years that, if properly carried out, this policy would raise commodity values back to where they were when our debts were made and our other obligations were incurred. Today, with this policy only a few weeks old, and with this entire program not fully consummated, we have witnessed a marvelous improvement. The people of the West are getting more than twice as much for their wheat as they did when this Congress convened on March 9. The people of the Corn Belt are receiving more than three times as much for their corn as they were receiving when this Congress convened, and the people in the Cotton Belt are receiving almost twice as much for their cotton as they did when Congress convened.

It was the only step that this Government could take that would relieve this depression and bring about this gradual and phenomenal recovery.

A great Englishman, one of the great industrialists of Great Britain, less than 2 weeks ago said that while he did not want to appear as too optimistic, yet in his opinion these changes that are being brought about by such legislation as this would bring, not only to the British people but to the people throughout the world, the greatest era of prosperity in all the history of the human race.

I say today, as I said in this House some days ago, that this is the greatest step that has ever been taken by a government on an economic or a financial issue in all the history of governments. If fully carried out, this program will not only restore prosperity to the American people, but will give the world a working basis for expansion of currency, to bring values back to what they were when our debts were made, and enable the people of the world to pay the debts incurred by the war and as a result of the war and the aftermath of the war. It will bring in a new day, a new prosperity. Indeed, it will usher in a new era in the civilization of mankind. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, the joint resolution which the adoption of this rule will make in order cannot be defended either in law or morals. It is shocking to one's moral sense, to one's sense of right and wrong. It proposes that the law of the jungle, the law that might makes

right, shall be made to govern the conduct of the Government of the United States.

What it seeks to accomplish could not be done except by sovereign power, and then only upon the assumption that the State can do no wrong.

The resolution looks not only to the future, but expressly applies to every obligation heretofore and hereafter incurred. The enactment of it into law will be an open declaration to the world that the Government of the United States does not intend to keep its word; that it repudiates its obligations and contracts, solemnly made by it. In the spirit of the bully it proposes that the United States say to the purchasers of its bonds, "I know that I have agreed to pay them in gold or its equivalent, and that you were induced to buy them partly upon that promise. I made that promise and held out that inducement to you as late as April 23 of this year, but now I have your money, I do not intend to do as I have agreed. What do you propose to do about it?"

Who wants to be a party to any such transaction? The resolution itself is also evasive. It declares that every provision in any contract or bond "which purports to give the obligee the right to be paid in gold * * * is declared to be against public policy." Such provisions have been inserted in bonds and other agreements to add to their attractiveness for a great many years, how long I have not had an opportunity to ascertain in the limited time since this resolution was introduced. Who suddenly discovered that they are against public policy, and when did he find it out? Is it against public policy for the United States or an individual to carry out a lawful contract according to its terms? What becomes of the sacredness of Government obligations or of contracts in general if such a doctrine becomes prevalent in the United States? Can virtue be made a sin or good public policy be made bad public policy or honor dishonor by mere ipse dixit or by a mere declaration of Congress?

The passage of the resolution cannot be defended upon the ground of necessity or inability to pay in gold. The Government of the United States is not bankrupt. There is more money in this country today than there ever was before in the history of government. It is said that 40 percent of the gold supply of the world is in the United States.

Mr. PARSONS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. PARSONS. We have about a hundred billion dollars' worth of contracts payable in gold. How are we going to meet those contracts with three and one-half billion in gold?

Mr. MAPES. Oh, we do not have a hundred billion dollars in obligations payable in gold or in any other money all at once.

Mr. PARSONS. There are no contracts——

Mr. MAPES. I do not yield further.

The resolution is not advanced as a temporary measure. There might be some excuse for it as an emergency measure or if it applied only to future commitments, but such is not the case. It does not propose that payments in gold be suspended temporarily but permanently. It applies not only to future but to past agreements. It goes still farther than that and asks the Congress to declare by law that any provision agreeing to pay in gold any contract—past, present, or future—is against public policy.

The Constitution of the United States prevents a State from taking the property of its citizens without due process of law, and yet that is exactly what this joint resolution proposes to have the Federal Government do. The stronger a person or an institution is, the more scrupulous he should be in the performance of his obligations. What an example to set before the world? What position will the United States be in to demand payment of the debts owed to it by foreign governments after the passage of this resolution? It not only proposes to repudiate its own obligations but to allow individuals who have entered into agreements between themselves to do the same.

How can business recover with such uncertainty hanging over it as is caused by the constant passage of legislation setting aside the obligations of contract, legislation which nobody dreams will be presented to Congress 24 hours before it comes here and which is passed without being given any adequate consideration? This Congress has authorized the President to engage in open-market operations, or to instruct the Federal Reserve banks to do so. It has authorized him to instruct the Secretary of the Treasury to issue paper money.

It has authorized him to revalue the gold dollar all in his discretion, and now, without any notice, this resolution comes here, repudiating all obligations of the Federal Government in which it has promised to pay in gold or its equivalent, and making it possible for individuals to do the same. What can business or anyone depend upon from one day to the next?

I saw an editorial in last week's copy of the Saturday Evening Post, which, it seems to me, states the situation very accurately. It reads:

> It is difficult to see how men are going to plan, contract, and employ, looking to future returns, if they are to be, from day to day, puzzled and confused by volley ofter volley of suddenly launched proposals and measures affecting employment, management, and the value of money. If business men are to recover their courage, they must not be kept in constant turmoil. The measures taken, even for emergency purposes, should be related to what the community understands, and proceed with reference to those elements of faith and trust without which everyday transactions cannot take place. There is no real healing in any other course.

This Congress has undoubtedly passed some good legislation, but I submit to the earnest consideration of the House if it has not, by the uncertainty of much legislation which has been passed and by the discretionary power which has been lodged in the President to be exercised by him at will or nobody knows when, done more harm than the good legislation could possibly do good.

Mr. KELLER. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. KELLER. Will the gentleman tell us what amount there is at the present time payable in gold in the country?

Mr. MAPES. I do not know and I do not think the amount is very material. There has been no time to look up such questions as the gentleman has asked since this resolution was introduced. It was only introduced last Friday afternoon, sent to the Printer, and reported by the Banking and Currency Committee Saturday morning without any consideration worthy of the name, and it is called up for passage in the House today, the next legislative day after it was reported, and only 2 legislative days after it was introduced. It is a travesty to attempt to consider legislation of this importance in this way. Everyone knows it cannot be considered seriously or adequately debated under such circumstances. This is no ordinary piece of legislation. It would be hard to overestimate its importance. No one can tell how far-reaching it may prove to be.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from Michigan 5 additional minutes.

Mr. MAPES. It is ridiculous to bring up in this way legislation which the gentleman from Mississippi says is the most far-reaching resolution that ever faced the human race. This procedure is something that the Congress of the United States—the House of Representatives—cannot be proud of. The Committee on Banking and Currency gave the resolution such scant consideration that apparently it did not even read the first paragraph of it. If it had, I assume that it would have corrected a grammatical error appearing in that paragraph and which is perfectly apparent to anyone who reads it.

In order to prevent railroading legislation through the State legislature the people of my State a few years ago wrote into their State constitution a provision prohibiting the passage of any bill at any regular session of the legislature "until it has been printed and in the possession of each house for at least 5 days." It might be well to have some such limitation upon the action of the House of Representatives if it persists in passing important legislation without taking time to consider it.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. LUNDEEN. I agree with the gentleman when he says the Government is not bankrupt. But there is always a great shout in this House that we are bankrupt whenever the soldiers of America are concerned.

Mr. MAPES. Well, that may be. I voted against the economy bill [applause], as the gentleman from Minnesota did, but I do not see how that enters into this question.

Here is a question of honor. Here is a question of good faith on the part of the United States. Where is the spirit of Grover Cleveland in this emergency? Can it be that the people of America want the Congress of the United States to endorse a resolution of this kind, repudiating a solemn pledge?

I cannot believe that my constituents want me to vote for it.

I cannot believe the American people have lost their courage or their determination to meet their obligations. I cannot believe they will approve of any action of the House of Representatives looking toward the repudiation of its obligations by their Government.

I wonder how many have read the editorial in this morning's New York Times, which quotes at length from the speech of the President 3 days before the last election, delivered at Brooklyn, in which he stated and reiterated his belief in a sound currency and that his supporters and the American people had nothing to fear in that respect if they elected him to the Presidency. Here is what that editorial says:

THE NEW LIBEL

During his Presidential campaign the charge was frequently thrown in Mr. Roosevelt's face that he and his party could not be trusted to maintain a sound currency. It was alleged that the taint of depreciated money was in Democratic blood. Mr. Roosevelt more than once resented and denied this accusation. He did it most fully and explicitly in the speech ending his campaign which he made in Brooklyn on November 4, 1932, just before the Presidential election. He repeated and emphasized the money plank in the Democratic platform: "We advocate a sound currency, to be preserved at all hazards." Then he turned the attack upon Mr. Hoover, asserting that the President was guilty not only of misrepresenting the Democratic position but of preaching a "gospel of fear." There followed this passage, quoted from the verbatim report of Mr. Roosevelt's speech, only 3 days before the election:

"The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States."

This seems to show that Mr. Roosevelt knows a libel when he sees one—perhaps even when he utters one. But the most interesting part of his Brooklyn speech remains to be cited:

"It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant—embodied in these securities was as dubious as the President of the United States claims it was."

There is really nothing to be done when words thus conflict with deeds, except to let the words speak for themselves.

Before this debate is over reference will probably be made to the fact that England and some of the other countries of the world are off the gold standard. In that connection I desire to call attention to the fact that England, at least, did not repudiate its existing obligations when it went off the gold standard in September 1931. Furthermore the legislation passed by the House of Commons at that time was of a temporary nature and not permanent, as is proposed here.

The Chancellor of the Exchequer, Mr. Snowden, in presenting that legislation in the House of Commons, expressly stated, and I quote from the Record of Debates in the House of Commons:

Where we are under obligations to make payments in dollars or other foreign currencies, as, for example, some of the war bonds that were issued in New York, we shall, of course, continue to meet our obligations punctually in those currencies.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. The argument is made that there is not enough gold in the world to meet the gold obligations in our bonds. Is it not true that that promise to pay in gold or its equivalent is merely a pledge on the part of the Government that it will not depreciate its currency for the purpose of cheating its creditors; and is not the deliberate intent of this resolution one of cheating the creditors of the Government?

Mr. MAPES. Certainly; that is true. It has never taken very much gold to maintain the gold standard and to meet the Government's promise to pay in gold or its equivalent as long as everyone knew that the gold was available and that the Government intended to fulfill its promise. [Applause.]

The SPEAKER pro tempore (Mr. AYRES of Kansas). The time of the gentleman has expired.

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I disagree with the gentleman from Michigan [Mr. MAPES] that this legislation will bring about a depreciation of our currency. I assure him that he will be able to buy just as much for the dollar that will be legal tender as he was able to buy in 1924, 1925, 1926, or at any time before that, with the dollar that was then legal tender.

It was only after a conference of the conniving manipulators in London in August 1929, under the leadership of Morgan and Lord Rothmere, the very men who caused the criminal inflation, that wholesale unloading of stocks took place and criminal short selling began, which short selling they and their associates, the directors and officers of the large concerns, have continued uninterrupted for the last 3 years, forcing thousands of our banks to close and enabling these men to repurchase billions of dollars of these securities at a small fraction of their value.

It is these men who are opposed to this proposed legislation, legislation that will to some extent aid creditors to repay their obligations, make possible the recapture of our export trade, and dispose of our surplus stocks and farm commodities. It is the representatives of the bond and mortgage holders who acquired millions of dollars of bonds at ridiculously low prices, which today they desire the Government and the issuers to pay in gold, who charge that this proposed legislation will repudiate obligations. But there will be no repudiation, no dishonesty; only a fair adjustment.

To my mind this legislation is a step in the right direction, and I agree with the gentleman from Mississippi [Mr. RANKIN] that this will do more for the Nation than anything that heretofore has been done.

I believe this legislation will do more than anything to save our banks and our insurance companies, and to save the millions of people who, due to the criminal inflation and the subsequent deflation brought about by such men as Morgan, suffered wreck and ruin.

If Wall Street had not brought about the criminal inflation and later the deflation that ruined the Nation and bankrupted 90 percent of the American people, this legislation would not be necessary. But in view of present conditions this is the only way that we can bring about, not repudiation but adjustment—I repeat, not repudiation but adjustment—throughout the Nation.

Of course, I realize that this very group of which I speak may take advantage of this legislation and use it to start another orgy of speculation similar to the one from 1927 to 1929. However, I take this opportunity to serve notice that I shall not desist in my efforts to curb their unjustifiable inflation or destruction deflation.

By adopting the securities bill we have made a step forward, but that alone will not suffice. We must go farther. We must prevent the recurrence of the happenings in the years 1927 to 1929 and 1931 to 1933. To bring home to the American people the dishonest methods that are practiced by the investment bankers, and not only tolerated but sanctioned and even approved by the New York Stock Exchange,

and as a warning, I am inserting a speech made by me on the floor of this House on December 9, 1929, in this connection:

WALL STREET "SHORTS" ARE THE ENEMIES OF PROGRESS, TRANQUILLITY, HAPPINESS, AND MORALITY

Mr. SABATH. Mr. Chairman, ladies, and gentlemen, in my effort to secure consideration for legislation that would in the future make impossible a disaster such as the country has lately witnessed and which is described by President Hoover in his message to Congress as a "crash", I wish to call attention to certain facts, not with any desire to aggravate present conditions but only in the hope that the damnable, conniving, ruinous practices of the Wall Street "shorts" will not be tolerated any longer by an enlightened people.

I ask, of what possible good or aid are these men that are permitted every few years to destroy millions of men, ruin industry, destroy stability, and bring about destruction not only of billions of dollars of values but also of scores of lives?

Who are they? They are the enemies of progress, tranquillity, happiness, and morality. Not only in peace time but even during the war they pursued their destructive manipulations.

The press continually speaks about racketeers and their evils. Why, they are nothing compared to these rapacious parasites. Racketeers take the chance of being apprehended and punished, but these "Wallingford" financiers operate smugly and complacently, live in regal luxury and splendor in the most exclusive and expensive apartments with jewel-bedecked wives and mistresses, a menace to society by their mode of living, causing envy and discontent among families who cannot compete with them on their honestly earned incomes.

What justification is there for tolerating their beastly and dastardly activities? Most of you and I have witnessed the panics of 1893, 1907, and 1921, each of which was brought about by similar tactics of the destructive "shorts." As now conducted, many of the stock exchanges are open to the charge that gambling, pure and simple, constitutes a large proportion of their business. The governors of these organizations had it in their power to stop in time the activities of the short-selling forces but failed to do so.

Therefore, it is high time that we put an end to these parasites by legislation. Is it possible that their influence and power is so great that they have been permitted to manipulate without any restraint whatsoever to the grave detriment of the country and the party in power which since time immemorial has claimed "with pride" sole credit for all prosperity?

In keeping with this policy, ex-President Coolidge during his administration began an advertising campaign of prosperity, which Mr. Hoover followed, proclaiming that the resources of the United States were still untapped, that business conditions were showing improvement each year, and that savings were increasing. As stated in a New York World editorial:

"* * * After a sharp decline following a report of a huge increase in brokers' loans, Mr. Coolidge amazed even Wall Street itself by announcing that neither he nor Mr. Mellon saw any danger in the expansion of brokers' loans * * *."

This kind of propaganda continued even after it was pointed out that depressions had set in in many lines and that stocks were selling at levels ridiculously out of proportion with their earnings. But notwithstanding this warning, many other similar statements were issued from time to time to imbue the public with the confidence that stocks would never react but would keep on climbing to greater heights in this so-called "Hoover era of higher prices."

The beautiful, enticing picture painted by the administration forces, who would not listen to the warning voice of economists or the threat of rapidly rising brokers' loans, furnished a rife field for corporate promoters. New corporations were organized for exploiting purposes, old corporations split up their stocks, gave so-called "rights to purchase additional stock", and all the old tricks and many new ones were used. No trouble was encountered in listing these issues on the various old and hastily organized new exchanges. Interest rates increased. Country banks were lured into sending their cash to New York for use as "call loans." Corporations sent to the "call-loan market" not only their huge surpluses, which should have been distributed among stockholders, but also the moneys received by increases in capitalization, which had been obtained for development and expansion.

The people, impressed with the assurances of the administration, were easily taken in, and buying of all kinds of stocks reached new levels daily. Large corporate interests, with their capital stock increased by millions of shares, easily induced even their own employees, by means of alluring reports, to become "partners" in these great industries, and every conceivable scheme was resorted to in order to unload these stocks at artificially created prices on employees, their families, and the public. Then came the pyramid of pyramids—the investment trust—a new medium for obtaining millions upon millions of dollars from a misled and inflamed public.

Nearly everyone was in. Now for the first time the Federal Reserve Board served notice that brokers' loans were excessive and must be decreased. Rediscount rates were increased, interest rates soared, credits were curtailed, and moneys gradually withdrawn.

Conditions were ripe, and the Wall Street "shorts" pirates were ready. They were not going to mold or construct but to hammer and pound to destruction. The first drastic decline was not enough. The conspirators continued unmercifully to throw upon the market thousands upon thousands of shares of stocks which they never owned with the sole purpose of destroying the market value of securities in order that they could repurchase them at their own prices and reap the richest harvest in the history of the Nation.

The press of the country carried in headlines the report of the formation in Morgan's office of the Big Six, with the cheering news that their wealth and power would be used to stop further activities of the "shorts." Encouraged by this, a tremendous number of careful, conservative investors, including insurance companies, trust estates, and widows' funds, purchased stocks at prices proclaimed to be lower than value levels.

What a horrible awakening they had a few days later when the Big Six not only failed to support the market as announced, but some of them, according to common rumor, even unloaded a large portion of their holdings on the temporary bulge which these reports caused. In this way not only the reckless but the most prudent investors were mulcted and fleeced as the "shorts" again started their vicious drive.

Washington did nothing except raise the smoke screen that business was not affected by declines in the stock market. The Federal Reserve Board took no action, although deposits at the banks were being withdrawn in alarming amounts, and collateral loans and the banks holding them jeopardized. And the avalanche continued. Vicious rumors of all kinds became current and the people became panicky. Stocks were forced to be thrown overboard, and billions of dollars and the life's savings of millions of investors were swept away.

I felt strongly that some action was necessary to help restore confidence, and so on November 12 I wired the President as follows:

"Today's press dispatches state that the professionals are still selling short. I am satisfied that 99 percent of the American people feel that this outrageous destruction of the small investors has gone far enough and that immediate steps are needed to save the Nation from disastrous conditions that are bound to follow. It is the consensus of opinion of well-informed men that you, Mr. President, should call upon the financiers of this Nation to stop profiteering and formulate and carry out a plan to save the Nation from dire calamity.

"Congressman A. J. SABATH."

I also wired to Secretary Mellon and the Federal Reserve Board, demanding some statement that would allay the fears of a faltering public. Feeling that the professional "shorts" had precipitated the break, I also wired the various stock exchanges, demanding cessation of short selling, and they responded by asking their members for a report on all loanings and borrowings of stock, which action was helpful, because the most influential of the destructive short sellers did not wish their names to become known and to be held responsible for the ruination of millions of men and women who lost their all because of their manipulations and conspiracy to destroy the market value of stocks.

After the issuance of this questionnaire conditions and confidence were partially restored, but business on the exchanges was reduced. The avaricious appetites that the "shorts" had worked up during the two preceding weeks were not satisfied, as there were still some that had escaped the slaughter, and so on Monday, November 25, the questionnaire was withdrawn, and immediately on Tuesday the attacks were renewed.

I feel satisfied that the country is convinced by this last attack that short selling of commodities or stock which one does not own or possess are responsible for the destruction of actual values and for the crash and the havoc that usually follows such concentrated action. For the sake of argument, I concede that exchanges cannot be abolished as they do serve as a market place for the purchase and sale of securities and commodities and as a means of obtaining new or additional needed capital. But what possible reason there is or can be for permitting formations of pools for the purpose of selling stocks or commodities which they do not own or possess is beyond my comprehension, and I will be pleased to hear anyone give a sound reason why this pernicious and destructive practice should continue. I pause, but I hear no one.

In the interest of our country generally, I feel that short selling should cease immediately, until, at least, confidence is restored. The newspapers are doing splendid work in encouraging our people. The President has called in the leading business men of the Nation. This alone will not do, as Mr. Hoover in his last message to Congress points out the seriousness of existing conditions when he states:

"The long upward trend of fundamental progress, however, gave rise to overoptimism as to profits, which translated itself into a wave of uncontrolled speculation in securities, resulting in the diversion of capital from business to the stock market and the inevitable crash."

In times like these heroic steps must be taken. I realize that all ills cannot be cured by legislation, and we are often scoffed at for proposing legislative remedies. However, I have been urged by many bankers and representative business men to demand cessation of this destructive short-selling practice.

The great majority of those who believe that the short-selling evil should not be tolerated in the future suggest a heavy penalty on all such short sales, contending that a tax on this nonproductive business will deter "shorts" from pursuing their destructive tactics and be a further source of revenue to our Treasury. I have therefore introduced a bill to place a tax of 5 percent on all short sales.

However, if this legislation, for which I will endeavor to secure early consideration, is not stringent enough to cope with this vicious practice, I have also prepared another bill which will make any short selling a crime punishable by a heavy penalty and imprisonment.

In conclusion, Mr. Chairman and ladies and gentlemen of the House, I feel it necessary that serious consideration be given to the legislation which I have proposed, because I believe that such legislation will in the future prevent such a panic as we have seen during the past few weeks and which more or less is still with us, and panics that the country has suffered in years gone by.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. KELLY. The gentleman states that he has introduced a bill levying a tax on these short-sale transactions.

Mr. SABATH. Yes.

Mr. KELLY. Is it not possible for Congress to act with respect to the transmission of orders by the United States mail, and by telegraph and telephone and in other methods, and prevent the issuance of contracts where such methods are used?

Mr. SABATH. I am satisfied that Congress can, and I have prepared such a bill which I think will make it possible to frame legislation of that kind under the commerce clause of the Constitution and to make it legal.

Mr. KELLY. Congress will have no power to prohibit the contract on the stock exchange.

Mr. SABATH. No; it will not, because Congress has no power to legislate for the State of New York alone or for the State of Illinois, or for the gentleman's State, but under the interstate commerce clause of the Constitution Congress has jurisdiction and the power to preclude this gambling through communications between the States over the telephone and the telegraph, the radio, or through the mail. Such communications for all short sales, which are nothing more nor less than destructive gambling, should be denied the stock exchange, and why it has not been done in the past I do not know. We should not permit it in the future in the interest of the legitimate commerce of the Nation and the safety of the people. [Applause.]

Mr. SABATH. The Senate hearings held last year and those being held at present have borne out my fears and justified my attacks on Wall Street.

I repeat again, I think this legislation will do more than anything else I can think of to restore prosperity, to put the 16,000,000 people who are now out of employment back to work, and to start the wheels of industry turning. I feel we will again have the prosperity that the Nation enjoyed under the last Democratic administration and the splendid leadership of Woodrow Wilson. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. BUSBY].

MAKING ILLEGAL THE GOLD CONTRACT CLAUSE

Mr. BUSBY. Mr. Speaker, we are now taking our first real step toward recovery. Two main things have been necessary to recovery. First, abandon gold as a yardstick of value. Second, the Government must place money and currency in the hands of trade and business to replace the bank credit which is frozen because of present conditions of the banking system. Money and bank credits, while they serve as parts of our media of exchange arrangement, are wholly different in their natures. Money is a direct debt and obligation of the Government, while bank credit represents, not money, but the values found in tangible property, farms, houses, stocks, chattels, and so forth, which may be sold by the bank when pledged to restore credit to the bank which has been loaned.

THE FIGHT HAS BEEN A LONG ONE

A very few Members of Congress have given special study to our financial situation during this unequaled of all panics. Some of us were laying the situation before Congress and the country when we had few sympathizers in the House, few in the business world, and none in the administration in power then. At repeated times we came before the Congress with our appeals asking that our responsibility be met and the things we are doing today be done to save the people and restore them to happiness and prosperity.

On December 19, 1931, I spoke in this House as follows:

The currency systems throughout the world are in deplorable confusion because of the methods of credit control exercised by American and international bankers whose only yardstick of value is gold. These international credit venders have arranged loans and placed contractual burdens to pay bonds and bank obligations in gold until a solution of the dilemma is impossible if these bonds and these promises to pay gold are to remain.

At another place in this same speech I said:

The vaunted utility and stability of the gold standard is contradicted by the physical facts. The contracts to pay in gold to the extent of $100,000,000,000 or more are impossible of performance.

And again in describing the gold standard:

The gold standard is the kind of a currency basis that is favored by the banking systems of the world. A close check is kept on the movements of gold. Every day information may be had as to the exact amount of gold held by each country in the world. The movements of gold can be, and is, controlled by the big world bankers. When we consider that 12 banks in the United States 2 years ago had resources of over $20,000,000,000, which is practically twice the amount of the world's supply of monetary gold, it is very apparent that the movements of gold will be directed in accordance with profitable business for the banking systems. Big bankers will always insist that gold is the only proper basis on which to found the currency of any country. They will always insist that a currency based on any other value than that of gold will be a failure.

Mr. Speaker, these same fundamentals have been often repeated on the House floor by myself and a few other Members. The depression has been the convincing proof that has alined the people back of the argument and has brought the result we are about to witness today.

Mr. Speaker, it would be useless for me to tell you that this is the day at which I have long hoped we might arrive. We have had, since the early sixties—in fact, it dates back prior to that, although it came to particular notice at about that time—a statute which has always been impossible of performance, a statutory obligation to bondholders that could not be fulfilled by the Government.

The gold standard simply means that the Government will buy gold at $20.67 an ounce or sell gold at $20.67 an ounce to all comers. The gold standard also requires that all money issued or coined by the Government be redeemable in gold under the parity act.

By contract we have agreed to redeem or pay off more than $20,000,000,000 of bond obligations issued directly by the National Government; that each dollar of that may be demanded in gold. The States and counties have issued gold contracts or bonds, railroads and private corporations have issued contracts or bonds payable in gold. When they advertise an issue of bonds for sale to the public, they advertise them as "gold bonds", to make them more enticing.

I direct your attention to the fact that as closely as I can estimate, from all available sources, $130,000,000,000 of obligations are required to be paid, if the contracts are carried out as written, every dollar of it in gold. The Government has never had more than $5,015,000,000 in gold at one time and this did not all belong to the Treasury. So I call your attention to the fact that the Gold Standard Act is now and always has been a farce, impossible of performance, and would not work when it was called upon to do its legal duty and pay off the currency. Such was the case in March when, after 3 days' run on the Treasury it ceased to pay gold and refused to comply with the "parity" statute.

We have come to this particular time, under the leadership of our President, when he asks us to do away with this travesty which has existed so long on our statute books.

The gentleman from Michigan [Mr. MAPES] suggested to you a while ago we ought not to abrogate contracts or that we ought not to abolish contracts to pay in gold. When he was asked the question if he thought these contracts were possible of performance, he did not reply directly to this question; he knew they were not.

I repeat they are impossible of performance, because the amount of gold that might be available to carry out these contracts is so insignificant. Not long ago I pointed out in a speech in this House that any fair-thinking individual would know that it cannot be done—

Theoretically, a country on gold standard must keep on hand a stock of monetary metal sufficient to supply at all times any demands which may appear for the redemption in gold of paper money, silver, bank deposits, foreign exchange, and balances. Every private contract in a gold-standard country is payable in gold. Every bank deposit is repayable in gold. The wide scope of responsibility that the gold standard assumes will be appreciated when we recall that the bank clearances of our State and national

banks reached the figure of $702,533,000,000 in 1929. Each dollar of these clearances in theory could have been demanded in gold.

Mr. TERRELL. Will the gentleman yield for one question?

Mr. BUSBY. I yield.

Mr. TERRELL. I would like the gentleman to emphasize one point right in this connection. Since we all know that the Government cannot pay its contracts in gold, if the Government pays them in currency, silver, and gold, the only kind of money it has, to the extent of its ability, has it not performed its duty?

Mr. BUSBY. I so regard the Government's obligation as being fully met.

The gold-content element was brought into this matter by the bankers who dominated legislation in the days when it was first enacted following the decisions in the famous *Legal Tender cases*. Up until 1860 we had no currency at all except coined currency. We had no currency except metal currency. There were no national banks after the United States Bank was abolished to issue paper currency until the National Bank Act of 1862. So all of the money we had was coined silver and coined gold and minor coins of other metals, except State bank notes, which were not in very good repute. So that the money which the Government sponsored until the National Bank Act was gold and silver currency and when that bank act became the law the bankers said, "You have got to agree to pay the currency in gold or in specie." When the Government began to issue new bonds and the bankers were asked to buy them they dictated the provisions that should go into these bonds. They said, "Regardless of the number of bonds you issue, you have got to agree to pay them all in gold." So the gold obligations piled up far beyond any possible power of the Government to get together enough gold to meet the obligations which it had undertaken. A contract to do an impossible thing is held by the courts to be unconscionable and of no effect. Its provisions are not given force. It is void.

Before I leave this subject I direct your attention to a serious thing that confronts us today.

WE FORCED OURSELVES OFF THE GOLD STANDARD

On March 3 last I stated on this floor:

> You cannot remain on the gold standard as much as you have worshiped the golden calf. People are lined up at the Treasury today—and have been for 4 days—taking gold out of the Treasury as fast as they can get to the window to do it, and the newspapers have not said anything about it. It will take you almost an hour, standing in line, to get to the gold window and convert your Federal Reserve notes into gold right now, and the only thing that will save gold is for a proclamation to come from the White House abandoning the gold standard. [Applause.]

Several gentlemen smiled with a sort of derisive smile in response to my statement. It seemed to me very plain that we could not remain on the gold standard because the demand was being made on gold to perform its legal requirement as provided in the law, and when it is called on it cannot meet the call. The people were demanding gold, and therefore we had to go off the gold standard. The gold standard has never been anything more than a theory. It is strange to me that any reasoning man would seriously try to defend our law setting up such an arrangement as we had.

THE TREASURY IS WRONG IN SAYING COLLECTED GOLD FORMS BASE FOR OUR CURRENCY

Now the Treasurer of the United States is saying that we want to get all the gold in the Treasury so we can base our money on it. This is not a fair representation of the situation.

UNLAWFUL FOR AMERICANS TO HAVE GOLD

We are not basing our money on gold, and they will not give you gold for your money; in fact, we passed an act which makes it unlawful for a man to own more than $100 worth of gold.

AMERICAN GOLD IS FOR FOREIGN PEOPLES AND FOREIGN BANKS ONLY

Here is what we are using gold for today, not as a base for United States currency, not to redeem our money, not to pay off obligations, but to collect it all into the Treasury so as to strengthen the foreign exchange issues against this country and owned by foreign bankers, traders, and peoples.

Nobody will deny that. Why do we do this? So the foreigner can see that all the gold in the United States is in the Treasury and there to pay his exchange obligation against this country. For the American people it is unlawful for them to have gold. They cannot use it, they cannot get it, except by license. To put it plainly, the American people are prohibited from owning, possessing or controlling gold, except in very small quantities. The reason for that is that the gold may be gathered together so that it can be used to keep our dollar high in the world money market and pay the foreigners the exchange they may have against this country for payment in gold.

All international exchange is payable in gold. A country may not have any gold in its treasury but exchange against it is payable in gold.

I would propose this: I would repeal the act of March 14, 1900, which provides that the gold dollar, as there set up, shall be the standard of value. The statute is this:

> The standard of value shall be the dollar consisting of 25.8 grains of gold nine tenths fine, and all money coined and issued shall be kept at a parity with that standard; and this shall be the duty of the Secretary of the Treasury.

Since that has been abandoned, except for the benefit of the foreigner who comes in to get our gold for their exchange, we ought to repeal it. Why? Because when the foreigner gets a dollar's worth of exchange he does not get just the exchange, he calls on the Treasury to cash that exchange and gets at the rate of 26.8 grains standard gold for each dollar.

GIVE THE AMERICAN AN EVEN BREAK WITH THE FOREIGNERS

We ought to repeal it so as to put the American people and the foreign trader on the same basis, and not discriminate against our people in favor of the foreign banker or trader. [Applause.]

Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks and incorporate therein excerpts from speeches previously made on the same subject.

The SPEAKER pro tempore (Mr. BLANTON). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill.

The SPEAKER pro tempore. Is there objection? There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein 1 or 2 excerpts.

The SPEAKER pro tempore. Is there objection? There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the gold clause providing for the repayment of the debts in gold dollars of 23.22 grains of gold is going to be stricken from contracts, private and public. There is no way to escape this situation. There are now $22,000,000,000 worth of outstanding obligations of the National Government. There will be approximately $27,000,000,000 worth of these outstanding obligations of the National Government by the time this Congress adjourns. It is utterly impossible to pay these obligations in gold with 23.22 grains to the dollar. In addition to these obligations of the National Government carrying this gold clause, there are billions of dollars of private obligations carrying such a clause. Likewise there are billions of dollars of State, municipal, and district public obligations carrying a similar clause. It is probably safe to say that there are at least $50,000,000,000 worth of private and public obligations which require payment in gold dollars of the weight and fineness of the dollar at the time of the execution of the contract. That weight and fineness is 23.22 grains of gold fine. There are only about $4,000,000,000 of gold in the United States.

In the first place this so-called "gold clause" was a Shylock provision in the contract. The creditors did not lend gold in the first instance. They lent currency and bank credits. So in the light of fairness and decency they have

no moral right to request a repayment of a dollar different than the dollar which they lent.

Now these contracts are not going to be paid in gold of 23.22 grains per dollar. This provision of the contract is not going to be fulfilled. There is no way to fulfill it. There are two ways in which the gold clause is going to be reached. We must take our choice between those two plans.

First, in the case of private debts, it is through the process of bankruptcy and receivership. In that event, the creditors may get gold dollars of 23.22 grains to the dollar but they will not get as many dollars as they lent. So they must take their loss in the number of dollars received. In the case of Government obligations, the corresponding plan is repudiation or defaulting. Bankruptcy and repudiation is the dishonest plan, dishonest in that it lacks frankness. It is the plan which would bring the greatest chaos to society and the most suffering to the people.

The other plan is for the Government to declare that the creditors must accept as payment for its debt money such as has been declared to be lawful money by the Congress under the constitutional authority of Congress to coin money and to regulate the value thereof.

I choose for Congress to meet the situation honestly, fearlessly, and frankly. In doing so it must recognize that the debts cannot be paid under the provisions of this clause. In doing so it must cheapen the value of the gold dollar by reducing the gold content of the dollar. By this manner, we recognize and pay the debts by not reducing the number of dollars due but by reducing the value of the dollar which pays the debts. This is true whether it be a private or public debt. Under all the circumstances, this is the honest way. This is the frank way to meet the situation. What is more, it is the civilized way. It is the way which will bring the least economic chaos and disorder and the least human suffering. This resolution leads to this plan. I choose to take this plan; therefore I am supporting the resolution.

Those who are opposing this resolution are taking the position wherein they deceive themselves and deceive the country. In their opposition, they are leaving the inference that these debts, private and public, can be paid in gold dollars of 23.22 grains to the dollar. They infer that the Government and the private debtors of the country are taking a dishonest position and are refusing to pay that which they can pay. The truth is that it is their position which is dishonest, because it is a physical and utter impossibility to pay these debts, private and public, in gold dollars of 23.22 grains to the dollar.

Likewise, it is impossible to pay them in currency redeemable in gold of 23.22 grains to the dollar. This Government cannot redeem its outstanding currency with gold at the ratio of 23.22 grains to the dollar. If the Government should today repeal the recent banking act, undertake to go back on the gold standard, and redeem its currency with gold of 23.22 grains to the dollar, there would not be a hatful of gold left in the Public Treasury in a month's time. There are about $45,000,000,000 of bank deposits in the country today. All of these bank deposits are a potential threat against our gold reserve held in the Federal Treasury. It is true that each depositor cannot write a check and demand gold for the check. He can go to his bank, write a check and demand currency and then in turn take the currency and demand gold from the Treasury. If we were to repeal the banking act and offer to redeem the currency in gold of 23.22 grains to the dollar, everyone knows that in a week's time there would be a raid on the banks for something like $45,000,000,000 of deposits. The approximately $7,000,000,000 of outstanding currency would soon be swallowed up through this effort to convert $45,000,000,000 of bank deposits into currency. Such an effort would mean that every bank in the country would instantly be closed. Such was the experience during the first week in March. Then with the holders of six or seven billion dollars of currency demanding gold, the $4,000,000,000 in gold would soon be withdrawn from the Public Treasury and Federal Reserve.

The first right of every government is to preserve itself. No government can be secure with its gold held by hoarders and its banks closed. Yet, those who are opposed to this resolution and crying out to the country that the Government is dishonest in repudiating the gold clause are taking the position wherein, if they could have their way about it, the banks would be closed, the gold would be out of the hands of the Government and the Federal Reserve and in the hands of a few private hoarders of gold. In short, they are taking the position which would mean the overthrow of Government.

If there ever was any chance during the last 3 years for the old order to be retained and obligations redeemed in dollars worth 23.22 grains of gold, that chance was flittered away by the Seventy-second Congress. Two things happened in the Seventy-second Congress which made it utterly impossible for the established order, of paying debts worth 23.22 grains to the dollar, to survive. Those two things were the establishing of the Reconstruction Finance Corporation by these sound "conservative and constructive" statesmen. When they established the Reconstruction Finance Corporation they abandoned traditional Americanism and turned to the precepts of Marxism. When they turned to the Reconstruction Finance Corporation they became mere socialists and established a policy of taking money away from one citizen by the power of government or taxation and lending it to another. They were taking money away from the great mass of people and using it for the benefit of their selected few. Of course, they think that it was not socialism because in the beginning it was only the financial institutions which were receiving the contribution of credit from the Government. In taking this plan, they have been responsible for increasing the national debt over 2½ billion dollars to date. The more the national debt is increased, the more impossible it is to meet the debts of the Government with gold dollars worth 23.22 grains of gold to the dollar.

The other thing which happened in the Seventy-second Congress, which meant that it was only a matter of time until the Government could not meet its obligations with dollars worth 23.22 grains of gold was when the "liberals" in Congress turned down the sales tax, thereby refusing to meet their constitutional responsibility of providing sufficient revenue to run this country. Anyone who studied the situation at that time knew full well that there was no way to obtain sufficient revenue to meet the expenses of this Government except through the process of a general sales tax. At any rate, those who turned down the sales tax owed to the Government the responsibility of providing some substitute means of raising sufficient revenue to meet the expenses of the Government. They refused to provide the substitute. They were dishonest in that they claimed that they had a substitute in the form of special sales taxes and an increased income tax, which would provide sufficient revenue to meet the expenses of the Government. I cannot extend to them the charity that they were mistaken. This is because it was so obvious that these special taxes would not furnish sufficient revenue to meet the obligations of the Government.

The defenders of the special sales tax were to a great extent those who were demanding additional expenditures of the Government in various projects of one kind or another. They were primarily insisting upon taking public money and expending it for the special benefit of various large blocs of our citizens. So the "liberals" of the Seventy-second Congress are responsible for denying to the Government sufficient revenue to meet its expenses. The "liberals" and "conservatives" together are responsible for increasing the expenses of the Government. The "conservatives" increased the expenses for the purposes of furnishing public money and public credit to the financial class. The "liberals" were responsible for increasing the expenses of the Government for the purpose of furnishing public money and credit for various groups. In the end, the history of the Seventy-second Congress is that it increased the expenses of the

Government by the billions and at the same time refused to provide a sufficient amount of revenue to meet the ordinary current expenses. Consequently the Seventy-second Congress must bear the responsibility for the national debt's having been increased by approximately $5,0000,000,000. With this program, it is utterly impossible for the Government now to meet its obligations with dollars worth 23.22 grains of gold.

Now the time has come and we must either take our choice of the debts either not being paid in the number of dollars due or dollars worth less than 23.22 grains of gold.

Maybe conditions were such that the Seventy-second Congress could not escape doing what it did do. If so, then no one is to blame if conditions are such now that the Government is unable to meet its obligations with dollars worth 23.22 grains of gold. On the other hand, if the Seventy-second Congress was to blame for increasing the national debt, it is a mistake which has been made and cannot now be corrected. In any event, the fact still remains that the Government to date owes a debt which it cannot pay in dollars worth 23.22 grains each. This being true at this late date, it is not fair for these superconservatives to say that the act which this Congress and this administration are about to take is dishonesty on the part of this Congress.

Just how much the value of the dollar is to be decreased in gold value is going to depend very largely upon how soon we provide enough revenue to meet governmental current expenses and how quickly we stop the policy of increasing the public debt in order to obtain funds to finance private business. To date there is little promise of the Congress ceasing to follow these paths of folly. Last week the "liberals" turned down the general manufacturers' sales tax, with drugs, food, and clothing exempt. Last week the "conservatives" enlarged the socialistic Reconstruction Finance Corporation program by authorizing the Reconstruction Finance Corporation to engage in buying stock in defunct insurance companies. Hence there seems to be no disposition to provide sufficient revenue for the Government. There seems to be no disposition to check the raid on the Public Treasury through the Reconstruction Finance Corporation. That means continued increasing of the public debt. That will mean cheaper dollars with which to repay the debt.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, in the 2 months or a little over that President Roosevelt has been Chief Executive of our country, I believe there is one conclusion that all of us have reached, and that is that he is frank, that he is honest, that he is courageous. In his inaugural address he led us to believe that he was going to throw down the gauntlet to the "money changers" of America, and I think he is keeping his word with the American people. He is bringing in the Golden Rule in government and doing away with the rule of gold. The depression has demonstrated one fact, among others, that in time of great emergency, when the stress is put upon our Government, its credit and its financial standing, as in other countries the gold standard has broken down. There is a scientific reason for this. When times are good, any of the money of the country is accepted without question. Gold is not demanded at the hands of the Treasury, but when times of panic and depression come upon us, with a clause written into the bond and many private obligations that they must be paid in gold of a certain standard and fineness, those who may have contributed chiefly to bringing about the money panic or depression want to be in a position of pushing their Government into a corner and saying that they stand upon the promise in the bond. With $100,000,000,000 of debt, public and private, with something like $4,000,000,000 of gold with which to pay it, we know that the basis for our financial system is too narrow and fictitious. We know that if in such extreme emergency a demand be made that all these contracts be kept and paid in full in gold only 1 person out of 25 would be able to receive his money. Our monetary system ought to be so arranged that in time of emergency it would protect the Government and make it thoroughly honest, rather than in time of prosperity. I am glad that the President of the United States has had the courage to stamp this kind of a money system with the hypocrisy that is apparent upon its face. We are going to an honest basis of payment, not repudiation, and will say to every creditor of the United States, "You will be paid every dollar in full and will be paid in lawful money—all creditors will receive equal treatment, and you will be given no right to stand upon a contract that upon its face is written to take advantage of your Government in time of distress."

The chief purpose of law is to protect the weak and restrain the strong. That is what the President of the United States and the Congress, cooperating with the President, propose to do now. In this hour of distress, brought upon us by the manipulation of our big bankers, our Government says to these creditors who claim a priority under a contract they knew could not be kept, if all such contracts were insisted upon, "You will be treated the same as every other creditor. You will be paid your bonds and your interest in lawful money, the same as others who do not enjoy the privilege under the written conditions of an ancient statute; a fossilized tradition that ought never have found itself into our system of government." We know the supply of gold is restricted. We know that in proportion the gold of the world is falling behind in the advancement of the volume of business. Under normal conditions business increases on the average about 3 percent per year, but gold increased but slightly over 2 percent, and during a period of several years gold in volume has been falling behind in proportion to the normal increase in volume of business.

It is perfectly natural to suppose that the amount of blood that would keep a baby alive would not be sufficient for a full-grown adult. By that same comparison, if gold in circulation is one side of every business transaction, is inadequate, then we should find a new basis upon which to build our money system, to keep the volume of it somewhere in proportion to the volume of business. Even now the currency of the United States that is issued with gold reserve is issued on the basis of only 40 percent reserve. Among the countries of Europe much currency is issued with only 10 percent reserve. Under those circumstances 90 percent of that is pure fiat. In the United States 60 percent of our issues are backed only by the credit of the Government with no gold reserve. It never was contemplated there should be full gold reserve, and it is an impossibility. Nations under pressure of the times reduce the necessary reserve, so that a large part of our money has value only as far as the Government's stamp is on that money. Most of our currency is Government fiat. Its chief security lies in economy of expenditure, a balanced Budget, and capacity of our people to pay taxes. The administration is putting our house in order and will meet every obligation.

Mr. MARTIN of Colorado. May I interrupt the gentleman there?

Mr. GREENWOOD. I yield.

Mr. MARTIN of Colorado. That is true of gold the same as any other form of currency, is it not?

Mr. GREENWOOD. Yes.

Mr. MARTIN of Colorado. The principal value of the gold dollar is the fiat of the Government, and if it were stripped of that fiat and thrown into the market as a commodity, its value would largely disappear, would it not?

Mr. GREENWOOD. Yes. Its principal value is given because of its monetary value and the authority of the Government that makes gold the basis for our currency, creates its chief value. Therein is where it has its advantage over silver. As far as I am concerned, I am willing to continue the use of gold. I should be glad to use silver as a basis also, for increasing the base for our currency, but there is one thing about this resolution; it is destroying the hypocrisy of the previous system we have had and trying to put our monetary system and currency system upon an honest basis. I am backing the President and the Congress of the United States in getting back to an honest policy of currency.

Mr. HOEPPEL. Will the gentleman yield?

Mr. GREENWOOD. I only have a few minutes. I would rather not yield at this time.

There is no repudiation about this. Every creditor of the United States will receive 100 cents on the dollar in lawful money. Did any purchaser of bonds pay for them in gold? He may have, but the probabilities are that most of the purchasers who purchased the obligations of the Government, paid for them with lawful money of the United States, and they will be paid with the same kind of money with which they purchased the obligation in the beginning.

My colleague from Michigan [Mr. MAPES] exclaimed: "What has become of the spirit of Grover Cleveland?" I suppose he was speaking of that quality of honesty and of courage that old Grover had. Well, we have just such a man in the White House now. [Applause.] He has got the courage to say to these men who hold this particular type of contract in which they claim a certainty or priority of having gold payments on their contracts, "You knew when you purchased your Government bond that the Congress of the United States had the power under the Constitution of the United States to coin money and regulate the value thereof"; and the Congress of the United States now, under the leadership of Franklin D. Roosevelt, is reaching out to exercise that constitutional power. These creditors will be treated justly but given no strangle hold on Uncle Sam.

I am glad to add my word of praise to the leadership that destroys a gross hypocrisy that has existed for years, claiming there was some sanctity in gold, while the depression, not only in this country but in the world, has shown that only so far as governments get behind the gold has it any sanctity; and only so far as the Governments will make good on their gold has it any advantage over any other character of money. So, for one, I am glad to correct this hypocrisy. I am glad to see that our country is endeavoring to create a volume of money and of credit that will permit the farmers and wage earners, the debtor class of America, to pay their debts in the same character of money, somewhere near the same value that they borrowed, when, 4 or 5 or 10 years ago, they placed mortgages on their homes. [Applause.]

The SPEAKER. The time of the gentleman from Indiana [Mr. GREENWOOD] has expired.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. AYERS of Montana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. AYERS]?

There was no objection.

Mr. AYERS of Montana. Mr. Speaker and Members of the House, last week this House and all this Nation listened with eager ears to the astounding developments that were being made over in the other end of the Capitol Building by Ferdinand Pecora, special counsel for the Senate Banking and Currency Committee in its investigation of the house of Morgan.

This great banking and securities company is headed by one of the richest men in all the world, yet according to his own admissions, under oath, he has failed to pay his own Government an income tax for the past 3 years.

The admissions and testimony in that hearing have already shown that during the time Morgan failed to pay this Government an income tax he was loaning to European governments and European financial institutions American dollars by the hundreds of millions. Surely he was not doing this for pastime. He was getting interest on that American money, and although he was escaping an income tax in his own country he was paying an income tax to the government of England.

While failing to help support his own Government with an income tax, he was using various schemes to show no income in this country, one of which was fake and fraudulent stock sales whereby he was favoring American individuals in high place and in high public office with fabulous assignments of valuable stock which instantly, by the simple twist of the wrist, made them 85 percent on their investment.

I do not know what they call that procedure in high places and in financial circles and when high Government officials are the benefactors but out in my State where we do not embellish such acts with elaborate or scientific names, we call it fraud, crookedness, and bribery, and particularly so if it later develops that the donor receives special privileges at the hands of those persons in high places, and in public office, as this hearing has developed that Morgan has received, ah, even to the extent of not being required under such circumstances and under such wealth to pay any tax in support of his government.

To my way of thinking this hearing has thus far developed a direct responsibility upon the house of Morgan and like banking and investment houses for the depression that we are now going through. They have gathered the moneys of this country for the purpose of making these fabulous loans to Europe, and in addition to that they have given the countries of Europe the argument that they must pay the House of Morgan before they pay the debt they owe our Government.

It is the likes of Morgan who have brought about the condition that has forced this Government off the gold standard; it is the likes of him who have caused our bondholders at home and abroad to demand payment in gold instead of American money as usual; it is the likes of him who have brought about the condition that causes every thinking man and woman in this House to vote for the resolution under discussion, to confirm the fact that we are off the gold standard.

Under present conditions which have been brought about in a large degree by the things exposed by the Senate hearing, we have the choice of either cowardly admitting bankruptcy and not paying our obligations or bravely going off the gold standard and paying our obligations with American money according to present values. Our Government obligations are over $20,000,000,000 and our gold supply is less than 4½ billion dollars. That will not pay our obligations in gold. Square plugs will not fit round holes. Square plugs are what we have; our creditors have round holes. Now, in order to plug the hole we must round the plug, our creditors refuse to square the hole, and the only way we can round that plug and maintain our honor in the family of nations is to confirm the fact that we are off the gold standard.

In his inaugural address the President said, "The money changers must be driven from the people." I am sure the President is undertaking to carry out that declaration, and I am likewise sure that this House is willing to help him in that undertaking. Pecora is unearthing the evidence to help our President drive the money changers from the people, and certainly he should not be handicapped by failure of expenses to put his evidence before the committee, to the end that the President and the people of this country may know what is going on.

This investigation is farther-reaching, and the results of its developments will culminate in greater good to the American people than did Senator Walsh's investigation of the Teapot Dome. Mr. Pecora is the present-day Senator Walsh in this investigation, and for his untiring labors and his masterly skill in the unearthing of these frauds he is receiving only $255 per month.

Being a lawyer myself, I know that according to the hours he is devoting to this case he is not receiving the compensation that masons and carpenters are receiving on the public works of this city today. He is earning far more money than he is receiving, he is entitled to more compensation. [Applause.]

The funds that have been allotted for the inquiry and investigation of such matters by the Senate Committee do not warrant any greater salary, and such funds will be exhausted when the investigation of the House of Morgan is completed. Other such houses, for instance, Kuhn, Loeb & Co., and Dillon, Read & Co., must be investigated. They are banking and investment houses, half-brother to the House of Morgan, and then the Senate Committee is not through with the New York Stock Exchange.

No one will dispute that Mr. Pecora is entitled to more money than he is receiving. Surely he should receive a salary equal to that of an Assistant Attorney General of the United States, for he is doing equally as much work and fabulously more good than any Assistant Attorney General I have ever heard of.

Senator BYRNES of South Carolina, Chairman of the Contingent Expense Committee of the Senate, Saturday said, "I am in favor of going into the affairs of all these private bankers. Unless we have more money, we would have to stop with Morgan and that would be unfair." Mr. Speaker, certainly it would be unfair, and when I say unfair I mean it would be unfair to the President, it would be unfair to the Senate, and it would be unfair to the people of this country. We must know the whole truth, for it is said "The truth shall make us free." Mr. Pecora's estimate is that it will take $75,000 to bring the evidence which he has lined up, before the Committee. Now let us give him sufficient funds to produce that evidence. It will be the best-spent money this Government ever spent.

In manipulating his income-tax returns so as to show losses instead of profits, it seems that Morgan made material use of the last business day of one year and the first business day of the next, but Pecora insisted on knowing what business took place on the days covered by the 2 days' return which would cause security valuations to depreciate $21,000,000. He finally developed the fact that on 1 of these 2 days, profits and commissions exceeding $2,000,000 were registered in the firm's books. He further showed that the total Morgan assets reached their peak of $703,909,000 on one of these days, and that this was the day which concerned the alleged $21,000,000 loss that exempted Morgan from paying an income tax. This is a case where figures were made to misrepresent facts.

With all these developments one would think the record would show a refusal or a protest on the part of the Internal Revenue Department to accept Mr. Morgan's returns. But not so. The Internal Revenue Bureau never raised objection to the methods employed by Morgan. But why should it when the officers of the companies of the Secretary of the Treasury and also his relatives were recipients of Morgan benefits? Morgan knew what he was doing when he played that 85-percent-benefit game. He reached the leading men of official life, of big business, and of both political parties. Among his scores of benefactors we find R. B. Mellon, brother of Andrew; Charles F. Adams, then Secretary of the Navy; George Allen, director of the Aluminum Co. of America, Mellon's company; Newton D. Baker, ex-Secretary of War; Walter S. Gifford, president American Telephone & Telegraph Co.; Charles A. Mitchell, fellow banker, now under indictment as a tax dodger; John J. Raskob, ex-chairman Democratic National Committee; Charles D. Hilles, New York Republican leader; Owen D. Young, chairman General Electric; William H. Woodin, present Secretary of the Treasury; and Calvin Coolidge, ex-President of the United States.

Mr. Morgan played no favorites in politics or business; he played the field. He wanted to sew up all favors for himself; he wanted a closed sack, and I guess he got it. Does any Member of this House think I have made a bad guess on that subject?

Pecora is on the right trail. Now let us keep it free from snow and ice and rocks, to the end that he, by unearthing these frauds, do a great good to the people of this land. Let us in adopting this resolution to furnish him funds for this investigation never forget that "the truth shall make us free." [Applause.]

The resolution referred to is set forth in full, as follows:

Concurrent resolution

Resolved by the House of Representatives (the Senate concurring), That—

Whereas an inquiry and investigation is now being carried on by the Senate Committee on Banking and Currency, pursuant to Senate Resolution 84, agreed to on March 4, 1932, as supplemented by Senate Resolution 70, agreed to May 15, 1933, investigating the business of banking, financing, extending credits, and the actual effect of "short selling" on security values, as in said resolutions mentioned; and

Whereas said Senate Committee on Banking and Currency, under the authority of said resolutions, is now investigating the private banking concern of J. P. Morgan & Co.; and

Whereas such investigation has disclosed that other banking concerns and investment banking houses should likewise be investigated; and

Whereas that part of the contingent fund of the Senate allotted to inquiries and investigations is not sufficient to further carry on such investigations; and

Whereas it is estimated that $75,000 additional is necessary for such committee to complete its investigation into the affairs of other banking and investment houses which the testimony before said committee thus far taken indicates should be investigated: Now, therefore, be it

Resolved, That for the purpose of continuing such investigation by the Senate Committee on Banking and Currency, pursuant to said resolutions, the said committee is hereby authorized to make such additional expenditures as it deems necessary, not exceeding $75,000.

UNIFORM VALUE OF COINS AND CURRENCIES OF THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States, with Mr. RANKIN in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent the first reading of the joint resolution was dispensed with.

Mr. STEAGALL. Mr. Chairman, this joint resolution recognizes the existing status with respect to gold payments upon obligations that were established under Executive order of the President issued under authority conferred by Congress in the Emergency Act of March 9, 1933.

Under the proclamation of the President the Government has assumed complete control of the Nation's supply of gold. This has been done to prevent hoarding and to prevent the withdrawal of gold by citizens of foreign governments.

This resolution ratifies and reaffirms the former action of Congress and everything that has been done pursuant to the authority conferred upon the President.

This resolution declares that contracts requiring the discharge of obligations solely by payments in gold are contrary to public policy; that hereafter no such contracts may be made and that all such contracts now in existence or that may hereafter exist shall be payable in lawful money of the United States.

The Government has a financing program in contemplation during the coming months reaching an enormous amount. It is necessary in undertaking to finance this program that the Government shall make clear and definite what the future policy is to be with respect to obligations incurred by the Government. In the existing situation it seems to me the Government could not be expected to execute further contracts payable in gold; and surely it is not desirable to have outstanding two classes of obligations incurred by the Government—one to be discharged by the payment of gold and the other by a different kind of money.

The world is in confusion. International trade and commerce are out of joint. International exchanges demand adjustments and stabilization before we may have a return to normal conditions. Pending this, Congress has specifically authorized the President of the United States to take all necessary action that he deems wise to prevent the

hoarding of gold or the withdrawal of gold so the action contemplated by this resolution simply supplements the authority already extended to equip the President with power to deal intelligently and constructively with the work of readjustment that awaits the administration in connection with our international economic relationships.

The occasion for the declaration in the resolution that the gold clauses are contrary to public policy arises out of the experiences of the present emergency. These gold clauses render ineffective the power of the Government to create a currency and determine the value thereof. If the gold clause applied to a very limited number of contracts and security issues, it would be a matter of no particular consequence; but in this country virtually all obligations, almost as a matter of routine, contain the gold clause. In the light of this situation two phenomena which have developed during the present emergency make the enforcement of the gold clauses incompatible with the public interest. The first is the tendency which has developed internally to hoard gold; the second is the tendency for capital to leave the country. Under these circumstances no currency system, whether based upon gold or upon any other foundation, can meet the requirements of a situation in which many billions of dollars of securities are expressed in a particular form of the circulating medium, particularly when it is the medium upon which the entire credit and currency structure rests.

There can be no substantial question as to the constitutional power of the Congress to make this legislation applicable to all obligations, public and private, both past and future. The power of Congress to issue a currency and determine the value thereof and to provide for the borrowing of funds by the Government is express and undoubted. It is also undoubted that Congress has all powers necessary to make the exercise of these two express powers effective. Contracts of private individuals, past or future, are valid and enforceable only insofar as they do not conflict with public policy as enunciated by Congress in the exercise of its constitutional powers. When, therefore, as is declared in this resolution, the enforcement or making of gold-clause provisions obstructs the proper exercise of the congressional powers, such provisions must yield. Nor does the fact that outstanding obligations of the Government are expressed as payable in gold coin impose a limitation, under the circumstances obtaining, upon the exercise of the powers conferred by the Constitution. The Government cannot by contract or otherwise divest itself of its sovereign power. All contracts of the Government are made in the light of this inalienable power to legislate as the public interest may demand. It is too well settled to admit of controversy that contracts or provisions of contracts, even though not inconsistent with public policy when made, may subsequently become contrary to public policy, as authoritatively announced by the legislative branch of the Government, and that, in such event, they become invalid and unenforceable.

So far as the future is concerned, the power to borrow, both of the Government and of private interests, will be seriously impaired unless outstanding obligations and future obligations are placed upon the same footing in respect of the medium of payment. Considerations of both equity and practical necessity demand that this be done, and it is the purpose of the resolution to accomplish this end.

The second section of the resolution is a clarification of a clause in the act approved May 12, 1933. Under that act, as passed, coins of the Philippines would be legal tender in the United States, and abrased gold coins would be legal tender at their face value. This situation, which occurred through inadvertence, should be corrected as is done by the resolution.

The Court has often sustained the authority of the Congress to do the things undertaken by the passage of this measure.

Section 8 of article I of the Constitution provides:

> The Congress shall have power * * *
> to borrow money on the credit of the United States; * * *
> to coin money, regulate the value thereof and of foreign coin * * * and
> to make all laws which shall be necessary and proper for carrying into execution the foregoing powers * * *.

The weight of the gold dollar was reduced by the act of June 28, 1834, and the standard of fineness was changed by act of January 18, 1837. The Supreme Court has stated, "No one ever doubted that a debt of $1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made." (*Legal Tender cases* (12 Wall. 457, 548).) The Thomas amendment authorizes further reduction of the gold content of the dollar.

The Supreme Court has held that the Congress has power to provide for the issuance of currency and make such currency legal tender in payment of all debts, public and private, except interest on the public debt and import duties which remained by express statute payable in coin.

The currency to which the *Legal Tender cases* refer was authorized as a war-time measure. In *Juilliard* v. *Greenman* (110 U.S. 421), the Court upheld the exercise of the same power in peace time. The Court said:

> The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts. * * * the question whether at any particular time, in war or in peace, the exigency is such, by reason of unusual and pressing demands on the resources of the Government, * * * that it is, as matter of fact, wise and expedient to resort to this means, is a political question, to be determined by Congress when the question of exigency arises, and not a judicial question, to be afterward passed upon by the courts. * * * (P. 448, ff.)

Nor is it necessary that the effect of the legislation enacted during an emergency be confined to the period of the emergency. The notes made legal tender by the statutes of 1862 and 1878 and upheld by the *Legal Tender cases* and Juilliard against Greenman have remained legal tender to this day.

The power of Congress to issue currency includes the power to secure "a uniform currency" for the whole country. (*Veazie Bank v. Fenno* (8 Wall. 533, 549).) In the exercise of this power the Congress has declared its policy with respect to the uniform coinage and currency system of the United States. In the act of March 14, 1900, defining the present standard unit of value of the money of the United States, the Congress provided "all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity. (Act of Mar. 14, 1900, c. 41, sec. 1, 31 Stat. 45, title 31, sec. 314, U.S.C.)

In the act of November 1, 1893, the Congress adopted a policy to "maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts." (Act of Nov. 1, 1893, c. 8, 28 Stat. 4; title 31, sec. 311, U.S.C.)

Provisions of obligations which obstruct the power of Congress to regulate the value of money and to maintain coins and currencies at a parity may be forbidden and rendered unenforceable by appropriate legislation enacted in the exercise of the implied powers of the Congress.

While it is true that the Federal Government may exercise such powers as are expressly conferred upon it by the Constitution or may be reasonably implied thereupon, nevertheless "it is not indispensable to the existence of any power claimed for the Federal Government that it can be found specified in the words of the Constitution or clearly and directly traceable to some one of the specified powers. Its existence may be deduced fairly from more than one of the substantive powers expressly defined, or from them all combined. It is allowable to group together any number of them and infer from them all that the power claimed has been conferred." *Legal Tender cases*, supra.

The classic statement of the proper construction of congressional powers is that of Chief Justice Marshall in *McCulloch* v. *Maryland* (4 Wheat. 316):

Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and spirit of the Constitution, are constitutional * * *. Where the law is not prohibited and is really calculated to effect any of the objects entrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department and to tread on legislative ground. This court disclaims all pretentions to such a power (pp. 421 and 423).

If in the exercise of its expressed powers to borrow money and to coin money and regulate its value, the Congress finds that provisions which purport to give to the obligee a right to require payment in gold—the basis of the Nation's currency—or in any particular kind of money or in an amount in money measured thereby, obstruct the power of Congress to regulate the value of money and are inconsistent with the declared policy of Congress to maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts, the Supreme Court will accept such findings. If the Congress adopts appropriate and reasonable means to prevent the interference of such provisions with the exercise of its power to regulate the value of the money of the United States, the Supreme Court will uphold such action as a valid exercise of the implied powers of the Congress.

In *Veazie Bank* v. *Fenno* (8 Wall. 533) the Supreme Court upheld the constitutionality of a tax on State-bank notes used for circulation, the avowed purpose of the tax being to drive the circulating notes out of existence in order to create a uniform currency. The Court held that such action by Congress in pursuance of its powers to coin money and to regulate the value thereof included the power to take appropriate steps to assure "a currency, uniform in value and description, and convenient and useful for circulation." The Court said:

Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it cannot be questioned that Congress may constitutionally secure the benefit of it to the people by appropriate legislation. To this end Congress has denied the quality of legal tender to foreign coins and has provided by law against the imposition of counterfeit and base coin on the community. To the same end Congress may restrain by suitable enactments the circulation as money of any notes not issued under its own authority. *Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile* (p. 549). (Italics supplied.)

In *Juilliard* v. *Greenman*, cited above, the court stated:

Under the power to borrow money on the credit of the United States and to issue circulating notes for the money borrowed its power to define the quality and force of those notes as currency is as broad as the like power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and to make that currency lawful money for all purposes, as regards the National Government or private individuals (p. 448).

In the *Legal Tender cases*, cited above, Mr. Justice Strong said:

Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power (p. 549).

And Mr. Justice Bradley stated in his concurring opinion:

I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of one or two additional words, to make all contracts payable in specie (p. 567).

Not a taking of property without due process of law.

The joint resolution provides that obligees shall receive the amount of the obligation dollar for dollar. It is the declared policy of the Congress to maintain all coins and currency of the United States at a parity with one another and to maintain the equal purchasing power of every dollar, in the markets and in the payment of debts. So long as this parity and equal purchasing power can be maintained, there is no taking of property. The purpose of the resolution is to protect the parity, not to destroy it.

In this connection mention should be made of the decision of the Supreme Court, New York County, N.Y., reached May 24, 1933, in the case of *Irving Trust Co., etc.*, v. *Hazlewood, etc.* (New York Law Journal of May 26, 1933, p. 3160.) In his opinion Mr. Justice Ingraham stated:

By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson* v. *Rodes* (74 U.S., 229) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation: the gold dollar and the paper dollar. The latter had a much-depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist* v. *The Company*, decided by the Court of Appeals of England in March of this year and reported in the Times Law Reports (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage.

Even should the Congress fail to maintain the parity of all coins and currencies and their equal power in the markets and payment of debts so as to give rise to the contention that the effect of such failure combined with the effect of the resolution would amount to a taking of property, this would not be without due process of law. Bronson against Rodes did not decide that Congress could not have made notes legal tender for obligations payable in a particular kind of money. Its actual holding was a construction of the Legal Tender Act of 1862 to the effect that it was not intended by Congress to apply to obligations expressed as payable in gold and silver coin, lawful money of the United States.

In the *Legal Tender cases* the Court said:

Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless, or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or even in peace pass nonintercourse acts, or direct an embargo. All such measures may, and must, operate seriously upon existing contracts, and may not merely hinder, but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul, and in other cases to impair the obligation of contracts. * * * (Pp. 549 and 550.)

In the same decision the court deals in like manner with the "closely allied" objection that the Legal Tender Acts "were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law." It states:

* * * That provision has always been understood as referring only to a direct appropriation and not the consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? * * * (P. 551).

The Supreme Court upheld the Philippine law prohibiting the exportation of silver coin from the Philippine Islands upon similar reasoning. (*Ling Su Fan* v. *United States* (218 U.S. 302).) It was contended that the statute was a taking of property without due process of law. The Supreme Court stated:

To justify the exercise of such a power it is only necessary that it shall appear that the means are reasonably adapted to conserve the general public interest and are not an arbitrary interference with private rights of contract or property. The law here in question is plainly within the limits of the police power, and not an arbitrary or unreasonable interference with private rights. If a local coinage was demanded by the general interest of the Philip-

pine Islands, legislation reasonably adequate to maintain such coinage at home as a medium of exchange is not a violation of private right forbidden by the organic law (p. 311).

The case of *Louisville & Nashville R.R.* v. *Mottley* (219 U.S. 467) is directly in point although the statute which operated as an impairment of the obligation of contract was passed in pursuance of the commerce power of Congress. The defendant railroad agreed in settlement of a claim for personal injury to issue to the plaintiff annual passes upon its lines for the remainder of their lives. Thereafter an act of Congress prohibited carriers from receiving a different compensation than that specified in their published tariffs. This was construed to prohibit the issuance of the passes in question. The Supreme Court denied the right of the plaintiffs to specific performance of their contracts with the railroad. The court said:

The agreement between the railroad company and the Mottleys must necessarily be regarded as having been made subject to the possibility that at some future time Congress might so exert its whole constitutional power in regulating interstate commerce as to render that agreement unenforceable or to impair its value. That the exercise of such power may be hampered or restricted to any extent by contracts previously made between individuals or corporations is inconceivable. The framers of the Constitution never intended any such state of things to exist (p. 482).

Also of importance at this point are the broad statements of the Supreme Court in Juilliard against Greenman and Veazie Bank against Fenno, quoted above in this memorandum. Furthermore, while it is not contended that the operation of constitutional guaranties may be suspended by an emergency, the Supreme Court has in actual practice—as, for example, in dealing with the emergency rent legislation made necessary by the World War, as well as in other cases—taken into consideration, both in the general construction of the powers of Congress and in the application of the due-process clause, the existing practical emergency which the congressional enactment was designed to meet. Obviously such an approach would be peculiarly justified by the exigencies of the present economic emergency.

The foregoing discussion applies to provisions contained in obligations of the Government as well as obligations of private persons. It is fundamental that "governmental powers cannot be contracted away" (*North American Com. Co.* v. *United States*) (171 U.S. 110, 137); *Fertilizing Co.* v. *Hyde Park*) (97 U.S. 659)) and rights conferred by the Government remain subject to the power of Congress "to make regulations in the exertion of the authority of Congress over matters within its constitutional powers." (*United States* v. *United Shoe Machinery Co.* (258 U.S. 451, 463, and 464); *Shaus* v. *American Publishers' Association* (231 U.S. 222, 234).)

That a statute valid when enacted may cease to have validity owing to a change of circumstances has been recognized with respect to State laws in several rate cases. That the doctrine is applicable to acts of Congress was conceded arguendo in *Perrin* v. *United States*, 232 U.S. 478, 486. (*Hamilton* v. *Kentucky Distilleries Co.*, 251 U.S. 146, 162.)

It is not contended that Congress has the power to render unenforceable a contract with the Government where such action is not the incidental result of the necessary exercise of power in the interests of the general welfare. (Cf. *Choate* v. *Trapp* (224 U. S. 665).) But where the acts of the Government are of a public nature and general in their application, the validity of the general action is not impaired by the fact that contractors with the Government are incidentally affected. (*Horowitz* v. *United States* (267 U.S. 458); *United States* v. *Warren Transportation Co.* (7 Fed. (2d) 161).)

When Congress finds certain provisions of obligations, including obligations to which the Government is a party, obstruct the powers of the Congress and are inconsistent with its policy to maintain all coins and currencies at a parity, appropriate action to protect the monetary system of the United States is constitutional even though persons holding obligations of the United States are affected equally with all other obligees. In its capacity as a creditor the Government is equally affected.

Furthermore, when, as is now the case, a limitation of the effect of such action to contracts between private persons and future contracts of the Government, would seriously impair the power of the Government to borrow money to meet its general needs and to cope with the necessities of the emergency, the constitutional power to take such action cannot be doubted.

The right of this Federal Government to coin money and regulate its value is one of the supreme purposes for which the Union was established. This power carries with it all incidental powers necessary to carry out the purposes contemplated by that provision of the Constitution.

No citizen may contract to destroy or to limit this right of the sovereign people as expressed and embedded in their Constitution.

It is said that it is immoral to take this action—that it involves repudiation of a moral obligation. I assert that there can be no moral obligation that can bind a citizen to do a thing in contravention of the fundamental purposes of the Constitution that is inimicable to the public welfare or to the perpetuity of the Government itself. There can be no duty imposed upon a Representative in Congress that can supplant or be substituted for his obligation to support the Constitution of the country.

No man need go beyond the Constitution to find the end of the inquiry as to his duty both from a legal and from a moral standpoint. These contracts that have been made payable in gold are impossible of fulfillment. I was taught in my limited study of law that any contract against good morals or against public policy or that in its nature is impossible of fulfillment could not be enforced, either at the bar of public conscience or in a court of law. We have more than $100,000,000,000 of such obligations in this country, some owing by the Government, but the greater portion by corporations and individuals. According to the terms of the obligations they may only be discharged in gold, yet we have less than $4,000,000,000 in actual gold with which to discharge these debts. If a citizen or a corporation owed debts of $100,000,000,000 and had only $4,000,000,000 of assets with which to discharge them, a court would intervene for the purpose of securing an equitable distribution of those assets, and any effort to apply the assets of such a corporation or of such an individual to the discharge of a portion of its obligations would be set aside by any court of equity in the world, because it would be inequitable and immoral.

There are other debts amounting to fully $100,000,000,000.

We cannot pay either class of these debts in gold and it is against public policy, it is contrary to every dictate of common sense and justice to undertake to differentiate between creditors whether of the Government or of individuals. Common sense and common honesty suggest that there should be one standard of value in this country and one kind of requirement to discharge an indebtedness on the part of a citizen or on the part of the Government.

I want to ask who in this country paid in gold when they contracted with the Government or with individuals for the obligations that are made dischargeable in gold? People who bought our bonds during the war paid for them with bank credits. They paid with bank checks. People who bought our bonds and who have purchased this stupendous amount of obligations in this country did not pay for them in gold. They did not even pay for them in currency of any kind. They paid for them in bank checks. [Applause.]

After all, fairly and equitably construed, the meaning of these contracts that we made payable in gold was that they would not be discharged in any kind of depreciated money, and this resolution provides a yardstick applicable to every obligation of any citizen or any institution. So there is no discrimination between citizens as to the manner in which debts may be discharged. It is applicable to all alike.

Mr. WADSWORTH. Will the gentleman yield?

Mr. STEAGALL. In just a moment.

Let me say further that the time has come when we must recognize that the public welfare and the future perpetuity

of this Government are the things that should command first consideration at the hands of those in positions of official responsibility in the United States. [Applause.] We have been worrying over the integrity of the dollar and its standing at home and abroad. We have been losing sleep over the maintenance of the gold standard. In the meantime, commerce and trade were dying, agriculture perishing, and citizens of this country losing their homes, with their families being turned into the streets and 15,000,000 working people unable to find an opportunity to labor and support their families. The talk about the immoralities of this resolution carries no weight with me. Who can defend the moralities of a transaction in which a citizen incurs an obligation that may be discharged by 1 day of labor and through manipulation or other causes beyond his control this citizen finds it takes 2 days of labor to discharge this same debt?

I repudiate as dishonest a dollar that presses down upon the struggling people of this country in such fashion. We cannot work out of this depression so long as we devote our chief efforts to maintaining the integrity of the dollar. We must dignify humanity and the rights of mankind if we are to solve the problems that confront us. This is what we are undertaking to do. We want a dollar that serves mankind—not one that enslaves! We want an honest medium of exchange that will afford equal opportunity to all to be a reasonable reward for honest toil.

Mr. WADSWORTH. Will the gentleman yield now?

Mr. STEAGALL. I yield to the gentleman. Then I must desist, in order to save time for others.

Mr. WADSWORTH. My attention was attracted by the use of the word "yardstick" in the address of the gentleman from Alabama a moment ago, and I think he stated, in effect at least, that all citizens would be treated or measured by the same yardstick with respect to their rights under contracts entered into after this measure shall have passed. I hope I am not misquoting or misunderstanding the gentleman from Alabama.

Mr. STEAGALL. Not only hereafter but as to contracts now existing; all are to be on an equal footing and all debts may be discharged in the same kind of money——

Mr. WADSWORTH. Now, I should like to ask my question. Is it not true, however, that the Congress has already authorized the President in another act to change the length of the yardstick from time to time?

Mr. STEAGALL. Yes.

Mr. WADSWORTH. Then citizens cannot be treated all alike, if I am treated with one yardstick tomorrow and another gentleman with a different yardstick the next time.

Mr. STEAGALL. But whenever the yardstick is changed again, it will be the measure of every citizen's rights, and it will not apply one method to one citizen and one institution and another method to another citizen or another institution. When we have done this we have done all that is demanded morally or legally; and when we do less than this we set up a discrimination between citizens or a discrimination between classes of citizens in this country. There has never been a contract to pay a laboring man in gold. Gold payments are only required by the creditor class. The masses of people who labor in fields or forests or shops or mines accept gladly any currency tendered, so long as it represents the wealth and good faith of the Government.

It is not only faulty, but it operates as a class discrimination.

Mr. WADSWORTH. Will the gentleman yield again?

Mr. STEAGALL. I will.

Mr. WADSWORTH. Cannot the gentleman see that changing the length of the yardstick brings about a discrimination between citizens?

Mr. STEAGALL. I do not so construe it. As for the devaluation of the gold dollar, I do not know what is going to be done in that connection. I do not know what action is going to follow the passage of the resolution. I hope it will be followed by further steps that will free us from the existing order which has brought so much of suffering and distress.

So far as the resolution itself goes it simply reaffirms the existing status. I do not see how this action alone could bring about the cheapening of money which is so much deplored by those who oppose the resolution. If I had my way I would not under any conditions permit one citizen to contract for the discharge of a debt in one kind of currency and another citizen to contract for the discharge of a debt in another kind of currency. It seems to me sound public policy demands that there be no discrimination.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman.

Mr. GOLDSBOROUGH. I want to ask the gentleman, suppose Congress should demonetize gold. Does the gentleman think the holder of the gold bonds would be satisfied to be paid in gold?

Mr. STEAGALL. Certainly they would not. They would demand payment in dollars backed by the Government. We are within constitutional limits; we are fulfilling the highest duty to the Nation and to the world when we take this step to establish an honest currency suited to a great productive citizenship and to free our people from the fetters which through the years have deprived them of the measure of prosperity and happiness which God in His goodness intended for all the people of the United States. [Applause.]

Mr. HESS. Mr. Chairman, this is a very important question, and I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman makes the point that no quorum is present. The Chair will count. [After counting.] One hundred and fifteen Members present—a quorum.

Mr. LUCE. Mr. Chairman, with much that the chairman of our committee has said I am in accord; with some of it I will take no issue; but he misses the vital point; he has glossed over the real question before the committee.

This proposal has nothing directly to do with inflation. It has nothing directly to do with the money question as such. All the time that has been so far devoted to the praise of inflation has only taxed, and that which may hereafter be devoted to the praise of inflation will only tax, the patience of the committee.

There is but one question here. I have set it forth briefly and somewhat sketchily in the minority views that accompany the report of the committee.

Unfortunately, this matter came before your Committee on Banking and Currency without warning. Saturday a large number of the Members of the House assumed that there would be nothing done and had absented themselves for the week-end. There were but two of the minority members of that committee informed of the meeting with sufficient time for their attendance.

We had no witnesses before the committee. We had no explanation of the bill at first hand. We were not given, by those who framed it, the reasons why the bill was requested. We were working in the dark.

The request to file a report before midnight was made at noon in a small House, which was quickly adjourned, the Members scattering. There was no opportunity to present a draft of minority views to other members of the committee, so they bear only my own signature. But I am certain that others of the committee would have signed the minority views had it been physically possible.

Mr. BEEDY. If the gentleman will yield, permit me to say that I should have welcomed an opportunity to sign the minority views.

Mr. LUCE. I have no doubt that my friend from Maine would have signed, and I am sure others would have signed also.

Mr. WADSWORTH. You would have had my signature, too.

Mr. LUCE. I wish it were possible, although I realize it is not, to acquaint the 300 and more Members of the House absent at this moment, with the nature of this proposal. I shall, perforce, be obliged to confine my hope to

acquainting one quarter of the Membership. I trust, however, that other speakers will have a better audience later in the afternoon. Perhaps there are some of the hundred Members or so of those present who may think it worth while to ask absent Members to read the minority views, and so acquaint themselves with the argument.

The present occupant of the Chair, the gentleman from Mississippi [Mr. RANKIN], spoke with some emphasis of the importance of this question, and I suspect there were those here who thought he was extravagant in the statement, but if he had thought it wise to tell the House that now, for the first time in the history of this country, we are being asked to repudiate "a solemn pledge", then perhaps it would have been thought his words were not too strong. For the first time in the history of the United States we are asked to go on record as renouncing a "solemn pledge." That language is not mine. It is the language of the statute, a law enacted 64 years ago. From that day to this no man has stood on this floor and asked that language to be changed. For 64 years we have lived and transacted our affairs and made our contracts and conducted the business life of the country on the basis of this "solemn pledge" of the Congress to the people.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Oh, please allow me to finish. I dislike very much to decline to yield, but gentlemen who rise with questions often break the thread of thought and lessen the speaker's opportunity to persuade and convince, if he can. So, in all courtesy, I ask the gentleman not to ask me to get off the track. With his permission I will get back on the track now, with the words of the law.

Unfortunately there is a misprint in the minority views. I said therein that "equivalent" meant "equal worth", but it has been printed "equal work." Bearing in mind that "equal worth" is the meaning of the word "equivalent", observe what was said in that law of 64 years ago:

> The faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations has expressly provided that the same may be paid in lawful money or other currency than gold or silver.

Let us take away the explanatory words and return to the heart of the matter:

> The faith of the United States is solemnly pledged.

I repeat, the faith of the United States is "solemnly pledged", and now, with hardly 48 hours' notice, without explanation of the cause, without adequate disclosure of what is in mind we are asked to repudiate the solemn pledge of the United States to millions of its citizens.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Again I beg of the gentleman not to break the thread of my thought.

Mr. WHITE. Will the gentleman yield?

Mr. LUCE. No.

I am going to reiterate, because the interruption of the gentleman may have disturbed the solemn thought that I tried to arouse in the minds of the Members of this body as I read the language of the law. So I shall read it again:

> The faith of the United States is solemnly pledged.

Sir, there are situations under which temporarily it becomes necessary to waive the law. Those situations exist in time of war, and by reason of the belief of the administration in which we share, they today exist likewise in time of peace. We have passed much legislation suspending temporarily the laws of the United States, suspending temporarily the Constitution of the United States—all in the belief that we shall be sustained upon the ground that this is a time of great emergency. In the first place, observe, you are not asked for a temporary suspension of law in this case. You are asked for a permanent, constant, and complete abrogation of a solemn pledge. You are asked to enact new law that for all we know may be the same tomorrow, a week after, a month after, a year after, forever. You are asked to enact permanent law, while in previous exigent enactments of this session, we have said that the provisions should be enforced only for 2 years or until the proclamation of the President declaring the emergency ended.

So there is no excuse to be found in that direction, unless we should see fit to change the terms of the resolution and make its life temporary.

Let me conclude with the second element contained in the proposal, to which I raise no objection. If it is thought by the Treasury that future emissions of currency or of obligations ought not to contain the gold clause, at the moment I am ready to say well and good. As they come along they may be subject to criticisms, but on the whole I am willing to leave to the judgment of the Treasury what ought to be done in the issue of bonds, in refinancing next month, or in any other of the things touched by this resolution. I am curious indeed to know what is thought will be accomplished, for apparently we find $3,000,000,000 worth and more of gold to be retained in the Public Treasury with a wall around it, a wall so high and a wall so solid that not an ounce of gold is to come out. Every ounce of gold that gets in is to be kept, but none of it is to go out. None of it is to be used as a basis for the fiscal operations of the Government. It is to be buried there; and why it should be desired to kill and bury $3,000,000,000 worth and more of gold I cannot see. The wise men at the other end of the Avenue who are advising the administration no doubt have some plan in mind that the ordinary mortal cannot comprehend or envision. We will let that go. If they want to bury $3,000,000,000 and more of gold and make it perfectly useless, no longer a support for any kind of obligation, no longer functioning as money, no longer serving any advantage whatever—if that is their intent—the responsibility is theirs, and I am not here now to criticize. So we may dismiss that element in this bill.

Empower the Government, if you want, to bury the gold and erect a tombstone over it and carve thereon "Hic jacet $3,000,000,000 worth and more of yellow metal." All right. We will leave it buried there and come back to the instant proposition.

The important thing and the only thing in this resolution I care to debate is found in the repudiation of the public promise, and I hope this bill may be known from now through all history to its eternal infamy as "the repudiation bill, passed by the repudiation Congress of 1933."

The first time since 1789 that this Congress has pledged itself to destroy a pledge, the first time that the Congress has denied its plighted word!

First let me ask what may be the effect of this thing? There are gentlemen here, judging from the speeches we have heard in the last few weeks, who never think of money without conjuring up some diabolical image of a man of huge wealth somewhere who, with other men of huge wealth, is conspiring to do public injury. Every time there is any money bill brought forward you are told that you must help the weak and helpless, the poor and distressed, by taking money away from other people. Let us not argue that, but let us see who will lose in this instance. Who bought the Liberty bonds at the time of the war? Is there a man within my hearing who bought no Liberty bonds if he were of age at that time? Is there a man here who still has none of those bonds? Ah, but you may say you are of the prosperous class and, therefore, are not of the class for which we are met here; that we have not come here to legislate for the patriotic millions who bought and who still hold Liberty bonds; not come here to legislate for the thrifty; not come here to legislate for those who are willing to work; but that we have come here to legislate for the morons of society; to legislate for the thriftless of society; legislate for those who never laid aside a penny for a rainy day; legislate for the infirm of mind.

Well, I think once in a while it is fair to remember that the great mass of the people of the United States are not of that class; that the great mass of the people of the United States are hard-working people and are grieving today that they do not have a chance to work; that the great mass of the people lay aside something against the needs of sickness and of old age; and that the great mass of our people are

prudent, are out of debt, are self-reliant, and that once in a while, Mr. Chairman, occasionally, say in 1 hour out of every month, we have the right to pay some attention to the middle classes of this country, many millions in their number, men who have made this country, men who support this country, men who deserve at least an atom or two of our thought. So I want to ask you, Who holds these bonds, these securities?

I would call attention, in the first place, to the fact that more than a billion dollars of them are held by trustees of colleges, universities, and professional schools, and that the first duty of the treasurer of every such institution is to invest its money with safety. Yes! "Safety first" is the motto of every trustee, whether he be with some public enterprise or treasurer of a private enterprise, or whether he be trustee for estates where the funds go to the widows and orphans. The first duty of the trustee is and always has been to protect the money in his charge and to secure the safest investment. So through all these years the trustees of the land, those who conduct the money affairs of our colleges, law schools, medical schools, other professional schools, a thousand private hospitals and more, and all the various instruments of philanthropy, have had as their first duty the investment of the funds in their trust where they could be most safely invested; and relying upon the "solemn pledge" of the United States, they have in large part invested those funds in obligations bearing the promise that the principal and interest shall be paid in gold.

Who other are interested in this matter? There are outstanding in the United States, according to the World Almanac, more than 120,000,000 life-insurance policies. All the reserves backing up those policies must be invested, and the greater part of them is invested in securities, and so, too, for the sake of the holders of the 120,000,000 life-insurance policies, "safety first" has been the duty of the directors of the life-insurance companies, most of them mutual companies, not profit-making companies.

Then there are deposits in our savings banks amounting to more than $9,000,000,000, with securities the chief line of investment. As I have repeatedly pointed out on this floor, the depositors in the savings banks are not millionaires, are not men of large means, but for the most part men of moderate means, or the simple, humble folk who have laid aside in the savings banks, funds that shall protect them and their families in the years to come.

If time permitted, I could go on enumerating scores of directions in which the pledge by Government or corporation has been an important element in the buying of the securities in question.

Gentlemen are likely to try to sweep this aside on the ground that nobody has paid much attention to those promises. I would recall to you that in the panic of 1893, when the railroads were in as sore stress as they are in today, many found it necessary to reorganize, and then it was that the gold clause in corporate bonds first became of material importance. There were some of those roads that could not have reorganized at all were it not for the gold clause in their bonds. Many others were helped materially by that clause. All were able to issue their securities at a lower rate of interest than otherwise would have been the case.

It is estimated that there are now outstanding securities, other than Government securities, to the extent of $100,000,000,000 which have, in large part, been issued at lower rates of interest on account of this gold clause. Through these years you have allowed owners of these securities to accept a lower rate of interest in the confident belief that the "solemn pledge" of the Government would be kept. If the sacrifices thus made through the years could be calculated, the total would be of astonishing amount.

You now are asked to say that from some unexplained motive of temporary expediency you will permanently deprive one party to these contracts of all their benefits.

These contracts fulfilled every requirement of a contract. My good friend, the chairman of the committee, has ventured into the field of literature relating to the legal tender act and other matters distracting attention from the fundamental fact. Perhaps most of you are lawyers. Perhaps I shall not be able to turn such of you aside from legalistic attitudes to the common-sense view of things taken by others who are here. Yet that view is not to be ignored.

To the everyday man language means what its says. When these contracts were made both parties understood the language to have the common, everyday meaning. The minds met. Complete understanding was had by both parties.

A few weeks ago in the British courts of chancery a judge was able, by Jesuitical interpretation, to read into the law something that not a man here would have seen there 2 months ago. I have read that English decision, and for the life of me I cannot understand how any man who thinks straight, who has a reasonable degree of intelligence, could have reached that interpretation, but the English court did. Last Wednesday a district judge in New York, one of the United States district court judges, relying in large part apparently upon the English reasoning, came to the same preposterous conclusion.

I have been told that the English case will go to the British House of Lords. Of course, we know this case here will go to the American Supreme Court, and when the final word is said then perhaps somebody will have to retract his words, possibly myself; but for the time being I am convinced that language means what it is ordinarily understood to mean, and that it is a terrific wrench to common sense to read into a contract conditions that were never in the minds of either of the parties.

Last Thursday the decision of this New York court got into the papers and was read in Washington, and Friday the measure that is now before you was prepared. On Friday the gentlemen at the other end of the Avenue saw their opportunity. Were I to resort to the language of the street, I should say that they were mighty quick on the trigger. They got down here in a little more than a few minutes with a bill taking advantage of the absurd decision of that New York judge to do what, to my mind, is an infamous thing, to repudiate a "solemn pledge" made by the Government of the United States, to deprive millions of people of further reliance upon that pledge, to take away from them some substantial part of the fruits of their labors.

In the World War and the period immediately afterward we saw Germany maintain itself by resorting to the mysterious intricacies of finance. Germany financed the war and recovery therefrom by robbing the bourgeoisie, the middle class of Germany, of all their wealth. The end of that war found but two classes of people left as they were before, the rich as wealthy as before, or even wealthier, and the poor, who had nothing that might be taken, and were still with nothing to give. The Government had taken all the resources of the bourgeoisie to finance the war and recovery therefrom.

You are resorting here to the German method. You are entering upon the path of taking the savings of the middle classes with likelihood of still further enriching the wealthy, while giving nothing more to the poor. In juggling the currency the rich as a class are always the winners.

However, if it be the wish of this Congress deliberately to disown the pledges of its predecessors, to throw overboard an assurance that has been in the law, as I have said, for 46 years, let us concern ourselves for a moment with the expediency of it.

Large sums of money are owed to us by foreign nations. At first we demanded our pound of flesh. Then we made great concessions, and now some would wipe out all the debts, but there are those here who still believe the foreign nations should repay at least some part of those funds we lent.

How, after this bill passes, will you have the face to ask further payment? Do you not know that they will turn around and say: "You do not pay your own people what you promised in your own obligations; why should we meet ours?"

My friend who preceded me said he wanted the same standard. You will have the same standard of dishonor.

The standard you apply to your own folk will be applied to you by others; and when you pass this bill the further payment of the foreign loans may well be forgotten.

In various measures we are making huge loans to States, to counties, to municipalities, and we are asked to make them to school districts—huge loans in their total. Will you have the folly to believe that they will ever be repaid if now you enact this measure, a refusal to pay your own debts?

This is the beginning of an orgy of bad faith throughout the land and throughout the world, an orgy that may lead to the destruction of the very cornerstone of society, indeed that of civilization, for civilization rests upon good faith.

You say it is desirable to do this in order that the country may gain. But what shall it profit a man if he gains the whole world and lose his own soul?

The good faith of this country is its soul. We showed this to be the fact in 1790 when Congress took over the State debts and proceeded to funding the debt of the new Nation. Did you know that then the political predecessors of the gentlemen on my right, led by James Madison, tried to do in spirit the same thing you are trying to do, and that the House voted Madison down and Hamilton had his way? To Hamilton we owe the foundation of the credit of this country, the foundation upon which we have built the financial structure that, thank God, we have kept intact up to the present moment.

Like juncture came to the Nation after the crisis in 1873. Before the resulting depression had run its course, the currency question became critical. There were those who believed in more paper money as the remedy. Others demanded that we should resume specie payment and, luckily, they prevailed. Great apprehension followed. Fear was felt that it might not be successfully accomplished, yet on the 1st of January 1879 the "solemn pledge" of 10 years before was kept. Conditions bettered, business increased, and then for a dozen years and more there was prosperity in the land because the country kept faith.

Today, you are asked to break faith in order to restore confidence. Good heavens! Restore confidence by breaking faith; bring back business by breaking faith; start the wheels turning by breaking faith; lead merchants to lay in stocks of goods by breaking faith. No; a thousand times, no!

Your action today, if it be completed, will lessen confidence. It will postpone the return of recovery by months, if not by years. It will undermine, as I say, the foundations of society. It will destroy the greatest asset, not only of any individual but of any nation, the greatest asset in life—trust in pledges. So because you gave a solemn pledge, I demand you keep that solemn pledge. [Applause.]

Mr. PARSONS and Mr. ZIONCHECK rose.

Mr. LUCE. I yield to my friend here who rose first.

Mr. PARSONS. I desire to ask the gentleman why the pledge was made in the first place, on March 18, 1869, after we had gone along as a Nation from 1791 or 1790, when the Government's debt was first refunded under Hamilton, to 1869, without any such law or without any such clauses being written into contracts?

Mr. LUCE. I have not been able to ascertain whether there were like pledges in previous statutes and am assuming this was the first instance.

Mr. PARSONS. It is.

Mr. LUCE. I imagine that pledge was given because then, as now, there was fear throughout the land. The issue of paper currency had so distressed the people, had so injured business, had brought us so near the edge of ruin, that to allay fear, to renew confidence, and to start men once more in their ordinary activities, the Government promised that gold should be paid when gold had been pledged. [Applause.]

Mr. ZIONCHECK. Would the gentleman from Massachusetts be kind enough to explain to us in his lucid manner how he is going to pay debts of $100,000,000,000 with $3,000,000,000 of gold?

Mr. LUCE. A Senator from Massachusetts, George Frisbie Hoar, used to have a story that he told under similar circumstances. It was of an undertaker in a Maine town who was asked by one of his neighbors why he did not keep a larger supply of coffins. "Why", he said, "they are not all going to die at the same time." [Laughter.]

Mr. McGUGIN and Mr. PARSONS rose.

Mr. LUCE. Let us take it by turns. I yield to the gentleman from Kansas, if he will hasten, because there are others who desire to express themselves on this question.

Mr. McGUGIN. Maybe they will not all die at the same time and maybe they will not all demand gold at the same time, but it was our experience about a month ago that they were all demanding it at the same time at the Treasury and we had to suspend such payment. Is not that true?

Mr. LUCE. If the Treasury had then asked for this bill it would have had more excuse than is now found in reliance upon the casuistical opinion of a judge whose wisdom I do not trust. [Applause.]

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I quote from the law under which the Liberty bonds were issued: "The principal and interest thereof shall be payable in United States gold coin of the present standard of values." How does the gentleman interpret the expression "the present standard of values"? I interpret it in this way, that there is an agreement upon the part of the Government to pay gold, not a certain number of ounces of gold, but gold having the purchasing power that the gold had at that time these certificates were issued. [Applause.]

Mr. LUCE. My dear sir——

Mr. CHRISTIANSON. If that is true, how is there any repudiation of an obligation involved in the present measure?

Mr. LUCE. I share what I think is the gentleman's thought. It would be a very wise thing if we altered the law about the standard of values, if we substituted some better standard than we have now, but, certainly, the statute at the time it was enacted meant the standard prescribed by law.

Mr. BOILEAU and Mr. PARSONS rose.

Mr. LUCE. I have answered the gentleman from Illinois once. Let us take turns. I yield to my friend from Wisconsin.

Mr. BOILEAU. On the opening day of this session, March 9, we passed a resolution giving full force of law to the executive regulations which prohibited people from having gold. Why do we want to continue having the United States obligations payable in gold when the people are not supposed to have it and cannot have it?

Mr. LUCE. The gentleman could not have been here when I started my remarks, and when I stated that I should not have objected to this measure if it had been made a temporary measure. I am objecting to having it made permanent.

Mr. BOILEAU. I have heard all the gentleman's remarks and I have enjoyed listening to the gentleman, although I do not entirely agree with him.

Mr. LUCE. I would not have objected to this measure if it had been made temporary. I object to it as a complete and perpetual renunciation and repudiation of a "solemn pledge."

Mr. KELLER. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Illinois.

Mr. KELLER. I should like to know what the gentleman's idea is of the Kansas decision which denied the brewers the right to recover damages for their breweries upon the passage of the prohibition law, a decision by the Supreme Court which, in my judgment, covers the same point.

Mr. LUCE. My judgment does not agree with that. It seems to me a horse of a very different color.

Mr. ROBERTSON. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. ROBERTSON. Aside, sir, from the legal question involved and considering only the ethics of the situation, does not the gentleman admit that we are in the midst of an

economic war of serious consequence to millions of people, and will not the gentleman further admit that in war times our conception of ethical relations between man and man has to yield to the necessities of the situation?

Mr. LUCE. For the third time I will set forth that I would not have objected to this bill if it had been made a bill for the exigency alone. I object to a permanent repudiation of a "solemn pledge." [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the Committee, I was very happy that my colleague on the Banking and Currency Committee, the gentleman from Massachusetts [Mr. LUCE], was listened to with such great attention by the members of the Committee, and I was very much gratified by the applause he received from his side, because of my great respect for his ability and my great admiration for his character.

The gentleman from Massachusetts and myself, it seems, are fated not to agree on the principles of substantive legislation. I understand the gentleman from Massachusetts to say that he is not an attorney at law. Therefore, without criticism of his legal attainments, I can say that I do not believe there is an attorney in the United States who is not either a political partisan or who has not been employed on the other side who would have the slightest difficulty about the constitutionality of this legislation. If there ever was a piece of legislation offered to this body which was constitutional beyond peradventure, it is this legislation. No one can read the *Legal Tender cases* without knowing that this legislation comes within the purview of the constitutional powers of the Congress. No one who understands the circumstances and conditions under which gold contracts began to be made in this country can have the slightest doubt that all these contracts mean is that obligations requiring payment in gold shall be paid in money with a normal purchasing power.

These contracts began to be made after the Civil War to protect creditors from being paid in what was known as "greenbacks", a currency which was not worth dollar for dollar with gold. Since the Gold Standard Act of 1900 the Government is required to keep all currency on a parity with gold, that is, to see that all currency will buy just as much as gold, dollar for dollar.

Now, then, is that a fair statement? Suppose the American Congress—as it would have the right to do—should demonetize gold, suppose gold should cease to be lawful money in the United States, would these holders of gold contracts say that they were being properly paid if they were paid in something—gold—which was not currency at all? Why, of course not. And yet, if the contention of those who regard the legislation as unconstitutional and dishonest is carried to its logical conclusion, then these contracts could be paid in something worthless as money.

As long as the Government of the United States sees that it has an honest dollar, then the holders of these bonds will get all that they thought they would get at the time they bought the bonds. That is all there is in it, and anybody who argues any other way is making an argument for those who are not after an honest dollar, but who want to be able to threaten the Government with a demand for gold. There are $22,000,000,000 of gold bonds owed by the United States, $14,000,000,000 gold bonds owed by States and municipalities, $11,000,000,000 gold bonds owed by the railroads, $34,000,000,000 gold bonds owed by other domestic corporations, $10,000,000,000 gold foreign "dollar bonds", a total of $91,000,000,000 of bonds payable in gold, all to be paid with $4,300,000,000 in gold, which is all the gold there is in the country; as a matter of fact, there is only $11,000,000,000 of gold in the world.

These gold contracts cannot mean anything except that those who have them will be paid in honest money and not depreciated currency. That is all there is to it.

This legislation means that no longer can the great bankers who hold these bonds come to the Federal Treasury and say, "When these bonds come due, we will demand payment in gold unless you put a 4-percent interest rate in the next bond issue."

Mr. BRITTEN. Will the gentleman yield?

Mr. GOLDSBOROUGH. I am sorry; I have not the time. It means that no longer can the bankers threaten the Government of the United States and say, "Unless in your next issue we receive an interest rate of 4 percent we will demand the payment of our bonds in gold, and that will destroy the credit of the United States."

For hundreds of years the peoples of the world, and for 150 years the people of this country, have had their backs bowed down with this "cross of gold." Brother LUCE speaks about the conditions after 1879, when there was a resumption of specie payments. Does the gentleman know that bread lines covered the country from 1879 until 1896? That is what the resumption of specie payments did for the people of this country. It destroyed the productive power of the people; it sucked their earnings into the hands of the money lender; and it was not until the discovery of gold in the Klondike and in South Africa, in 1896, 1897, and 1898, that this condition ceased; and from then on until 1914, all the people of this country, including the creditor class, with which my brother LUCE is so exclusively concerned, and at whose shrine he falls down and worships whenever I hear him speak—all classes of people prospered as they never prospered before in the history of the world.

What does this legislation mean? This legislation does not take the country off the gold standard. I wish to God it did. The gold standard has been the curse of the world for hundreds of years. [Applause.] It has destroyed the working classes, it has destroyed the producing classes, it has contracted the currency. It has made it possible for the great bankers to control the value of one product, gold, so that the production of all other classes of the people could be sucked into their coffers. Thank God, we are nearly through. We have only one more step to take after this legislation is passed, and that is to go off the gold standard permanently, to go on a managed currency, to go on a currency based on the buying power of the dollar, to go on an all-commodity basis, and then the American people will be free. [Applause.]

Mr. Chairman, since the 4th of March we have established in this country the principle that it is possible for us to go off the gold standard without suffering any public calamity. We are off the gold standard now, for a period of two years, or until the proclamation of the President should shorten that period. We have established a principle that in order to reestablish a legitimate price level and start production it is proper to issue currency which is not based on any metallic reservoir. We have adopted the principle that in order to achieve and maintain an equitable price level it is legitimate to reduce the amount of gold in the dollar—provided we are going to stay on the gold standard at all—and today we are establishing a principle that what a bondholder is entitled to is an honest dollar with an honest purchasing power; and we have only one more step to go, and that is to go off the gold standard entirely; and may God, in His infinite goodness, grant that this day may come soon. [Applause.]

Mr. Chairman, there is no purpose on my part—I know there is no purpose on the part of any Member of the majority of this House—to reflect upon any member of any class of our citizenship, or to legislate in a manner which will be derogatory to any member of any class of our citizenship. What the majority party is endeavoring to do is to reestablish the economic vitality of the country, start the production of the country on a reasonable, profitable basis, to raise the price level to such a point that it will be fair as between the debtor and the creditor, so that the debtor can pay his debts, and the creditor may be able to receive what is due him. What the majority party in this Congress is trying to do is to avoid national bankruptcy—which means revolution—when the gold dollar or any kind of a dollar would be worth nothing. There cannot be any question but that when the Democratic Party came into power on the 4th of March this country was headed straight for bankruptcy

and straight for revolution. No other administration, in this length of time, has ever restored confidence in a people as has been done since the 4th of March last, by the present administration.

Let us avoid this harsh criticism; let us avoid this accusation of repudiation. I say to the distinguished gentleman from Massachusetts [Mr. LUCE] whom I regard so highly, that now the producers of this country are called upon to pay in what they produce three times as much as they paid at the time, on an average, when they borrowed the money which they owe. Is that a fair proposition? Is that an equitable proposition?

The gentleman from New York [Mr. WADSWORTH], the distinguished former Senator, spoke about changing the yardstick. The very thing that the Democratic majority in this House wants to do is to keep the yardstick stable—not the yardstick of the number of ounces of gold in a dollar, not the yardstick of paying a bond in something that may or may not have value, but the yardstick of maintaining a dollar with a fair purchasing power, the yardstick of maintaining average general commodity price levels, so that when a man borrows a dollar or a thousand dollars he may know that he can pay it five years from now with the same kind of money he borrowed, with the same kind of production, on the average.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Certainly.

Mr. WADSWORTH. It is just that last thought that was in the gentleman's mind, that was in my mind. I was not speaking about the yardstick as of 10 years ago or 20 years ago, but the yardstick of tomorrow, for, as we pass this bill and abrogate the gold clause, at the same time we must remember that we have given the President the power to inflate currency hereafter, and he may change the yardstick by Presidential decree.

Mr. GOLDSBOROUGH. The President may do it, but I have no reason to anticipate that the President is going to do anything which will not be equitable as between the debtor class and the creditor class. I should say right here, also, that the right treatment of each class is necessary for the permanent prosperity of either. I may say to the distinguished gentleman from New York [Mr. WADSWORTH] that the creditor class in this country is going to suffer equally with the debtor class unless there is a reflation of the currency, because you cannot continue on a falling price level without bankruptcy, and bankruptcy means loss and destruction for all classes. The President of the United States and this administration cannot do everything it would like to do at one stroke, but the endeavor is to build up this theory of a commodity dollar, and to follow legislation which has been passed and which will, in my judgment, pass this House today with legislation which will stabilize the purchasing power of the dollar and be fair to all our people so that the distress and destruction of values and the human misery and suicides which we have had in the last year may never occur again in the history of this Republic. [Applause.]

With the hope that the day is approaching when we can have a currency which will insure stability and fairness to all classes and a currency not dependent in any degree on how much gold metal is dug out of the ground, in other words, a managed currency, I am suggesting the following bill:

A bill to provide an American money of stable purchasing power, and for other purposes

Be it enacted, etc., That henceforth it shall be the primary object of the monetary policy of the United States to provide an American money that will maintain the purchasing power of the dollar in the wholesale commodity markets of the United States substantially stable at the average level of the year 1926.

SEC. 2. The Secretary of the Treasury shall forthwith cause to be printed, of the best materials and designs, so as to render counterfeiting as difficult as practicable, a supply of new paper money of $2,000,000,000 face value, in bills of $1, $5, $10, $50, $100, $500, and $1,000, and shall further cause to be printed, as required under the provisions of this act, additional amounts of such paper money, including bills of $3, $30, $300, $3,000, $5,000, and $10,000.

SEC. 3. Said new paper money shall not constitute promises to pay, but shall, like metal coin, in itself be, and on its face purport to be, money of the United States; shall like metal coin be irredeemable; and shall be legal tender at its face value in payment of all debts, taxes, duties, and other monetary dues and obligations, public and private.

SEC. 4. All agreements and conditions, heretofore or hereafter made, insofar as they provide for the payment of a monetary obligation in gold or other specific coin of the United States, are, except as such payment has been specifically authorized by the Congress of the United States, hereby declared to be contrary to public policy and void from the beginning, on the ground that they discriminate against other money of the United States, interfere with the proper exercise of the constitutional power of the Congress of the United States to regulate the value of money, tend toward unfair advantage, overreaching and oppression, particularly in times of war or financial stringency, and are otherwise detrimental to the welfare of the people of the United States.

SEC. 5. The value in exchange, or purchasing power, of said new paper money is to rest not on the value of the material composing it or on any promise of redemption or on any collateral but on the more reliable basis of the limitless demand which its legal-tender quality will create for it, combined with the strict control and limitation of its supply hereinafter provided for.

SEC. 6. The Bureau of Labor Statistics shall continue to ascertain weekly, substantially in the manner heretofore practiced, the average wholesale price of commodities in the United States, and shall regularly each week publish an index thereof. In said index the average price level of the year 1926 shall be designated throughout by the base figure 100, and price levels of other periods shall be expressed by comparative figures, in percentages of 100. The weekly index shall contain, together with the current figures, those for the preceding 3 weeks, and also for the twenty-sixth and fifty-second preceding week. Copies shall be regularly and promptly mailed, free of charge, to all weekly and daily newspapers requesting them, and other copies, printed on suitable heavy paper in larger type, shall be regularly and promptly mailed to all post offices and postal substations in the United States, and shall there be posted for public view for the duration of 1 week. When by reason of extraordinary conditions, such as an extensive crop failure or war, the prices of some commodities, represented in said index, are temporarily thrown greatly out of line, the Commissioner of Labor Statistics may direct, subject to the control of the Secretary of Labor and the President, that the price of such commodities temporarily be represented in said index by substituted index figures that reflect the abnormal situation only in part. But in every such case all publications of said index which embody, or are based upon, such substituted figures, shall contain a complete enumeration of such commodities, with their true as well as substituted index figures, and a clear statement of the reasons for the use of the substituted figures, and of the extent to which their substitution affects the index of the price of all commodities combined.

SEC. 7. The Secretary of the Treasury shall place the new paper money into circulation only through the purchase from the United States Treasury from the Federal Reserve banks or in the open market of securities, as follows:

(a) Obligations of the United States, bearing interest at a rate of at least 4 percent and having a maturity of not more than 2 years.

(b) Other first class monetary obligations, such as high-grade State, municipal, or public utility bonds, and notes, drafts, and commercial bills in amounts of $1,000, or multiples thereof, issued for goods or livestock actually delivered, which are well secured by endorsements and by ample collateral, and have a maturity of not less than 1 nor more than 9 months.

Under normal conditions about 20 percent of the securities on hand shall consist of obligations having a maturity of less than 1 year, and purchases shall be arranged so as to have a substantial amount fall due every month.

SEC. 8. The Secretary of the Treasury shall purchase securities under section 7 hereof as long, and only as long, as the average wholesale price of all commodities, according to the price index, shall stand below 100. In case a cessation of such purchase of securities by the Secretary of the Treasury shall be insufficient to prevent a rise of such price above 100, then he shall forthwith sell for cash, to be impounded, such an amount of the securities purchased by him under this act as will suffice by the reduction of the monetary circulation thus to be effected to lower said price to 100. It is hereby made one of the primary and principal duties of the Secretary of the Treasury to maintain the average wholesale price of all commodities in the United States as nearly as practicable at the level indicated by the figure 100, according to said price index; to prevent to the best of his ability deviations from said level exceeding 1 percent, and promptly to rectify any deviations that may occur.

SEC. 9. All of the new paper money printed under this act, together with the securities purchased therefor, and all money withdrawn from circulation through sales of any such securities, shall be kept in a special fund to be known as the "stabilization fund." All of the assets of said fund shall be kept in separate vaults, strictly apart from all other assets and funds of the Treasury, and shall never be commingled with any such other assets and funds or be used in lieu thereof or be used to defray ordinary or extraordinary expenses of the Government, and separate books and records shall be kept concerning all transactions of said fund. No part of said fund shall ever be used in an attempt to control the value or price of any commodity or other thing save only the purchasing power of the dollar with reference to the average wholesale price, in the United States, of all commodities combined.

SEC. 10. All income received, by way of interest or otherwise, from the operations and securities of the stabilization fund shall be used as follows:

(a) To reimburse the Treasury for all expenses incurred in the manufacture of the new paper money delivered to the stabilization fund, and for all expenses of the administration of said fund;

(b) To keep the total value of the securities in said fund always at 100 percent of the paper money issued under this act, and outstanding, by making good any losses or deficiencies that may occur;

(c) To increase the revenues of the United States by payment of all surplus into the general fund of the Treasury.

SEC. 11. The Secretary of the Treasury is authorized to sell at any time securities of the stabilization fund the retention of which appears inadvisable, and to purchase others in lieu thereof.

SEC. 12. The Secretary of the Treasury shall furnish weekly a report setting forth clearly the transactions of the stabilization fund during the preceding week and a summary of the assets of said fund, also quarterly a detailed report showing all assets, receipts, and disbursements, to the President, to the Vice President, to the Speaker of the House of Representatives, and to every member of the Committees on Banking and Currency of the Senate and the House of Representatives, and shall also mail copies of said reports to all newspapers requesting them.

SEC. 13. The assets of the stabilization fund shall be kept distributed, mostly in the interior of the United States, in suitable depositories.

SEC. 14. Separate auditors appointed by the Committees on Banking and Currency of the Senate and House of Representatives, respectively, shall examine the records and assets of the stabilization fund from time to time and shall each report their findings to both of said committees and to the President. The expenses of such audits shall be paid by the Treasury and shall be reimbursed to it under section 10 (a) hereof.

SEC. 15. The Secretary of the Treasury shall replace worn or defective paper money issued under this act, subject to the same rules, analogously applied, as now govern similar replacement in the case of the present paper money of the United States.

SEC. 16. The issue of United States notes, Treasury notes, and silver certificates shall cease upon the beginning of the circulation of said new paper money. All United States notes, Treasury notes, and silver certificates then outstanding shall be exchangeable at the Treasury for the new paper money aforesaid, at par, during the period of 1 year from the beginning of the circulation of said new paper money. Thereafter they shall be void.

SEC. 17. The issue of gold certificates shall forthwith cease. Outstanding gold certificates shall be presented for redemption in gold or for exchange at par against the new paper money aforesaid within the period of 1 year from the beginning of the circulation of said new paper money. Thereafter they shall be void.

SEC. 18. All minting of gold coins and silver dollars by the mints of the United States shall forthwith cease. But any gold or silver hereafter offered at said mints shall be made into bars of 250 grams or multiples thereof, 0.90 fine, and shall be stamped as to weight and fineness, at a reasonable charge, covering cost, to be fixed by the Secretary of the Treasury.

SEC. 19. Gold coins shall cease to be money for any purpose in the United States after the lapse of 1 year from the beginning of the circulation of said new paper money. During said year they may be exchanged at the Treasury for said new paper money at par.

SEC. 20. The issue of national-bank notes and Federal Reserve bank notes shall forthwith cease. None of them, however, shall be retired from circulation before the lapse of 6 months from the beginning of the circulation of the new paper money aforesaid. Thereafter said notes shall be withdrawn from circulation as fast as practicable and shall thereupon be surrendered and canceled. After the lapse of 1 year from the beginning of the circulation of said new paper money they shall cease to be money for any purpose, but shall remain redeemable by the banks that issued them for another year, and no longer, in any lawful money. The Secretary of the Treasury shall, on demand, cash at face value and accrued interest all United States bonds that have been deposited as security for the redemption of any of said notes, applying the proceeds to such redemption.

SEC. 21. Each Federal Reserve bank shall maintain the total of its outstanding Federal Reserve credit as nearly as practicable constant from the time of the passage of this act until the lapse of 1 year from the beginning of the circulation of said new paper money. No Federal Reserve bank shall, without approval of the Secretary of the Treasury, reduce its liability for outstanding Federal Reserve notes before the lapse of said 1 year. Thereafter about 10 percent of the then outstanding Federal Reserve notes shall each month be retired and canceled. All Federal Reserve notes shall cease to be money for any purpose at the end of 2 years from the beginning of the circulation of said new paper money but shall remain redeemable by the banks that issued them for another year, and no longer, in any lawful money.

SEC. 22. The Federal Reserve Board, the Federal Reserve banks, all member banks of the Federal Reserve System, and all other banks and banking institutions in the United States are hereby directed to conduct all their operations in subordination to and, to the extent of their legal powers, in support of the policy announced by section 1 hereof, it being hereby expressly declared that a reasonable management of bank credit is of great importance for the proper regulation of the value of the money or the United States.

SEC. 23. The President of the United States, upon recommendation of the Secretary of the Treasury, is hereby authorized to order such temporary limitations on the rate of interest to be charged or to be collected on loans made or to be made, either generally or with reference to specified classes of loans, as from time to time may become necessary for the orderly regulation under this act of the value of the money of the United States.

SEC. 24. The President of the United States, upon recommendation of the Secretary of the Treasury, is hereby authorized to order such temporary increases of the reserves of the Federal Reserve banks, or of their member banks, or of both of said Reserve banks and member banks, as from time to time may become necessary for the orderly regulation, under this act, of the value of the money of the United States.

SEC. 25. The Secretary of the Treasury is hereby authorized to appoint a temporary conservator, with plenary powers of management, for any bank or banking institution that shall by unwarranted reduction of loans or by other unfair means interfere with the orderly regulation, under this act, of the value of the money of the United States.

SEC. 26. After the lapse of two years from the passage of this act all deposits of such banks and banking institutions within the United States as are not members of the Federal Reserve System, shall be subject to an excise tax of 5 percent per year.

SEC. 27. The President of the United States is hereby empowered to prescribe and publish by Executive order such regulations as may be necessary for the carrying into effect, and for the enforcement, of the provisions of this act.

SEC. 28. Any person who shall willfully or by gross negligence violate any duty imposed by this act or by regulations prescribed and published under section 27 thereof, or shall willfully and unlawfully in any manner defeat or interfere with the performance of any such duty, or shall counterfeit, forge, steal, embezzle, or with felonious intent shall alter, falsify, carry away, destroy, or mutilate any of the moneys, funds, securities, documents, records, books, or reports made, issued, kept, purchased, or intended to be offered for purchase, or required to be kept or made, under the provisions of this act, or pursuant to regulations prescribed and published under section 27 thereof, or with felonious intent shall prepare or attempt to do, or assist in the doing of, any of the things in this section above mentioned, or shall willfully violate any order made under section 23 or section 24 hereof, shall, on conviction thereof, be fined in the amount of the loss caused by the wrong committed, to be paid to the party or parties injured, and in addition thereto, and in addition to other penalties provided by law, shall also be fined not more than $50,000, or be imprisoned for not more than 25 years, or both, according to the character and gravity of the offense committed. All penalties inflicted hereunder shall be subject to summary mitigation by a United States Circuit Court of Appeals at any time.

SEC. 29. All laws heretofore enacted, insofar as they are in conflict with the provisions of this act, are hereby repealed.

SEC. 30. If any part of this act should be held to be invalid, the validity of the remainder thereof shall not be thereby affected.

SEC. 31. This act may be cited as the "Currency Act of 1933."

Mr. LUCE. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, this repudiation bill is in direct opposition to the Democratic Party platform of 1932 upon which Franklin D. Roosevelt was elected President of the United States. It constitutes a violation of every campaign pledge he made before the people while he was barnstorming the country asking for votes. It is a repudiation of the faith of Jefferson. In a particular sense, I represent the members of the Democratic Party in my district, since I was nominated by them as their candidate at the last congressional election. I was also nominated by the Prohibition Party in my district. And I was nominated by the Republicans. I represent all the people of my district by virtue of my office and I represent all of the political parties of my district by reason of the fact that I was nominated by every one of them in turn. This gives me the right to protest in the name of the Democratic Party in my district against this repudiation bill. Mr. Chairman, the Democrats in my district are not welchers. They do not profess one thing and do another. They do not go to the country on one platform and in office act upon another and an entirely different one. They do not set up a party platform and, after winning a popular vote on the strength of it, cynically cast it aside and laugh the people and the people's government to scorn. So far as the people of my district are concerned, the Democratic Members of the House do not need to haul down the Stars and Stripes from the roof of the Capitol today. They do not need to vote under the Union Jack at the dictation of Franklin D. Roosevelt. His political credit is gone. His star has begun to wane. No Democrat needs to follow him into political oblivion.

Mr. Chairman, a law was passed here on May 12, 1933. On May 26, 1933, this bill was introduced asking us to amend the law passed 13 days earlier. Mr. Chairman, this is making a mock of government. The stuff that has been sent to this House during this special session to be obediently and subserviently passed into law, and the manner in which it has been sent and the nonsense that has accompanied it, has been enough to sicken the strongest stomach. It has been said in connection with this repudiation bill, this latest outburst of delirium, that President Roosevelt wishes to have it as a legal record of what has already been done. Mr. Chairman, what has been done was done illegally, and I do not doubt that those who have broken their oaths of office are anxious now to have Congress furnish them with a clean bill of health, but I think it would have been better if Congress had been permitted to function properly from the beginning. It is the custom, I believe, among certain malefactors to break the law and pay the fine afterward; to break the law and then say, "What are you going to do about it?" The crime of kidnaping proceeds that way. The kidnaper says, "Punish me or try to take me and I will kill the child." So with these wreckers and violators of law and order in office. Mr. Chairman, I think it would be more orderly and less expensive and that it would tax the patience of the country less if Roosevelt sent his backers home to their chosen lairs in Wall Street and himself attended to his own Executive business. If he has a yearning to be a legislator, let him resign his Executive office and get himself elected to Congress. He will be welcome here if the people send him to Congress, but he has no business to interfere with the deliberations of this House while he is acting as President of the United States.

Mr. Chairman, this repudiation bill was framed and brought here in the interest of the foreign debtors of the United States. Its aim is a cancelation of war debts by fraud and treachery toward the American people. It gives the foreign nations a way of making entirely fictitious payments on the war debts. It permits them to use the Federal Reserve currency and the United States Government credit which was unlawfully taken by the Federal Reserve Board and its agents and exported abroad. The United States Treasury has been drawn upon by the Federal Reserve Board for paper money and for credit exchangeable for money and these, unlawfully taken, have been sent to the debtor nations. Now comes Roosevelt asking us to pass a law so that the debtor nations may pay their debts to us in that stolen Federal Reserve currency and credit. This repudiation bill also gives them the right to pay us in debased coinage. It repeals the Gold Standard Act of 1900—the sheet anchor of this country's national currency—and it decrees that hereafter the United States shall issue no more national currency for itself at all but shall have nothing more than a debased subsidiary coinage and Federal Reserve currency in the form of Federal Reserve notes and Federal Reserve bank notes, issued at the will of the Roosevelt money changers who now control the Nation.

Mr. Chairman, the people of the United States are not coolies. They will not transact their business and make their interchanges of goods and services with the debased tokens of a subsidiary coinage and slips of paper. The Democratic administration, in violation of its campaign pledges and its party platform, is now endeavoring to foist upon this country currency of no value. It has given the gold and lawful money of the country to the international money Jews of whom Franklin D. Roosevelt is the familiar, and it has sent this bold and dishonest bill here so that it may have the pleasure of seeing Congress jump through another paper hoop and turn another somersault under the whip of the ringmaster.

Mr. Chairman, there is not a man within the sound of my voice who does not know that this country has fallen into the hands of the international money changers, and there are few Members here who do not regret it. Why should the fact be hidden? Is it not because those who have betrayed the United States are afraid to face the consequences of their misdeeds? Is it not because every man who hears me knows that there are few things more terrible than citizens armed in a righteous cause defending themselves and their children, their homes and their firesides from the invader? Do you not think at times, Mr. Chairman, of that old wooden bridge built by the Colonists at Concord? Do you not think at times, Mr. Chairman, of what happened there?

By the rude bridge that spanned the flood
Their flag to April breeze unfurled;
Here once the embattled farmers stood
And fired the shot heard round the world.

Mr. Chairman, we are on Concord Bridge today. Our enemy—the same treacherous enemy—is advancing upon us. Mr. Chairman, I will die in my tracks before I yield him a square inch of American soil or so much as a one dollar rebate on his war debt to us.

Mr. Chairman, the Constitution of the United States has served us well. I am in favor of defending it against all comers. In the Constitution of the United States, it is written that the United States shall guarantee a republican form of government to every State in the Union. This guaranty has been broken by Franklin D. Roosevelt in his unlawful assumption of dictatorial powers. It is also written that no State shall make anything but gold or silver coin a tender in payment of debts. This repudiation bill and its predecessors nullify this provision of the Constitution. It is also written in an amendment to the Constitution, "The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties in suppressing insurrection or rebellion, shall not be questioned." Mr. Chairman, this repudiation bill questions the validity of the public debt and repudiates it. It repudiates the Liberty bonds; it repudiates the veterans' adjusted-service certificates; it cancels the war debts due to the United States from foreign governments.

Now, Mr. Chairman, we have come to the place where we must decide whether we shall serve God or Mammon. Shall we nullify the Constitution at the behest of the money changers who have unlawfully taken all our gold and lawful money into their own possession or shall we take a stand here in defense of the faith of our fathers? Mr. Chairman, my mind is made up. I will stand by the Constitution. If I should fail to do so, I should expect to be met at the train when I go home to my district by a delegation of honest Pennsylvania citizens with 50 or 100 feet of rope. I should expect to be escorted to the nearest tree to be taught what it means to vote for a nullification of the Constitution in the House of Representatives.

Mr. Chairman, the provisions of this repudiation bill were foretold by a writer in the Dearborn Independent some years ago. There is, therefore, nothing novel or original about them. The writer of the article in the Dearborn Independent made the following quotation prophesying some of the measures which have been introduced here by the President of the United States:

(2) Confiscation of money in order to regulate its circulation.

(3) We must introduce a unit of exchange based on the value of labor units, regardless of whether paper or wood are used as the medium. We will issue money to meet the normal demands of every subject, adding a total sum for every birth and decreasing the total amount for every death.

(4) Commercial paper will be bought by the Government, which * * * will grant loans on a business basis. A measure of this character will prevent the stagnation of money, parasitism, and laziness, qualities which were useful to us as long as the Gentiles maintained their independence, but which are not desirable to us when our kingdom comes.

(5) We will replace stock exchanges by great Government credit institutions, whose functions will be to tax trade paper according to Government regulations. These institutions will be in such a position that they may market or buy as many as half a billion industrial shares a day. Thus all industrial undertakings will become dependent on us. You may well imagine what power that will give us.

"Remember that when next you hear the Jewish plan that 'Gentiles' shall do business with their own bits of paper, while Jews keep the gold reserve safely in their own hands. If the crash comes, 'Gentiles' have the paper and the Jews have the gold." Says Protocol XXII: "We hold in our hands the greatest

modern power—gold; in 2 days we could free it from our treasuries in any desired quantities."

The Jews are economists, esoteric and exoteric: They have one system to tangle up the "Gentile", another which they hope to install when "Gentile" stupidity has bankrupted the world. The Jews are economists. Note the number of them who teach economics in the State universities. Says Protocol VIII:

"We will surround our Government with a whole world of economists. It is for this reason that the science of economics is the chief subject of instruction taught by the Jews."

Mr. Chairman, have not most of these predictions come to pass? Is it not true that, in the United States today, the "Gentiles" have the slips of paper while the Jews have the gold and lawful money? And is not this repudiation bill a bill specifically designed and written by the Jewish international money changers themselves in order to perpetuate their power? What else do you make of it, Mr. Chairman? Does it not cancel the war debts? Does it not defraud the holders of Liberty bonds and every other obligation calling for the payment of money? Does it not defraud the veterans of the World War and take the value out of their adjusted-compensation certificates?

Mr. Chairman, I demand that the gold stock of the United States be taken from the Federal Reserve banks and placed in the United States Treasury. I demand an audit of United States Government financial affairs from the top to the bottom. I demand a resumption of specie payments based on full gold and silver values. I demand the currency of the Constitution. I demand the rights of the people guaranteed to them by the Constitution, and that means that I demand a vote which will defeat this repudiation bill.

No man can serve two masters. A vote for this bill is a vote for the money changers. A vote for an audit and an investigation of the Government's financial affairs is a vote for the people.

Mr. Chairman, all I ask of this House, and I ask it in the name of all the people, Jews and Gentiles, citizens and resident aliens alike, is that it, the people's own representative legislative assembly, shall stay close to the people and vote in their interest. Do not cancel the war debts and bind down upon our suffering veterans and our men of toil and our broken-hearted mothers and our starving children, the endless slavery of paying tribute to the "united front" of the war debtors. Do not force Americans to pay tribute to foreign rulers and potentates. Take back this country or perish in the attempt. Let this be our own country again. Let us rebuild it for our own. Let us keep the Stars and Stripes floating over the roof of the Capitol. Let us cling to the Constitution of the United States. This is the way to freedom and prosperity. The way of repudiation is madness. Remember, Mr. Chairman, that the ship of state has women and children aboard. Do not, therefore, guide it into uncharted waters. Do not allow the great Democratic Party to steer it onto the rocks while the world waits for it to founder and go down so that the international salvage crews may set to work on the wreck of it. [Applause.]

Mr. CROSS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I have been intensely amused at my friend from Massachusetts [Mr. LUCE] and my good friend from Pennsylvania [Mr. MCFADDEN.] My friend from Massachusetts has painted a terrible picture. He tells you we are going to wipe out the middle classes by this legislation. He tells you that the thousands of insurance policies will be destroyed, because they will not be paid with dollars of the present purchasing value. Does he not know that the middle class is the class which this depression and this contraction has practically already wiped out?

It is the man who had a little property, the little farmer, the home owner, who had borrowed on his farm and on his home, who had struggled to pay the premium on his insurance policies and who, by reason of this depression, this contraction, has not been able to pay his premiums, has not been able to meet his obligations, and as a result their policies have been canceled or they have been cashed in for what they could get on them.

Mr. ELTSE of California. Will the gentleman yield?

Mr. CROSS. No; not now.

Mr. ELTSE of California. I wanted to ask why the income tax in the small brackets was pushed up?

Mr. CROSS. Then I listened to the powerful prayer for the eleemosynary institutions which hold securities. Does the gentleman not know that if you destroy the ability of the people to take care of the many more times afflicted people who are being taken care of by their relatives than are being taken care of by those institutions what suffering would result?

If we are going to destroy and take from the middle classes all their property, and we are not going to help the lower class, which has been referred to here as the non-property-owning class, who in the name of God is going to get all this property?

Mr. BLACK. Will the gentleman yield?

Mr. CROSS. Not now, please.

Now, I did want to spend the little time I had in discussing the question at issue. There are but two questions here. One is whether we have the power under the Constitution to pass this act. The other is, Is it right and just to pass such an act? There can be no question about the Constitution. That question has long since been decided. That question was decided clearly by the United States Supreme Court in the case of Parker against Davis in Twelfth Wallace, which came to the Supreme Court from the State of Massachusetts, and I would like to read what the Court had to say. There had been a number of cases previously. The Hepburn case had been considered, and in that case an act similar to this resolution was held unconstitutional. The Hepburn case was tried in 1868, but this case repeals the Hepburn case and lays down the fact that Congress has the inherent power, the sovereign power to make money, to make any kind of money, to declare it legal tender, and that it is essential for the preservation of free government.

There is not a government in all the world, my colleagues, that writes its bonds payable in gold except this country—neither England, nor France, nor Germany, nor Italy; and it was not written into contracts in this country until the Uriah Heaps in their greed to control the redemption metal, aided and abetted by their Quints, Gammons, and Smacks conceived the idea of writing in the so-called "gold clause."

Now I should like to state what the Supreme Court has to say. I am merely going to read a few brief excerpts that you may get the view of the Supreme Court of the United States in passing upon this question. Of course, it was a *Legal Tender case.* The case to which I now refer is that of Parker against Davis, in Twelfth Wallace, Seventy-ninth United States Reports:

I quote:

If it be held by this court that Congress had no constitutional power under any circumstances or in any emergency to make Treasury notes a legal tender for the payment of all debts, a power confessedly possessed by every other independent sovereign country in the world, the Government is without those means of self-preservation which all must admit may in certain circumstances become indispensable.

Listen to this. Quote:

If legal-tender notes are rendered unavailable the Government has become an instrument of the grossest injustice, all debts are loaded with an obligation that was never contemplated they should assume, a large percentage is added to every debt and such must become the demand for gold to satisfy contracts that ruinous sacrifices, general distress, and bankruptcy may be expected.

Is not this our condition today? And then again, quote:

These consequences are too obvious to admit of question, and there is no well-founded difference made between the validity of an act of Congress declaring Treasury notes legal tender for the payment of debts contracted after its passage—

Mark this—

and of an act making them a legal tender for the discharge of all debts as well as those incurred before as those made after its enactment. But the obligation of a contract to pay money is to pay that which the law will recognize as money when the payment is to be made. If there is anything settled by the decisions it is this, and we do not understand it to be controverted.

In 1834 the amount of gold in a gold dollar was reduced 6 percent so that all gold dollars prior to that time con-

tained 6 percent more grains of gold than all the gold dollars thereafter.

For a long time there were four kinds of legal tender in this country, the gold dollar made before 1834, the gold dollar made from 1834 on, the silver dollar, and the greenbacks.

If a man made a contract and the kind of legal tender was not mentioned, then the debtor could pay with whatever legal tender he saw fit. Then it says:

> The eagles coined after 1834 were not money until they were authorized by law, and had they been coined before without a law fixing the legal value they could not any more have paid a debt than uncoined bullion, or cotton, or wheat. Every contract for the payment of money is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties, therefore—

I wish you to pay particular attention to this—

> the obligations of the parties, therefore, are assumed with reference to that power.

So that when a man enters into a contract he enters into it with the understanding, with a knowledge of the law, that the Congress has the right to change the kind of money it shall be paid with, to increase it, to diminish it, because the Constitution gives that specific right.

Now, I heard my friend from Massachusetts with great contempt speak of a case recently decided in England. Why, that case was tried in the lower court before Judge Farwell after thorough argument and consideration.

It was then appealed to the Court of Appeals and there tried before the English judges than whose reputation for honesty and legal ability none is greater; and Lord Hansworth, the keeper of the rolls, wrote the opinion. The case was that of an Englishman who had purchased a bond from a Belgian company. This bond was for the sum of £100, to be paid in gold of the weight and fineness of gold in England on the 1st day of September, 1928.

When the bond fell due later on, England had gone off the gold standard. The Belgian company tendered him the money in sterling, which was far under what gold would have been. He declined to accept it and went into court. England had gone off the gold standard and the bank notes of England were made legal tender. The English court said that Parliament had the right to makes notes of the Bank of England legal tender and that he had to accept it, that it was a contract to pay a debt and that he had to take whatever the legislature said should be legal tender, although the bond specifically stated it was to be paid in gold.

Then, in the New York case the decision was rendered by Judge Graham. In that case the question came up as to whether the trustees of a fund should accept payment when the obligation they held against the parties set out specifically it was to be paid in gold of the present weight and fineness irrespective as to what might be legal tender thereafter. The court there held, this country being off the gold standard, that the trustees should accept the currency. My friend should be more tolerant of the opinion of our learned judges and not condemn them with such feeling merely because they do not agree with him.

Now, let us talk about the moral part of this a moment. Oh, they say it is repudiation. Why, all we propose to do is to see that equal justice is done to both creditor and debtor. Is this being done now? Does not everybody know that the gold dollar today is three or four times more powerful in purchasing power or in real value when measured in property, in those things that supply the necessities, comforts, and luxuries of life than it was at the time it was borrowed?

Listen! Let us see the equity of it. If I had loaned you $10,000, 5 years ago, we would and we should have assumed that conditions would remain practically the same and that the purchasing power of the dollars I loaned you would be paid back in dollars having the same purchasing power; but if perchance our minds met on that, then my mind never met on any proposition that the gold dollar would run amuck and multiply itself in purchasing power, nor did yours; but the gold dollar has and is still run amuck and as a result, in accordance with the letter of the law, it enables me to rob you of twice what I loaned you, and I take your property, kick you out and let you go, and yet they say that this is fair under the letter of the law.

Why, this Congress is a great court of equity, and here justice can be done to everybody, because the Constitution says that we shall regulate the price of money; and like every other parliamentary body in the world, when great crises come you boys who think that the Shylock bond ought to be kept, not in spirit but in letter, and that this one clause ought to be protected, say, "They signed the bond, did not they." But if the shoe was on the other foot, if perchance some chemist should tonight discover a means of converting clay into gold as easily as water can be changed into steam, and gold thereby rendered worthless, they would appeal to Congress for relief and we would justly grant it.

Then they say, "Oh, you are giving the President too much power." I grant you that we have given him much power. I regret that this was necessary; but, Mr. Chairman, I had rather see the President with this power or I would rather see him as a dictator than to see a Danton or a Robespierre or a Lenin as a dictator, and we were verging on to that.

Little as those who possess great wealth in this country may think it, those who stand here and fight for this measure are their true friends. They can hate Pecora as much as they please, but, after all, he is doing them a great service because he will probably save them in the end.

Your people back home, tens of millions of them, are looking to this Congress and are hoping and praying that you will come to their rescue and that you will do something to equalize measures and bring back justice. Are you going to do it? Let me tell you that this resolution will solve the question, because our obsession over the gold dollar and our persistence in staying on the gold basis when every other nation had quit it have caused our people to become overburdened with intolerable debts, shackled with impossible debts, and this resolution is a cleaver that will cut in two these shackles, and the frown upon these tens of millions of men will be transformed into smiles of happy contentment. This resolution, enacted into law, and the sighs upon the quivering lips of countless half-fed children will be turned into the lilt of merry laughter. Will you do it?

Here is a law that justice demands and good conscience demands. The people are demanding it and, believe me, this Congress is going to enact it. [Applause.]

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman and members of the committee, let it be understood at the outset that I do not speak for the rich. I, myself, think that references to classes are odious. I think that a correct analysis of the situation in this country today will reveal the fact that the old line of demarcation which once obtained between the debtor and the creditor is now obliterated.

I have long been a debtor. I go back as far as my memory will admit, and I can remember when my people labored for a mere pittance. I remember that they were then struggling with a debt problem—the lifting of a mortgage on a humble home. I know what it is to belong to the debtor class.

In these later days the burden of debt has borne heavily upon nearly all of us. I take it that I differ little from the average man in this respect. Those who have long been debtors in later years have become creditors. Many of us recently purchased a $100 Liberty bond. Some more fortunate purchased a thousand-dollar Liberty bond. Many of us are fortunate in having something laid aside in the savings banks. Many are now carrying the burden of payments for life insurance. To this extent we are members of the creditor class.

So, let us, in the name of common justice, cease our odious references to the debtor and creditor classes. The people of America today are all in the same boat, and the debtor class is merged with the creditor class. The aim of this Congress and the aim of this administration should be to serve the best interests of all alike.

The gentleman from Maryland [Mr. GOLDSBOROUGH] made a slip in the course of his remarks such as I have seen made

frequently before in the course of debate. He contradicted himself within a period of 5 minutes. He first asserted with a great deal of vehemence that the pending bill does not take us off the gold standard, and this statement he followed with a still more vehement declaration that he "wished to God it did." Within the next few minutes he opened a new phase of his discourse with a statement that "we are now off the gold standard." Surely, if we are already off the gold standard, his is a futile wish to God the present bill would take us off the gold standard.

The indisputable fact is that it is the purpose of the present administration to take us definitely off the gold standard. It is unquestionably the best opinion of the present administration that we are not yet in fact and in law off the gold standard, but that this legislation is necessary to accomplish that purpose.

What does it mean to the average man that the country is to go off the gold standard? Let us state it in simple terms, so that the average citizen can understand. To go off the gold standard means to strike the only firm, reliable, and substantial foundation from under the currency of the country. A currency system which is not based on gold—or some other precious metal, and it is conceded that gold is the most stable in value—is of necessity based upon the faith and credit of a nation. And in these days we have ample proof that credit is fluctuating and uncertain. The pending resolution is even proof that a nation's faith, alas, is uncertain and transient.

Today we find ourselves surrounded by men loyal to the administration who in this House advocate that the United States Government break its solemn faith and disavow its solemn pledge that it would honor the gold clause wherever it is written into its contracts, a pledge which has been held out to our own people and the world for 64 years. So I say that both national credit and national faith do not constitute a sound basis upon which to issue currency. Currency issued upon any such basis is in no sense sound.

To disavow the gold standard and to launch upon a policy of issuing so-called "lawful paper money" resting upon the highly uncertain base of national faith and national credit is to open the door to future evils, the extent of which is beyond our power to foresee.

But the gentleman from Maryland [Mr. GOLDSBOROUGH] for one reason seeks to justify the present proposal on the ground that it is constitutional. I have no doubt that it is. It is true that while the Constitution of the United States places a limitation upon the several States as against their right to pass a law impairing the obligation of contracts, it contains no such limitation upon such a right in the Federal Government. I suppose no such limitation was imposed upon the Central Government because it was thought that the Nation, composed of States, each of which was enjoined against the passage of a law impairing the obligation of contracts, would certainly take no such action.

But the gentleman from Maryland [Mr. GOLDSBOROUGH] in further justification of the proposal, asserts it to be constitutional because we could have met our full legal obligations under the gold clause by paying our every bond in other than gold dollars, namely, in any legal currency. This is an admission indeed. The gentleman from Maryland has unconsciously lifted the curtain.

If it be true that this Government at any time within the past 64 years could have satisfied its every obligation involving the gold clause and have been strictly within the Constitution by paying such obligations in any money which was legal, what is the purpose of this bill? Clearly, it accomplishes but one object. It would permit foreign nations to meet their obligations to us, even though they carried the gold clause, in any form of legal money, in depreciated paper currency. This is, indeed, one of the principal objects of the pending legislation.

If we could know the whole truth, it would be disclosed that the President, in his recent conferences with representatives of foreign governments, has made some commitment to those governments which makes it necessary that this bill be introduced.

The pending bill is certainly most welcome to the international bankers. They have flooded this country with foreign obligations, obligations running into the billions and carrying the gold clause. Of course, these bankers now understand that the foreign bonds which they have sold to the American people will never be paid in gold. They, therefore, welcome this legislation as a means of making possible a nominal payment of the bonds in question.

I stated to the House a few days ago that one of the causes which contributed to wrecking the last administration was the insidious influence of the money power. I then stated that there were already indications that this same money power has fixed its talons in the present administration. If the American people need proof of the truth of such a statement, they have it in the pending bill, which accomplishes no other thing as to our own obligations than could have been accomplished under existing law, but which when enacted will relieve foreign debtors of their obligations to pay their debts to us in gold.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. If I yield to answer the gentleman's question, others will ask to interrupt me, and I have a train of though which I should like to develop without interruption.

Mr. MARTIN of Colorado. The gentleman made a statement which raises a real question. It is this. The gentleman just stated that European bondholders knew that these bonds would never be paid in gold. Why should they not anticipate the payment of those bonds in gold if we are able to stay on the gold standard?

Mr. BEEDY. Pardon me, my attention was diverted. What is the gentleman's question?

Mr. MARTIN of Colorado. The gentleman said that the European bondholders knew that these bonds would never be paid in gold.

Mr. BEEDY. The gentleman misunderstood me. I did not make such a statement. I said that the international bankers who floated these bonds now understand that they cannot be paid in gold even though they carry the gold clause and that they, therefore, welcome and sponsor this legislation because it will help them to clean their own houses.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. LUCE. Mr. Chairman, I yield 5 minutes more to the gentleman from Maine.

Mr. BEEDY. Mr. Chairman, some of the Members defending this bill have said that it will help to restore business confidence. I predict that it will work exactly the contrary result. Let me ask my Democratic colleagues a simple question. Do you know of any merchants in your districts who, in the face of this astounding proposal, and threatened with a possible issue of greenbacks aggregating $3,000,000,000, will go into the market to buy merchandise? Do you know that for some time it has been the policy of merchants to reduce their stocks? The gentleman from Connecticut, our distinguished colleague, Mr. MERRITT, has just told me of a firm in his district which has recently reduced its merchandise on hand by $3,000,000. This concern has thus reduced its force of employed labor and in the face of this legislative proposal, with the threat of evils incident to a policy of cheap paper money, does not dare go into the market as a purchaser.

Such concerns dare not gamble on what may happen tomorrow. Jobbers will not buy of manufacturers. Manufacturers must of necessity sell piecemeal to retailers.

Legislation proposing an abandonment of the gold standard, coupled with power already granted the President to issue cheap paper money, money resting on the unstable base of fluctuating credits and broken faith, is but the harbinger of prolonged hesitancy and an indefinite postponement of business recovery. The country will await assurance of a sound monetary base for our national currency before any genuine business recovery can be realized.

But let me call your attention to an inevitable result of the pending legislation. We are on the eve of an Inter-

national Economic Conference. The President endorses such a conference. He has led this country to believe, and undoubtedly by premature commitments to foreign representatives, he has led other nations to believe, that international agreements respecting trade and currency can be had, which will rehabilitate the commerce and the currencies of the world.

The pending bill will certainly inspire little confidence in the United States on the part of foreign nations. Why, gentlemen, if this bill becomes a law, I predict the utter loss of any lasting benefits through the coming conference of nations. I ask you, if the present administration succeeds, through the passage of this legislation, in repudiating its solemn obligation to its own people, what reliance will other nations place upon any promises which we make them in the coming conference? Surely a nation which will not keep its promise to its own people will not be expected to keep its promises to aliens.

I confess that events are transpiring which confuse and bewilder me. If the American people receive this proposal of President Roosevelt with the same measure of blind acquiescence with which it is accepted by the Democratic membership of this House, I am at a loss to understand what has become of the American standard of honor in party politics and public life.

During the last campaign President Hoover upon more than one occasion gave the country to understand that if they elected Franklin Roosevelt they would put in power a man who leaned toward a policy of unsound currency. Mr. Roosevelt resented such charges and ridiculed statements that there had been any danger of this country going off the gold standard in the closing days of the Hoover administration. He made light of the possibility of any abandonment of the gold standard by the United States in the near future.

Let it be a matter of record here and now that in his speech in Brooklyn on the night of November 4 last, Franklin Roosevelt made the following statement:

> The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape the country had some months ago from going off the gold standard. This, as has been clearly shown since, was a libel on the credit of the United States. No adequate answer has been made to the magnificent philippic of Senator GLASS the other night in which he showed how unsound was this assertion, and, I might add, Senator GLASS made a devastating challenge that no responsible Government would have sold to the country securities payable in gold if it knew that the promise—yes; the covenant embodied in these securities—was as dubious as the President of the United States claims it was.

In this statement, Mr. Roosevelt referred expressly to "the covenant embodied in these securities." The covenant referred to was the pledge of the United States given the American public and the world at large that wherever the promise had been made to pay its securities in gold, that promise would be kept. He upbraided President Hoover for attempting to convince the American people that he, President Roosevelt, or his party, would treat such a covenant as in any sense "dubious." He referred in that speech to the "magnificent philippic of Senator GLASS * * *" in which he showed how unsound was this assertion", namely, the assertion of President Hoover that the country had faced and would continue to face the possible danger of abandoning the gold standard.

In a notable speech delivered on April 27 last by Senator GLASS, of Virginia, who is appalled by the policy of repudiation endorsed by our President and the Democratic Party, he stated that "Franklin D. Roosevelt, now President of the United States," wired him that his speech assuring the people that this country, under Democratic control, would be in no danger of abandoning the gold standard, "was to him an inspiration." But President Roosevelt in his speech of November 4 last went still farther. He not only declared President Hoover's statement a libel upon the credit of the United States, but he declared also in his Brooklyn speech that:

> The President is seeing visions of rubber dollars. This is only a part of his campaign of fear. I am not going to characterize these statements. I merely present the facts. The Democratic platform specifically declares, "We advocate a sound currency to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said, "Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest at Butte I repeated the pledge of the platform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

In the face of these utterances of the President, on the very eve of his election; in the face of his assurance that he had three times repeated his unqualified acceptance of the Democratic platform, namely, that "sound currency must be maintained at all hazards"; in the face of his labeling President Hoover's statement that Franklin D. Roosevelt was inclined to a policy of unsound money as a "misrepresentation," I myself am unable to understand the present position of the President as the leader of his party. By what standard does he judge this solemn assurance of a candidate for the Presidency of the United States? What solemnity or value does he attach to the declaration of his party platform which endorsed a "sound currency"? It will not avail this administration to argue that any money which is declared to be legal tender is in fact sound money. There is but one meaning which has attached to the phrase "sound currency" or "sound money" throughout the entire history of the Republic, namely a currency backed by gold.

When President Roosevelt told the people at Brooklyn that he stood for sound currency, they understood him to mean—and the entire country had the right to understand him as meaning—that he stood for the necessity of maintaining at all hazards a currency based upon the stable foundation of gold. Within 3 months of his induction into office, our President astounds his own country and the civilized world by breaking his own pledge and asking his party to follow him along the dark pathway of broken faith.

The question as to wisdom or even as to the honesty of the pending proposal depends wholly upon our point of view. I come from the State of Maine. Within her rugged borders I was born. According to the beliefs of her people, I was taught that a promise made is a promise to be kept. It is the unfaltering belief in my section of the country that to keep faith is the rule of conduct which should obtain not only among individuals but among nations. It is the belief of my people that mere power to repudiate is not a justifiable ground for evasion. I am proud to represent a State and to claim membership in a party which believes that the path of repudiation is the path of dishonor.

No good can ever come to this country through the violation of its sacred pledges. If the party in control embarks this Nation on the program proposed in this pending resolution, it will have opened the door to an era of unprecedented suspicion, distrust, and lack of confidence. It will have given us "a new deal" in betrayed trusts and broken faiths to the lasting shame of all mankind. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has again expired.

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. My friend, Mr. MCFADDEN, referred a moment ago to the protocols of Zion which have been disproved and repudiated years ago. Mr. MCFADDEN says, "Is not this repudiation bill specifically designed and written by Jewish international money changers themselves in order to perpetuate their power?"

I deny that Jewish international bankers are responsible for this legislation or that there is any foundation for such an accusation.

This resolution is the product of the brain trust, practically all of whom are gentiles. It is just another brain storm of the brain trust. This resolution is repudiation and nothing but repudiation of the grossest character. Are we to become

known in the future as the great repudiation Congress, a badge of dishonor and perfidy? It would amount to a dishonest and dishonorable act.

What an astounding recommendation to come from any administration, especially so from a President elected on a sound-money platform and who in his inaugural address advocated sound money, less than 3 months ago. What faith can be placed on the promises and statements of the administration in regard to national and public credit?

For over 60 years this country has been on a gold basis. My Democratic colleagues, let me remind you that Grover Cleveland, the sturdy defender of the gold standard, and Woodrow Wilson would not have been guilty of this perfidy. I wonder what my Democratic colleagues from the State of New York will do? You are already in bad enough by voting for additional income taxes on the lower brackets which affect the small-income taxpayers, the so-called "white-collar class", the small business and professional man, already overburdened with taxation and struggling to keep his head above water, while the people of our State already pay more than one third of the income tax of the United States. How long will they stand it?

The public mind is excited by the disclosures in banking circles, but that is ephemeral, will pass away. National repudiation of its obligations will be a stain and a dishonor for all time to come. Americans have held their heads high and pointed with pride to their national credit and public faith; it was one of our great glories; but now, with a larger gold supply than ever, we resort to repudiation and hang our heads in shame. We own 40 percent of the gold of the world.

Better things might have been expected from a President and a Secretary of the Treasury from the State of New York. It is national dishonor. How can we expect foreign governments to fulfill their obligations to us when we needlessly repudiate ours?

Only a year ago England and France made every endeavor to drive the United States off the gold standard, but thanks to the efforts of the Hoover administration they failed. Now the Roosevelt administration plays their game, possibly with a view to reduce the amounts on the war debts of England and France to us.

Abraham Lincoln, during the Civil War, when the credit of the United States was greatly depreciated, the dollar being worth only 40 cents, insisted on fulfilling its promises, and interest on Government bonds was paid in gold.

Less than 20 years ago the administration of Woodrow Wilson, of which Franklin D. Roosevelt was a part, issued Liberty bonds, redeemable in gold, and which were bought by patriotic men and women to help carry on the war. Until now the interest on these bonds has been paid in gold; today President Roosevelt decrees that these patriotic men and women should be paid in debased currency. [Applause.] Our standard of national credit is about to be lowered before the world, and no longer will be one of our abiding glories.

For years we have resented Uncle Sam being called a "Shylock" by European war debtor nations, even by those which are only called upon to pay back sums less than the amounts loaned after the armistice. Now the debtor nations will call Uncle Sam the repudiator.

Soviet Russia will join in the chorus, and almost by right demand recognition on the ground that one of the main arguments against recognition is the fact that she has repudiated her international debts and cannot be trusted.

The following is a leading editorial from the New York Times, of May 29, 1933, which is self-explanatory:

THE NEW LIBEL

During his Presidential campaign the charge was frequently thrown in Mr. Roosevelt's face that he and his party could not be trusted to maintain a sound currency. It was alleged that the taint of depreciated money was in Democratic blood. Mr. Roosevelt more than once resented and denied this accusation. He did it most fully and explicitly in the speech ending his campaign which he made in Brooklyn on November 4, 1932, just before the Presidential election. He repeated and emphasized the money plank in the Democratic platform: "We advocate a sound currency, to be preserved at all hazards." Then he turned the attack upon Mr. Hoover, asserting that the President was guilty not only of misrepresenting the Democratic position but of preaching a "gospel of fear." There followed this passage, quoted from the verbatim report of Mr. Roosevelt's speech, only 3 days before the election: "The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States."

This seems to show that Mr. Roosevelt knows a libel when he sees one—perhaps even when he utters one. But the most interesting part of his Brooklyn speech remains to be cited: "It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant—embodied in these securities was as dubious as the President of the United States claims it was."

There is really nothing to be done when words thus conflict with deeds, except to let the words speak for themselves.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. STEAGALL. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, this is the most forward and advanced step taken since Moses called a halt to the worship of the golden calf. Gold as money, as a medium of exchange is a relic of a past and primitive age which has withstood and survived the progress of civilization and advancement before which other handicaps and burdensome customs and usages have yielded or have been overcome.

This Congress found the country staggering, reeling, groaning under the international gold standard, forced upon this and other nations by the manipulating financiers and bankers in their mad, modern craze to double the World War debts and bonds owned and held by them and which standard other nations has already thrown off to save their people from disaster. It is now to relieve this country from these burdens and avert chaos, disorder, and disaster that gold payments were suspended and this resolution is only to declare the status we found and have been compelled to recognize.

This resolution is not in the form of the remedy I have urged and contended for. I have always favored the painless or indirect way of expanding the volume and supply of money and credit and thereby raising values and the price level, which would in turn reduce the comparative value of gold and accomplish the same effect as this resolution without the technical apparent legal objection of impairing the obligations of contract. But all legislation is a compromise, no Member can have anything he wants at the time he wants it nor in the precise form that he may prefer.

But there is no equitable or moral objection. This only restores value and the price level openly and directly which was forced down secretly and indirectly by the contraction and withdrawal of money from circulation. It does not in fact impair the obligation of contract. It only makes the creditor take the dollar which he loaned and prevents him from collecting a dollar calling for many times the value of the one the debtor agreed to pay.

When there was no stable governments to fix, regulate, and guarantee by decree the volume and value of money, gold as one of the precious metals served the useful and double purpose as a medium of exchange with intrinsic value, that is of value within itself. This precious metal served the purpose faithfully and well until more people came to use money, then there was gold for the use as money, and then governments began to fix by decree the volume and supply and the value of money and using other material for money. And today when stable governments, exercising governmental power to coin money and regulate the value thereof, by sovereign mandate and decree, pledging all the property of all the people, and all the services of all the people, and all the earnings and income of all the people, and all the wealth and resources of all the nations, and exerting all the powers of the Army and Navy to make good and vindicate that decree, gold has become a mere commodity for convenience in international exchange. But the money changers to prolong

their power have continued gold as redemption money and thereby to maintain their grasp and strangle hold upon money and to control the value and use of money.

The gold standard for redemption is a fiction of money and finance without real or tangible existence and which has been continued and maintained to hold the people under the strain of impossible obligations and contracts. And writhing under the obligations of impossible ordeals to pay gold when there is no gold with which to pay, men, and nations, as well, are coerced to sell their birthright for forbearance, to postpone the impossible obligations and defer the pound of flesh from being torn from their writhing bodies.

While the fetish worship of gold is maintained to fix the standard of money the people and the nations as well have been led and coerced into obligations to pay $100,000,000,000 in gold under contracts, with only $4,000,000,000 in gold with which to pay. One hundred billion dollars in gold demanded with only $4,000,000,000 in gold with which to make compliance, is a bond to exact the remorseless pound of flesh. One hundred billion dollars in gold cannot be paid with only $4,000,000,000 in gold. But by maintaining the impossible obligations the contracts can be renewed with increasing and exacting burdens, and the bond for the pound of flesh is prolonged and continued on in force to coerce the helpless people and defenseless nations. This resolution cuts the binding cords, the fibers of the bands lashing down toil, labor, and human service to the millstone and the crushing weight of cornered monopolized redemption money.

This bill is to release the imperiled debtors from conscienceless contracts providing for the relentless pound of flesh.

We are living in an age of chance, speculation, and gambling. The grain and produce markets and the stock and security markets are controlled and manipulated by speculators and prices and values gambled upon. And all modern banks and banking systems are operated, organized, and conducted upon a chance, speculation, and gambling basis and made subject to all the hazards of speculation and gambling operations. From the very nature of the business conducted, banking attracts a certain class of men, known as "speculating and gambling financiers", who speculate, gamble, and take chances upon the people's money and credit.

Bank dealings and operations are predicated upon a basis and principle of chance, speculation, and gambling per se, from the hazards and uncertainties of which depositors must be safeguarded by double liability of stockholders and by insurance of their deposits. For every $100 cash assets banks are allowed to loan $1,000; loan $900 they do not have in the bank and draw interest on $900 they do not own, and take a chance that deposits or money will be paid in or all will not be checked out at one time. This is one of the speculating and gambling operations, one of the hazards and uncertainties increasing the liability of stockholders, jeopardizing the savings deposits, and creating a doubt in the public mind.

But there is another class of bankers, of speculating, gambling financiers, who not only gamble upon private deposits, make loans and loan money without money to loan, and who manifest cannibal characteristics, first devouring their weaker fellow bankers and then in turn eating up and devouring each other. And there is still another class of bankers known as international financiers and manipulating bankers, who prey upon and take from the public and make nations their victims as well. These speculating, gambling financiers control the money systems of the nations as they control our own Federal Reserve System, the great fountainhead of money and credit. They are shrewd, crafty, and resourceful. They know the laws of money and of financial credit operations. They know how, when, and where to act to increase, double, and multiply the value of their money, bonds, and property.

In their speculating, gambling maneuvers, they secretly manipulate the money standards. They expand the volume of money and credit. They contract and withdraw from circulation the volume and supply of money of a country, force down the price level and the wage scale and thereby take millions from the people. They make kings their puppet rulers through whom to enforce their systems upon the people. They lead Presidents unwittingly to name their tools for Cabinet positions, to parade in the cloak of public office. Already in control of the Federal Reserve Board, they seek only the portfolio of the Secretary of the Treasury to make their power absolute and complete, to take and exact from the people their earnings and income, their substance and all.

But the administration of the currency has become even more vital today than the enactment of currency legislation. No matter what Congress may do nor what action may be taken here for relief, the Secretary of the Treasury, in cooperation with the Federal Reserve Board, now dominated, directed, and controlled by international financiers and bankers, can neutralize, defeat, or nullify any measures Congress may enact or any orders that the President can make to provide relief.

Now, I am not speaking of men as individuals nor of them as tools and puppets in a personal way. Their conscience and their conceptions of right or wrong, of justice and injustice to their fellow man is the creature of their education and associations, of their surroundings or the environment in life. I only speak of them in their public relations, of the public and political systems which they represent and enforce upon governments and men, and under, by, and through which they take and exact from the people their earnings, substance, and property—the fruits of their toil and labor.

I do not impugn the honor or motives as men are measured today, following the laws of selfish human nature, the honor or motives of Mellon, Morgan, Glass, or Woodin. But they are the financial rulers, the power behind many thrones, or the servient, obedient tools who are taking more tribute from the people today than ever conquering kings and monarchs exacted from their vanquished subjects in the days of conquest and subjugation of old. Mellon, a monopolizing financier and banker was unwittingly placed in control of public finance as Secretary of the Treasury under the Coolidge and Hoover administrations to levy and exact toll and tribute under the secret power of money. GLASS has long worn the cloak of public office, posing as a servant of the people. When offered the portfolio of the Treasury, he declined in favor of Mr. Woodin, now exposed as a favored patron of Morgan.

For 12 long years the farmers have plead and prayed to the Pharaoh of finance and money of the Coolidge and Hoover administrations for relief from their bondage of debt, but they remained hard-hearted and would not let the people go. Now comes the Moses, Franklin D. Roosevelt, leading the people out of bondage, only unwittingly to surrender them again over to the same financial interest and power which has held them to make brick without straw. The people are to be congratulated by the forced abdication of Mellon as Secretary of the Treasury, by the verdict of the people at the polls. They are further to be congratulated by the providential declination of Glass as Secretary of the Treasury. And they could be still further congratulated and the Roosevelt administration relieved of embarrassment by the graceful resignation of Woodin, now acting as Secretary of the Treasury.

Woodin as a favored beneficiary of the international financiers and bankers has been revealed by the Morgan administration. There is only one course for him to pursue. He should tender his prompt resignation and relieve Roosevelt of the embarrassment and allow him to hold the confidence he has won and justly deserved and by which he is now holding the poise and balance of the waivering mind facing a great national crisis.

The Republican Members of this Congress, who defended and supported Mellon in office, or failed to ask for his resignation while he ruled as czar of the Treasury under the Coolidge and Hoover administrations, and now calling for Woodin to resign, are partisan tricksters and frauds upon

the people, and neither truth nor consistency is in them. And the Democratic Members of Congress who censured and condemned Coolidge and Hoover for appointing and keeping Mellon in office and now fail to demand the immediate resignation of Woodin are placing themselves on the same inconsistent basis and level with the Republicans of whom they have complained.

President Roosevelt has been enjoying great and unprecedented popularity and deserving the explicit confidence of the people of the country, regardless of party. And his administration and course in office have inspired the country with faith and assuring hope of the promised change and new deal. But unless his administration is relieved from this intrusion and embarrassment of the international financiers and bankers, the magic spell of confidence will be broken, as it was broken in the Hoover administration by the domination of Mellon and Mills.

Mr. LUCE. Mr. Chairman, I yield one half minute to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on Public Act No. 2, and to insert certain tables and a short excerpt from a letter.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GOSS. Mr. Speaker, I sincerely hope this Congress does not adjourn without first rectifying some of the injustices that will occur under the provisions of Public Law No. 2.

The existing regulations under Public Law No. 2 ought to be modified. In the independent offices appropriation bill, which has passed the House and is today pending in the Senate, $103,786,000 has been allotted to World War veterans, and, of this sum $64,902,000 is scheduled to be used for pensions for the combat wounded and the remainder for emergency officers' retirement pay, death compensation, and the comparatively few cases of disability allowance. It is my understanding the Veterans' Administration has ordered all cases of disabled veterans, whose cases are presumed to have been incurred during the war, off the rolls. Still unable to come within the amount fixed, the Veterans' Administration has revised its rating charts, and is now cutting the pensions of the combat wounded.

Daily, I am receiving communications from veterans of the Spanish-American War, and veterans of the World War, which are actually heart-rending. Let me quote you a few paragraphs from one of the leaders of the Spanish War veterans in my State, when he says:

> The passage of the economy bill and the drastic reductions, being made by the Veterans' Administration, are far beyond anything that was expected. Terrible is too mild a way to express my opinion of the action being taken. It is hard to look my fellow comrades in the face and tell them "All we can do is hope for the best." It is a heart-breaking situation and is causing much uneasiness, it is driving some to suicide, others are worrying themselves sick, but they grumble not! They hope for relief from you men in Washington.
>
> My comrades are asking: "What will become of me?" "Shall I lose my home?" "Will I go to the poorhouse?" "Where shall I go when sick?" "Shall my wife and I become paupers?" These, and similar questions are asked of me and I would like to answer them by saying, "Our representatives in Washington will see that we are treated right."

The Spanish War veterans are all nearing or past the age of 60. Many of these have no income other than their pensions. Many of them will be thrown on their cities and States for aid. It seems to me a reduction in their pensions, rather than taking many of them off the rolls entirely, would be a more just way of handling many of these cases.

In order that you may have something definite to peruse, in order that you will understand some of the drastic cuts caused by the new regulations, I set forth below a table. The extent of the reductions being made will be indicated by a comparison of some of the ratings assigned for the same conditions in the schedule of 1925, based upon the World War Veterans Act, and in the schedule of 1933, based upon Public, No. 2.

	Monetary benefits	Percent reduction in monetary benefits
Disarticulation of arm:		
Schedule of 1925, p. 48	Right arm, 94 percent, $94.	
Do	Left arm, 89 percent, $89.	Right arm, 36 percent.
Schedule of 1933, p. 4	Right or left arm, 75 percent, $60.	Left arm, 33 percent.
Amputation of hand:		
Schedule of 1925, p. 48	Right hand, 70 percent, $70.	
Do	Left hand, 61 percent, $61.	Right hand, 42 percent.
Schedule of 1933, p. 14	Right or left hand, 50 percent, $40.	Left hand, 34 percent.
Amputation of first finger (thumb):		
Schedule of 1925, p. 49	Right, 25 percent, $25	
Do	Left, 20 percent, $20	Right, 68 percent
Schedule of 1933, p. 14	Right or left, 10 percent, $8.	Left, 60 percent.
Disarticulation of thigh:		
Schedule of 1925, p. 50	Right, 85 percent, $85	29 percent.
Do	Left, 85 percent, $85	
Schedule of 1933, p. 16	Right or left, 75 percent, $60.	
Amputation of thigh at knee joint:		
Schedule of 1925, p. 50	58 percent, $58	31 percent.
Schedule of 1933, p. 16	50 percent, $40	
Amputation of foot:		
Schedule of 1925	44 percent, $44	54 percent.
Schedule of 1933	25 percent, $20	
SCARS AND MUSCLE INJURIES FROM GUNSHOT WOUNDS		
Group V, arm, right, severe disability:		
Schedule of 1925, extension 5	30 percent, $30	33 percent.
Schedule of 1933	25 percent, $20	
Group VII, forearm, left, severe disability:		
Schedule of 1925, extension 5	20 percent, $20	60 percent.
Schedule of 1933	10 percent, $8	
Group XI, leg, severe disability of calf muscle:		
Schedule of 1925, extension 5	20 percent, $20	60 percent.
Schedule of 1933	10 percent, $8	
Group XIII, disability of thigh muscles, moderate:		
Schedule of 1925, extension 5	15 percent, $15	46 percent.
Schedule of 1933	10 percent, $8	
Group XIII, severe disability of thigh muscles:		
Schedule of 1925, extension 5	30 percent, $30	33 percent.
Schedule of 1933	25 percent, $20	

The following is typical of the manner in which the application of Public, No. 2, reduces the disability evalution in the case of other diseases:

	Monetary benefit	Percent reduction in monetary benefits
Neurasthenia moderate:		
1925 schedule	25 percent, $25	68 percent.
1933 schedule	10 percent, $8	
Bronchitis chronic moderate:		
1925 schedule	10 percent to 20 percent, $10 to $20.	20 percent to 60 percent
1933 schedule	10 percent, $8	
Loss of hearing complete in 1 ear:		
1925 schedule	30 percent, $30	73 percent.
1933 schedule	10 percent, $8	
Loss of 1 kidney:		
Schedule of 1925	40 percent, $40	50 percent.
Schedule of 1933	25 percent, $20	

The method prescribed in the schedule of 1933, on page 7, for combining two disability ratings operates less favorably for the veteran than the method provided in the schedule of 1925, on page 124.

Two ratings of 10 percent each combine to 19 percent under the 1925 schedule, but only to 10 percent under the 1933 schedule.

Thirty percent and 10 percent combine to 37 percent under the 1925 schedule, and to 25 percent under the 1933 schedule.

The provision in section 17 of Public, No. 2, requiring the completion of the review of all cases where benefits have been awarded under prior laws by July 1, 1933, should be amended by substituting a later date, at least January 1, 1934, for July 1, 1933. This action will permit the Veterans' Administration to give to each case reviewed the careful consideration it deserves. The present limit of July 1, 1933, is the cause of too hasty review and rerating in thousands of cases.

The Veterans' Administration, in the review under Public, No. 2, has broken service connection in thousands of cases where the direct service connection of the veteran's disability has been affirmed by several prior decisions. This action is due in part to a too hasty review. It is also largely due to a narrow interpretation of the last paragraph of section 17 of Public, No. 2, which was inserted to protect direct service connection. It is suggested that this paragraph be supplemented by a clause providing that direct service connection for a veteran's disability previously granted shall be presumed correct unless the contrary is clearly and affirmatively shown.

It is most important that regulations be submitted which will permit a more liberal presumption of service connection for chronic diseases. The list of diseases which can be presumptively connected when shown to exist within 1 year from discharge is entirely inadequate. There is no reason why such chronic diseases as bronchitis, bronchial asthma, otitis media, and so forth, should not be allowed this presumption, as well as the functional nervous conditions.

Needless to say, the present provisions for the service connection of the unfortunate neuropsychiatric and tubercular cases are positively inhuman, and unless greatly modified they are certainly going to work an undue hardship and cause unwarranted suffering on the part of men who in time of war were promised that they would be adequately provided for to repay their suffering in their country's behalf.

One more item: Under Public, No. 2, after 10 years of arrest, the tubercular veteran is no longer entitled to any monetary benefits whatever. This is decidedly unfair. This type of veteran is one who must take the greatest care of himself, in order to prevent reactivation of his condition. He needs what little pension he has received to provide for that extra care, and a statutory award for such cases should certainly be provided.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I have been in this House 10 years, and today is the first time I ever heard an attack here made on any racial group. I very much regret that the gentleman from Pennsylvania, with whom I have stood on several important votes, has seen fit today to inject a little Hitlerism in this House. We do not want it here.

He stated that the international Jewish bankers were anxious for the bill, with the consequence that the holders of Liberty bonds would not be paid in proper currency and that bonus certificates would not be properly paid,

I may say to the gentleman that I saw the boys from New York go to the war, boys from the East Side of New York, boys from Brownsville, Brooklyn, all from Jewish mothers and fathers. They went bravely forth to war just as the other boys from New York. Some of these boys also are the holders of bonus certificates.

In my own immediate neighborhood there is a large Jewish club, the Unity Club. When subscriptions were being taken for Liberty bonds there was not an organization in New York City that excelled the Unity Club in the amount of its contributions toward the war through the purchase of Liberty bonds.

So I think the gentleman's remarks reflecting upon this great race were entirely uncalled for in this debate. There are no finer specimens of American manhood, nor of better American intelligence, than those distinguished members of the supreme bench—Mr. Justice Brandeis and Mr. Justice Cardozo of my State.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. O'CONNOR. The gentleman probably failed to recall Judah Benjamin, who helped finance one of our wars.

Mr. BLACK. Yes; Judah Benjamin financed the Revolution. I regret the gentleman from Pennsylvania has gone as far as he has. Frankly, I am worried about him. In view of the situation I suggest that when he has a little time he have a conference with a Jewish psychologist. [Applause.]

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. FISH. I am sure the gentleman from New York did not mean the Revolutionary War.

Mr. BLACK. I meant the Civil War.

Mr. FISH. I know the gentleman from New York always likes to be accurate in his facts.

Mr. BLACK. I always did care more for revolutions than for civil wars anyway.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. PARSONS].

Mr. PARSONS. Mr. Chairman, this Congress seeks to take a step by the adoption of this resolution which, in my judgment, is the most significant and far-reaching in its beneficial results to the vast majority of our citizenry that has been advocated on this floor in the last 60 years.

I shall not have time in the few minutes allotted to me to say much about the money question—perhaps enough time to say all I know about it, and from the debate I have listened to today, enough time for those I have heard, for them to tell all they know about it. The money question is a simple one when the facts are known. Yet there has been such mysterious speculation and manipulation of the thing we call money, that the public generally thinks it is something beyond their comprehension, and in the past have given the subject little study and attention. While my time is limited, I shall ask to extend my remarks, in which I shall try to develop a few facts with reference to our monetary system. I sought to interrupt the gentleman from Massachusetts [Mr. LUCE] to ask a few questions and elicit from him some thoughts pertinent to this resolution, but time did not permit his yielding. The gentleman is an eloquent speaker, and I admire his style of expression. It is an easy matter to cover up a question at issue with fine, eloquent verbiage and never hit the spot.

The gentleman from Maine [Mr. BEEDY] seemed deeply concerned with reference to gentlemen engaging in debate raising the class issue. There is no disposition on my part to array one class against another or create any class or racial prejudice whatsoever. If there is any one thing that will quickly and permanently destroy America, it is class, racial, and religious intolerance. Prior to the twentieth century there was scarcely any class consciouness in America. During and since the World War there has developed a class consciousness, and it grew out of the special benefits and privileges conferred by legislation and Government upon certain classes of our citizens, the class which seemingly the gentleman from Maine and the gentleman from Massachusetts seek to protect and defend. It is partly to undo the wrong which special legislation and privilege conferred upon one class that this legislation seeks to accomplish, by placing every man, woman, and child, rich and poor, high and low, upon a common level, so far as our monetary system is concerned.

The gentleman from Maine just made the statement that "we are off of the gold standard." I do not know what the gold standard means, and I doubt if very many of our people know. The only thing I have been able to find which might establish a standard is in the act of March 14, 1900, which declares that the dollar, consisting of 25.8 grains of gold 0.9 fine, "shall be the standard unit of value", and makes it the duty of the Secretary of the Treasury to maintain at a parity of value with this standard all forms of money issued or coined by the United States. The Federal Reserve Act of December 23, 1913, reaffirmed such parity and authorized the Secretary of the Treasury to borrow or buy gold in order to maintain such parity. If this is the gold standard (I find nothing else in the statutes other than this to define it), I desire to state that when this resolution is passed, we shall not have disturbed that parity so far as the standard unit of value is concerned.

All of the coin and currency outstanding today, and all of the currency that may hereafter be issued under existing law, even after the passage of this resolution, will be measured by the standard unit of value which is in effect at the present moment. Unless and until the President shall, by

the right of law given him in the act of May 13, 1933, reduce the number of grains in a gold dollar, there is absolutely no destruction of the unit of value and no debasement of our currency or specie money. All our money is to be legal tender under the provisions of this resolution, for all debts, public and private, public charges, taxes, duties, and dues, so that by the sacredness of law under the provisions of the Constitution, giving Congress the right to coin and issue money and regulate the value thereof, equivalent value is given to every medium of exchange issued by this Government. It does not take this country off the gold standard, any more than we are off today.

I wish I had time to develop briefly the history of our monetary system. It is utterly impossible to do so at this time. Permit me to say that the first monetary unit of value was adopted in 1786 by the Congress of the Confederation which was the silver dollar 375.64 grains of pure silver. It was never coined because there was no mint in the United States at that time. The act of April 2, 1792, established the first monetary system of the United States. The bases of the system were: The gold dollar containing 24.75 grains of pure gold and the silver dollar containing 371.25 grains of pure silver. A mint was established. The coinage was unlimited and the ratio of silver to gold in coinage was 15 to 1. It was a double standard consisting of both gold and silver. The act of 1792 undervalued gold which was therefore exported. It is a universal law that the undervalued metal will invariably be exported and so the act of June 28, 1834, was passed to maintain the parity ratio between the two metals of 16.002 to 1. This act fixed the weight of the gold dollar at 25.8 grains. The fine weight of the gold dollar was thus reduced to 25.2 grains. The act of 1834 undervalued silver the same as that of 1792 had undervalued gold, and silver was exported. Congress, by act of January 18, 1837, fixed the weight of the gold dollar at 25.8 grains and its fine weight at 23.22 grains where it remains today.

The first paper money ever issued by the Government of the United States was authorized by acts of July 17 and August 5, 1861, which was for the purpose of defraying the cost of the Civil War. The paper notes issued were called "demand notes" and were receivable for all public dues. Fifty million dollars' worth was issued. The demand notes were redeemed in gold when presented, and this, together with being receivable for all public dues, was the quality that prevented their depreciation. The Government had difficulty in raising funds to finance the Civil War and therefore relied upon larger issues of United States notes. However, the Congress was persuaded into writing an "exception clause" in the redemption of notes. They were made legal tender for all debts, both public and private, "except duties on imports and interest on the public debt." The very fact this exception was made in the redemption contract was responsible for their depreciation. This resolution, when adopted, will equalize the value of every piece of currency issued by the Federal Government. There will no longer be discrimination of one piece of currency against another, and no longer any opportunity given to the banking group or a few financial investors to corner a large part of our money and reap huge profits by depreciated currencies at the expense of the producer, both in products and services, of this Nation. We had a sample of this under Grant's administration when Gould and Fiske exacted their pound of flesh on Black Friday. The gentlemen who have spoken so vociferously in favor of the group represented by such men as Gould and Fiske are too well acquainted with the facts in this case to require further explanation.

Heretofore we have two terms denoting the quality of money. "Lawful money" is a term used to denote the legal-tender quality of money and first originated in the act of February 25, 1862, authorizing the issue of United States notes. This act was the first shameful deed of Congress in the Civil War period. There never should have been a reference to or the term of "lawful money" used in statutory acts. Every piece of money issued by authority of Congress under the Constitution should have been "legal tender." In many respects "lawful money" and "legal tender" are synonymous terms and were and would have been always accepted so if it had not been for the exception clause written into the redemption of greenbacks in 1862.

"Legal tender" is a quality given a circulating medium by Congress and the Secretary of the Treasury is required to maintain the parity of all kinds of money with the standard unit of value. Heretofore all forms of our money do not possess full legal-tender qualities, and in times of emergency may depreciate and appreciate according to manipulation of the financial group who creates the lack of confidence in one kind of money as against the overabundant confidence in another kind of money. It is the sacred duty of Congress under the Constitution to coin and issue money and regulate the value thereof so as to prevent any discrimination, depreciation, or appreciation in different kinds of money. The adoption of this resolution will henceforth, now and forever establish that parity. No doubt there will be a change in the plate on which currency hereafter is printed, and on the face of every bill, whether it be Federal Reserve bank, Federal Reserve notes, national-bank notes, greenbacks, gold certificates, or whatnot, will be printed a redemption clause as follows:

> Legal tender for all debts, public and private, public charges, taxes, duties, and dues.

So much for the question of currency.

After the issue of United States notes during the Civil War to the extent of more than $450,000,000 and due to the exception clause mentioned heretofore, "greenbacks" depreciated in value to as low in some places as 65 cents on the dollar. Congress sought to correct that evil by bringing "greenbacks" to par. It was a perfectly natural thing for Congress to write this clause into the act of March 18, 1869:

> That in order to remove any doubt as to the purpose of the Government to discharge all just obligations to the public creditors, etc., * * * it is hereby provided and declared that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all of the obligations of the United States not bearing interest, known as United States notes.

Had Congress not made the exception of refusing greenbacks in payment of imports and interest on the public debt in the first place, that currency would have always remained at par and the act of March 18, 1869, would never have been necessary. But the financial group who got its hand on the throat of the Government during the dark days of the Republic from 1862 to 1865 again persuaded Congress to do its second shameful act in legislating on the money question. In addition to redeeming non-interest-bearing obligations of the Government in coin or its equivalent, the following was also included in that act with reference to interest-bearing obligations:

> It is hereby provided and declared that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all of the interest-bearing obligations of the United States.

For the first time in the history of this Republic, bonds and interest-bearing obligations of the Federal Government were made payable in gold coin together with the interest. Every bond issued since that time has carried the same clause, which was augmented later with the standard of weight and fineness of the gold dollar 23.22 fine gold. At the time this clause was written into bond contracts of this Government, there were less than $179,000,000 in gold in the Treasury of the United States and we had outstanding indebtedness against the Federal Government of $2,500,000,000.

Let us see what has been the practical operation of gold contracts, in not only United States Government interest-bearing obligations, but bonds issued by political subdivisions of Government and private bonds and contracts such as corporations and private banking institutions. Whenever "A" purchased a $1,000 Government bond, he either transferred bank credit or deposit of $1,000 through banking institutions to the credit of the United States Government and received in exchange the bond. This bank credit, or deposit, was represented either in coin or generally currency, or it may have been by check against such deposit. The same thing is true when individuals or corporations purchase

bonds of any political subdivision of Government. Gold is never surrendered to the Government in return for bonds. Neither is gold paid by Government to redeem bonds as a matter of custom. The purchaser of bonds pays for them in currency or bank deposit of credit. The Government redeems them by the same operation. The same thing is true when an individual purchases gold bonds of a railway, utility, or other corporations.

The transaction is never made in gold. It is as impossible to pay for all bonds with gold as it is for the Government to retire all its interest-bearing obligations with gold. Why should any individual or unit of Government be obligated to redeem an obligation with gold when it received only credit or currency or perhaps a bank draft or check when the obligation was first issued? In other words, the holder of a bond is exacting of the mortgagor a different kind of money or thing or element than that which he paid for the bond. It would be just as reasonable in principle to require the Government to redeem an obligation in platinum or radium as it is to redeem it in gold. The only difference is that gold is more plentiful than either of the other materials. Gold is considered as one kind of our money, but so far as the principle of redemption is concerned, the transaction is the same.

The only times that the United States ever received gold in return for its bonds was under the act of March 3, 1865, and continuing until May 1, 1869. The total amount purchased was $323,253,800. The net cost in currency for the gold was $362,981,483. The gold acquired under this act was used for the purpose of redeeming short-term obligations and "greenbacks." Again under the resumption act approved January 14, 1875, Congress directed the Secretary of the Treasury to provide for the redemption of United States notes on and after January 1, 1879, and authorized him to use surplus revenues and to sell and dispose of from time to time, for not less than par, in coin, bonds for the purpose of acquiring gold to establish a redemption fund, which, under the act of July 12, 1882, was set by Congress at $100,000,000. The act of March 14, 1900, increased the reserve fund to $150,000,000, which, with some additions to date, constitutes the gold bullion behind outstanding United States notes or "greenbacks."

The only other instance of where the Federal Government received gold coin for bonds was during Cleveland's administration, when the gold requirement against greenbacks fell below the minimum reserve during the panic of 1893–95. All told, $262,315,400 bonds were sold for which gold was received, making a total of $1,753,661,350 of bonds issued in 150 years for which the Government received gold. You will readily see that this amount is so small in comparison with the total bond issues floated by the Federal Government before and since the Civil War that it can scarcely be counted as a major transaction in gold.

So far as I have been able to find, gold has never been furnished to corporations, utilities, or political subdivisions of Government for bonds. Again I ask why should any individual or unit of government be called upon to redeem its interest-bearing obligations in gold, or even pay the interest in gold, when the original transaction was made with currency or bank credit? If the gentlemen who are so solicitous in behalf of the money changers call this resolution a betrayal of trust and repudiation of pledge, what kind of a name can they assign to the act that obligated their Government and the taxpayers of our country to pay gold on obligations for which nothing but currency was ever received. Their argument falls to the floor when you consider the actual physical transactions involved.

In the first place, what does wealth or capital consist of? It represents labor, performed by the individual who owns the wealth or labor that was performed by someone else, but which through our complex system of industry, commerce, and Government, accrues to someone other than the laborer. Capital should earn a reasonable rate on its investment, but it is not entitled to earn a rate equal to or in excess of the same amount earned by human labor with the same expenditure of energy. Certainly the moneychangers have no right to exact from the toil of the masses a rate of interest and a principle of bond in a kind of money different from that which is paid to labor. I admit this fundamental principle has been disobeyed since the dawn of the Christian era. Disobedience to this principle, which is as eternal as the law of nature itself, is responsible for conditions throughout our history, such as we find ourselves in today. It has resulted in the concentration of wealth. It has destroyed the moral responsibility and integrity of money lenders since even before Christ drove them out of the temple. It has wrought misery to untold millions. It is indirectly responsible for the wars of conquest, calling for the sacrifice of millions of lives and the destruction of billions of dollars in property. I lay down this fundamental principle today: That unless and until we prohibit by law and enforce this principle with moral support, we cannot hope to alleviate future calamities such as this through which we are now passing. This resolution, my colleagues, levels the classes of money. It is the leaven that will give honest and instant revival of business. It assures henceforth, now and in the future, that a dollar is a dollar—legal tender, if you please, for all debts, public and private, of every kind and nature. We are getting back to the Constitution which Washington and Jefferson and Madison and Hamilton subscribed to. We are coming back to the fundamental financial foundation of the Republic. Far be it from this act to array class against class. It is the first step in the leveling of all the classes.

From my earliest recollection I listened to and later read of the fight that champion of Democracy made for the rights of the people on the money question. There were some things in his philosophy with which in later days I have been unable to agree. But if he could rise this afternoon out here on the sunny slopes of Arlington, and come to this Chamber and survey the scene that is being enacted here today, his heart would be filled with joy at the triumph of some of his principles. It is fitting in closing, to quote the last sentence of an eloquent speech of the Great Commoner, William Jennings Bryan, on this occasion. When this resolution is passed by both Houses and approved by that undefeatable leader, Franklin D. Roosevelt, we will have said, not to one class, but to every class, "Thou shalt not press down upon labor this crown of thorns; thou shall not crucify mankind upon a cross of gold."

> This is the day I long have sought,
> And mourned because I found it not.

[Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 3 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I have been hoping for 40 years to have a resolution of this character adopted by the Congress of the United States.

The gold-repeal resolution is a second declaration of independence for the American people. When Thomas Jefferson wrote in his immortal document that all men are created free and equal, he did not mean that all men are equal in wealth or power, in wisdom or knowledge, in stature or strength, but that every man under the American flag, rich or poor, white or black, should stand equal before the law.

And so under this gold resolution the Congress does not proclaim that all money is constituted alike, but when our great Government puts its stamp upon its medium of exchange and declares it money, whether gold, silver, or currency, whether yellow money, white money, or green money, it shall all stand equal before the law. Equal at the door of the Federal Treasury, equal over every bank counter, equal in value and power to debtor and creditor alike.

Every American dollar henceforth shall have the power to discharge the debtor from his bond, and that is the power in this resolution that sets us free, governments and private citizens alike. Today every debtor is under a great and unfair disadvantage because the creditor may contract to demand payment in the money of his choice. Mortgages and bonds are outstanding today to the amount of more than 100 billions which are payable in gold. There is less than

five billions of gold in the Republic that can possibly be used to discharge this bonded debt.

The privilege of the creditor to demand gold alone in payment of his bond at once reduces enormously the volume of money available for the settlement of both public and private debts. Gold is always a coward in times of financial stress and storm. Gold is the yellow metal, and for that reason yellow is the recognized livery and color of the coward.

When financial danger threatens, when national and private credit is at stake, gold hides itself away. It burrows in the ground. It hides in vaults and safes. It gets behind bolts and bars. The honest silver dollar and the credit currency of the country have been compelled to fight an unfair battle because not given equal standing with gold under our laws.

For the first time in 50 years or more every American dollar will serve both creditor and debtor alike. Money will become the servant of all the American people, and not make masters of some and slaves of those who are bound to pay in money of a certain kind.

The enactment of this resolution will restore once more equality of opportunity to all who are so fortunate as to live under our flag and enjoy the liberty for which it stands.

H.R. 3516, introduced by me on March 15, 1933, in the House of Representatives reads as follows:

Be it enacted, etc., That the proportionate value of silver to gold in all coins which are current as money within the United States shall be as 16 to 1; that is to say, every 16 pounds weight of pure silver when coined into dollars shall be of equal value in all payments with 1 pound of pure gold, and so in proportion as to any greater or lesser quantities of the respective metals.

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar shall consist of 25⅘ grains of gold nine-tenths fine, or 412½ grains of silver nine-tenths fine, and shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

SEC. 4. Gold and silver dollars of the standard weight and fineness provided in this act shall be legal tender for the payment of all debts, both public and private, and the United States Treasury may pay the obligations of the Federal Government in either standard gold or silver dollars at its option.

The provisions of the gold resolution, now before the House, provide that all coins and currencies of the United States shall be legal tender, as is provided in section 4 of my bill for gold and silver alike.

The essential provisions of the gold resolution follow below:

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in amount in money of the United States measured thereby, is declared to be against public policy, and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins when below the standard weight and limit of tolerance provided by law for the single piece shall be legal tender only at valuation in proportion to their actual weight."

After fighting for 40 years to have all United States money declared legal tender and to give equal rights under the law to either gold, silver, or currency, it surely is a great privilege to have a part in making this great principle of "equal rights to all and special privileges to none" the cornerstone of our monetary system. [Applause.]

Mr. LUCE. Mr. Chairman, I yield the remainder of the time at my command to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman, there is little, if anything, that can be added to the eloquent and moving argument of the gentleman from Massachusetts [Mr. LUCE] in opposition to this proposed law. Certainly I could add nothing to it, and if I attempt in less adequate phrases to emphasize one or two of the arguments to which he gave expression, it will simply gild refined gold.

Let us consider the policy of this bill concretely. On April 23 last the Secretary of the Treasury invited subscriptions for $500,000,000 of bonds, and in the invitation to people to subscribe he made the following solemn promise:

That the principal and interest of the notes will be payable in United States gold coin of the present standard of value.

About a week ago the President of the United States signed the so-called "Federal securities bill", designed to promote a greater standard of honesty in the business life of our country. In the little ceremonial that surrounded the signing the President said in substance that all he was trying to do was to translate the ordinary principles of morality into the language of law.

That was an inspiring statement to make, and it suggests the goal of all civilized nations to make their laws fairly expressive of the eternal truths of morality.

But we are now confronted with the fact that 2 months ago we asked the people of this country to subscribe to $500,000,000 of bonds on a specific statement to pay them in gold; and now that promise is to be repudiated, and the bonds which we thus issued are to be payable in paper or some medium of less value than gold.

If the promise was so soon to be done for, why was it ever begun for? Should a great nation thus "falter" with its creditors in a "double sense"?

I shall not base my opposition to this policy of repudiation upon any suggested want of constitutional power. Until the *Legal Tender cases*, decided some 63 years ago, I would have confidently asserted that the Constitution, which wrote into the organic law an express prohibition of any repudiation of the debts of the Confederation, could not have intended to authorize the new Federal Government, which they were creating, to repudiate the debts. Such was the accepted view until the Supreme Court reversed itself in the second *Legal Tender case*. In the first of the *Legal Tender cases* the Court affirmed the view that had prevailed since the beginning of the Republic and held that Congress had no such power to compel creditors to take depreciated paper money in payment of an obligation to deliver gold. But in the second *Legal Tender case* the Court, as it seems to me, did rule that it was a part of the sovereign power of the Nation at any time to change the character and value of the currency, and that anyone who loaned money must necessarily do so with the understanding that he made the loan subject to the sovereign power of the United States to reduce the obligation by depreciating the value of currency. Therefore, I make no point—and I see my friend, the Chairman of the Committee on Banking and Currency, is smiling—that Congress is not competent to pass this legislation.

But does the discussion end there? Oh, no! Mr. Chairman, there is a constitution that is older than the Constitution of 1787. There is a constitution that has greater sanctity than the Constitution of 1787, and that constitution is the one handed down from Mount Sinai, even clearer and more brief than the Constitution of the United States; and

one of its great limitations upon human action was the statement in four words: "Thou shalt not steal." To provide as to preexisting debts that a man can be obliged to take paper money when he contracted that his obligation should be paid in gold, is just as much a theft pro tanto as it would be for the United States to say that when diamonds were the subject of merchandise, the man who sold diamonds could deliver in common pebbles from the seashore instead of the scintillating gems simply because Congress by its fiat declared pebbles to be the equivalent of diamonds.

In this discussion I care little about the legalistic features of the legislation, but I want to dwell very briefly upon what I regard as one of the great ponderables, and then the great imponderable. A great ponderable of this question is this: If there be one question that the majority of this House would not subserviently follow the President, it would be, I believe, in the matter of the cancelation of debts owing us by European nations. I believe that if the President sent down a message tomorrow and asked us to sponge out the obligations that other countries gave to us and we loaned to them in the utmost good faith, it would meet with defeat and it would be the first revolt of the majority against the dictates of the White House. If you will allow me to say it in all good humor, you of the majority hitherto have followed the dulcet music of the White House flute as the little children of Hamelin followed the Pied Piper, only to find that the Pied Piper led them to a rocky wall, into which they disappeared forever, and, as I esteem you gentlemen of the majority highly, I hope such will not be your fate.

Mr. TERRELL. Mr. Chairman, will the gentleman yield?

Mr. BECK. Not now.

Mr. TERRELL. Will the gentleman yield before he gets through?

Mr. BECK. Yes. You know Richard Brinsley Sheridan in the Critic said that when they agreed upon the stage then unanimity was wonderful, and the unanimity of the majority of this House to accept any mandate from the White House has never been surpassed in any Congress since the beginning of the Republic. But you would, I imagine, gag at cancelation of the foreign debts. Let me warn you that you are canceling the debts in fact, for the reason that the one nation that has not repudiated its obligation to us, the one nation that values its word of honor above every other consideration—I mean Great Britain, the nation that only last December at a time of acute distress nevertheless paid us $90,000,000 in gold in an interest payment—that nation will now say, I venture to predict, and again I may be a Cassandra—when the next June payment comes due, that as the United States has now said to all the world that obligations are only "scraps of paper", and that a sovereign nation may default at will without violation of morality, Great Britain will not pay the interest any more than France. The villainy we teach them they will execute, and it will go hard; but they will better our instructions, for we now propose to give to all these nations abundant excuse for refusing to pay their debts, because you now propose to say that a debt is not a solemn obligation, that a debt is a thing that can be whittled away by paying it in a depreciated currency.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. McFADDEN. To call the attention of the gentleman to the fact that the definition of "obligation" in this bill is a debt due to and from the United States.

Mr. BECK. Yes; quite so. Gentlemen, there is another consideration far more important. We can survive the failure of these European nations to pay us what they owe us. But there is one thing that we might not conceivably survive, and that is the destruction of our good name. You remember that I said that the last solicitation of a bond offering was on April 23, last, and that happened to be the natal anniversary of the greatest poet the world has ever known. That poet said something as applicable to nations as to individuals, and peculiarly applicable to the United States as it meditates this gigantic act of repudiation. He said:

> Good name, in man and woman, dear my lord,
> Is the immediate jewel of their souls:
> Who steals my purse steals trash; 'tis something, nothing;
> 'Twas mine, 'tis his, and has been slave to thousands;
> But he that filches from me my good name
> Robs me of that which not enriches him
> And makes me poor indeed.

And this Nation, when it enters upon this gigantic policy of repudiation, conceding its sovereign power to repudiate its obligations, will never again occupy in history the proud position that it has hitherto occupied—of being the one nation that held its honor too high to repudiate its solemn promises, and whose word was as good as its bond.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BECK. No; not now.

Only one last reference, gentlemen of the majority: One of my predecessors a moment ago made reference to the Declaration of Independence, and—God save the mark—he called this measure of repudiation a new declaration of independence. Well, it is a new declaration of independence, of independence from obligations to keep your word, in the spirit of Wilkins Micawber, who would give a promissory note in payment of his debt and then say, "Thank God that debt is paid." But I would say to my greatly valued colleague from Nebraska, who made the reference to the Declaration of Independence, that the noblest clause in the Declaration of Independence, and one of the noblest things that that great idealist, Thomas Jefferson, ever said, in effect declared that there is a law of right and wrong that rises above nations and above sovereign powers. I do not mean those were his precise words. He said, in substance, that the supreme law of conscience in the councils of the nations was inspired—now I quote his exact words in the immortal Declaration, by a "decent respect to the opinions of mankind"; that decent respect was more to be coveted than riches; that it rose above all law, constitutional or otherwise; that it rose above all international law. It was a law of nature. It was the law of God. That law is violated in this law of permanent abject repudiation if, with three billion gold dollars in our vaults, we say to our creditors at home and abroad, "We will pay you in any kind of currency we want to, irrespective of what we promised." Will our Nation sink so low? [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I ask frankly what do we mean by "repudiation"? The dictionary says it is "to forego or to refuse to pay." I ask what the gentleman means by "moral"? It means "not to do wrong."

Is lawful money less valuable than gold? Let us see what the history of it is. In August 1861 this Congress passed a law creating the first original greenbacks. Those greenbacks had no exception clause. There were 60,000,000 of them. A short time after that, unfortunately, listening to the bankers of this country, who demanded their pound of flesh, the Congress passed another law putting an exception clause into the greenbacks. Now, what was the result? Those greenbacks that had no exception in them at all, that were lawful for all purposes, in payment of all debts, both public and private, ran along during the entire Civil War and to the end of it on an absolute equality or parity with gold. When gold brought $2.85, greenbacks which had no exceptions also brought $2.85. That is exactly what we are doing here today. We are taking the exception clause out. We are making one money. You have heard at different times, Mr. Chairman, discussions of the Gresham law. What is the Gresham law? When countries of the world have had different kinds or classes of currency, Gresham discovered through historic data that the better-class currency always left the country that had a currency of more than one value. So that is what the Gresham law announced; that where there is more than one kind of currency, the better or more valuable currency leaves the country invariably and brings about all the disaster that comes with contraction.

Now, what is the way out of that? Just one. To say that there is but one class of currency, and we do away forever with the overhanging danger that Gresham pointed out, and that has been called the Gresham law.

In this present case what are we doing? We are not repudiating any debts. We are simply saying to the world, "We are now establishing what we ought to have done long ago; we are establishing just one kind of currency." We ought to know enough to know that as long as the American Government receives that currency back in the payment of our dues to the Government that is perfectly good currency; as good as gold itself. We are not only wronging nobody but we are preventing those who hold the gold at the present time from wronging anybody. Members talk about repudiation. Let us see where it comes from. Here it is: I say that what we are doing today is restoring our money. We are restoring the value. Back in 1926, 1928, and 1929 the gold dollar and the silver dollar and every other dollar had one and the same value, and that was based on the commodity price level of 1926. Now that commodity price index value of 1926 is also the average for the 15-year period, and during that period all debts of the United States were either contracted or refinanced. What we are doing today is simply this: Following the panic of 1929 the gold dollar has increased from 100 percent up to 175 percent of the commodity price index, and on a much higher price than that along the price index of stocks and bonds and the like.

What we are doing today is not taking anything from anybody, but we are reducing the value of the dollar that had no right to go up, reducing the value of the dollar for which extra value the men who now hold it gave absolutely no service and to which increase in value they have no right. We are simply restoring the right of the American people to their own money. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Whereas the holding of or dealing in gold affect the public interest, and are therefore subject to proper regulation and restriction; and

Whereas the existing emergency has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the demand policy of the Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts: Now, therefore, be it

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. LUCE: On page 3, line 3, insert: "For 2 years after the passage of this act and thereafter until the President shall by proclamation declare the depression to be at an end", and in line 9, after the word "incurred", strike out the word "every" and insert "for a like period every."

Mr. LUCE. Mr. Chairman, I propose giving the committee an opportunity to express its judgment upon two phases of this bill.

That which I first bring forward by way of amendment is one to place this bill on the same footing with the emergency measures that have already been passed, by limiting the life of the bill to 2 years or thereafter until the President may by proclamation declare the emergency at an end.

This measure might be in part at least, if not wholly, taken from under the cloud of odium which hangs above it by declaring that in view of the existing conditions we are going to suspend temporarily our obligations.

We have been acting hitherto, it is well understood, on the basis of an act passed in the period of the great war whereby in view of war-time necessities statutes and even the Constitution itself were for the time being displaced. We did things that we did not expect to continue in peace times, and they were never brought before the courts to test their technical justification. Now, it is possible that no question will be raised if this is put upon the same footing. I mean no question will be raised by those to whom the Government has given its "solemn pledge," again quoting the words from the existing law.

The second proposal, Mr. Chairman, will be in an amendment to be presented later which will declare that this measure shall not be constructed as impairing the obligation of contracts heretofore made; in other words, will not be retroactive. It would be unnecessary to adopt the second provision if the first one should be adopted, for it would doubtless meet the needs of the case. But if the first one should not commend itself to the judgment of the committee, the committee will have the opportunity to decide upon the second question.

A great deal of disturbance has been aroused throughout the country by this repudiation proposal. The newspapers convey to us the information that wise commentators upon these matters are greatly disturbed at what is contemplated. Surely it will be well to weigh our action and think carefully before we make permanent change in the law in these particulars.

There may be gentlemen present who did not hear the explanation of the situation. The committee did not have the advantage of any knowledge of what it was intended to accomplish by building a wall around $3,500,000,000 of gold without any opening that would allow anything to come out, and only allowing gold to come in.

The committee did not have before it any man from the Treasury Department to explain the purpose of this bill. The committee does not now know, unless I am greatly deceived, the meaning of some of the clauses of this bill. Personally, I have been unable to find any explanation of some of the clauses in this bill. We simply know there is a general purpose here to repudiate the obligations of the United States. Now, to try to allay the fears at home this amendment gives you the chance, if you wish, to justify this repudiation by telling your constituents that it is to be only temporary.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move to strike out the last word of the amendment.

Mr. Chairman, I was not in the Chamber when the gentleman from Pennsylvania [Mr. MCFADDEN] rose to address this body. I have taken the trouble, however, to read his remarks as they appeared. He apparently prepared them in advance and read them verbatim. His attack is therefore all the more vicious because it was carefully prepared and deliberately read. It is unforgiveable, I assure you, my good friends. I say to those who heard the remarks and those who read them that you will rarely see anything as false or as utterly cruel, particularly since read at a time when in Germany insane religious prejudice is causing so much havoc, so much ruin, so much misery and suffering. I would that the gentleman from Pennsylvania [Mr. MCFADDEN] saw fit to withdraw his remarks voluntarily, or that if he does not change them that at least the spirit of fair play in this House will prevail upon him to withdraw them entirely.

I appeal again to the sense of fair play and justice of this House, which I know is diametrically opposed to the

aberrations of the gentleman from Pennsylvania, to prevail upon him to say he was mistaken. Only then will he exculpate himself from the charge of stooping so low as to attempt to fan the flame of religious prejudice in order to influence the House.

I would be craven if I remained silent in the face of his defamation of my people. I would be a coward not to hurl the lie to his teeth.

In the brief time allotted to me to reply, I would remind him, when he falsely brings his silly indictment against our people, and charges that the Jews will have the gold and the non-Jews the bits of paper money, of the long record of patriotic service of the people against whom he delivers his tirade. He speaks of Concord Bridge in the Revolution. What about the fame of Hyam Solomon, who sacrificed much, if not all, of his fortune to aid in the financing of the Revolution. In the diary of Robert Morris are to be found scores of favorable references to the patriotism and sacrifice of this Jew. It has been said that were it not for the benefactions of Solomon to the patriotic Madison, Monroe, Morris, and others, these men could not have carried on. I would remind the gentleman from Pennsylvania that this banker Jew died a martyr's death as a result of his trials and tribulations brought on by the Revolutionary War. He was captured by the British and died of prison fever. He indeed sacrificed his fortune on the altar of American freedom.

I would remind him also of the Lost Battalion in the Argonne Forest. That battalion was composed primarily of East Side Jews, many of whom went through the Valley of the Shadow. The mere mention of these heroes should belie the utterances of the gentleman from Pennsylvania.

He should indeed hang his head in shame. He will when he realizes finally the sin that he has really committed. Let him reflect on the words of Lincoln in the second inaugural: "With charity for all and with malice toward none." If Mr. McFADDEN does not withdraw his remarks from the RECORD he is devoid of charity and is animated by malice.

Washington received generous praise and congratulations from the members of the Portuguese congregation at Newport upon his elevation to the Presidency. The great President replied in the kindest spirit, and said he now rejoiced that at last in this fair land of ours the people of the stock of Abraham could sit under their own vines and fig trees, and there were none to make them afraid. Surely, if the gospel of the gentleman from Pennsylvania is repeated and is allowed to spread, and the wild dogs of religious hatred and enmity are let loose, the time may come when not only the people of the stock of Abraham, but others as well, will be unable to remain under their own vines and fig trees. There will then indeed be those to make them afraid. [Applause.]

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the discussion of this bill today, it has been measured to a certain extent by the yardstick of partisan politics. I want to try to approach it in the light of politics and in the light of the facts.

Whenever a debtor, be he an individual or the Government of the United States, owes a debt which he cannot pay, then one of two things must happen: Either the debt must be scaled in the number of dollars or the value of the dollar with which he pays the debt must be reduced. Of course, in the case of individuals who cannot pay their debts it is, under ordinary circumstances, bankruptcy, which is a scaling of the debt.

For 3 long years the individuals of this country have been unable to meet their debts payable in dollars. During this time they have seen the dollar go up in value to the point where, measured in products, it has had a value of about $1.65. Now, the Government is in the identical position that the individual debtors were in a few years ago. The Government cannot meet its obligations payable in gold. It must do for itself what it should have done for the debtors of this country 3 years ago, begin scaling the value of the money; and yet as late as June of last year both political parties convened in their conventions in Chicago, committed themselves to so-called "sound money", wholly unmindful of the welfare of the great mass of debtors in this country.

Today the Government of the United States is in a position where it cannot pay its obligations payable in gold dollars of 23 grains, and the procedure which we are taking today is inevitable irrespective of which party might now be in power and irrespective of what we may have said in our political party platforms. Had my party succeeded and on the 4th of March had been going into power, the banks would have been closing just the same, and we would be in this same position that we now find ourselves today.

Mr. MAY. Will the gentleman yield?

Mr. McGUGIN. I cannot yield because my time is too limited.

Today the Republican Membership on this side of the aisle who are in charge have insisted on making this a party matter. The gentleman from Massachusetts [Mr. LUCE] refused to give time to anyone who was not opposed to this measure. This makes it a partisan matter so far as he and those in control of this bill on the Republican side are concerned.

As a Republican, I deny that Mr. LUCE or the Republican membership of the House Banking and Currency Committee reflects the principles of the Republican Party in the United States. [Applause.] I want to here and now say that in my humble opinion that as bad as this country may need the sound leadership of the Republican Party in the future, this country will not place the Republican Party in control if the Republican Party is going to be dominated by the banking and currency and financial leadership of the gentleman from Massachusetts, Mr. Luce, the majority leader, Mr. Snell, Senator Reed, of Pennsylvania, Senator Walcott, of Connecticut, and Ogden Mills, the five gentlemen who signed the statement given to the public some months ago pertaining to monetary legislation and who, at this time, would now stand in opposition to this legislation. If they could have their way and could succeed, it would only mean this Government would have to boldly repudiate its debts and refuse to pay in any kind of dollar because it cannot pay in a 23-grain gold dollar. [Applause.]

I am sorry to see this bill measured today by politics. It is an inevitable situation with which the country is confronted, Republicans and Democrats alike, and the same situation would exist at this very minute had we won the election and were in power today. I voice the hope that when the roll is called we will find enough Republicans voting for this measure to make it impossible to place the Republicans before the country as being committed to the financial policies of the Republican membership of the Banking and Currency Committee in the House.

Mr. STEAGALL. Mr. Chairman, the amendment offered by the gentleman from Massachusetts [Mr. LUCE] involves a surrender of every contention that has been made on the part of those who attack this bill upon the score of its immorality. I cannot find any reasoning by which to justify immorality temporarily any more than immorality may be justified as a permanent practice. If my friend is willing to advocate repudiation for a period of 2 years, I deny that I am any worse than he is if I advocate it for a period of 20 years.

So, all the harsh language that has been used in describing this measure and its authorship might be applied to the gentlemen of the opposition. I think it is fair to say that gentlemen are on an equality with those of us who sponsor the bill from this side when they propose to endorse the same thing for a period of 2 years. I want to remind the gentleman from Massachusetts that nothing would be more confusing than undertaking to change the existing law temporarily. If we were to embark upon a program in which we issue obligations payable in a different way from the way in which obligations are now paid, contemplating, in the meantime, that 2 years later we would revert to the old system, we should find ourselves in the midst of con-

fusion even worse than that with which we shall be confronted if we defeat the legislation.

We do not stand for repudiation; we plead for plans that will make possible the fulfillment of contracts. The present system has brought us unprecedented distress and can only land us in repudiation or bankruptcy. We plead for an honest dollar that will enable honest citizens to pay their honest debts. We advocate a new deal—a new deal that will bring a new day of hope and confidence and equality of opportunity.

Mr. Chairman, I hope the House will vote down this amendment and all amendments and that we will lend our aid to the President of the United States in his efforts to lead the Nation and the world toward economic recovery and the restoration of prosperity. [Applause.]

Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

Mr. LUCE. Will the gentleman withhold that motion for a moment?

The CHAIRMAN. The gentleman from Alabama moves that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 2, line 20, after the word "term", strike out down to and including the word "term", in line 23, so that the subsection shall read:

"(b) As used in this resolution the term 'coin or currency' means coin or currency of the United States, including Federal Reserve notes and circulation notes of the Federal Reserve banks and national banking associations."

The CHAIRMAN. The question is on the amendment.

The question was taken and the amendment was rejected.

The Clerk read as follows:

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the Act entitled "An Act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight."

Mr. LUCE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 3, after line 21, add a new section to read as follows:

"Section 3. Nothing in this act shall be construed to impair the obligation of contracts heretofore made."

Mr. LUCE. Mr. Chairman, I am sure the chairman of the committee did not understand that I intended to offer this amendment to the section preceding this, or he would not have made his motion.

Mr. STEAGALL. I certainly did not; and if the gentleman wishes, I am willing to return to the first section.

Mr. LUCE. It is not necessary. I think it is just as well to offer it to follow this section. I trust this interchange between the chairman of the committee and myself will reassure the gentleman from Kansas [Mr. McGUGIN], and will show to him that in the Committee on Banking and Currency there is today, as there always has been, attempt to serve the country without regard to partisan considerations. Several gentlemen of the majority agreed with me in my attitude toward this bill and so voted. In previous matters I have helped along the proposals of the chairman, as sent to him by the administration, and have tried to make good the boast of the committee that it is not a partisan committee. I gave no time to the gentleman from Kansas [Mr. McGUGIN] because this contest is one as to whether the bill should prevail or not, not a question of politics, and I wished all the time at my command to be used in opposition to the bill.

Dismissing that as probably unimportant, I would repeat in some measure what I said more at length earlier in the day, because there are now in attendance two or three times as many Members as were here during most of the debate. So for the information of those who have not heard the debate, I would say that the one issue in this bill is whether the good faith of the Government shall or shall not be maintained. To that end this amendment is offered, and if necessary will be again submitted in the shape of a motion to recommit, so that the House may put itself squarely on record in favor of right or of wrong. I believe this is far more important than any question of finance. I contend this to be a question of the honor of the country. We are for the first time to say whether we will or will not repudiate what the law said was a solemn pledge. I read that from the statute to those who happened to be here at the time. At issue are the words "The faith of the United States is solemnly pledged." The question you are to decide is not anything about the future. There is no question of inflation involved here, and, in its present form, there is no question of whether this gold clause shall or shall not be in future issues of bonds. The only question now to be determined is whether you will renounce, reject, and cover with obloquy the solemn pledge of the Government that those who accepted its offer and lent the Government their money, relying upon this solemn pledge, and those who in private life dealt with each other, lent and borrowed money upon the basis of what was in fact a solemn pledge, shall be maintained in their rights, whether the Government of the United States shall continue in the eyes of the world as an exemplar of good faith.

Mr. DEEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, followers and worshipers of the god of gold are falling down upon their faces and crying out for vengeance. From all parts of our Nation there comes the cry from the worshipers of this heartless and soulless god who, during the past few years, has robbed millions of home owners of their homes; robbed farmers of their farms; has taken food from crying and hungry children; has robbed the widows and orphans of their mites and has smiled upon infants whose tender and emaciated bodies have grown steadily weaker while ravaged with hunger and pain; has brought about premature death to fondling infants whose mothers' breasts were robbed of the nourishments of life; has forced property owners to become beggars and mendicants. This god of gold, like an octopus, has placed his tentacles in the homes of this Nation and with an imperialistic and death grip practically impoverished and bled white the great middle class of citizens of this country.

This monster, the god of gold, without a heart, minus sympathy, or a sense of feeling, has forced debtors to try to pay debts made 3 or 4 years ago with the present value of the gold dollar. A debt made 3 years ago, when money was plentiful and at the value of property then, cannot be paid with the present value of money. It takes $3 to pay a $1 debt. Resulting from this ratio of values is the disastrous and preponderous economic panic which jeopardized this Nation on March 4. The Democratic Party, with that greatest living Democrat at the head of it, President Franklin D. Roosevelt, has brought about material changes that are placing the country on a safe and sound economic and financial basis. Great progress has been made. Greater progress will be made when this measure becomes law. I regard this bill which makes all currency of the United States worth as much as gold itself the most important bill that I will ever have the privilege to vote for.

There are many hardships and difficulties connected with representing a district here in this Congress, but it is worth all the effort and cost just to vote for this bill. This is my first term, and it may be my last term, but if it is, then I

feel that I shall have made a distinct contribution to our Nation by having the privilege to vote for the bill.

Turn to the thirty-second chapter of the Book of Exodus in Holy Writ and observe that when Moses, that great leader and lawgiver, found that the followers of Israel had acquiesced in their vision and were worshiping a god of gold prepared for them by his brother Aaron, he took the golden calf which they had prepared with the earrings from all the men, women, and children, and which was their god, burnt it in the fire, ground it into powder, strewed it upon the water, and made the children of Israel drink of it.

The passage of this bill will mark the dawn of a new day for the American people. O god of gold, thou hast failed us. Today we turn our faces toward another source—to the God of justice and right for the poverty-stricken and broken-hearted people of our Nation. [Applause.]

Mr. HOOPER. Mr. Chairman, I move to strike out the last word. In the 5 minutes that I have I may not speak strictly to the amendment. I rise to record myself here today because I feel I would not want to go home when our vacation comes without having done so on this most important measure. I respect the President of the United States, both for the office that he holds and for the man himself. When I came here this year from my home in Michigan, it was my purpose to go along just as far as I, a Republican, possibly could with a Democratic President and a Democratic Congress.

I have failed to do so because I have found crashing about my ears, every day, all those things in which I have been taught to believe from a governmental standpoint since I was a boy. It seems to me today that this is sorrow's crown of sorrows. It seems to me that this is the last word in the revolution which has been taking place in the United States during the last 2 months. We have seen this Congress of which I am very fond—and I am just as fond of my Democratic friends as I am of my Republican friends—the representative body of the American people, with 150 years of tradition back of it, day after day abjectly surrendering not only its power, but the power of the American people, bartering away privileges and legislative rights that have grown up during the course of a thousand years; and here today after all these surrenders of power, we find ourselves confronted with something that is infinitely worse, the surrender of our national honor. Across every line of this bill, which is before us today, is written the ugly word repudiation. I claim to be no prophet, but I am going to vote against this bill in the belief that at some time, it may be 6 months, it may be a year from now or 2 years, but at some time every man who subscribes to this piece of legislation will hang his head in shame at the thought that he had a part in bartering away the honor of this Nation.

Mr. Chairman, I said a moment ago that I wanted to go along as far as I could with the Democratic President and the Democratic administration generally, but I am going back home today prouder than ever of the fact that I am a Republican, of the fact that I stand for and believe in sound money, and I know that here today many a sound-money Democrat who is going to cast his vote for this bill will do so with a heavy heart. I know this bill will pass, but I say that never before in the history of our Nation has our honor as a Nation been as basely bartered away as it will be this afternoon. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

Mr. SHOEMAKER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have not had an opportunity to say anything about this bill, not that anything I would say would amount to so much, but I am not going to charge it either to the Democrats or to the Republicans, but I know that time has been scarce. I do want to say that this bill is the most sensible bill that has been presented to this Congress since the Congress has met. I am going to support the bill and vote for the bill. It is one bill that will bring wheat back as the basis of our American dollar, and the things that the producers produce in the United States.

We can talk about repudiation, we can talk about canceling sacred contracts; and many of those who were today on the floor arguing on this bill from the standpoint of canceling sacred contracts were not on their feet when we voted on the economy bill, arguing in behalf of the sacred contracts we had with the veterans of the United States of America. [Applause.]

I want to say that the sacred contracts that might be canceled in this bill are sacred contracts with the money changers who for years have had their grip upon the throat of this Nation through gold; and this gold is absolutely worthless. It has no intrinsic value. About the only thing you can use it for is to fill a tooth, and there are many things you can use that are better than that. You cannot eat it, but it gives the robbers of widows and orphans, if you please, a chance to corner the gold of the world and use the gold to oppress and depress people until they have brought us into the situation we are in today.

I rise to favor this bill and to oppose the amendment, and to put this bill through and give back to Congress that one right which is guaranteed to it in the very Constitution of the United States, wherein it says, "Congress shall have the right to coin money and regulate the value thereof." [Applause.]

I yield back the balance of my time.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

Mr. KOPPLEMANN. Mr. Chairman, I desire to ask this gentleman a question in view of the fact that he made untruthful statements, and I want to know whether to believe him or not.

Mr. McFADDEN. Mr. Chairman, I am not yielding to the gentleman.

The CHAIRMAN. The gentleman from Connecticut is out of order. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Chairman, the amendment which I have offered which has not been read, forbids the shipment of gold out of this country.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. McFADDEN. Mr. Chairman, I have only 5 minutes, and I am not going to yield.

We are in this position today, under the laws that have been passed by the Congress, that all American citizens are forbidden, under penalty of imprisonment and a fine of $10,000, to have more than $100 worth of gold in their possession. The Secretary of the Treasury, however, is authorized to permit the shipment of gold out of this country by issuing licenses, so that the shipment of gold can be made under contracts, previously entered into, to the Bank for International Settlements, to any central bank, including the Bank of England.

Now, may I call your attention to the fact that there is in contemplation the opening of an open market for the purchase and sale of gold in New York City? My understanding is that that is being done with the approval of the Treasury Department, under the auspices of some of the trading organizations or exchanges in New York City. May I point out to you the unfairness of permitting the foreigner to draw gold out of the United States when American citizens are prohibited under the law from having that gold?

The amendment which I have offered proposes to do that thing. There is a plan on foot to consolidate the world's gold in the Bank for International Settlements, which includes our gold. The gold now in the custody of the Federal Reserve System should not be permitted to leave this country on any deal of the international bankers.

May I, during the balance of my time, refer to the other amendment which I offered, which was voted down, to call your attention to the fact that that is an amendment to the section which permits the cancelation of the war debts owed to the United States? You gentlemen who voted against it voted to reduce and cancel the foreign debts to the United States. It defines obligation as meaning debts due to and

from the United States, which, of course, means war debts due to the United States.

May my amendment be read, Mr. Chairman?

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken, and the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, may my amendment be read?

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: On page 3, after line 21 insert a new section to read as follows:

"SEC. 3. That after the passage of this act no further licenses shall be granted for the export of gold from the United States to any foreign country, and no one in the United States shall have power to grant such licenses or to export gold to any foreign country."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania [Mr. McFADDEN].

The amendment was rejected.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 3, following line 21, insert a new section, as follows:

"3. That the United States Government immediately pay the veterans' compensation certificates in lawful money of the United States as provided in this measure."

Mr. STEAGALL. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. HOEPPEL. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 3, following line 21, add a new section, as follows:

"SEC. 3. Every Government obligation heretofore or hereinafter incurred issued as tax-exempt, shall hereafter be subject to tax."

Mr. STEAGALL. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RANKIN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States, pursuant to House Resolution No. 161 he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered on the joint resolution.

The joint resolution was ordered to be engrossed and read a third time and was read the third time.

Mr. LUCE. Mr. Speaker, I move to recommit the bill to the Committee on Banking and Currency with an amendment which I send to the Clerk's desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. LUCE. I am opposed to the bill.

The Clerk read as follows:

Mr. LUCE moves to recommit the joint resolution to the Committee on Banking and Currency with instructions to report the same back forthwith with the following amendment:

Add a new section on page 3, after line 21, as follows:

"SEC. 3. Nothing in this act shall be construed to impair the obligation of contracts heretofore made."

The SPEAKER. The question is on the motion to recommit.

Mr. LUCE. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHRISTIANSON. Mr. Speaker, may we have the motion to recommit again read by the Clerk?

The SPEAKER. Without objection, the Clerk will again report the motion to recommit.

There was no objection.

The Clerk again read the motion to recommit.

The question was taken; and there were—yeas 78, nays 263, not voting 90, as follows:

[Roll No. 51]

YEAS—78

Allen	Culkin	Hope	Stokes
Andrew, Mass.	Darrow	Huddleston	Strong, Pa.
Bacon	De Priest	Kahn	Studley
Beck	Dirksen	Kinzer	Swick
Beedy	Ditter	Lambeth	Thom
Black	Dondero	Lehlbach	Thompson, Ill.
Blanchard	Eltse, Calif.	Luce	Thurston
Boehne	Englebright	McFadden	Tinkham
Bolton	Evans	McLean	Tobey
Britten	Farley	Mapes	Traeger
Brown, Mich.	Fiesinger	Marshall	Treadway
Burnham	Fish	Martin, Mass.	Turpin
Cannon, Mo.	Foss	May	Wadsworth
Carter, Calif.	Frear	Merritt	Watson
Carter, Wyo.	Gibson	Parker, N.Y.	Welch
Chase	Guyer	Pettengill	Whitley
Claiborne	Hancock, N.Y.	Powers	Wolcott
Cochran, Pa.	Hess	Ransley	Woodruff
Collins, Calif.	Holmes	Rogers, Mass.	
Crowther	Hooper	Stalker	

NAYS—263

Adair	Dobbins	Kocialkowski	Richards
Adams	Dockweiler	Kopplemann	Robertson
Allgood	Doughton	Kramer	Robinson
Almon	Douglass	Kvale	Rogers, Okla.
Arens	Doxey	Lambertson	Romjue
Arnold	Drewry	Lamneck	Rudd
Bailey	Driver	Lanham	Ruffin
Beam	Duffey	Larrabee	Sabath
Beiter	Duncan, Mo.	Lea, Calif.	Sadowski
Berlin	Dunn	Lee, Mo.	Sanders
Bland	Durgan, Ind.	Lehr	Sandlin
Blanton	Eagle	Lemke	Schaefer
Bloom	Eicher	Lesinski	Schuetz
Boileau	Elzey, Miss.	Lewis, Colo.	Sears
Brennan	Faddis	Lloyd	Secrest
Brooks	Fernandez	Lozier	Shallenberger
Brown, Ky.	Fitzgibbons	Ludlow	Shannon
Browning	Fitzpatrick	Lundeen	Shoemaker
Buchanan	Flannagan	McCarthy	Sinclair
Buck	Fletcher	McClintic	Smith, Va.
Bulwinkle	Ford	McCormack	Smith, Wash.
Burke, Calif.	Fuller	McFarlane	Smith, W.Va.
Burke, Nebr.	Fulmer	McGrath	Somers, N.Y.
Busby	Gasque	McGugin	Spence
Byrns	Gilchrist	McKeown	Steagall
Cady	Gillespie	McMillan	Strong, Tex.
Caldwell	Glover	Major	Stubbs
Cannon, Wis.	Gray	Maloney, Conn.	Sumners, Tex.
Carden	Green	Maloney, La.	Sutphin
Carpenter, Kans.	Greenwood	Mansfield	Swank
Carpenter, Nebr.	Gregory	Marland	Tarver
Cartwright	Griffin	Martin, Colo.	Taylor, Colo.
Cary	Griswold	Martin, Oreg.	Taylor, S.C.
Castellow	Hamilton	Mead	Taylor, Tenn.
Celler	Hancock, N.C.	Meeks	Terrell
Chapman	Hart	Miller	Thomason, Tex.
Chavez	Harter	Milligan	Truax
Christianson	Hastings	Mitchell	Turner
Church	Healey	Monaghan	Umstead
Cochran, Mo.	Henney	Montet	Utterback
Coffin	Hildebrandt	Moran	Vinson, Ga.
Colden	Hill, Ala.	Morehead	Vinson, Ky.
Cole	Hill, Knute	Mott	Wallgren
Collins, Miss.	Hill, Samuel B.	Murdock	Walter
Colmer	Hoeppel	Musselwhite	Warren
Condon	Hoidale	Nesbit	Wearin
Connery	Howard	O'Brien	Weaver
Cooper, Tenn.	Hughes	O'Connell	Weideman
Cox	Jacobsen	O'Connor	Werner
Cravens	James	O'Malley	West, Ohio
Crosby	Jeffers	Oliver, N.Y.	West, Tex.
Cross	Jenckes	Owen	White
Crosser	Johnson, Minn.	Parker, Ga.	Whittington
Crowe	Johnson, Okla.	Parks	Wilcox
Crump	Johnson, Tex.	Parsons	Williford
Cullen	Johnson, W.Va.	Patman	Williams
Cummings	Jones	Peavey	Wilson
Darden	Keller	Peterson	Withrow
Dear	Kelly, Ill.	Peyser	Wolfenden
Deen	Kemp	Pierce	Wood, Ga.
Delaney	Kennedy, N.Y.	Polk	Wood, Mo.
DeRouen	Kenney	Ramspeck	Woodrum
Dickinson	Kleberg	Randolph	Young
Dies	Kloeb	Rankin	Zioncheck
Dingell	Kniffin	Rayburn	The Speaker
Disney	Knutson	Reilly	

NOT VOTING—90

Abernethy	Biermann	Cavicchia	Dowell
Andrews, N.Y.	Boland	Clark, N.C.	Eaton
Auf der Heide	Boylan	Clarke, N.Y.	Edmonds
Ayers, Mont.	Brumm	Connolly	Focht
Ayres, Kans.	Brunner	Cooper, Ohio	Foulkes
Bacharach	Buckbee	Corning	Gambrill
Bakewell	Burch	Dickstein	Gavagan
Bankhead	Carley	Doutrich	Gifford

Gillette	Kennedy, Md.	Oliver, Ala.	Seger
Goldsborough	Kerr	Palmisano	Simpson
Goodwin	Kurtz	Perkins	Sirovich
Goss	Lanzetta	Pou	Sisson
Granfield	Lewis, Md.	Prall	Snell
Haines	Lindsay	Ragon	Snyder
Harlan	McDuffie	Ramsay	Sullivan
Hartley	McLeod	Reece	Sweeney
Higgins	McReynolds	Reed, N.Y.	Taber
Hollister	McSwain	Reid, Ill.	Underwood
Hornor	Millard	Rich	Waldron
Imhoff	Montague	Richardson	Wigglesworth
Jenkins	Moynihan	Rogers, N.H.	Wolverton
Kee	Muldowney	Schulte	
Kelly, Pa.	Norton	Scrugham	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "no", as above recorded.

So, the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hollister (for) with Mr. Burch (against).
Mr. Bakewell (for) with Mr. Clark of North Carolina (against).
Mr. Wigglesworth (for) with Mr. Bankhead (against).
Mr. Kurtz (for) with Mr. Snyder (against).
Mr. Taber (for) with Mr. Ayres of Kansas (against).
Mr. Jenkins (for) with Mr. Imhoff (against).
Mr. Cavicchia (for) with Mr. Rogers of New Hampshire (against).
Mr. Seger (for) with Mr. Schulte (against).
Mr. Cooper of Ohio (for) with Mr. Prall (against).
Mr. Simpson (for) with Mr. Muldowney (against).
Mr. Brumm (for) with Mr. Kee (against).
Mr. Andrews of New York (for) with Mr. Granfield (against).
Mr. Hartley (for) with Mr. Buckbee (against).
Mr. Millard (for) with Mr. Corning (against).
Mr. Connolly (for) with Mr. Lanzetta (against).
Mr. Waldron (for) with Mr. Boland (against).
Mr. Goss (for) with Mr. Scrugham (against).
Mr. Bacharach (for) with Mr. Auf der Heide (against).
Mr. McLeod (for) with Mr. Pou (against).
Mr. Doutrich (for) with Mr. Lindsay (against).
Mr. Eaton (for) with Mr. Ragon (against).
Mr. Goodwin (for) with Mr. Harlan (against).
Mr. Higgins (for) with Mr. Underwood (against).
Mr. Moynihan (for) with Mr. Dickstein (against).
Mr. Rich (for) with Mr. Carley (against).

Until further notice:

Mr. Oliver of Alabama with Mr. Snell.
Mr. McSwain with Mr. Wolverton.
Mr. Ayers of Montana with Mr. Gifford.
Mr. Abernethy with Mr. Reed of New York.
Mr. Sweeney with Mr. Kelly of Pennsylvania.
Mr. McDuffie with Mr. Dowell.
Mr. Goldsborough with Mr. Reid of Illinois.
Mr. Montague with Mr. Perkins.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Palmisano with Mr. Clarke of New York.
Mr. Gambrill with Mr. Edmonds.
Mr. Biermann with Mr. Ramsey.
Mr. Gillette with Mr. Foulkes.

Mr. BLANTON. Mr. Speaker, I voted "present" until I could find out whether this was a bill of the President or not. I now change my vote from present to no.

Mr. McSWAIN. Mr. Speaker, if allowed to vote, I would vote "no", but I was not here in time.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 283, nays 57, answered "present" 1, not voting 90, as follows:

[Roll No. 52]

YEAS—283

Adair	Brown, Ky.	Castellow	Crosby
Adams	Browning	Celler	Cross
Allgood	Buchanan	Chapman	Crosser
Almon	Buck	Chavez	Crowe
Arens	Bulwinkle	Christianson	Crump
Arnold	Burke, Nebr.	Church	Cullen
Ayers, Mont.	Busby	Cochran, Mo.	Cummings
Beam	Byrns	Coffin	Darden
Beiter	Cady	Colden	Dear
Berlin	Caldwell	Cole	Deen
Biermann	Cannon, Mo.	Collins, Calif.	Delaney
Bland	Cannon, Wis.	Collins, Miss.	DeRouen
Blanton	Carden	Colmer	Dickinson
Bloom	Carpenter, Kans.	Condon	Dies
Boileau	Carpenter, Nebr.	Connery	Dingell
Brennan	Carter, Wyo.	Cooper, Tenn.	Dirksen
Britten	Cartwright	Cox	Disney
Brooks	Cary	Cravens	Dobbins
Dockweiler	Jenckes	Meeks	Smith, W.Va.
Dondero	Johnson, Minn.	Miller	Somers, N.Y.
Doughton	Johnson, Okla.	Milligan	Spence
Doxey	Johnson, Tex.	Mitchell	Steagall
Drewry	Johnson, W.Va.	Monaghan	Strong, Tex.
Driver	Jones	Montet	Stubbs
Duffey	Keller	Moran	Studley
Duncan, Mo.	Kelly, Ill.	Morehead	Sumners, Tex.
Dunn	Kemp	Mott	Sutphin
Durgan, Ind.	Kennedy, N.Y.	Murdock	Swank
Eagle	Kenney	Musselwhite	Tarver
Eicher	Kleberg	Nesbit	Taylor, Colo.
Ellzey, Miss.	Kloeb	O'Brien	Taylor, S.C.
Faddis	Kniffin	O'Connell	Taylor, Tenn.
Fernandez	Knutson	O'Connor	Terrell
Fitzgibbons	Kocialkowski	O'Malley	Thomason, Tex.
Fitzpatrick	Kopplemann	Oliver, N.Y.	Thompson, Ill.
Flannagan	Kramer	Owen	Thurston
Fletcher	Kvale	Parker, Ga.	Truax
Ford	Lambertson	Parks	Turner
Frear	Lambeth	Parsons	Turpin
Fuller	Lamneck	Patman	Umstead
Fulmer	Lanham	Peavey	Utterback
Gasque	Larrabee	Peterson	Vinson, Ga.
Gilchrist	Lea, Calif.	Peyser	Vinson, Ky.
Gillespie	Lee, Mo.	Pierce	Wallgren
Glover	Lehr	Polk	Walter
Gray	Lemke	Ramspeck	Warren
Green	Lesinski	Randolph	Wearin
Greenwood	Lewis, Colo.	Rankin	Weaver
Gregory	Lloyd	Rayburn	Weideman
Griffin	Lozier	Reilly	Welch
Griswold	Ludlow	Richards	Werner
Guyer	Lundeen	Robertson	West, Ohio
Hamilton	McCarthy	Robinson	West, Tex.
Hancock, N.C.	McClintic	Rogers, Okla.	White
Hart	McCormack	Romjue	Whitley
Harter	McDuffie	Rudd	Whittington
Hastings	McFarlane	Ruffin	Wilcox
Healey	McGrath	Sabath	Williford
Henney	McGugin	Sadowski	Williams
Hildebrandt	McKeown	Sanders	Wilson
Hill, Ala.	McMillan	Sandlin	Withrow
Hill, Knute	McSwain	Schaefer	Wolfenden
Hill, Samuel B.	Major	Schuetz	Wolverton
Hoeppel	Maloney, Conn.	Sears	Wood, Ga.
Hoidale	Maloney, La.	Secrest	Wood, Mo.
Hope	Mansfield	Shallenberger	Woodruff
Howard	Marland	Shannon	Woodrum
Hughes	Martin, Colo.	Shoemaker	Young
Jacobsen	Martin, Oreg.	Sinclair	Zioncheck
James	May	Smith, Va.	The Speaker
Jeffers	Mead	Smith, Wash.	

NAYS—57

Allen	Darrow	Kahn	Stalker
Andrew, Mass.	Ditter	Kinzer	Stokes
Beedy	Eltse, Calif.	Lehlbach	Strong, Pa.
Black	Englebright	Luce	Swick
Blanchard	Evans	McFadden	Thom
Boehne	Farley	McLean	Tinkham
Bolton	Fiesinger	Mapes	Tobey
Brown, Mich.	Fish	Marshall	Traeger
Burnham	Foss	Martin, Mass.	Treadway
Carter, Calif.	Gibson	Merritt	Wadsworth
Chase	Hancock, N.Y.	Parker, N.Y.	Watson
Claiborne	Hess	Pettengill	Wolcott
Cochran, Pa.	Holmes	Powers	
Crowther	Hooper	Ransley	
Culkin	Huddleston	Rogers, Mass.	

ANSWERED "PRESENT"—1

De Priest

NOT VOTING—90

Abernethy	Corning	Imhoff	Ramsay
Andrews, N.Y.	Dickstein	Jenkins	Reece
Auf der Heide	Douglass	Kee	Reed, N.Y.
Ayres, Kans.	Doutrich	Kelly, Pa.	Reid, Ill.
Bacharach	Dowell	Kennedy, Md.	Rich
Bacon	Eaton	Kerr	Richardson
Bailey	Edmonds	Kurtz	Rogers, N.H.
Bakewell	Focht	Lanzetta	Schulte
Bankhead	Foulkes	Lewis, Md.	Scrugham
Beck	Gambrill	Lindsay	Seger
Boland	Gavagan	McLeod	Simpson
Boylan	Gifford	McReynolds	Sirovich
Brumm	Gillette	Millard	Sisson
Brunner	Goldsborough	Montague	Snell
Buckbee	Goodwin	Moynihan	Snyder
Burch	Goss	Muldowney	Sullivan
Burke, Calif.	Granfield	Norton	Sweeney
Carley	Haines	Oliver, Ala.	Taber
Cavicchia	Harlan	Palmisano	Underwood
Clark, N.C.	Hartley	Perkins	Waldron
Clarke, N.Y.	Higgins	Pou	Wigglesworth
Connolly	Hollister	Prall	
Cooper, Ohio	Hornor	Ragon	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "yea", as above recorded.

So the joint resolution was passed.

The Clerk announced the following additional pairs:
On this vote:

Mr. Burch (for) with Mr. Hollister (against).
Mr. Clark of North Carolina (for) with Mr. Bakewell (against).
Mr. Bankhead (for) with Mr. Wigglesworth (against).
Mr. Snyder (for) with Mr. Kurtz (against).
Mr. Ayres of Kansas (for) with Mr. Taber (against).
Mr. Imhoff (for) with Mr. Jenkins (against).
Mr. Rogers of New Hampshire (for) with Mr. Cavicchia (against).
Mr. Schulte (for) with Mr. Seger (against).
Mr. Prall (for) with Mr. Cooper of Ohio (against).
Mr. Muldowney (for) with Mr. Simpson (against).
Mr. Kee (for) with Mr. Brumm (against).
Mr. Granfield (for) with Mr. Andrews of New York (against).
Mr. Buckbee (for) with Mr. Hartley (against).
Mr. Corning (for) with Mr. Millard (against).
Mr. Lanzetta (for) with Mr. Connolly (against).
Mr. Boland (for) with Mr. Waldron (against).
Mr. Scrugham (for) with Mr. Goss (against).
Mr. Auf der Heide (for) with Mr. Bacharach (against).
Mr. Pou (for) with Mr. McLeod (against).
Mr. Lindsay (for) with Mr. Doutrich (against).
Mr. Ragon (for) with Mr. Eaton (against).
Mr. Harlan (for) with Mr. Goodwin (against).
Mr. Underwood (for) with Mr. Higgins (against).
Mr. Dickstein (for) with Mr. Moynihan (against).
Mr. Carley (for) with Mr. Rich (against).
Mr. Bailey (for) with Mr. Bacon (against).

Until further notice:

Mr. Oliver of Alabama with Mr. Snell.
Mr. Abernethy with Mr. Reed of New York.
Mr. Sweeney with Mr. Kelly of Pennsylvania.
Mr. Goldsborough with Mr. Reid of Illinois.
Mr. Montague with Mr. Perkins.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Palmisano with Mr. Clarke of New York.
Mr. Gambrill with Mr. Edmonds.
Mr. Gillette with Mr. Burke of California.
Mr. Kennedy of Maryland with Mr. Dowell.
Mr. Ramsey with Mr. Gifford.
Mr. Douglass with Mr. Beck.

Mr. BYRNS. Mr. Speaker, I am requested to announce that the following Members are unavoidably absent, and if present would vote "no" on the motion to recommit and "aye" on the passage of the bill: Mrs. NORTON, Mr. SULLIVAN, Mr. BOYLAN, Mr. SISSON, Mr. MCREYNOLDS, Mr. HAINES, Mr. RICHARDSON, Mr. KERR, Mr. SIROVICH, Mr. BRUNNER, Mr. HORNER, and Mr. GAVAGAN.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

VALUE OF COINS AND CURRENCIES OF THE UNITED STATES—EXTENSION OF REMARKS

Mr. BEITER. Mr. Speaker, ladies and gentlemen of the House, the declaration that the gold clauses in public and private obligations are contrary to public policy arises out of the experiences of the present emergency. If the gold clause applied to a very limited number of contracts and security issues, it would be a matter of no particular consequence, but in this country virtually all obligations, almost as a matter of routine, contain the gold clause. No currency system, whether based upon gold or upon any other foundation, can meet the requirements of a situation in which many billions of dollars of securities are expressed in a particular form of the circulating medium.

THE UNITED STATES IS OFF THE GOLD STANDARD

When the important announcement was made "The United States is off the gold standard" by the Secretary of the Treasury, Mr. Woodin, the natural impulse was to find out what it is all about. I once read somewhere "when in doubt, see your banker", so I sought an audience with this learned man. I felt that I knew as much about it, after the interview was over, as I did when on a previous occasion I sought his reasoning on why Canadian money was at such a discount. I might state that I reside in a border city. At that time he informed me that the discount on foreign exchange was arrived at through the balance of trade between the countries. This may have been very illuminating to some few people, but I confess it left me still in ignorance.

Former President Hoover, in a precampaign speech, stated that we were only a few hours, or was it a few days, from going off the gold standard—which gave Wall Street publications occasion to print denials and quotations from our leading financiers that the President had misspoken himself, and that we were not anywhere near such a national catastrophe as going off the gold standard. But the President also let it be known that through quick action, and strategic moves by his administration, the American dollar still rang true on the counters of the world. Still keeping to this thought—that it was all-important for our national well-being to maintain the gold standard—what must we now think? And what are the reactions to date? Talk of inflation to the tune of $3,000,000,000! Republican Members of the House and Senate shaking their heads and asking the Democrats, "What do you know about banking and finance, let alone inflation?" And the Democrats answering, "You should ask, after the success you have made of the Nation's finances!" And the people are still wondering and still clinging to their one remaining asset—hope. And what is their hope, and can going off the gold standard and inflating our currency fulfill their fondest hopes, which, after all, are higher prices and the relief of unemployment?

It is truly an experiment, but the most logical one we have yet attempted. The Reconstruction Finance Corporation, about which we have all heard so much and know so little, one of the depression experiments, may have saved our financial structure temporarily, but that is a debatable question. What we all do know about this Corporation is that some folks were able to borrow money from it. But it seems to me that most of our present trouble is due to the fact that most of us have already borrowed too much money and now we cannot pay it back, and Shylock demands his pound of flesh. To learn that some other banker will lend us more money surely is only pointing the way to inevitable bankruptcy if our assets continue to depreciate.

What has our maintenance of the gold standard, with practically the whole world ignoring it, done for industry and labor? We hear and read a lot about our foreign trade; Government statistics continually point out the sad fact that exports continue to drop, but imports, in many instances, show increases. And why not? Foreign buyers with depleted currencies buy from countries where their dollar buys a dollar's worth of goods, whereas in America a dollar's worth of goods actually costs from a dollar and a quarter to a dollar and a half on account of the exchange. And better still, American buyers, with their gold-standard currencies, can buy a dollar and a quarter to a dollar and a half worth of merchandise for a dollar in foreign countries. So, in the parlance of the street, they have us coming and going—mostly going, for hundreds of America's well-established industries have moved their plants, bag and baggage, to foreign lands, for they have been unable to market American-made products, for which, among other things, they must receive American gold dollars, not to mention the so-called "protective tariff", and one wonders if at last that famous "cross of gold" speech was not slightly premature.

The most astounding fact since going off the gold standard is the absence of dire prophesies. With few exceptions, if these prophets were ever without honor, they are now, for are not they the same gentlemen who such a short time ago hinted something about prosperity being just around the corner? And to go back a little further, it is not hard to recall who loaded our small banks with those "good foreign bonds", payable in gold, which never could and never will be payable in gold, if payable at all.

It will be argued that with no gold backing, our American dollar will drop in value. That is granted, but to what value? To determine this value we must first arrive at its present gold value. The purchasing power of a dollar is at present conceded to be about $1.50 compared with its purchasing value of, say, 7 years ago, which is not considered an abnormal period in American business. The abnormal period came later. The owner of the present dollar gets the benefit of the additional 50 cents when he makes a purchase. If his purchase happens to be food products, and most of his purchases are, the farmer producing same actually loses the 50 cents. The proof of this is an established fact. No need for argument—that the farmer is forced to sell his products much below actual cost. Some of his products

sell for less than the cost of his seed, to say nothing of his labor, his investment, his taxes, and interest, but does the loss stop with the farmer? It does not. No business ever fails alone; somebody else must hold the bag, so the farmer fails to pay his interest, his other obligations, and so forth. He loses his farm through foreclosure; the mortgagee is deprived of his interest; the merchant writes down his accounts receivable; and the tax bureau respreads the unpaid taxes, and the fellow with the dollar, which he thought was worth a dollar and a half, pays—although he does not always know it. He pays just the same, and the circle is completed. This is just as true in the case of the manufacturer, the banker, or any business man.

Will inflation prove a remedy at this time? Water will run up hill only under pressure and can be dammed by pressure but for a short time only. We have witnessed the prices of all commodities climb under pressure, we have seen them dammed for almost 4 years under pressure, the pressure being gold in both instances. The argument of overproduction and surpluses cannot be conceded, for how can a surplus exist of foodstuffs or clothing when people are hungry and most of the people are threadbare? If it were possible for all of us to have what we need—mind you, not what we want—there would be no surplus, so the facts are the reverse of this. Most of us have assets whether they be real estate, stocks and bonds, or services, but today we are unable to realize on them. Why? Because they are depressed below their actual value, and actual value is not so hard to arrive at when applying the rule of common reasoning as compared to the gold standard. The basis of future values must not be computed in gold—a commodity, which, owing to the very nature of it, can be controlled for the benefit of the few to the detriment of the many. Expansion of the currency simply means more money, not necessarily the medium of exchange, as we term money, but more available credit. To best illustrate this credit, let us say a parcel of property is today considered worth $10,000 in actual value, based on a fair assessment for taxpaying purposes. Or the same might be true of a cargo of merchandise. But to obtain a credit or loan for the purpose of marketing the merchandise, or improving the property, its value, based on gold, might be only $5,000, and it would have a collateral value of 50 percent less, bringing its commercial value to $2,500, whereas, if the actual value could be made the credit basis it would have a commercial value of $5,000. And inflation proposes to do just this!

Of course it would be beyond all reason to believe that such a change could be consummated without opposition, both from politicians and economists, so let us review briefly the opposition. They have brought their biggest guns forward for one grand blast, and they have addressed their appeals mostly to Mr. Average Citizen, who yet possesses small savings. But has this class of citizen forgotten so soon that only a month or two ago, after being worked up to a frantic state of alarm over the safety of his savings, the Governors of practically every State in the Union, and lastly the President of the United States, found it necessary to close all our banks in order to save him from ruin? The lesson we all learned from the bank holiday is that America cannot be cashed, for our national wealth is not measured in dollars, gold, or otherwise.

If it be true that our savings will shrink under inflation, it is also just as true that they have shrunk in the period of deflation, for does anyone believe that our banks, savings and loan associations, and other institutions for savings can pay 100 cents on the dollar with their assets depressed to such a point that few, if any, of our thousands of closed banks now in liquidation have been able to pay 50 percent of the deposits, even after throwing in the capital investment and in many instances the stockholders' assessment for good measure. And we are to believe that our savings will remain safe while deflation, forced liquidation, foreclosures, and bankruptcy are allowed to continue unabated.

Another form of savings must not be overlooked, and that is the thousands of bondholders who still hold bonds that have not already defaulted, principally Government and municipal bond owners. We have such an authority as the President of the United States for the fact that our national debt approximates our national wealth. All our cities, counties, and towns are burdened with bonded debt. Few municipalities can collect more than 50 percent of the taxes they levy. This is not surprising. Few taxpayers, if any, have not suffered a 50-percent loss of income, whether it be rents or the profits in business, not to mention depreciation in values. To date most of our municipalities have been able to borrow to meet fixed interest charges, but to pyramid the indebtedness is not the way out, and inevitable bankruptcy is just around the corner.

Inflation may be an experiment, but it brings hope. We are off the gold standard, and, to quote Senator PITTMAN, "If we fail, God help America."

Mr. TRUAX. Mr. Speaker, Members of the House, when we were debating the so-called "Economy Act", the charge was made that those who voted against the bill were shooting the President of the United States with the assassin's bullet. If that charge were true then, what about any Democrat who might vote against this bill? Why he would be cutting the President's throat with one of democracy's sharpest swords, the sword that sought to cut the stranglehold of Mark Hanna and his bags of gold, was wielded by the mighty hand of a distinguished Democrat, William Jennings Bryan.

Those who oppose this bill talk about repudiation of debts. I say to them defeat this bill and you repudiate your own President, Franklin D. Roosevelt. One of his first acts was to call in the gold from the vaults of the Morgans, the Mellons, the Rockefellers, and thereupon hope began to return, confidence to be restored, and prosperity to come. It required a Washington and a Jefferson to free the country from English tyranny and oppression. It needed a Lincoln to unfetter the shackles of the colored man, but it waited for a Roosevelt to free the industrial slaves of this country from the bondage and serfdom of the gold standard of the money kings.

We hear much of "the science of money" as though it were a sacred old white ox before which the average American must prostate himself and gaze open-mouthed at those superior intellects who have studied the so-called "science of money." It is supposed to be something very esoteric, quite beyond the comprehension of the hoi polloi, and as to the farmer and workingman it is supposed to be as far beyond his mental grasp as the star Arcturus, whose beam of light set in motion the Chicago Exposition. Being a hog farmer myself and not a metallist I cannot compete with them when it comes to talking about "redemption money", "money of final payment", "gold as standard of value," until lost in a fog of their own making they must content themselves by prattling about a "debased currency", "repudiation" of the bond holdings of the bloated millionaires, and, finally, that the President's action is unconstitutional as measured by the mildewed legal minds of 40 years ago. Preserve the Constitution, they say, but let the people suffer and die. Maintain the gold standard for the silk-stockinged aristocrats, but the masses wear rags and tags. Kneel down and worship at the golden throne of J. P. Morgan & Co. while 15,000,000 men walk the streets begging for a job.

With their captious though fallacious themes these modern sophists prate of debasing the currency, unmindful of the fact that American manhood has been debased, American womanhood debauched, and American ideals destroyed to uphold the golden calf of Mammon. In their ecstasy to wander about into the labyrinth of the "science of money" they become foolishly bewildered in an economic maze of their own making. The farmer and the wage earner may never be privileged to enter this superabode of the money-minded giants of intellect, yet the farmer knows that a dollar that buys 2 bushels of wheat or 30 pounds of pork is unsound. He knows when he sells an acre of corn harvesting 50 bushels for a $5 bill that there is something rotten in Denmark. When he feels the money lender's noose tighten about his neck because money is so high and farm commodities so low that the two are as far apart as the Poles, he understands that the whole currency system

functions for the rich at the expense of the poor. The wage earner, though not a high-browed metalist nor yet a high-domed professor of the science of money, but who tramps the streets for days, weeks, and months looking for work, with his family starving while the 12-cylinder Lincoln of the plutocrat brushes him aside, knows that these two extremes, the one of damnable poverty, the other of ultra-rich luxury must be equalized, and that soon, or bloody revolution will follow in its wake. The difference between the condition of Dives and Lazarus was never as sharply defined as now. It is not so much the pitiful poverty of the many as the enormous wealth of the few that is fostering discontent. While the masses battle desperately for bread to eat, rags to wear, and leaky roofs to shelter those whom their hearts hold dearest, the multimillionaire crowd pile up more millions and brazenly boast of their refusal to pay income taxes.

I have neither the time nor the disposition to burden this Congress with a dissertation of my own on the technic of money—the gold standard. A $20 bill, whether it be redeemable in gold, silver, or lawful currency of the Nation, is merely a check given by all the people of this country and drawn by their hired hand, the Secretary of the Treasury, in his official capacity, given against all of the property and wealth of the country. So long as our currency is genuine and signed by Uncle Sam in his lawful, legal capacity, I care not a tinker's damn whether it is backed by gold, silver, or lead. That currency can only benefit me when I exchange it for its equivalent value in commodities. I can carry it about my person, hide it in the mattress, or in tin cans; but it represents nothing unless I exchange it for the necessities, comforts, and luxuries of life. There is a law of gravitation that anything which goes up must come down, and vice versa. If the millennium were to be attained, the Utopia reached, then there would always be an even balance between the value of the dollar and the value of the commodities it purchases. Assuming that both once started on an even keel, it is perfectly logical and natural to assume further that when one goes up the other comes down. As the value of the dollar appreciates the value of the commodity depreciates; hence we get what every farmer and every wage earner knows—a dishonest dollar that means more wealth for the wealthy and more poverty for the poor.

There never has been nor never will be "a money of final payment nor of redemption." When you trade a paper dollar for a gold dollar or a silver dollar, you have merely traded one Government check for another. The gold dollar must await final redemption in terms of commodities, in pounds of wheat, bread, sugar, flour, shoes, stockings, cigarettes, or whatnot. One dollar is merely a figure of speech by which we convey to the intelligentsia of one human being to another how many dollars are required to pay taxes, to pay rent, gas bills, light bills, telephone bills, and monthly installments to the financing companies, or 36-percent loan sharks. As the dollar mounts in value, the living costs of wage earners and salaried workers become increasingly difficult obligations to meet. A lot of these so-called "money experts" do acrobatic tricks with statistics—the per capita circulation of money, the increase in circulating media as compared to the increase in population and such similar gymnastics until their logical sequences are sprained and can walk only with the aid of crutches.

The gold standard has always been the ruthless despoiler of the larders of the poor. If it be true that going off the gold standard or the adoption of a silver standard would scale down the mighty fortunes of the millionaires, then in the name of God give us this latter remedy. A depreciating currency may be called by some an evil, but on the other hand an appreciating currency is a scavenger of hell itself.

The pages of history may be searched, the annals of time sounded, yet never an instance will be found where a depreciated currency has ruined the common people; yet the melancholy note that arises from the harp of time is proof positive that, out of the wreck and ruin and economic chaos following all panics and depressions, there rears the ugly head of an appreciating currency that concentrates and centralizes the wealth of nations in the slimy hands of the privileged few and makes of the masses suffering serfs, throwing them upon the public purse and Government doles—compels them to select without alternative the bread of charity or the blood of revolution.

Out of the suffering, misery, and woe caused by this costliest, deadliest of all economic collapses, the one of 1929–33, one great good will be found surviving, namely, the inability of the money kings to now point to any real, tangible benefit accruing from the maintenance of the gold standard; no longer can the plutocrats, through their subsidized newspapers, and bipedal broadcasters in official life, proclaim that the gold standard has maintained the American wage scale, American standards of living, and the full dinner pail. The proof of the pudding is in the chewing of the string, and the 15,000,000 unemployed workmen who are tasting the gall and wormwood of the crumbs from Dives' table, now represented by Morgan & Co., cannot by the wildest stretch of the imagination be longer led to the golden altar to be slaughtered.

Mr. GLOVER. Mr. Speaker, the bill now before us for consideration, House Joint Resolution 192, is possibly the most important legislation that will be considered by this Congress.

The joint resolution which has the same binding effect of an act, is "To assure uniform value to the coins and currencies of the United States." I have contended for this legislation ever since I have been a Member of this Congress. Three years ago I introduced a bill to put in circulation $2,000,000,000 of silver money and making it a legal tender for all debts owed by the United States and taking us off the gold standard. If this bill had passed when it was introduced, it would have averted the panic that came upon us.

Two things brought on the panic, one was the gold standard and the other the tariff. The Constitution of the United States gives to Congress the power to coin money and to regulate the value thereof. It is reliably stated that $100,000,000,000 of the bonds and obligations of debts now owed are to be paid according to the way they have been issued in gold. We only have a little over $4,000,000,000 in gold to a hundred billion in debts. No contract or bond ever should have been written so as to make it payable in gold but should have been made payable in legal-tender money of the United States.

No obligation or contract from and after the passage of this act will ever be made payable in gold, but will be made payable in legal tender of either gold, silver, or paper money. The thing that makes coin valuable is the Government that is back of it, and it is certainly unwise for a nation to build a foundation of $100,000,000,000 worth of debt on $4,000,000,000 worth of coin. Those who bought Government bonds and every other character of bond they have purchased that have been made payable in gold did not pay gold for them but simply gave their check or any regular tender of money that they had for the purchase of these bonds. Congress having the right to regulate the value of money might change the standard at any time to suit the needs of the people. Then if it is made payable in legal tender, whatever the money of the United States Government is, at the time of payment, is good in payment. This makes our money basis absolutely safe in the United States. It will prevent the cornering of money which was done in the last 2 or 3 years under the gold standard, and deliberately brought on a panic that has about ruined our Nation.

The gold standard has paralyzed our agricultural interests and left our farmers prostrate. I said in a circular that I delivered to my people 2 years ago, that agriculture was crucified on the cross of gold and at the altar of shame. We now know that is true from the effects of recent legislation.

Suppose that gold on which $100,000,000,000 of debt is predicated was demonetized and could not be paid in gold, then what would happen with the structure of our Government, and this could be done by a simple act of Congress. Of course this shall not be done.

This act will be held constitutional by the courts of our country because there is not a syllable in our Constitution that prevents it; besides that, decisions of the United States Government on questions of like kind have clearly demonstrated that Congress has the power to regulate the currency of our Nation.

The gold dollar had gotten so high that the person who contracted debts under a different condition of money could never have paid their debt at all. When measured by the commodity price of agricultural products the gold dollar was worth $2.32 when it should never have any value over 100 cents. The purchasing power and commodity price should be held in equal balance.

This is a part of the new deal and is a bright day for America. When the legislation that has been passed by this Congress, and will be passed before the close, 10 days from now—when that legislation is put into force, there is no reason why our Government should not be put back on a prosperous and sound basis economically, and we believe it will.

We have been faced with this kind of condition for the last few years, that at least four fifths of the nations of the world had gone off the gold standard and one fifth was on a gold standard. You must trade with nations with their medium of exchange. The silver that was in the silver dollar 3 months ago was worth 25 cents; and when the foreign nations using silver wanted to trade with us, they had to pay four times the value in their money for our products. To illustrate, when India or China came to the United States to buy cotton—and they were our best buyers—they paid in silver money of their country, which was only worth, when measured by the gold dollar, 25 cents, and it required them to pay for cotton when it was selling here for 5 cents, under the gold standard, 20 cents per pound in their silver standard. They had to discontinue their trade with us largely on this account.

Prior to the last war the foreign countries were growing around 6,000,000 bales of short-lint cotton per year and bought the remainder of their supply from the United States. They are now raising 12,500,000 bales of this short-lint cotton and buy only enough cotton from us to mix with their short-staple cotton so as to manufacture clothing out of it, which leaves us with a surplus of the balance of our cotton on hand.

If the foreign nations traded with us now as they did prior to the war, they would only raise 6,000,000 bales of cotton instead of 12,500,000, and in less than 2 years would use up the entire surplus that is now held in the United States. Then, too, we would have an open market with a demand for every commodity that we could raise at a fair price.

Since the passage of legislation to aid agriculture by this Congress, corn has advanced in price three times what it was, wheat three times what it was then, and cotton nearly twice what it was. Rice practically three times what it was at that time, and beef about twice the price it was. This shows that legislation has been effective even by the enactment of it before it has really had much time to affect the price, because those dealing with these commodities know that the legislation now enacted will be effective.

It is our belief and hope that it will have the desired effect by bringing commodity values up and bringing the standard of money back to the point where there will be an equal balance between our money values and the value of our agricultural products.

Let us hope that the new day that we have wished for is now approaching.

Mr. REILLY. Mr. Speaker, on last Saturday morning, as a member of the Banking and Currency Committee of this House, I voted against the reporting-out of the pending resolution, not because I was opposed to the resolution but because I believed that the committee should have a hearing on the resolution; that representatives of the Treasury of the United States should be asked to appear before the committee and give the views of the Treasury as to the necessity of the passing of this resolution, so that the Members of this House might have, when this resolution came before them for consideration, such information, and not be obliged to rely upon the statements and views of the members of the Banking and Currency Committee of the House and other Members of this body.

As far as I was personally concerned, I was ready to favorably report the pending resolution on last Saturday, because I believed that inasmuch as our country is practically off the gold standard today and the gold-payment clause contained in the United States bonds is suspended, the Treasury of the United States would be in an embarrassing position in advertising for future bond sales containing a statement that the principal and interest would be paid in gold when at the present time the United States Government has announced that it will not pay existing bonds nor the interest thereon in gold.

I am pleased to learn that the opponents of this resolution have not seriously raised a constitutional question.

There can be no doubt at all but that, under the provisions of the Constitution of the United States giving to Congress the right to coin money and fix the value thereof, Congress has the right to pass a law at any time it sees fit to do so declaring that the requirement that United States obligations should be paid in gold coin, instead of lawful money of the United States, is against public policy, and that is all the pending resolution attempts to do.

In a short time the United States Treasury will be obliged to advertise for bids for a new huge bond issue. The present law requires that such bonds shall contain the so-called "gold clause." It is certainly inconsistent for the Treasury of the United States to be obliged to insert in bonds issued at this time a clause promising to pay the principal and interest in gold when the Government has repudiated that promise in prior issues of bonds.

The pending resolution simply means this, that the Congress of the United States declares what the Government has already announced, that the so-called "gold clause" contained in United States bonds and other obligations, public and private, which require the payment of said obligation in gold, is against public policy and unenforceable.

Shortly after the present administration assumed office, under authority of law, the President of the United States took this country off the gold standard, so to speak, by refusing to permit withdrawals of gold from the United States Treasury by our own citizens, and by citizens of foreign countries, except as the result of a special order of the Secretary of the Treasury of the United States, and thereby announced that our governmental obligations stipulated to be paid in gold would not be paid in gold, but would be paid in the lawful money of the United States.

The one act of the present administration that did more than anything else to bring about a rise in commodity prices and to stimulate business was the act or acts of the President of the United States that took our country off the gold standard.

It is charged that the passage of this resolution means a repudiation by the United States of its own contracts, and that there is no justification for such action, when our Treasury is filled with gold.

The pending resolution declares that the enforcement of the gold-contract-clause provision in public and private obligations obstructs the proper exercise of the constitutional power of Congress to coin money and regulate the value thereof, and if such is the case, such provisions must yield to the general welfare of the whole country.

The fact that the outstanding obligations of the Government of the United States are declared to be payable in gold cannot be held to place any limitation upon the power of Congress to void such contract when the welfare of the whole country demands such action on the part of Congress.

The Government cannot divest itself by contract, or otherwise, of its sovereign power over money, so as to prevent such legislation as the financial and industrial exigencies of the times may require.

All contracts of the Government and of its citizens are made in the light of the inalienable right of Congress to legislate as the public interest may demand.

Of course, without the passage of this resolution, all contracts containing the clause to be paid in gold, executed by cities, municipalities, corporations, and private individuals, and even by the National Government itself, are unenforceable and void today, because under the present law no gold is obtainable with which to pay said contracts, and consequently they are impossible of performance and void.

I believe it to be a fair statement, that economists and financiers quite generally agree that the gold dollar has appreciated to such an extent as to render it impossible for debtors to discharge their contractual obligations payable in gold. The fact of the matter is a great many bankers, financiers, and industrial leaders believe that the soaring value of the gold dollar is largely responsible for our present industrial situation.

Again, it is submitted that it is inequitable for the Government of the United States to permit a situation to exist whereby a debtor who borrowed a dollar several years ago must pay today, in the liquidation of that debt, a dollar having a purchasing power of at least a dollar and a half.

It is not dishonorable for the debtors of our country to ask the right and privilege of paying their debts in dollars near the purchasing power of the dollars that they borrowed years ago.

One of the objects to be obtained in taking our country off the gold standard, I take it, was to depreciate the gold dollar and to make it more nearly an honest dollar, and the developments since that time have justified the belief that such action on the part of the Government was a move in the right direction.

A great many people at one time believed—and the writer belonged to that class—that if our country went off the gold standard industrial chaos would immediately follow; but we have learned in a few months that the taking of our country off the gold standard has resulted not in industrial chaos but rather in bringing about more favorable industrial conditions in our country.

While it is true that the United States has a large stock of gold at the present time—the largest gold stock of any country in the world—it is also true that such a favorable gold situation is due largely to the fact that as a result of a Presidential order several hundred million dollars of hoarded gold was recently returned to the United States Treasury and also to the further fact that about 2 months ago our country went off the gold standard by refusing to permit gold withdrawals from the United States Treasury.

If the President of the United States failed to take the action that he has taken regarding the hoarding of gold by our citizens and the payment of gold by the United States Treasury, it is altogether probable that the gold reserve of the Treasury might be greatly depreciated by this time and our country be eventually compelled to abandon the gold standard from necessity, the same as England was compelled in 1931 to abandon her gold standard, because her gold reserve was rapidly being depleted by withdrawals.

With our large gold reserve today, the United States is in a much better position to dictate an international money policy, if such a policy is advisable, than it would be in if our gold reserve had been depleted to such a point as to compel our country to abandon the gold standard.

Our country is in a great national economic crisis. It is to the interest of the creditor class just the same as the debtor class of our country that our industrial democracy be saved from wreck and ruin. It will do the creditor class no good to demand their pound of flesh if by so doing our country is brought to universal bankruptcy. If the passage of this resolution will bring about a further rise in commodity prices and a further depreciation of gold as a standard of value, such results will be for the benefit of our creditor class as well as the debtor class and, in fact, will be for the benefit of the whole country.

While the passage of this resolution will not greatly change existing conditions, it may help to depreciate further the value of the gold dollar, because it will constitute a congressional declaration approving the action of the President in taking our country off the gold standard, and at the same time it will aid the Secretary of the Treasury in handling Government finances at this time.

Mr. EICHER. Mr. Speaker, the restoration of equality of purchasing power to all the money of the United States that will be accomplished by the legislation for which we have the privilege of voting today is so pregnant with promise for the attainment of social and economic justice for all the people that it should receive the immediate and unanimous approval of the Congress. As soon as all the currency of the Nation becomes acceptable for all debts and dues, public and private, the mystery of money will dissipate, equal rights will return, and special privileges will rapidly disappear. The relatively constricted and contracted, and easily manipulated gold supply, will be unhorsed from its unholy pedestal as a medium of control of prices and values and will be relegated to its only justifiable function, namely, as a medium for the exchange of commodities and property.

Until recently it was my well-considered conviction that price levels could be sufficiently raised to accomplish substantial justice for the debtor and to revive business and industry by expanding our currency within the limits consistent with the maintenance of a reasonable gold parity. However, I am now abidingly satisfied that the mountain of debt, domestic and international, cannot be scaled to the point of essential liquidation with no other vehicle than a monometallic oxcart inherited from a primitive, unstable, and simpler society. During the history of nations when their resources and credit were more or less shadowy and ephemeral, it is conceivable that a metallic redemption base or bases were necessary to the reasonably acceptable operation of currency systems. And at the present national juncture it is well that we have within our own control such a large proportion of the gold of the world. Inasmuch and as long as gold remains somewhat of an international fetish, such a reserve constitutes a convenient backlog against which we can keep burning the fire of an independent world position in the event of hesitation or delay in the highly desirable program of international cooperation.

But we are a Nation with a proven and stable Government and with resources well-nigh limitless in their wealth-producing capacity. The credit of such a nation will maintain undepreciated sufficient currency to meet the expanding needs of business and commerce and to perform the service of liquidating mutual obligations fairly and honestly and equitably in terms of real wealth, which, after all, includes only those things that sustain life and provide comforts for human kind. We shall need, it is true, further legislation setting up machinery for price stabilization that will be as nearly as possible automatic in its operation. But it need not be feared that without it price levels will rise inequitably, for under existing law the President is limited to a maximum reduction of 50 percent in the event of action by him looking toward the revaluation of gold.

A managed currency, therefore, using in its management a stabilization goal comprising the composite exchange value of the many commodities that have been and will be mankind's necessities from Adam to Gabriel, certainly can be made to work out with more even-handed justice for society as a whole and to accomplish a more equitable distribution of the rewards of industry and of thrift than has the single-commodity gold base with which we have hobbled along and under whose benign operation less than 10 percent of our people have been permitted to acquire upwards of 90 percent of the Nation's buying power.

A Repudiation Congress, the gentleman from Massachusetts [Mr. LUCE] calls us! The Iowa farmer who 2 years ago borrowed some money to buy some corn will this year to pay the debt have to raise from 2 to 3 times as many bushels of corn as he got with the money he borrowed. As late as 2 months ago he would have had to deliver 5 or 6 times as many bushels. Meanwhile, the human demand for corn as a necessity of life did not diminish, but the buying-power demand fluctuated thus wildly. Observe the pic-

ture from that angle before appraising the moralities. If gold were demonetized, the creditor would obviously prefer currency to gold. The creditor having a gold-payment clause in his contract, notwithstanding its abrogation by this law, will on the average receive as much in actual wealth as his dollar bought when he loaned it. That is not repudiation; it is simple justice. A government that could not and did not correct such a palpable wrong would certainly forfeit all right to the favorable opinion of mankind. Are we canceling or reducing war debts? No; we are making possible the otherwise impossible payment of those debts by accepting dollars which our foreign debtors can buy with more nearly the same quantity of goods as they received for our dollars when they borrowed them. That result, also, is justice, but it is more than that—it is good business.

Mr. SMITH of Washington. Mr. Speaker and ladies and gentlemen of the House, the consideration and passage of this most important measure repealing the gold-standard statute of the United States, after but 3 hours of general debate, will furnish further evidence of the fact that this Congress will go down in history for its deeds rather than its speech making. The American people desire action and we are giving it to them instead of emitting a lot of chewed wind on the floor of the House. I confidently believe that when the record of this special session of Congress is written, it will be found that we have enacted in 3 months' time more constructive, beneficial legislation than all the preceding Congresses in the past 20 years. President Roosevelt has proven himself to be a leader of courage and wonderful ability, and we have been his loyal, industrious followers in this new era of liberty and freedom for all the people of America.

I favor this bill for many obvious reasons but principally because it will inevitably and eventually result in the remonetization of silver. In view of the fact that three quarters of the population of the earth employ silver as the medium of exchange, the restoration of the white metal to its rightful and ancient place in the money marts of the world will do much to revive trade and commerce everywhere. It will provide additional money with which to transact business and reopen the silver mines of the West.

Mr. Speaker and my colleagues, I deem it appropriate on this occasion to pay a brief tribute to the memory of one of the greatest statesmen our country has ever produced and a former illustrious Member of this House, William Jennings Bryan, who must look down from his heavenly abode upon our action today with a degree of joy and satisfaction.

A few days after my arrival in the Capital, I visited beautiful Arlington Cemetery, where rest the mortal remains of so many of our heroic dead, and one of the very first mounds I sought for was that of Mr. Bryan, whose greatness comes to be recognized to an increasing extent with the passing of the years. This noble prophet and seer was always in advance of his time and was the first to advocate a Federal income tax, direct election of United States Senators, woman suffrage, publicity of campaign expenses, and free and unlimited coinage of silver in the ratio of 16 to 1, and every one of these reforms has been written into law excepting the last named—the most important of them all—and it now becomes only a question of a brief period of time when it also will be the law of the land. We have witnessed in our day the terribly sad tragedy against which Bryan warned us 40 years ago, "the crucifixion of mankind on a cross of gold."

Mr. Speaker, the enactment of this law is another emancipation proclamation, declaring liberty for 120,000,000 Americans from the thralldom and cruel yoke of gold which has enslaved the human race.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4494. An act authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

The message also announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, the bill (H.R. 5012) entitled "An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy"; that the Senate insists upon its amendment to said bill, requests a conference with the House thereon, and appoints Mr. TRAMMELL, Mr. MCGILL, and Mr. HALE to be the conferees on the part of the Senate.

SEA PAY OF SURPLUS GRADUATES OF THE NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

Mr. COLLINS of Mississippi. Mr. Speaker, is this bill to nullify a similar provision of the independent offices appropriation bill?

Mr. VINSON of Georgia. Not at all. The independent offices bill may not pass in time to effect this purpose.

Mr. COLLINS of Mississippi. What does this bill do—it gives away 1 year's sea pay, does it not?

Mr. VINSON of Georgia. No; it takes away 1 year's sea pay.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, I should like to ask the gentleman in what respect the Senate amended this particular bill?

Mr. VINSON of Georgia. I have not the slightest idea. It came over here with Senate amendments, and I am asking for a conference to ascertain, and the House will have full information about the Senate amendments.

Mr. O'MALLEY. I withdraw my objection, Mr. Speaker.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. VINSON of Georgia, DREWRY, and BRITTEN.

STATEMENT BY REPUBLICAN WAR VETERANS OF THE HOUSE AND SENATE ASKING FOR JUSTICE TO DISABLED VETERANS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks by including a statement by myself on veterans' legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, reports from every section of the country on the effects of the President's regulations under the authority of the act of March 20 show the utter horror of this "new deal" for disabled veterans. All of us Republicans who voted broad powers to the Chief Executive did so in the sincere belief that marked economies could be effected without doing grave injustices to the disabled veterans. However, the regulations under this authority were so drastic and indefensible that every Senator and every Representative in Congress now has scores of specific cases that unmistakably indicate the effect has been utterly brutal.

Thousands of disabled veterans, together with their wives and children, are to be made destitute after they receive their last check on July 1; indeed, the sufferers from these Executive orders include tens of thousands of widows and orphans whose whole economic structure has been built on the Government's pledge that they would be cared for. Most of these disabled veterans and their families will have to depend on local relief agencies already overburdened.

Our reports indicate that the men whose disabilities are traceable to their war service are to be cut on the average of 50 percent, which by no stretch of imagination was intended when we granted the President's request for power.

President Roosevelt stated when he asked for extraordinary power under the Economy Act that he would deal justly, fairly, and humanely with the veterans, which promise has not been lived up to.

We oppose the Congress' adjourning until the President has reversed his position so far as the service-connected cases are concerned, or, upon his refusal to do so, that Congress recall the broad powers given him and refuse to adjourn until liberalizing legislation has been enacted.

DAVID A. REED, of Pennsylvania.
FREDERICK STEIWER, of Oregon.
HAMILTON FISH, Jr., of New York.
J. HOWARD SWICK, of Pennsylvania.
CHESTER C. BOLTON, of Ohio.
HAROLD MCGUGIN, of Kansas.

FARMER-LABOR GOVERNOR IN ACTION—FLOYD B. OLSON, LEADER IN MINNESOTA'S FIGHT FOR POLITICAL AND ECONOMIC INDEPENDENCE—UNITES FARMER-LABOR-VETERAN ELEMENTS IN THEIR BATTLE AGAINST A COMMON FOE

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including statements made by the Governor of Minnesota on certain public questions.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under leave to extend my remarks I include statements made by Hon. Floyd B. Olson, twice elected Farmer-Labor Governor of Minnesota, on public questions of the day:

FIRST INAUGURAL MESSAGE OF FLOYD B. OLSON, WEDNESDAY, JANUARY 7, 1931

To the Members of this Legislature of Minnesota, and Fellow Citizens:

Pursuant to the constitution of Minnesota, we are here assembled to permit me, as Governor, to make certain suggestions and recommendations to you with reference to legislation.

I shall not endeavor to discuss all the matters in which we may be interested during your session, but shall confine myself to certain major matters, and shall hereafter from time to time, by special messages, properly call your attention to other matters affecting the welfare of the State.

A majority of the members of this legislative body belong to political parties other than the one with which I am affiliated. I am sure, however, that partisanship will never be permitted by any of us to interfere with what we believe to be the proper and just performance of our duties. You may be sure that I shall never, in any way, attempt to encroach upon your jurisdiction over the legislative branch of the government, and I am confident that you will cooperate with me at all times in the proper carrying on of the affairs of the State.

UNEMPLOYMENT AND PUBLIC WORK

We are confronted at this time with an acute unemployment situation. It is the duty of the State, as the guardian of all its citizens, to do everything possible to alleviate the situation. The most practical means of helping is in the carrying on of public work, which not only will provide employment for persons now idle, but will tend to encourage and stimulate private industry.

For a number of years last past by reason of a governmental policy carried on under the claim of economy, our State institutions are greatly in need of appropriations for the purpose of repair and enlargement. A new office building is also needed for State departments which are now occupying rented space.

The making of these appropriations will result in an increase in State expenditures over those of preceding years. The burden of the previous governmental policy carried on under the claim of economy has fallen upon us. Let us meet the situation frankly and courageously, and provide for these improvements, not only because they are of an immediate necessity but also because they will assist the people of Minnesota in our unemployment situation.

We can also aid in relieving unemployment by enlarging our road-paving program. Paved roads are not only more practical for traffic but their ultimate cost is less than that of the graveled roads.

An enlarged paving program can be financed in a number of ways, including that of issuing bonds under the provisions of the trunk-highway amendment. If a bond issue is passed by your body for road purposes you should provide for a sinking fund for the payment of the bonds, made up of annual payments from the moneys realized from the gasoline tax. The present heavy burden on the taxpayer prohibits, in my opinion, the issuance of road bonds which would be ultimately paid for out of the general tax fund.

Leading American economists of both conservative and liberal tendencies agree that wages must be kept up to a high standard. A law should be passed providing that the wages paid on public work carried on directly by the State, or by contract with the State, must be equal to the highest prevailing scale of wages paid for the particular kind of work performed.

The law should provide for working hours per day, and working days per month similar to the accepted standards prevailing at the time the work is performed in public work carried on by the Federal Government.

Preference should be given to residents of Minnesota in employment for public work. Whenever practical, and whenever the cost is substantially the same, work should be performed by hand rather than by machines, in order to provide for the employment of a greater number of persons.

Preference should also be given to Minnesota products in public work.

In order to help the unemployment situation, the matter of appropriation for public works should be taken up by you at once and determined with dispatch, so that the work may be started promptly.

I suggest that all appropriations be passed at least a week before your adjournment and not be carried over until the closing hours of your session.

TAXATION

As is well known, the present burden of taxation is almost entirely due to local expenditures, as distinguished from expenditures by the State. The matter of local expenditures is, and should be, largely one for local determination, subject to such limitations as the legislature under the Constitution may place upon them.

In that connection I recommend the repeal of all laws limiting the amount of taxes levied by school districts, cities, and villages to a specific amount per capita of the population of such school district, city, or village.

You will undoubtedly earnestly study and consider the problem of the reclassification of property so as to remove the present inequalities of our tax system. I especially urge you to consider the farming population in the matter of tax equalization and reallocation, not only because of the shrinking of farm income but particularly because the farming population is carrying a disproportionate share of the total tax burden.

CONSERVATION

Minnesota, one of the richest States in the Union from the standpoint of natural resources, has no conservation program comparable in any degree with the programs of other States having natural resources. It is imperative that we put into operation at once a program which will not only protect the remaining natural resources but will particularly provide for the restoration of our forests, with a consequent direct benefit to the people of Minnesota resulting from the eventual sale of timber, and also the indirect benefits to our water supply and wild life. In formulating a program we are fortunate in being able to profit by the experience of other States.

I recommend the creation of a State conservation board of seven members, nonpolitical in nature, appointed for definite terms by the Governor, with or without the consent of the senate. The members should be representative of the different parts of our State and of different groups of citizens, and should serve without salary, but be entitled to traveling expenses when traveling in behalf of the State. The conservation board should select a commissioner of conservation, vested with all the powers, rights, and duties of the present conservation department, the department of drainage and waters, as well as those of the State auditor as to lands, timbers, and minerals. The board should select the necessary assistants or deputies to have charge of the divisions of forestry, drainage and waters, game and fish, and such other divisions as the commissioner of conservation may from time to time establish.

An act providing for the payment by the State of a definite sum per acre to counties within which land is or will be set aside for timber purposes under the Auxiliary Forest Law of 1927, should be passed. The money so paid can eventually be restored to the State from the 10-percent yield tax collectible at the time of harvesting the timber.

In conformity with the laws of other States engaged in reforestation, a law should be passed providing for the payment by the State of 5 cents an acre annually to the counties in which State forests are located.

Appropriations should be made at once for the enlargement of the State nursery so that extensive reforestation can be commenced immediately.

A constitutional amendment to enable the State to exchange its scattered lands for those of the Federal Government should be again submitted to the people of Minnesota. If and when such exchanges can be made, I believe the State should reserve title to the minerals in such exchanged land.

Adequate financial support for carrying on the land economic survey is recommended in order to assist in the formulation of a permanent forest policy.

A plan for civil service should be worked out covering employees in the conservation department who perform expert services, or those performing services requiring special training, so as to remove the department entirely from politics.

I recommend that you earnestly study and consider proper means for remedying the present polluted condition of the Mississippi River.

WATER POWER

The conservation commission should be charged with the duty of causing proper persons within the department to appear before the Federal Power Commission in all proceedings wherein application is made for permission to build water-power dams upon waters within the State of Minnesota, and within the jurisdiction of the Federal Power Commission, and there to protect the interests of the people of this State.

The legislature should provide that no dams contrary to the public interest should be built on watercourses within the State without the consent of the legislature first being obtained.

A constitutional amendment should be submitted to the people which will enable the State to control and develop those water-power facilities, watercourses, and other natural resources which still remain a part of the public domain.

A memorial should be sent to the Congress of the United States, requesting that in the building of the 9-foot channel in the Mississippi River, provision be made for the use of the water power (which will be produced because of the reservoirs and dams necessarily constructed to regulate the flow of water in the river) in generating electric current to be sold by the Government to the municipalities adjacent to, and near, the Mississippi River.

PUBLIC UTILITIES

I recommend the appointment of an interim commission for the purpose of proposing a plan for the better regulation of the rates charged and service rendered by public-utility companies.

When the regulation of telephone companies remains under the jurisdiction of the railroad and warehouse commission. I recommend that its supervision over these companies be extended so as to cover investments and expenditures, and that proper appropriations be made for accomplishing that extended supervision.

In the interest of home rule I recommend the repeal of the so-called "Brooks-Coleman" law.

LAW ENFORCEMENT

One of the most serious problems confronting the American people is that of law enforcement. In endeavoring to promote better law enforcement the first consideration is the apprehension of persons committing crimes.

Minnesota has about 2,600 peace officers, 87 sheriffs and deputies, and 87 prosecuting attorneys with assistants. It has a State Bureau of Criminal Apprehension which collects fingerprints, photographs, and other data concerning violators of the law. Attached to the bureau are a number of men who can be sent in any county in the State for police work on the request of the sheriff in that county.

Law enforcement would be greatly improved if the work of these various existing forces could be coordinated. I ask that appropriation be made for the addition of 12 police officers to the department, with salaries equal to the salary now paid to investigators employed by the bureau. In cooperation with the sheriffs and peace officers of the various counties of Minnesota, these men could be detailed, at the request of such sheriffs, to districts within the State for continual service therein, in assisting local sheriffs and peace officers and in bringing about thorough coordination of the work of the law-enforcement officers of each district with the State bureau as a central unit.

Minnesota being the only State in the United States wherein counsel for the defense has the closing argument to the jury, I recommend that the prosecuting attorney be given the right by law to reply briefly to the argument of the counsel for the defense, in conformity with the practice in the Federal courts.

I recommend that county attorneys be given the power to file informations in all criminal cases after the opportunity for preliminary examination has been given the accused in such cases.

To promote the rehabilitation of persons incarcerated in penal institutions, and to provide for a more scientific system of parole, I recommend the establishment of a full-time parole board, appointed by the governor for a definite period of time, and whose membership shall not include the head of any penal institution.

THE INDEPENDENT MERCHANT AND MONOPOLY

The independent merchant is an important factor in the building up of the State as a whole and the localities in which such merchant carries on business. Monopoly, functioning through the so-called "chain-store system", has produced inequalities which injure the independent merchant. I therefore recommend the passage of appropriate legislation designed to remove these inequalities as much as possible.

OLD-AGE PENSION LAW

A number of counties have adopted the old-age pension plan by a popular referendum, indicating to a considerable degree that the people of the State favor the plan. To produce uniformity and to avoid further election expense, I recommend the passage of a compulsory old age pension law, which will apply to all the counties in the State.

ELECTION LAWS

I recommend the passage of a law providing for a uniform primary election ballot which shall contain the names of the candidates of all parties, so arranged as to afford the voter the right and opportunity to vote for candidates for office without disclosing the party affiliation of the voter.

INJUNCTIONS

I advocate the passage of a law which will insure to every person charged with contempt of court arising out of labor disputes, the full constitutional right of trial by jury, and which shall further provide that no injunction shall be issued in a labor controversy until and unless a full and adequate hearing shall first be granted those sought to be enjoined.

The antitrust law of Minnesota should be amended so as to exclude labor unions from the scope of its operation.

I recommend that chapter 285 of the session laws of 1925 providing for the suppression of newspapers be repealed. As the prosecuting attorney of Hennepin County I had occasion to enforce that law in two instances. Its constitutionality was sustained by the Minnesota supreme court. I am convinced that it is constitutional, and as a prosecuting attorney, could not be concerned with its wisdom or lack of wisdom. As the chief executive of the State, however, I occupy a different status. The cases in which the law was used were proper exercises of the operation of the law, but I believe that the possibilities for abuse make it an unwise law. The freedom of speech and the press should remain inviolate, and any law which constitutes an entering wedge into that inviolability is unsafe.

STATE PRINTING PLANT

The experience of other States indicates definitely that a State printing plant can be operated with profit to the State, and I therefore recommend the creation of a State-owned printing plant to supply the needs of the State government and its subdivisions.

I am sure that our relations will always be pleasant, and that we will at all times disregard political considerations, and be concerned only with the general welfare of the State and its people. I shall be glad at any time to receive any suggestions from any member of this legislature upon which I may act in my executive capacity, for the betterment of the State.

While I have been elected as the standard bearer of the Farmer-Labor Party, permit me to assure you and all the citizens of this great State that I shall at all times consider myself the Governor of all the people of Minnesota and shall endeavor to work for the best interests of all of them.

SECOND INAUGURAL MESSAGE OF GOV. FLOYD B. OLSON TO THE LEGISLATURE OF MINNESOTA, WEDNESDAY, JANUARY 4, 1933

We are assembled during the most crucial period in the history of the Nation and of our State. An army of unemployed, some 200,000 homeless and wandering boys, thousands of abandoned farms, an ever-increasing number of mortgage foreclosures, and thousands of people in want and poverty are evidences not only of an economic depression but of the failure of government and our social system to function in the interests of the common happiness of the people. Just beyond the horizon of this scene is rampant lawlessness and possible revolution. Only remedial social legislation, National and State, can prevent its appearance.

The great bulk of our population in Minnesota is made up of farmers and workers. Our prosperity is primarily dependent upon the buying power of the farmer. When he receives an inadequate price for his produce he cannot purchase the products manufactured by capital through the agency of labor. Labor is consequently unemployed, and capital becomes insolvent. The State has no control over the price of farm commodities but can aid the farmer in his present plight by means hereinafter set forth.

The United States has created the greatest industrial system in the history of the world, but that system has concerned itself almost entirely with profit, and has been blind or selfish insofar as the welfare of the mass of the people is concerned. That blindness and selfishness have caused the impoverishment of the consuming public and the consequent downfall of industry.

The unemployment of millions of people through the lack of a constructive economic and governmental policy has not only decreased the use of manufactured products but has decreased the consumption of farm products. The increased surplus of farm products thus created has contributed to the lowering of the market price of farm commodities to a point below the cost of production.

These conditions make it imperative for us to courageously enact and approve whatever remedial legislation is within our constitutional powers.

AGRICULTURE

The farm problem resolves itself into (1) commodity prices, (2) mortgage, (3) interest, and (4) taxes.

The remedy for the present situation, existing not only in Minnesota but all over the United States, lies either through inflation or through cancelation of a substantial part of debts.

The condition of the Minnesota farmer is ably and succinctly stated in Special Bulletin No. 157 of the Agricultural Extension Division of the Department of Agriculture, University of Minnesota:

"The burden of farm debts today as compared to former years might be illustrated in terms of the average mortgage debt per mortgaged farm in Minnesota, which, according to the United States census of 1930, was $4,734. Figuring interest at 5½ percent, the annual interest payment on this average debt per farm is $260. On the basis of the average farm price of wheat in Minnesota in 1919, it required only 116 bushels of wheat to pay this interest; in 1925 it required 173 bushels; and at the present farm price of 35 cents a bushel, 743 bushels are necessary. Similarly, in terms of hogs, to pay the $260 in 1919 the farmer had to sell only seven 250-pound hogs; in 1925 it required about 10 head, and at the present price of $3 per hundredweight the farmer must sell 33 hogs. The farmer selling butterfat could pay this interest with 433 pounds in 1919, with 591 pounds in 1925, but at the price of 22 cents that has prevailed recently it required 1,182 pounds, or the total production of about six average cows."

The division estimates that 60 percent of Minnesota farms are mortgaged.

You are without constitutional authority to enact laws altering the terms of any existing mortgages or extending the period of redemption after foreclosure, but you can assist agriculture in some respects with reference to its indebtedness.

The Rural Credit Bureau of Minnesota is the owner of about 12,000 mortgages, of which about 3,000 have been foreclosed. Because of the decline in farm-land values and because of excessive amounts loaned by the bureau upon farms during past administrations it will become necessary under the present laws governing the conduct of the rural credit bureau to foreclose a great many more mortgages.

The rural credit bureau is restricted as to the period of time which it may permit to elapse between delinquency and foreclosure. That period should be extended to 2 years.

Hundreds of loans made in the past are in amounts in excess of the present value of the farms upon which mortgages were given to secure the loans. Foreclosures in those cases is inevitable, with resultant loss to the State and probable tenant farming, with the State acting as landlord.

To avoid this situation the rural credit bureau should be given authority to adjust the principal owing by reason of these loans so as to enable the mortgagor not only to pay the State the reduced amount of principal but also to retain his farm.

With such authority given to the rural credit bureau, the State could take the lead in bringing about an adjustment of mortgage indebtedness, both as to State loans and private loans. It can also set an example to private mortgagees in the deferring of foreclosure proceedings during the period of this depression.

The rural credit bureau has been the means of keeping down the rate of interest charged on farm mortgages, is extremely necessary to the farmer in this time of need, and its operation should be continued without any impediment.

If and when foreclosure proceedings are brought upon real-estate mortgages in this State, both rural and urban, the mortgagor should be protected against eviction. Because of the great emergency existing you have the authority, and should enact a law permitting an occupant mortgagor to continue to occupy the mortgaged premises subsequent to the expiration of the period of redemption, upon condition that such occupant mortgagor agree to pay a fair and reasonable rental value upon the property.

The imposition of penalties for nonpayment of taxes on real estate by January 1933 should be abated until March 1, 1933.

I shall discuss taxation generally under a general subdivision.

Pending the revision of the tariff against the importation of foreign oils used in the manufacture of products entering into competition with domestic dairy products, I recommend the passage of a law imposing a tax upon the manufacture and sale of oleomargarine.

LABOR

Unemployment creates misery among those unemployed; adds to the burden of taxpayers because of the necessity of feeding, housing, and clothing the unemployed and their dependents; and injures business through the loss of buying power in those unemployed. To remedy this condition in the future you should enact a compulsory unemployment-insurance law. The law should provide for an assessment of at least 3 percent, and preferably 4 percent, upon the pay roll of all employers employing a minimum of a certain number of employees, with proper exemptions as to farm laborers, domestics, and others. The cost should be borne by the employer as a necessary expense of business operation. The act should take effect not later than July 1 next; a year should elapse for the building up of reserves, and benefits then be payable. No part of the reserve nor of the expense of administration should be borne by the taxpayers.

An excellent report on unemployment insurance, after considerable research work, has been made by Profs. A. H. Hanson and M. G. Murray under the direction of Dean R. A. Stevenson, of the School of Business Administration of the University of Minnesota, and a proposed bill prepared. Using their proposed bill as a basis I have prepared a bill expressing my views, which, with your permission, I will submit to you for such consideration as you believe it merits.

Unemployment should also be relieved through a law compelling shorter working hours per day.

I recommend the passage of an anti-injunction law modeled upon the so-called "Norris-LaGuardia Federal anti-injunction law."

TAXATION

It is essential that every citizen, and particularly the common citizen, be relieved of a part of the present tax burden. That may be accomplished by the reduction of public expenditure and by shifting the burden of taxation from those least able to pay to those having the means and ability to pay. Only a small proportion of the tax collected on real estate in Minnesota is contributed to the State. The State should, however, reduce its expenditures not only to relieve the tax burden, however slight that relief may be, but also to set an example to other tax-levying units of government.

A budget will be submitted to you by the commission of administration and finance setting out in detail expenditures of the various departments of the State government. Possible reductions in those expenditures will also appear.

It is a practice in this country in any retrenchment program to first cut wages. That apparently is industry's only solution of our vexing economic depression. Industry is going through frightful contortions—presenting a strange anomaly. On the one hand it is preaching the doctrine of spending, the same as it preached a few years ago the doctrine of thrift. On the other hand it is retrenching, reducing wages, lowering the standard of living, destroying buying power, and throwing more men and women on the streets to shift for themselves and become the object of charity. Just how that is going to solve our economic problem is beyond understanding. Its only result can be to reduce the purchasing power of the masses still further, increase the army of unemployed, and generally aggravate conditions.

The cutting of wages and the consequent decrease of buying power causes further cuts in commodity prices. When commodity prices drop, wages are again slashed, and the process continues interminably, each time bringing us to new depths of depression until we are apparently on a downward journey into a bottomless pit.

Our State government is in effect a business institution. It should not subscribe to the principle of wage reduction, because to do so would be to subscribe to a fallacy. We could not with honor do so.

Conditions have forced on the government, however, the need for retrenchment, which must be effected without the curtailment or crippling of important governmental functions. We cannot overlook the plight of the taxpayer, whose capacity to pay has been sorely affected in the last few years.

I am not opposed to the reduction of salaries of all State officers and employees in the high-salary brackets, but I am opposed to the reduction of the salary of those in the lesser salary brackets. Such cuts as you will necessarily make in departmental appropriations should be made in bulk. Provision can then be made within the several departments for pay-roll reduction through the furlough and payless vacation plans, rather than through actual reduction of wages and salaries. In that way the standard of pay can be maintained.

There is another objection to actual reduction of salary. When salaries once are cut it is a long, tedious, and sometimes bitter process before they are restored to their proper levels, even though economic conditions have righted themselves. Wage increase never keeps pace with business improvement. It invariably lags behind.

I am also opposed to any reduction in the amount of State school aid granted at the last session of the legislature.

We operate in Minnesota under what is known as "the general property tax." Most revenue for government is raised by a levy on real property.

Despite the fact that every advanced student of taxation recognizes this method as unsound economically and unjust morally, and for all practical purposes obsolete and antiquated, we cling to it as if it were reverence for old age.

With practically every civilized nation on the globe having discarded the system, predatory wealth in America, which sees in the income tax an obstacle to the continued concentration of wealth, has been able to maintain the general property tax as the basic principle and corner stone of our tax system.

The alarming increase in tax delinquencies is the stark warning that the system is unsound.

The cost of government is assessed against those who are least able to pay instead of on those who can best afford to pay. It penalizes the man who owns his homestead, his farm, and who invests in real property. Real estate today is a drug on the market, largely because of the heavy tax burden that is imposed upon it.

A government that blindly continues to make those who can least afford to pay bear the brunt of the burden is building a house of glass and laying a foundation in quicksand.

A tax on net income is fundamentally and scientifically sound. It cannot take from one something that he does not possess—ability to pay. The general property tax does that very thing. Inability to pay general taxes on nonproductive property often is confiscatory.

The income tax is the most just tax thus far devised because it is the most equable tax; it is based on ability to pay. No nation or State that has adopted it has repealed it. No political party today would dare advocate repeal of the Federal income tax.

Successful government underlies successful incomes. There can be no logical reason why successful incomes should not support the government that makes these incomes possible.

Under the present system there are many forms of intangible wealth that escape taxation entirely. Not only that, but this intangible wealth is in total our greatest wealth, or token of wealth.

The income tax reaches people who have no real property and who do not contribute toward the support of their government. These people enjoy incomes accruing from that property, while that property is carrying a tax burden all out of proportion to the load that it should carry.

Much of the tax burden today rests upon the primary producers, having been passed on as an overhead through the channels of trade.

We are gradually reaching a point where real property cannot give up the tax moneys that is demanded of it. It must receive relief.

Property values are depreciating. An ever-increasing number of home owners and farmers are, through tax delinquency and mortgage foreclosure, losing their homes and their farms.

We should enact and approve a statutory graduated income tax. I have no doubt that we have the constitutional power to do so. Such income tax must be a definite replacement tax and serve to shift part of the burden of the tax now imposed upon real property. I am opposed to an income tax law which permits income taxes to be offset against property taxes, or vice versa, because it discriminates in favor of the rich. I favor the use of the income tax to replace part of the real-estate tax upon homesteads. This

could be accomplished by reducing the percentage of assessed valuation upon which the real-estate tax is levied on homesteads. I will, however, approve any income tax law which definitely and certainly replaces a part of the tax upon real property, except as an offset.

I advocate an increase in the percentage rate of gross-earnings taxes upon public utilities. They should pay the same amount of tax under the gross-earnings tax system as they would be obliged to pay if they were subjected to a property tax. They now pay considerably less. If they were subjected to a property tax and compelled to pay on the basis of valuation permitted them for rate-making purposes, they would pay a great deal more than they now pay in the form of gross-earnings taxes.

I recommend a graduated income tax upon chain stores, the proceeds of such tax to be remitted to the counties in which it is collected, after deducting the cost of collection; the amount so returned to become a part of the poor-relief fund of the various counties.

I favor a substantial increase in the license tax upon common carrier and contract trucks and busses using the public highways of the State.

I am willing to approve a reduction in motor-vehicle taxes upon privately owned motor vehicles, but I believe the real-estate taxpayer, a substantial proportion of whose taxes are used for the building of local roads, can secure greater relief through the taking-over of the secondary road system of the State by the State highway department and charging such department with the building and maintenance of such secondary road system. In that way the local expense of construction and maintenance of roads, payable by local property taxes, can be reduced and the cost of highways continue to be paid by those who use them.

I am opposed to the repeal of the 1-mill tax for State road and bridge fund until provision has been made for the taking-over by the State of the secondary road system of the State.

CONSERVATION

The conservation of natural resources in a State like ours, which still derives most of its wealth from its soil, forests, mineral deposits, and waters, is of the utmost importance to the people and deserves earnest and careful consideration in all its aspects. All phases of conservation work are important—reforestation, development of State parks, propagation of fish and game, and control of erosion and stream flow—all these must have a definite place in our conservation program.

Two years ago the administration of our natural resources was reorganized and unified under a conservation commission of five citizens, which acts as a policy-making body, and a conservation director, who is the executive head of the conservation department.

Minnesota is one of the few States in the Union which has brought together under one administration practically all its natural resources. In most of the States these activities are divided among several State agencies. Two years is a short period to test a new principle in administration of our natural resources. Yet within this short time some very definite progress has been made in shaping the conservation policies of the State.

I believe in the principle of such a unified administration of our natural resources under the guidance of a nonpolitical conservation commission made up of public-spirited citizens. This commission should be continued and given all possible encouragement and help in developing policies vital to the welfare of our State. I am sure that the conservation commission will in the course of time bring greater efficiency and economy to the unified control over our natural wealth.

The factors governing the use and development of our natural resources are so interwoven that they must be dealt with as a correlated unit if the greatest efficiency and economy are to be obtained. Forests, recreation, land use, fish and game, and waters are integral parts of the natural wealth of the State, and, therefore, need to be handled as a whole. The propagation of game is closely connected with the character of the forest cover. The propagation and maintenance of brook trout, for instance, is predicated on the presence of cool streams. The temperature of the water in the streams depends upon the underground feeding of the streams, the presence of springs, the shading of streams, and all that is affected by the presence of forests.

Similarly, recreation is closely interwoven with green forests, particularly bordering the shores of lakes and streams. The water level in the lakes and in the streams, although subject to fluctuations with dry and wet cycles, is greatly influenced by the presence or absence of forests.

Forest fires are not only an enemy of the forest but are also a direct enemy of our game. Fire destroys the nesting grounds of many of our game birds, kills deer, and generally upsets the balance of nature. The connection between commercial forests and wood-using industries is self-evident. If all the natural wealth of the State, embraced in its land, forests, lakes, and streams, is to be properly developed, it must be under a single unified control.

There are other advantages of unified control of natural resources. Under the present conservation commission the activities of the different field forces can be more economically utilized. It seems to me that game wardens, at times of fire emergency at least, might be used for fire protection and that forest rangers might be used not only for fire-protection work but also for the protection of game, supervision of timber sales, and for tourist camps and recreational development. Instead of maintaining separate and distinct field forces the same field force can perform various conservation duties, such as game protection, fire protection, timber growing, and so on.

One of the greatest drawbacks in developing a permanent field personnel is the difficulty encountered by the conservation department in providing enough work for its permanent staff of rangers and game wardens during the winter months. By combining some of the duties of the field force a larger permanent force could be kept all the year round, and this means a more efficient, better-trained, and loyal force.

Unified control of all the natural resources should also mean greater economy. Instead of setting up several overheads, the same organization with one overhead can cover a larger field of activity at less cost to the State. The danger of duplication, of developing friction, and even inimical attitudes between departments whose activities are closely related, is also hereby largely avoided.

There has been some criticism directed at the conservation commission for laying too much emphasis upon fish and game problems as compared with fire protection, reforestation, and similar forest problems. The remedy against overemphasis of fish and game, or other less essential phases of conservation, lies in closer tying together these activities and assigning to each its proper place in the general plan of development. The overemphasis on fish and game is also brought about by the fact that the fish and game activities are financed by the revenue from fish and game licenses, with the result that there is a natural feeling among sportsmen that these funds should be used exclusively for fish and game purposes. They forget that without protection of our forest against fire, without maintaining and improving our forests, there would be very little game.

In my opinion, the fish and game funds derived from licenses should also be used in part for other conservation activities without which the fish and game resources would be jeopardized. It would be desirable, in my opinion, that all funds, whether from fish and game licenses or other revenue, should be turned in to a general conservation account, budgeted for the different conservation activities in accordance with the needs. In this way we would have a more uniform conservation program and avoid the possibility of developing one phase of conservation at the expense of another which is of equal or greater importance.

In order that all natural resources may be properly administered by the conservation department, lands and minerals and all appropriations therefor should be placed under the exclusive jurisdiction of the conservation commission.

Above all, however, we should be concerned with the conservation of human values—with restoration to our northern country, which was once the richest part of the State, of its natural wealth and its economic self-sufficiency. Conservation must aim at betterment of human life. If it fails to do that, conservation is mere sentiment—a beautiful sentiment—but of no great social significance.

A planwise use of our land, particularly in the northern part of our State, for purposes for which the land is best suited must lead to economic rehabilitation of our cut-over regions, bring permanent reduction in taxes, and effect permanent savings in governmental cost. The per-capita cost of government in the cut-over regions is about $81, compared to a per-capita cost of about $46 in the southern counties, where land has found its proper use and land settlement is compact. The reason for high governmental costs in the northern counties is largely haphazard settlement, which requires extensive roads, maintenance of separate small schools, and other governmental services. The terrific tax burden that results falls not only on local communities but on the State at large.

If by proper land utilization we can concentrate land settlement on the best agricultural land, and that unsuited to agriculture be kept in forests, selectively cut from year to year, where there will be no roads to build, no schools to maintain, and but a comparatively small cost for fire protection, I do not see why the cost of government in the northern counties cannot be brought eventually to about that of our southern counties.

That means an opportunity for tax reduction on a big scale. Here would be real and substantial reduction. With a population of over 420,000 in the northern counties, it would mean a saving of about $15,000,000 a year accomplished, not at the expense of any governmental function, and it will provide our citizens of the north with better schools, improved roads, and more of modern necessities.

I believe there is considerable justification for this State to assist the northern communities in getting a "new deal"—liquidating the mistakes of the past and rebuilding their natural resources. I am particularly anxious, however, that the assistance which the State shall give shall be entirely constructive and shall not help to perpetuate a condition which is economically unsound. I am not altogether convinced that the relief offered distressed drainage districts and, for that matter, some of the regular school and road aid helps to correct the fundamental difficulties in the cut-over region.

This year, under the terms of section 2139–2 of Mason's Minnesota Statutes of 1927, the State will acquire through process of tax forfeiture nearly 7,000,000 acres of land in the northern counties, the land to be held in trust for the taxing units. I want to emphasize to this body the undesirability of indiscriminate disposal of this public property, thus opening the door for a repetition of the unfortunate colonization schemes of the past. A large share of the present economic difficulties, particularly tax delinquency, is a result of haphazard settlement in earlier years. Much

land unsuited to agricultural development was taken up and many communities have been able to exist only with the help of large public subsidies. A loose land-disposal policy will tend to perpetuate and aggravate these unsatisfactory conditions.

On the other hand, I do not recommend the immediate "locking-up" of this vast area in public forests or game refuges without considering the need for or adaptability of the land. Rather, there should be a broad classification made of the land to determine the use to which it is best suited. The disposal should be determined in the light of this classification, through the cooperation between the counties and the State. In order that this problem may be treated in a broad and impartial way, I have appointed a special land-utilization committee, which serves without pay, and which is authorized to look into the entire question of land use. This committee, which is headed by Dr. Coffman, president of the university, has held a number of open hearings throughout the northern part of the State, amassed a large amount of evidence, and is now preparing its report, which I shall make available to you at a later date.

Meanwhile, the land-utilization committee has prepared a preliminary progress report, dealing particularly with the application of the law relating to the reversion of forfeited land to the State. These recommendations have been prepared after careful study by specialists in the field of land economics and deserve your earnest consideration in any attempt to interpret or amend the law to meet the tax-delinquency situation. These recommendations are submitted to you for your information.

PUBLIC UTILITIES

Notwithstanding the fact that commodity prices and wages have dropped and are continually dropping, utility rates remain up, and in many instances increase. This is due in part to the fact that such rates are protected by law, the utility company being permitted a rate which will earn or tend to earn a substantial net percentage of profit upon its capital investment. Through the manipulations of pyramided holding companies, this capital structure has been gradually increased, without any real financial investment, except on the part of credulous purchasers of stock, with a consequent increasing burden upon the consumers and users of the service furnished by public-utility companies.

The only protection and remedy for this condition is in stricter government regulation, and in some cases government ownership. I recommend that you submit to the people of this State a proposed amendment to our constitution that will permit the State of Minnesota to build and operate district power plants within the State and to sell electricity generated therein to municipalities and to the public.

In order to secure more industries and bring about the local manufacture of farm products and other raw materials produced in Minnesota, cheap power is necessary. To secure this the people must own a transmission system connected and interconnected with the available source of electrical energy. A network of transmission lines would make electrical energy available to every city and village at low cost. Power can be secured from the many dams now built or to be built on the Mississippi River.

Many municipalities within the State of Minnesota own and successfully operate power plants. I recommend the passage of a law permitting cities, towns, and villages now or hereafter owning power and light plants to sell electric current to purchasers thereof beyond the boundary lines of such cities, towns, and villages, so that farmers and others may have the benefit of cheaper electricity.

Authority and financial means should be given the railroad and warehouse commission to initiate investigations into rates charged by telephone companies in Minnesota.

The railroad and warehouse commission should be given authority to prohibit capital expenditures by public utilities operating within the State, except where regulated by local franchise; and to prohibit the sale of stock outside the boundaries of Minnesota by public utilities, unless permission is first applied for and granted by the railroad and warehouse commission.

I shall forward you a special message at a later date concerning improvement in the so-called "blue sky law" of the State of Minnesota.

The Brooks-Coleman law should be repealed.

GENERAL WELFARE

Because of the present inadequate protection of the aged and infirm I recommend the passage of an adequate State-wide old-age pension law.

The State of Minnesota from the beginning of statehood has accepted the principle of local responsibility for poor relief by directing the counties, or the cities, villages, and towns, to provide aid to those persons who because of unfortunate circumstances have been unable to secure food, clothing, shelter, and other necessities of life. This system, supplemented by the generosity and good will of private individuals, churches, and societies, has, until the year 1932, proved satisfactory and self-sufficient. Up to this time our local governments, self-reliant in their obligations and considerate in their service to their own people, have been able to meet adequately the local demands.

However, in the stress of economic conditions of the last 2 years many of these local communities, particularly in the larger urban centers of population and in the northern areas of the State where unemployment and distress have been most severe, have been overburdened in their valiant and sustained efforts to attend to local relief. In their efforts to administer to the needy under present laws, approximately 20 of our counties during the year 1932 have exhausted all relief funds and resources, even to the point of impairing credit.

To remedy this situation supplemental relief has been given by the State to various communities therein through moneys obtained from the Reconstruction Finance Corporation of the United States. That money has been distributed in the form of direct relief under the direction of a relief administrator appointed by me and the State board of control, and upon the terms and conditions prescribed by the Reconstruction Finance Corporation.

The money so borrowed from the Reconstruction Finance Corporation under the terms of Federal law is to be deducted from future sums given by the Federal Government to the State of Minnesota for aid in highway construction.

Each county of Minnesota securing these advances from the State has promised to repay the sums advanced. If a future legislature desires, it may provide that such sums so advanced for relief purposes may be deducted by installments from the moneys allocated by the State from its road and bridge fund to the several counties.

The State executive council now has authority to appropriate and expend moneys to relieve persons suffering by reason of action of the elements. The power so conferred should be extended to include relief for persons suffering from economic causes, which are as much beyond their control as elemental causes.

In a great many cases local communities could aid themselves if certain State laws restricting their power to borrow money for public-relief purposes were repealed. This should be done by you.

For the foregoing and other reasons the per-capita tax limitation should also be removed.

All the nations of the world are seeking a common understanding, outlawing war, and bringing about disarmament. Despite the universal desire of the human race for peace, we still have the militarists, the war-mongers, and the professional Junkers among us who are constantly advocating increased armament, and who would favor a conscripted Army and Navy if they dared. Compulsory military service in time of peace is contrary to all American ideals and principles. Private institutions have a right to maintain a military cadet system, but a compelled drilling of students in public institutions of learning is not only contrary to the objects of peace, but is unfair to them from an American standpoint. You should pass a law abolishing compulsory military drill in all publicly supported institutions of learning in the State of Minnesota. There is no Federal law compelling military drill in land-grant or other colleges of the United States.

The State of Minnesota, for the purpose of electing Members of Congress, should be redistricted upon a fair and equitable basis.

The cities of Minneapolis and St. Paul have substantially agreed upon a bill providing for the creation of a metropolitan drainage area, and the disposal of sewage from those cities, now being dumped in the Mississippi River. I strongly urge the passage of a proper bill in order to hasten the cleaning-up of the river.

In the event that Congress legalizes the manufacture, sale, and transportation of beverages containing more than one half of 1 percent of alcohol by volume, such beverages could be manufactured, sold, and transported in Minnesota without restriction under the present laws of this State.

Anticipating such congressional action you should provide for the strict control by the State of the manufacture and sale of such beverages.

Responding to the Governor's plea for lower interest rates in the refinancing of farm mortgages the following joint resolution was passed by the Legislature of Minnesota:

Joint resolution to the House of Representatives and Senate of the United States concerning national legislation providing for refinancing of agriculture loans at lower rates of interest

(House File No. 1954, Resolution 19)

Be it enacted by the Legislature of the State of Minnesota:

Whereas an emergency exists in this State whereby large numbers of farmers therein have lost or are losing their life's earnings for failure to meet interest payments through no fault of their own, with present conditions and high interest rates continuing, that such an emergency will continue for an indefinite time unless remedied by national legislation, providing for refinancing of farm loans at lower interest rates; and

Whereas, due to the emergency now existing, the interest of both borrowers and lenders on farm lands within this State are mutual, that interest rates are so high and price levels so low that borrowers are unable to pay existing rates and lenders are unable to collect, due to the situation thus created; and

Whereas it is the desire of the legislature of this State that occupying farm owners be permitted to refinance farm loans at lower interest rates, making possible for them to remain in their homes, and inasmuch as there is now pending a refinancing bill in the Congress of the United States which provides for administration methods of financing and reduction of interest rates to 4½ percent: Therefore be it

Resolved by the Legislature of the State of Minnesota, That we regard such rates as provided for in this refinancing measure as too high to be of sufficient value to the farmers of Minnesota at

this time, and therefore we urge the Congress of the United States to lower the interest rate provided for in this bill to 3 percent per annum.

CHAS. MUNN,
Speaker of the House of Representaitves.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 11th day of April 1933.

FRANK T. STARKEY,
Chief Clerk House of Representaitves.

Passed the senate the 10th day of April 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved April 15, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 15, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

To stop foreclosures and evictions in the State of Minnesota, the Governor issued an executive order.

EXECUTIVE ORDER

Whereas many persons are at present unable to pay interest or principal payments due upon mortgages given by them upon their homes, particularly persons engaged in agricultural pursuits, because of an economic depression, the causes of which and the remedies for which are beyond their control; and

Whereas as a consequence thereof mortgage-foreclosure proceedings are being had throughout the State of Minnesota upon the homes of such persons; and

Whereas many persons are unable for the same reason to pay interest or principal payments due upon notes secured by chattel mortgages upon furniture and upon livestock, agricultural produce, and farm machinery; and

Whereas many of such persons and many other persons sympathetic to the plight of such persons about to lose their homes and personal property through such foreclosure proceedings have undertaken by force to restrain such foreclosure proceedings; and

Whereas such attempted restraint is the act of persons otherwise obedient to law and order and otherwise desirous of upholding the Constitution and laws of the United States and of the State of Minnesota; and

Whereas under the constitution of Minnesota it is the duty of the Governor to "take care that the laws be faithfully executed"; and

Whereas it would be unwise and unjust in this present emergency to use the armed forces of the State of Minnesota to compel such foreclosure proceedings as may be instituted or are now instituted against such properties; and

Whereas the Legislature of the State of Minnesota is now assembled and has the power and authority, by adequate legislation, to prevent injustice in such foreclosures by altering the procedure now prescribed for foreclosures:

Now, therefore, it is hereby ordered that each and every sheriff and each and every constable and police officer of the State of Minnesota refrain and desist until May 1, 1933, or until further order, from foreclosing or attempting to foreclose any mortgage upon any of the following properties situate in the State of Minnesota, to wit:

Real estate upon which the mortgagor has his residence.

Furniture and household goods used by a householder mortgagor.

Farm machinery and livestock in use and possessed by a mortgagor actively engaged in farming.

Agricultural produce in the hands of the producer thereof.

FLOYD B. OLSON, *Governor of Minnesota.*

Dated February 24, 1933.

The following bill was passed by the Minnesota Legislature and approved by Governor Olson March 2, 1933:

House File No. 1279, a bill for an act providing for the postponement of certain real-estate mortgage-foreclosure sales and validating the acts of sheriffs in postponing certain real-estate mortgage-foreclosure sales

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. Any sale upon the foreclosure of a mortgage upon real estate, either by action or by advertisement, which has heretofore been advertised or which may hereafter be advertised to be held at any date subsequent to the passage and approval of this act and prior to May 1, 1933, may be postponed for a period of not to exceed 90 days to a date subsequent to April 30, 1933, by the sheriff of the county in which such sale is advertised to be held, without the publication of a notice of such postponement in any newspaper, provided, however, such sheriff shall post a notice of such postponement at one of the entrance doors of the courthouse of the county where the sale was originally advertised to be held, at least 3 weeks prior to the date to which said sale shall be postponed.

SEC. 2. In all cases where any sheriff has heretofore and subsequent to February 23, 1933, postponed any such mortgage foreclosure sale, the said sheriff may again postpone the sale, provided, however, that the date to which said sale is finally postponed shall be subsequent to April 30, 1933, and shall not be more than 90 days from the date upon which said sale was originally advertised to be held, and provided further, that the said sheriff shall post a notice of such final postponement at one of the entrance doors of the courthouse of the county where the sale was originally advertised to be held, at least 3 weeks prior to the date to which the said sale shall be finally postponed.

SEC. 3. Any postponement heretofore made by any sheriff of any such mortgage foreclosure sale, without the publication of a notice of postponement in a newspaper, is hereby validated and is hereby declared to be legal and binding in all respects.

SEC. 4. If any section or part of this act shall be declared unconstitutional or invalid for any reason, the remainder of this act shall not be affected thereby.

The Farmer-Labor Party and our Governor have repeatedly urged that the legislature act on the money question and public works, and the House of Representatives of the State of Minnesota passed the following resolutions:

Resolution

Whereas the present system of distribution has proven itself inadequate to meet the needs of a civilized race and has collapsed; and

Whereas the present Federal Reserve Banking System has failed to function in this emergency, and the entire Government has practically abandoned the gold standard as a basis of money; and

Whereas the problem is entirely a national one, and not a problem of tax reduction, wage cutting, or tax revision; and

Whereas the State of Minnesota or any other State alone is powerless to meet the emergency; and

Whereas the Congress of the United States, through past actions, has allowed the Federal Reserve Banking System, in reality an organization of private institutions, to loan the credit of the Nation, and has delegated to one man, namely, the Secretary of the Treasury, the power to dominate the monetary system of the Nation; and

Whereas the credit of the people of this Nation and consequently their buying power has been practically destroyed by the Federal Reserve Banking System deflation policy; and

Whereas some emergency measure must be effected in order to avert internal strife and disorder until a new economic system can be worked out and accepted by the people; and

Whereas the Constitution of the United States has bestowed upon Congress the obligation to coin the money and establish the value thereof; be it further

Resolved, That we, the House of Representatives of the State of Minnesota, do hereby memorialize the Congress of the United States to immediately proceed to carry out the obligation placed upon them by the Constitution, namely, to issue the money and establish the value thereof; and be it further

Resolved, That Congress extend to the several States of the Union the same power formerly extended to the Federal Reserve Bank in the matter of loaning money, and issue directly to the said States on the security of the natural resources of such States money to be loaned or issued directly to the people through such agencies as the State of Minnesota has created and are suitable thereto or which may be created in the future and which are suitable for this purpose; and be it further

Resolved, That the Congress of the United States, by proper legislation, as soon as possible, liquidate all the present national banks of issue and establish in their stead Government-owned and controlled banks; and be it also

Resolved, That a copy of this resolution be sent to each of the two Senators from Minnesota, to each Congressman from Minnesota, to the Secretary of the Treasury, to the Governor of the State, to the commissioner of banks and banking of the State of Minnesota, and also to President Roosevelt.

CHAS. MUNN,
Speaker of the House of Representatives.

Adopted by the house of representatives the 13th day of March 1933.

FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Resolution

MARCH 4, 1933.

Whereas there is to be a conference of Governors in Washington called by President-elect Franklin D. Roosevelt and which is to be held upon the 5th and 6th of March 1933;

Whereas this conference of Governors is called to discuss questions of national import in regard to the present depression with the hope that this conference will work out some plan for Federal relief;

Whereas the economic condition of the Nation is in a perilous situation, necessitating federalization of unemployment relief;

Whereas Gov. Floyd B. Olson, of the State of Minnesota, has constructive ideas concerning unemployment insurance;

Whereas it is the belief of this legislature that the National Government should set up a national plan of unemployment insurance because unemployment insurance can better be worked out on a Federal plan than on a local one;

Whereas any plan of unemployment insurance could only take effect in the future; and

Whereas the interests of the workers and the farmers are in many States synonymous in that the increased purchasing power of the workers enables them to buy and consume the farmers' products, thereby relieving the farmer as well as the worker of economic distress: Now therefore be it

Resolved by the House of Representatives of the State of Minnesota, That in addition to the Federal unemployment-insurance system proposed, the council of Governors is hereby urgently and respectfully requested to recommend to the new President-elect, Franklin D. Roosevelt, that a system of public works be commenced immediately by the new administration, to be prorated amongst the several States on a basis of population, and that no less sum than $3,500,000,000 be appropriated for such purpose; be it further

Resolved, That Floyd B. Olson, or his representative at said conference, be requested to object to any further appropriations to the Reconstruction Finance Corporation to the purposes of the past administration, and that Gov. Floyd B. Olson or his representative at said conference is hereby further requested to urge that further use of our Federal public money shall be for the assistance of labor and the farmer whose suffering is the greatest and upon whose prosperity the national well-being depends; be it further

Resolved, That a copy of this resolution be forwarded to President-elect Roosevelt; Floyd B. Olson, Governor of the State of Minnesota; newly elected Members of Congress from Minnesota; Senators Henrik Shipstead and Thomas D. Schall; and to the Governors of all the States.

The Minneapolis Tribune of April 11, 1933, reports that Governor Olson's unemployment-insurance measure passed the House of Representatives of the State of Minnesota.

Following is a statement which appeared in the Minneapolis Journal in the month of April 1933:

OLSON ASSAILS FARM TAXES—LEVIES ARE "HANG-OVER FROM PIONEER ERA", HE TELLS UNIVERSITY FARM SENIORS

Gov. Floyd B. Olson struck at taxes on farm lands as "a ludicrous and tragic hang-over from the pioneer era" in an address before a graduating class of 64 students at the university school of agriculture last night.

Economists and forward thinking statesmen should see to establishment of income taxes hitting at the higher brackets, he said, easing the levy which now bears so heavily and increasingly on farm lands.

Another statement appeared in the Minneapolis Tribune March 25, 1933, on the State income tax bill advocated by Governor Olson:

STATE INCOME TAX BILL IS PASSED BY HOUSE 102 TO 11

The statutory income tax, with a replacement feature that its author estimates will save propertyowners of the State about $4,000,000 annually, was passed Saturday by the Minnesota house, 102 to 11.

The tax, estimated to net the State about $5,000,000 annually under present-day conditions, is one of the major planks in the Farmer-Labor Party platform, and carries exemptions of $1,200 and $2,000, respectively, for single and married persons, with $250 allowed for each dependent.

Under the replacement feature revenue derived from the tax would care for several tax levies which would be permanently removed from the assessments against general property in the State.

Here is a statement from the Washington Daily News of April 13, 1933:

MINNESOTA GOVERNOR THREATENS TO SEIZE WEALTH TO AID POOR—OLSON SAYS HE WILL INVOKE MARTIAL LAW AND WARNS HE IS MAKING HIS "LAST APPEAL"

ST. PAUL, MINN.—Martial law and confiscation of property in Minnesota are threatened by Gov. Floyd B. Olson unless the State legislature acts on relief legislation.

The Governor told several hundred "bonus marchers" that "if the legislature does not provide for the sufferers, and the Federal Government refuses aid because the State has refused to act and local communities become unable to care for their own, I shall invoke the powers that I hold."

The Governor said he would declare martial law. He said many people fighting relief measures because they possessed wealth "will be brought in by the provost guard" and "will be obliged to give up more than they are giving up now."

He said he was "making his last appeal", and if the legislature failed to act on relief measures, martial law would follow.

Governor Olson blamed the State senate for holding up a bill that would permit communities to expand their bond issues and provide relief.

The Washington Times also featured Governor Olson's speech to the relief marchers:

"ARMED RELIEF" THREATENS IN MINNESOTA—GOVERNOR PROMISES TO CONFISCATE WEALTH IF LEGISLATURE FAILS TO ACT

ST. PAUL, MINN., April 13.—Members of the State legislature today carefully weighed the ultimatum of Gov. Floyd B. Olson in which he threatened to declare martial law and confiscate wealth for relief purposes unless the legislature takes action.

In addressing several hundred relief marchers on the steps of the State capitol, Governor Olson said he was "making a last appeal" and that unless such legislation for relief is passed, he would declare martial law and bring in by provost guard "people now fighting the legislation because they happen to possess considerable wealth."

ATTACKS STATE SENATE

The Farmer-Labor Governor expressed the hope that "the present system of government go right down to hell" if it fails to prevent repetition of existing conditions."

Governor Olson directed his attack against the "conservative" State senate as well as other legislators, charging that measures to provide immediate relief were being held up. The legislature will adjourn here April 19.

He told his audience:

"A bill which would permit local communities to take care of their own situation by lifting the tax restrictions and permitting them to issue bonds for relief work is being held up so far as I know in the Senate."

The Governor threatened possible martial law after stating that there is immediate need for funds to provide food and shelter for the needy. He said:

"I am making a last appeal to the legislature. If the legislature, and the senate in particular, does not make ample provision for the sufferers in the State, who through no fault of their own are in that condition, and the Federal Government refuses to aid, as it properly may because of the refusal of the State legislature to handle the situation, and the communities become unable to take care of the people, I shall invoke the powers I hold and I shall declare martial law.

"TO STAMP OUT MISERY

"People who are now fighting the measures because they happen to possess considerable wealth will be brought in by provost guard and be obliged to give up more than they would now. As long as I sit in the Governor's chair there is not going to be misery in the State if I can humanly prevent it."

Another article appeared in the Washington Herald of April 14, 1933:

GOVERNOR DEMANDS FUNDS TO AID NEEDY

ST. PAUL, April 13.—In a fiery message to the legislature Gov. Floyd B. Olson today asked for authority to use the State's cash and credit in the unemployment-relief emergency, as an alternative to his threat to declare martial law and confiscate wealth "if necessary for the State to take care of its own."

Governor Olson warned that the Reconstruction Finance Corporation has indicated it will cease to advance funds "unless the State takes some steps to assist in caring for its own people."

The platform of the Farmer-Labor Party of Minnesota was advocated and presented to the voters of that State by the Governor in the 1932 campaign:

FARMER-LABOR PLATFORM OF MINNESOTA

PREAMBLE

The Farmer-Labor Party in convention assembled reiterates its faith in the producing classes of our people and we believe that the common people will eventually be able to work out their own salvation.

The capitalistic system is on trial for its life, and the common people must work out a new order of things, set up a new social system under which every man and woman will be guaranteed the right to work and produce that he may enjoy the fruits thereof. We believe that this Nation cannot endure half fed and half starved, half employed and half idle, and that every worker shall be guaranteed the right to enjoy the fruits of his or her own labor.

That the Farmer-Labor Party of Minnesota might do its share toward the working out of a new and just social order, we adopt as our platform for 1932 the following proposals:

1. We demand the passage of the Frazier bill, now pending in Congress, which provides for the liquidation and the refinancing of the farmers' debt at the rate of 1½ percent interest and 1½ percent amortization payment.

We believe that agriculture is entitled to at least as much consideration at the hands of the Federal Government as has already been extended by the Republican administration to banking groups and foreign nations.

2. We endorse the Agricultural Marketing Act and demand its retention. We also demand that Congress make available as a part of the Marketing Act the debenture and the equalization fee in dealing with the exportable surplus of farm products.

3. We renew our loyalty to the principle of home rule and declare, among other things, for the immediate repeal of the iniquitous Brooks-Coleman law.

4. Notwithstanding a clear mandate from the people that the remaining natural resources of this State be conserved under the jurisdiction of a conservation commission, certain Republican State officers are retaining the control of those affairs and sacrificing the public interest in order to perpetuate political and selfish appointments. One of the results of this is that our undeveloped resources are rapidly being taken from the people and exploited by a gigantic lumber industry and millions of idle acres of delinquent lands are being left from useful, tax-producing uses.

If given control of the government of Minnesota, we pledge the people of this State to submit to them an amendment to our constitution that will permit the introduction of the Ontario system of development and administration of electric power and

light, thus making electricity—the source of power of the future—man's servant and helper, and not his oppressor and master, as is now the case.

We also pledge our farming population and electrical consumers to enact legislation permitting cities, towns, and villages now owning power and light plants to sell current freely to farms, smaller towns, and villages.

5. The communities of the North, dependent upon the iron-mining industry, are under the heel of an oppressive steel corporation that has foisted iniquitous per-capita limitation laws upon those laboring classes who are dependent upon the mines and communities for their subsistence.

We declare unalterably for the repeal of all such per-capita limitation laws and to safeguard against future legislation that destroys that sacred prerogative of home rule.

6. We deplore the unnecessary delays in the construction of the St. Lawrence waterway and the proper development of the inland rivers touching this State.

We demand immediate constructive action on the part of our Government to develop these inland waterways and to bring the ocean to our land-locked harbors.

7. We favor the establishment and operation of a State-owned printing plant.

8. Big business today seeks to control the nomination of candidates of various political parties through a campaign of fear and coercion, resulting from the voter having to call for his primary ballot.

We declare again for the consolidated primary ballot law that will prevent these abuses, so that the names of all primary candidates of all parties may appear on one uniform ballot.

9. Millions of industrial employees are out of employment, due to no fault of their own.

We demand laws that will provide adequate Federal and State unemployment insurance. Rapidly merging industrial corporations that have benefited tremendously through labor-saving machinery must bear the burden of this protection.

10. Because of the present inadequate protection of the aged and infirm, we hereby demand that legislation be enacted providing for an adequate State-wide old-age pension.

11. We advocate a graduated progressive income tax and demand that the proceeds of such tax be used to reduce the present tax burden of the farmer and the small-home owner.

12. The farmers of this State must have legislation that will provide an adequate tax upon the manufacture and sale of oleomargarine, and we declare as a part of our agricultural policy for the speedy enactment of such legislation.

13. We will renew our effort to enact legislation that will impose a graduated tax and special license upon those chain institutions that are destroying the business of thousands of our Minnesota merchants and independent bankers.

14. The service men who defended this country in the trying days of war are not being given fair consideration at the hands of a reactionary national administration.

We demand the immediate cash payment of all soldier bonus claims, to be financed by the issuance of Treasury notes and not to be dependent upon a bond issue.

15. We submit to Minnesotans that the declaration of the last Republican State convention to reduce State expenditures in the amount of $5,000,000 is utterly unwarranted and demagogic in the light of the Republican Party's control of all of the agencies of the State government for a period of nearly 75 years, which control, for political reasons, imposed necessary expenditures upon the present administration in order to care for feeble-minded and other unfortunate wards of the State.

We declare that the present taxes for State purposes are based on appropriations made by a Republican legislature and that under the law as now constituted the Governor is without authority to reduce any such appropriations. We further advocate as a remedy for this condition that a law be enacted granting the Governor the power to reduce appropriations, subject to a review by the legislature in seasonable time.

16. Special interests are fast influencing the activities of some of our legislators. We advocate a law that will compel the registration and regulation of all lobbyists having occasion to attend legislative sessions.

17. Until the time comes when farm loans will be taken over by the Federal Government, under a law like the one proposed in the Frazier bill, we believe that the State funds which have heretofore been invested in State highway bonds and big banking investments should be preferably used for the purpose of financing loans to farmers through the rural credit bureau, the retention of which we demand. We favor restoring State-owned farms to the tax rolls of the communities wherein they are situated.

18. We favor the principle of the initiative and referendum, believing that this Government should again be returned to the people.

19. The Government must meet its responsibility in caring for the millions of unemployed laborers in industry who walk the streets of our cities and smaller towns vainly seeking for a chance to eke out an honest livelihood. A protracted and deplorable unemployment crisis which is the creature of a regime of governmental blundering and reactionary distortion, reflects itself in the earning power of every farmer and laborer in the State of Minnesota. The emergency must be met, and no superficial construction of governmental post offices alone will return these millions into paths of permanent prosperity. We believe that in meeting this emergency a unified and adequate plan of reduced working hours should be undertaken to help alleviate this present deplorable condition.

To the accomplishment of which we urge the support of the entire State ticket and the election of progressive representatives in Congress and the lower house of our legislature.

This letter, written by Governor Olson, was delivered to the President at the Conference of Governors called by President Roosevelt in March 1933:

MY DEAR PRESIDENT: Permit me to congratulate you on your most excellent inaugural address and your keen grasp of the seriousness of our economic crisis. I am sorry that banking conditions in Minnesota made it necessary for me to return home after having started out to attend the Conference of Governors.

I am strongly inclined to the belief that what we are suffering from today is not a depression at all, in the generally accepted use of the term, not one of the customary ups-and-downs of business, but a condition brought about, and naturally so, by an essentially faulty social and economic order.

Our method of distributing wealth is wrong, as witness our inability to utilize the products of the machine for the benefit of the great masses of our people. To say that the industrial and business paralysis is caused by overproduction, by the creation of too much wealth, is in itself an admission that our entire economic structure rests on an error, a house built on a foundation laid in quicksand.

In this crisis, the absence of constructive thought from our leaders in industry would present an element of humor, in view of their previous attacks upon Congress, were it not for the tragedy of having heretofore intrusted our material destinies to them. While it is obvious that the standard of living of the average man and woman must be raised if we are to consume the products of the machine, these leaders have further aggravated conditions by slashing wages and beating down our living standard. And now, with failure so plainly writ for them, they are praying to that same Congress to show them the way out.

It is time that we scrap our industrial and financial leaders. No salvation to the country can come from them. It is time that our economists, who should know what is wrong with the patient, speak out frankly. Let them forget that they have jobs. Let them say some of the things out loud that they are now saying in subdued whispers or merely thinking.

If the so-called "depression" deepens, I strongly recommend to you, Mr. President, that the Government take over and operate the key industries of this country. Put the people back to work. If necessary to relieve public suffering, the Government should not hesitate to go as far as to conscript wealth. The welfare of the public is paramount to all considerations.

Banks have not been operated for the benefit of depositors. The interests of speculative borrowers have been of greater importance. The financial structure of the private money changers became paralyzed on March 4. In fact, if not in law, we are now off the gold standard, which constituted their financial religion. The country is under no obligation to the money changers. Let us rescue the depositors. Stricter regulation, confinement to a regular banking business, and full or partial guaranty of deposits by the Government will accomplish this.

You will pardon me for departing from the outline of your letter. I was inspired to do so by the fearless, plain speaking in your inaugural address.

I submit to you the following recommendations concerning matters within the scope of the agenda outline in your letter of invitation to the conference.

Federal unemployment insurance for concerns doing interstate business, or a Federal tax upon the merchandise of manufacturers in States that have no unemployment insurance law which is shipped into States that have such laws. I do not believe that the present Supreme Court, under present conditions, would follow the child-labor decision.

Employers who come under the provisions of an unemployment insurance law should have the right to deduct a substantial part of the insurance paid out from their income tax, as proposed by Senator WAGNER.

The terms of the Reconstruction Finance Corporation Act should be enlarged so as to provide, in the use of funds advanced to the States, employment of those out of work who are potentially but not actually "breadliners." As the present law has been interpreted, employment can be given only to those entitled to a dole and only in an amount equal to such dole during a given period.

The Government should not attempt to balance the Budget by reducing the wages of Federal employees, as this would have a tendency to induce private business to do likewise.

Allocation of Federal funds for reforestation, afforestation, and similar purposes in the various States should not be made on the basis of the extent of Federal public domain in the State, as proposed, but rather on the basis of population, unemployment, and conservation needs.

The Federal gasoline tax is an overlapping tax and in reality takes away from the States a source of revenue. From July 1, 1932, to January 1, 1933, the amount of such tax collected was $62,831,826, while the agricultural appropriation bill for the next fiscal year carries only $35,000,000 for the Bureau of Public Roads. The tax should be abolished or, if continued, paid out as direct Federal aid to the States or set up as a balance against the Reconstruction Finance Corporation loans.

The Government should refinance farm mortgages and agricultural drainage bonds at a low rate of interest and over a long period of time by the issuance of currency backed by land security instead of gold.

Legislation should be enacted restricting farm-commodity production, extending a subsidy through a processing tax based on a differential between the buying power of agricultural products and industrial products instead of upon tariff rates.

The Government should undertake the regulation of interstate sale of stocks and securities. This would prevent the perpetuation of the frauds of the past and the pyramiding of stocks and securities of holding companies. This would also operate as a means of holding down utility rates by dealing a blow at watered capital.

I hope, Mr. President, that your administration will find the solution to the pressing problems of today and wish it success and godspeed.

Sincerely,

FLOYD B. OLSON,
Governor of Minnesota.

The Farmer-Labor voters of Minnesota are building the foundation for a new national party. We are glad to present to the people of America the inaugural messages and statements of our Governor and the principles and platform upon which we stand.

EDUCATION AND OUR PUBLIC SCHOOLS

Mr. JONES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address by the gentleman from Illinois [Mr. GILLESPIE] to the high school graduating class at White Sulphur Springs, W.Va., on Education and Our Public Schools, on May 25, 1933.

The SPEAKER. Is there objection?

There was no objection.

Mr. JONES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. FRANK GILLESPIE, of Illinois, to the high-school graduating class, White Sulphur Springs, W.Va., May 25, 1933:

Ladies and gentlemen, this is my native heath. Forty years ago, a young man, I went out from my parental home in this place to abide in another imperial State of the Union. I now have pleasure in being afforded an opportunity to speak to this graduating class in the presence of such a splendid audience upon the subject assigned to me.

I am much obliged to my kinsman, Kenneth Gillespie, president of the Rotary Club; Hon. William B. Hines, Hon. A. E. Huddleston, and other friends for the kind reception given me today and for transmuting this rotary and commencement day into a genuine old-time homecoming and reunion.

"O'er scenes like these my memory wakes
And fondly broods with miser care;
Time but the impression deeper makes
As streams their channels deeper wear."

A little while before I came to the platform I was told that there is here one vacant chair. A fortnight ago one of the best-loved members of this class fell asleep. Her name was "Fey"—Fey White. She was a beautiful girl, industrious and ambitious, who merited and received the highest grades of any in her class. None were jealous or envious of her, for she was loved by all; but before she could reach the goal—the stone that marks this commencement day—to which she looked forward with so much of joy, she fell asleep and left a lonely spot against the sky of this class and the many who admired and loved her all of her brief life.

I saw somewhere this thought expressed—maybe that death gives all there is of worth to life, and that death treads from out the paths that lie between our hearts, the weeds of selfishness and hate, and if those we press and strain within our arms could never die, maybe that love would perish from the earth, and I had rather live in a world where death is king and where love is than to have eternal life where love is not.

I have a solemn pride tonight in celebrating with you the memory of this beautiful girl. Her classmates and companions and this community will ever hold her in affectionate memory.

INTRODUCTION

On this commencement day of the old White Sulphur High School, we are come to salute the class of '33, to pay our tribute of respect to the principal, Miss Florence Smith, and her corps of fine teachers; to express our loyalty to the school and our high appraisal of the value of education and our public schools.

Class of 1933, we salute you; this community honors you.

Interesting it would be, but time will not permit even a brief history of your wonderful school.

Through the years I have seen from a distance, with pride and deepest interest, the tremendous progress the White Sulphur High School has made. From a humble beginning it has steadily risen to credit and high rank among the schools of the State and Nation; and, therefore, the diploma conferred upon you tonight is of real value.

Within these 40 years many changes have come over the world; great progress has been made. These 40 years have brought more changes to the world than any other equal period of time. All uncalled there come across the mind the matchless lines of Tennyson:

"Let the great world spin forever
Down the ringing grooves of change."

Moral, political, commercial, and social life have all been affected by these changes.

Into the commercial world came the automobile with its gasoline-driven engine, came the electric street car and the telephone, and crowding on came wireless telegraphy, swiftly followed by the radio, the greatest discovery of all, the most marvelous invention that ever leapt full-fledged Minerva-like from the brain of inventive genius, making artistic and scientific application of the forces of nature—a touch of nature that makes the whole world kin.

I have only cataloged a few of the inventions and discoveries. I have made no mention of ships of the air that carry our commerce and mails as on eagle wings above the clouds, nor of that demon down under the sea—the submarine—that swiftly bears our commerce on its way far below old ocean's surface wave.

God made man in his own image and gave him dominion over the earth, and slowly but surely man is taking unto himself that grant of power and dominion for the good of man.

He has chained the lightning, that writes the will of God upon the heavens, and has enslaved it to do his bidding.

For critical, creative, or educational purpose—that is, to criticize, tear down, to create, entertain, instruct, or educate the artist, the musician, the scientist may exploit that wondrous instrument—stand before the radio and on the instant his words or tones and the harmony he produces are heard around the world. The radio has come to make near neighbors of all the children of men, the children of God, and one may speak to the Antipodes as conveniently and instantly as to a next-door neighbor.

There is today a more urgent call for men and women of character, honesty, and ability than ever before. The political and economic world today is crying aloud for leaders of culture, worth, probity, and honor.

NUMBER ENROLLED

Twenty-eight millions of children are enrolled in our American schools. It has been said if they were placed in a line four abreast and 3 feet apart this line would extend from New York to San Francisco and there would be enough children left over to form a similar line from Chicago to New Orleans. These children make up a fourth of the population of the United States, and the children in number are equal to the population of New York, California, Louisiana, and Illinois. Within a quarter of a century these children and their families will make up the numbers that control the State and the Nation.

The present generation as a controlling force will then be off the political and governing stage.

A century and a half ago our fathers built here a new Nation—the first Republic—and rested the superstructure thereof upon a broad foundation, the heart power, and brain power of a great people.

Nineteen hundred and fourteen came the World War, and most of the Christian nations of the world found themselves again at each other's throats—in the bloody and tragic, primitive, heathen court of trial by physical combat—trial by battle.

A vainglorious European emperor would at last circumscribe and abridge our rights, and it was then that our country crystallized into an army 4,000,000 of American boys and sent them forth, in the uniform of the Republic, to teach the world all o'er again how commonplace it is to die for liberty.

Then within 1 short year victory, as it always has, perched upon our banner. Crowns crumbled, and kings and queens laid down their scepter's wand, and many autocratic governments were transformed into republics.

EDUCATION IN DEMAND

This hour demands educated men and women, cultured in our high schools and colleges.

Every person receives at least two educations, one from the academic schools and the other in the school of experience.

EDUCATION

We first should agree on a definition.

Education is something that fits a man to take his place in the world. An educated man has been instructed in morals, as well as in the arts and sciences.

Wisdom I define as the art of properly applying knowledge. Solomon said, "Happy is the man that findeth wisdom and understanding."

Education has been defined as a process that fits a man to perform justly and skillfully public duties or private offices.

It has been defined as a high word and the preparation for knowledge.

AN EDUCATED MAN MUST POSSESS

The educated man is wise, courteous, tolerant, loyal, ambitious, courageous, cultured, and humorous.

GET WISDOM THEN

The wise man is courteous, tolerant, loyal, ambitious, courageous, humorous, and his whole life is broadened and his culture, it is said, embodies seven things.

TOLERANCE

The educated man, the cultured man, the man of wisdom, is always tolerant. He is cultured enough and has intelligence to see the other man's point of view and to recognize the right of that man to his own honest views.

Burke said that he would make toleration a part of religion.

A great philosopher hearing a man make an assertion said to him, "I do not believe one word you say, but I would fight to the death to maintain your right to say it."

Mark Twain once humorously said, "Nothing so much needs reforming as other people's habits", and what Mark Twain humorously said describes precisely an intolerant man—a selfish man.

John Billings said that he had studied for 20 years to find the best place for a carbuncle. When asked if he had found it he replied, "On the other fellow's neck."

The intolerant man never respects the rights or opinions of another and never is or can become an educated man.

The intolerant or bigoted man is a man without wisdom.

All our wars are the result of intolerance—an attempt to put the carbuncle on the other fellow's neck.

The Pharisees were intolerant.

The rich are intolerant of the poor, and the poor intolerant of the rich. Intolerance has been one of the greatest curses of the earth.

LOYALTY

If there were universal loyalty, the troubles of the world would be solved.

Loyalty to God and man, loyalty to truth and right; then would follow the millennium.

AMBITION

One's ambition must be a worthy ambition, or it will become a curse.

You may be startled, disappointed, and surprised, for the major thing that I here want to impress on this fine class is to avoid selfish ambition—ambition as the word is ordinarily used and as its meaning is commonly understood.

I bid this class in the language of Shakespeare's Cromwell:

"Fling away ambition:
By that sin fell the angels; how can man then,
The image of his Maker, hope to win by it?
Love thyself last; cherish those hearts that hate thee;
Corruption wins not more than honesty.
Still in thy right hand carry gentle peace,
To silence envious tongues. Be just, and fear not:
Let all the ends thou aim'st at be thy country's,
Thy God's, and truth's * * *."

COURAGE

Courage, true courage, is the foundation of all the progress the human race has made.

The coward is neither educated nor wise and is always athwart the path of progress. The coward dies a thousand deaths before his time; the valiant never taste of death but once.

The coward has not the courage of his own opinions. The coward could not understand Emerson's meaning when he said one is a majority on the right side.

We all understand what Shakespeare meant when he said courage mounteth with occasion.

A coward always appears to be brave when he is in the limelight, when he thinks he is in the majority and his courage mounteth with occasion.

Columbus had courage. He was about the only man in his time who believed the earth is round, and because of this belief, all alone he pioneered a pathway over which the human family shall travel for all time to abide in a new and better world.

Humor is the torch that lends light to the mind. If you can see the humorous side, if you can legitimately laugh at or about a thing, you understand that thing. If one possesses a sense of humor, he may meet the vicissitudes of life with greater fortitude. A sense of humor gives one the ease and good nature necessary to form correct judgment on occasions.

Imagination is the greatest gift to man.

The imagination marks the difference between man and the brute kingdom.

Imagination gives one the power to put himself in the place of another. Of this gift justice was born.

Shakespeare's greatest eulogist said of him:

"Shakespeare was the greatest man who ever lived and wrought of words the statues, pictures, robes, and gems of thought, who ever touched this grain of sand and tear we call the world.

"He was an intellectual ocean whose waves touched all the shores of thought, and from which now the isles and continents of thought receive their dew and rain.

"The imagination had a stage within his brain whereon were set all scenes which lie between the morn of laughter and the night of tears, and where the players bodied forth the false and true, the deeps and shallows, and all the mysteries of universal life."

Shakespeare had the gift of imagination beyond all other men and did hold the mirror up to nature.

SMALL THINGS

To this class I say despise not the day of small things. Be wholesomely ambitious, but avoid that vaulting ambition that o'erleaps itself and certainly falls down.

COMMON THINGS

"When thou art invited to a feast sit not down in the highest seat."

Be content to make the best of the position where you find yourself stationed and environed withal.

Remember always that nothing that God hath created is common. I marvel more at just the common things, the majesty, the courage, the fidelity, the loyalty and culture of just the common men than I do at kings.

I do not like the phrase "the common people."

Why call any common?

Call not that common which God hath made in His own image and given dominion over the earth.

None are lowly born. None are common. All are of miraculous birth.

COMMONPLACE

"A commonplace life," we say, as we sigh;
But why should we sigh as we say?
The commonplace sun in the commonplace sky
Makes up the commonplace day.
The moon and the stars are commonplace things;
And the flower that blooms and the bird that sings.
But dark were the world and sad were our lot,
If the flowers had failed and the sun shone not.
And God, who studies each commonplace soul,
Out of commonplace things makes His beautiful whole.

WASHINGTON

Washington's name was written upon no college scroll, and yet he was in the truest sense an educated man. He was courteous, tolerant, loyal, ambitious, more than courageous, and was a wise man of the broadest vision. Patrick Henry said of him for personal knowledge of things and for wisdom that Washington stood head and shoulders above any man on the floor of the First Continental Congress.

Washington was the greatest man who has lived in the last 2,000 years. Compare him with Alexander the Great, Hannibal, Julius Caesar, and Napoleon.

Alexander more than 300 years before this era conquered the world for ambition and died in a drunken debauch proclaiming himself a god, with the world laughing at his absurd claim.

Hannibal, 200 years afterward, a mere boy, led to the altar to swear eternal vengeance against Rome. When he grew to manhood's estate he began a great war with the Roman people and maintained himself for over 20 years with a hostile army on Roman territory. He was finally overcome by the Romans and had to flee for his life and became an outcast and died by poison administered by his own hands, a fugitive from his own country.

Then came Julius Cæsar, 50 years before the Christian era, who conquered a licentious and debauched government and after establishing law, order, and justice died by assassination in the house of his supposed friends.

Next came the great Napoleon, the greatest soldier of the modern world. He, too, conquered all of Europe, but at the zenith of his power he met defeat, was seized by the enemy, sent to a lonely island of the sea where he died of a broken heart beating his broken wings against the barren rocks of St. Helena.

The American Revolution rested upon the courage and the military genius of Washington.

He stepped from his baronial home in Virginia, and on horseback passed through the long wilderness from Mount Vernon to Cambridge, took charge of a ragged colonial Army and never saw his home again for 6 long years.

They fought at Lexington, at Concord, and Bunker Hill. They fought and fought until they drove the British from the city of Boston. They fought at Long Island, they fought on the Delaware, they fought at Brandywine and at Monmouth. They fought along the valleys of great rivers and in the swamps, and upon the mountain sides. They fought in the North and they fought in the South. They fought until Yorktown was achieved and until 12,000 colonial men laid down their lives and until two hundred millions in money was sunk in the cause of liberty.

Our liberty has been purchased at the sacrifice of life and at the expense of a treasure so great that the finite mind cannot comprehend.

We have been engaged in 6 principal wars, 110 conflicts, and nearly 9,000 battles. More than a million and a quarter of men have laid down their lives to build and defend the mighty walls of this Republic.

Washington put his hand to the plow and did not look back until Cornwallis surrendered and a new Nation—a new Government upon a new principle was erected.

CLOSING

In closing I give to you familiar but classic advice. You may be familiar with the words but I give them emphasis:

"* * * Look thou character. Give thy thoughts no tongue,
Nor any unproportion'd thought his act.
Be thou familiar, but by no means vulgar.
Those friends thou hast, and their adoption tried,
Grapple them to thy soul with hoops of steel,
But do not dull thy palm with entertainment
Of each new-hatch'd unfledged comrade. Beware
Of entrance to a quarrel; but being in,
Bear 't, that the opposed may beware of thee.
Give every man thy ear, but few thy voice;
Take each man's censure, but reserve thy judgment.
Costly thy habit as thy purse can buy,
But not express'd in fancy; rich, not gaudy:
For the apparel oft proclaims the man;
Neither a borrower nor a lender be:
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.
This above all: to thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man."

Our American schools will rid the earth of discourtesy, intolerance, disloyalty, selfish ambition, lack of courage, ill humor, and injustice.

More than a century and a half ago friendly and hostile observers saw our forefathers launch our strange, new, tiny ship of state. Many said she could not ride the waves of such a stormy, tempestuous political sea; but aboard that little craft were seasoned mariners—Washington, Jefferson, Hamilton, Madison, and others; but of that crew none was a more dauntless navigator than that Columbus of political seas—George Washington, of Virginia.

Ours is now about the oldest Government in the world, and its permanence and persistence is indemnified and secured in perpetuity to our children because of the general education of the people through the medium of our American schools.

In this security we shall escape from the present dungeon of despair, and once again prosperity will be restored to all, and we will be and continue to be the happiest, the freest, and the most prosperous nation on the earth.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, Mr. GAVAGAN (at the request of Mr. KENNEDY of New York) was given leave of absence, on account of illness in his family.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, it was expected that we would have the report on the railroad bill at an early date. It is evident now that if we were to meet tomorrow we would probably have Wednesday or Thursday when there would be no business before the House. So I think it would be proper that the House take a day off tomorrow, as there are many Members who have engagements to speak on Decoration Day and others who want to attend services on that day. Therefore I ask unanimous consent that when the House adjourns today it adjourn to meet on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman tell us what will be the program on Wednesday?

Mr. BYRNS. The farm credit bill, for which consent has already been given.

Mr. MARTIN of Massachusetts. Any other legislation?

Mr. BYRNS. No.

Mr. O'CONNOR. Reserving the right to object, does the gentleman think that it would be better to meet at 11 o'clock on Wednesday?

Mr. BYRNS. The farm credit bill is rather long, 36 pages in it. If it should become apparent that it ought to be finished Wednesday, it would perhaps be better to meet at 11 o'clock. I will add that to my request.

Mr. RAYBURN. Reserving the right to object, I want to make a statement. The Committee on Interstate Commerce tomorrow will begin consideration of the railroad bill in executive session. Our committee never sits during the sessions of the House. We are hopeful that if we can get tomorrow and Wednesday morning we can report the bill and have it for consideration Thursday and Friday.

If the House should meet at 12, we can get that extra hour and we can report the bill so that it can be considered on Friday and Saturday.

Mr. BYRNS. I think that can be obviated by giving the committee the right to sit on Wednesday during the session of the House.

Mr. RAYBURN. But the committee will not do it.

Mr. MARTIN of Massachusetts. I think the committee would want to sit and hurry up adjournment.

Mr. BYRNS. Between the hour of 11 and 12 there will be nothing but general debate.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly, the House under its previous order (at 6 o'clock and 15 minutes p.m.) adjourned until Wednesday, May 31, 1933, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

82. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 23, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Compton Creek, N.J., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 58), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JONES: Committee on Agriculture. H.R. 5790. A bill to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes; with amendment (Rept. No. 171). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWANK: Committee on Flood Control. H.R. 5665. A bill authorizing the control of floods in the Salmon River, Alaska; without amendment (Rept. No. 172). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. H.R. 5239. A bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; with amendment (Rept. No. 173). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONDON: Committee on the Judiciary. S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; without amendment (Rept. No. 174). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 5668) authorizing the relief of the McNeill-Allman Construction Co., Inc., of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co., Inc., and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims, and the same was referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SABATH: A bill (H.R. 5820) to authorize the acquisition of land for a mail-service airport in the city of Chicago; to the Committee on Public Buildings and Grounds.

By Mr. PATMAN: A bill (H.R. 5821) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; to the Committee on Coinage, Weights, and Measures.

By Mr. LEA of California: A bill (H.R. 5822) to amend sections 116 and 22 of the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. MOTT: A bill (H.R. 5823) to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of

public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on the Public Lands.

By Mr. GIBSON: A bill (H.R. 5824) to authorize an increase in the number of directors of the Washington Home for Foundlings; to the Committee on the District of Columbia.

By Mr. KENNEY: A bill (H.R. 5825) to provide for a preliminary examination and survey of a waterway to connect the Hudson and Hackensack Rivers; to the Committee on Rivers and Harbors.

By Mr. McLEOD: A bill (H.R. 5826) to authorize disposition of surplus revenue funds of the District of Columbia by the Board of Commissioners of the District of Columbia for necessary public projects; to the Committee on the District of Columbia.

By Mr. BLAND: A bill (H.R. 5827) to authorize the grant of a right of way to the York River Bridge Corporation over certain Government lands within the Colonial National Monument, Va.; to the Committee on the Public Lands.

By Mr. SCRUGHAM: A bill (H.R. 5828) to amend section 36, part 4, of the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H.R. 5829) granting the consent of Congress to Joseph Mirau to construct a bridge across the Mississippi River; to the Committee on Interstate and Foreign Commerce.

By Mr. CARY: A bill (H.R. 5830) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: Resolution (H.Res. 162) providing for the consideration of House Resolution 110; to the Committee on Rules.

By Mr. WILCOX: Resolution (H.Res. 163) authorizing the Committee on the Judiciary to investigate the official conduct of Judge Halsted L. Ritter; to the Committee on the Judiciary.

By Mr. TINKHAM: Resolution (H.Res. 164) providing for the investigation of the business relations of Norman H. Davis with international banking and international business interests and his relations with any organization or foundation which expends money to influence the foreign policy of the United States; to the Committee on Rules.

By Mr. WHITE: Resolution (H.Res. 165) providing for the consideration of H.R. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on Rules.

By Mr. CELLER: Resolution (H.Res. 166) providing for the consideration of House Resolution 110; to the Committee on Rules.

By Mr. AYERS of Montana: Concurrent resolution (H. Con.Res. 20) for the appropriation of $75,000 to further the Senate investigation of banking and investment companies under Senate Resolution 70; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 5831) for the relief of Hugo Luckmann; to the Committee on Claims.

Also, a bill (H.R. 5832) for the relief of Lena Dumbleton; to the Committee on Claims.

Also, a bill (H.R. 5833) for the relief of James A. McDonough; to the Committee on Military Affairs.

Also, a bill (H.R. 5834) for the relief of William J. Tattan; to the Committee on Naval Affairs.

By Mr. BLACK: A bill (H.R. 5835) for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce; to the Committee on Claims.

By Mr. DINGELL: A bill (H.R. 5836) for the relief of Albert H. Schlieman; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 5837) to enroll certain persons on the citizenship rolls of the Cherokee Tribe; to the Committee on Indian Affairs.

By Mr. IMHOFF: A bill (H.R. 5838) granting a pension to Mary M. Callen; to the Committee on Invalid Pensions.

By Mr. LUNDEEN: A bill (H.R. 5839) for the relief of Harry Fagen; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5840) granting a pension to Gideon H. Morgan; to the Committee on Pensions.

By Mr. SHOEMAKER: A bill (H.R. 5841) for the relief of dependent heirs of Charles P. Sommers, deceased; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H.R. 5842) for the relief of J. H. Knott; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H.R. 5843) granting an increase of pension to Harlan C. Allen; to the Committee on Pensions.

Also, a bill (H.R. 5844) for the relief of Larkin Ray; to the Committee on Military Affairs.

By Mr. WILCOX: A bill (H.R. 5845) for the relief of M. W. Hutchinson, to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1217. By Mr. BUCK: Petition of the State of California, through its legislature, urging the President and the Congress of the United States to adopt, as part of an emergency unemployment-relief program, a plan for the construction of worthy public projects and to include therein the construction of the Central Valley project of the California State water plan; to the Committee on Ways and Means.

1218. Also, petition of the Legislature of the State of California, urging the Congress of the United States to adopt legislation providing for Government use of American-grown rubber; to the Committee on Agriculture.

1219. Also, petition of the Senate and Assembly of the State of California, urging the President and the Congress of the United States to adopt, as a part of the emergency unemployment-relief program, a plan for the completion of worthy public projects, and to include therein the construction and maintenance of roads and highways; to the Committee on Ways and Means.

1220. Also, petition of the Legislature of the State of California, urging the Congress of the United States to enact legislation providing for relief of California Indians; to the Committee on Indian Affairs.

1221. Also, petition of the Legislature of the State of California, urging Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts; to the Committee on Ways and Means.

1222. By Mr. BEITER: Petition of Common Council of the City of Buffalo, N.Y., soliciting cooperation of Congress to open negotiations with the Reconstruction Finance Corporation or any other Federal authorities for a sum of money sufficient to launch a public-works program; to the Committee on Ways and Means.

1223. By Mr. DONDERO: Resolution of the Gaelic League of Detroit, Mich., protesting against a further reduction of the debts due the United States of America by foreign governments, and urging that in the event payment be made in specie other than gold, that payments be made in accordance with such rules and under such conditions that paying in this other specie will not in any way militate against the interests of or place the debtor nations in a more advantageous position than that now occupied by the citizens of the United States, etc.; to the Committee on Foreign Affairs.

1224. Also, resolution of the Board of Supervisors of Oakland County, Mich., urging that the Congress of the United States direct the Farm Board to appropriate such additional supply of flour to be distributed by the American Red Cross to indigent residents of these United States as will be required until the emergency created by the economic distress ceases to exist; to the Committee on Agriculture.

1225. By Mr. FORD: Resolution of the Council of the City of Los Angeles, relative to the administration of Federal unemployment relief through a back-to-the-land program; to the Committee on Ways and Means.

1226. By Mr. KELLER: Petition of the House of Representatives of the State of Illinois, asking that the Congress of the United States include in the independent offices appropriation bill such measures and appropriations as will permit the continuation of contracts to take care of mentally disabled veterans; to the Committee on World War Veterans' Legislation.

1227. Also, petition of the Senate of the Fifty-eighth General Assembly of the State of Illinois, the House of Representatives concurring, requesting the Senate of the United States to disapprove and refuse to ratify the proposed treaty between the United States and Canada relating to the St. Lawrence waterway, which is now before the Senate for ratification; to the Committee on Foreign Affairs.

1228. Also, petition of the House of Representatives of the State of Illinois, requesting the Congress of the United States to create a Federal agency to take over all assets and liabilities of closed banks and pay all depositors in said closed banks, 100 cents on the dollar; to the Committee on Banking and Currency.

1229. By Mr. KRAMER: Petition of Merritt H. Adamson, 714 West Tenth Street, Los Angeles, Calif., Adohr Creamery & Stock Farms operating fleet 300 motor vehicles and employing 700 men, protesting against imposition added gasoline tax and income tax. If proposed added gasoline tax becomes effective total gasoline tax will represent 43 percent of our fuel cost. Suggest we unable increase pay roll if our business costs continue increase. We protest these two types legislation and ask you support general manufacturers' sales tax; to the Committee on Ways and Means.

1230. By Mr. LAMBERTSON: Resolution signed by the secretary-treasurer of the Shawnee County Pomona Grange, Topeka, Kans., protesting against the project of the erection of a huge dam on the Kansas River, west of Topeka; to the Committee on Rivers and Harbors.

1231. By Mr. LEHR: Petition of voters of Lenawee County, Mich., asking immediate repeal of the Economy Act because of the untold suffering caused among the World War veterans and their dependents; to the Committee on Expenditures in the Executive Departments.

1232. By Mr. LINDSAY: Petition of American Society for the Protection of the Motion Picture Theatre, New York City, urging exemption of industries not in the general commodity class, or other forms of intelligence, including newspapers, radio, or motion pictures, from the provisions of the industry control bill; to the Committee on Ways and Means.

1233. By Mr. McFADDEN: Petition of Senate and House of Representatives, Commonwealth of Pennsylvania, to Congress of the United States, to authorize immediate improvement of the Beaver and Mahoning Rivers, both for unemployment relief and continuation of industries in Pennsylvania; to the Committee on Rivers and Harbors.

1234. Also, petition of House of Representatives, Commonwealth of Pennsylvania, House Resolution 86, urging the Navy Department to select the port of Philadelphia for the construction of the major part of its new program; to the Committee on Naval Affairs.

1235. By Mr. RUDD: Petition of American Manufacturers' Export Association, New York City, to invest the President of the United States with full authority to negotiate and conclude such tariff arrangements between the United States and other individual nations; to the Committee on Ways and Means.

1236. By Mr. SMITH of West Virginia: Resolution of the board of directors of the First Huntington National Bank, Huntington, W.Va., protesting against certain features of the Glass-Steagall banking bill; to the Committee on Banking and Currency.

1237. By Mr. SWICK: Petition of Frank J. Twohey, commander; Lewis L. Beatty, adjutant; Mazie Beatty, vice president; Eleanor Mechling, secretary; and Edgar H. Negley, Evelyn Shoemaker, Esther Freeman, Lewis L. Beatty, and George Bwon, members of a committee from Butler Camp, No. 33, and auxiliary, United Spanish War Veterans, Department of Pennsylvania, Butler, Pa., protesting against the radical, unjust, and unwarranted discontinuing of pensions and allowances to veterans of all wars, their widows and dependents, by the Veterans' Administration, and urging the repeal of the Economy Act; to the Committee on Ways and Means.

1238. By Mr. TREADWAY: Petition of the City Council of Worcester, Mass., urging the issuance of a special 3-cent stamp in commemoration of the one hundred and fiftieth anniversary of the naturalization and appointment to the Army of General Kosciusko; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, MAY 30, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ind.
Ashurst	Cutting	La Follette	Russell
Austin	Dickinson	Lewis	Schall
Bachman	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barkley	Erickson	Long	Steiwer
Black	Fess	McAdoo	Stephens
Bone	Fletcher	McCarran	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Bratton	George	McKellar	Thompson
Brown	Glass	McNary	Townsend
Bulkley	Goldsborough	Metcalf	Trammell
Bulow	Gore	Murphy	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norris	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatfield	Overton	Walcott
Carey	Hayden	Patterson	Walsh
Clark	Hebert	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	
Costigan	Keyes	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from North Carolina [Mr. BAILEY] and the Senator from South Carolina [Mr. SMITH].

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME, ITALY (S.DOC. NO. 65)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was read, referred to the Committee on Foreign Relations, and ordered to be printed, as follows:

THE WHITE HOUSE,
Washington, May 24, 1933.

MY DEAR MR. PRESIDENT: I earnestly recommend the immediate passage of Senate Joint Resolution 32.

It is my understanding that this legislation has been favorably reported out by the Senate Committee on Foreign Relations but that it has not as yet been considered by the Senate. A motion to strike out the enacting clause of a similar bill was carried last Saturday by a small majority in the House. It is obvious from the published debates as they appeared in the CONGRESSIONAL RECORD that the opponents of this legislation entirely misunderstood the purposes of the resolution. The International Institute of Agriculture is not an Italian organization but an international organization founded in pursuance of a convention to which this Government is a party. The purpose of this legislation is not to provide a gratuity for any foreign government nor to provide for a junket for any American citizen. Its purpose is to authorize the appropriations necessary to enable this Government to contribute to the support of the Institute on the

same basis as other member governments and to enable this Government to share effectively in the direction of the affairs of the Institute. There is no authorization in this bill for any appropriations for purposes other than those which I have specified.

Defeat of this legislation would place this Government in an exceedingly embarrassing position. We should be faced with the alternative of (1) continuing to pay our contribution to the institute in paper francs when the other governments' members of the institute were paying in gold francs and taking no part in the direction of the institute; or (2), denouncing the convention of 1905 and withdrawing from the institute.

Either of these courses of action would result in placing the institute in a precarious financial situation which would result in seriously crippling the organization. Thus this Government would be obliged to expend a far greater sum in order to obtain the services now rendered by the institute. Neither of these courses of action would be in accordance with the fair dealing and good faith which should characterize all of the foreign relations of this Government.

The International Institute of Agriculture is rendering an important service to American agriculture.

1. As a clearinghouse of statistical information, collecting and publishing statistics from all parts of the world, it is giving all the member governments the benefit of the information collected by the government services of all the members of the institute.

2. As an international organization, it is in a position to persuade the various governments to build up their statistical services in the common interest.

3. As an international forum, it serves as a meeting place for discussion of the broader phases of the agricultural situation of interest to farmers everywhere.

It is only just that we should pay our fair share of the expenses of this organization. With renewed American support and with American participation in the direction of its affairs, we look forward to deriving increased benefits from our membership in the institute.

I am sending similar letters to Senator PITTMAN and Senator ROBINSON of Arkansas.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. JOHN NANCE GARNER,
President of the Senate, Washington, D.C.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Commerce:

Senate Joint Resolution 20 (by Mr. Powell)

Joint resolution memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project

Whereas an inland-waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey, for which project the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way, and has from year to year reappropriated said moneys, and the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with the representations heretofore made to the Federal Government; and

Whereas in the interests of commerce and the national defense such ship canal is a necessary and worthy improvement and one such as is contemplated to be completed under the comprehensive program of the President of the United States; and

Whereas, pursuant to the direction of the last Congress, the United States Corps of Army Engineers is now ready to proceed with 74 percent of the work on such canal and will be ready to proceed with the balance of said work by July 1, which said Engineer Corps has unlimited experience in large-scale work of this nature and can start work immediately upon this project; and

Whereas the construction of such canal would provide employment for a very large number of men near the greatest center of unemployment in this country, a large portion of the work being of such nature that it can be done by hand labor; and

Whereas the immediate construction of such canal would in large measure contribute to the early return of prosperity: Therefore be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That the President and Congress of the United States are hereby memorialized and requested to provide a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State.

2. That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives of the United States from the State of New Jersey.

3. That a committee of 3, 1 to be appointed by the governor, 1 to be appointed by the President of the Senate, and 1 to be appointed by the Speaker of the House, be constituted to further this project and to personally present the same to the President of the United States, the Members of the Senate and House of Representatives for the United States from the State of New Jersey, and to take such other steps as to such committee shall seem proper.

4. This joint resolution shall take effect immediately.

Approved April 27, 1933.

The VICE PRESIDENT also laid before the Senate a resolution adopted by members and guests of the Pennsylvania Committee for Total Disarmament, assembled at the house of Mrs. Walter Cope, Germantown, Philadelphia, Pa., favoring the institution by Congress of a searching inquiry into the munitions business of the country, making public the net profits, the expenses for advertising and propaganda, the contributions to political parties and indebtedness to banks, together with a full list of stockholders, and so forth, which was referred to the Committee on Foreign Relations.

PROTEST RELATIVE TO CURTAILMENT OF VETERANS' BENEFITS

Mr. WHEELER presented resolutions adopted at a mass meeting at Polson, Mont., which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

At a mass meeting held in the county courthouse at Polson, Mont., May 23, 1933, representatives of between three and four hundred ex-service men in Lake County, representing the American Legion, Spanish War Veterans, Veterans of Foreign Wars, Regular Army, Navy, and Marine Corps, the following resolutions were unanimously adopted:

"That we protest the provisions of Public, No. 2, Seventy-third Congress, called the 'Economy Act', insofar as it affects veterans' pensions and compensation.

"The majority of veterans receiving these payments depend entirely on them for their living. To deprive them of these pensions at this time will place a terrible burden on the communities in which they live, and in this county alone will double the number of people who will have to receive county aid.

"We urge that Congress take immediate steps to repeal this inhuman and un-American act.

"To relieve the emergency that now exists we urge the payment of the soldiers' bonus."

N. A. PALMER, *Chairman.*
CARL J. SANSTETIE,
C. P. COURNAN,
E. M. NYBERG,
Committee.

THE WORLD COURT

Mr. REED presented a letter embodying resolutions adopted by the Sixty-second Convention of the Bethlehem Diocese of the Protestant Episcopal Church in the State of Pennsylvania, which was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

WILKES-BARRE, PA., *May 11, 1933.*

Hon. DAVID REED,
Senate Chamber, Washington, D.C.

DEAR SENATOR REED: The Diocese of Bethlehem of the Protestant Episcopal Church, consisting of the Counties of Bradford, Susquehanna, Wayne, Wyoming, Lackawanna, Luzerne, Monroe, Pike, Carbon, Schuylkill, Lehigh, Northampton, Lebanon, and Berks, of the State of Pennsylvania, at its sixty-second convention, May 9 and 10, 1933, adopted the following resolution:

"Whereas the Senate, in 1926, by a vote of 76 to 17 approved the adherence of the United States to the World Court with five reservations; and

"Whereas these reservations are fully met, in the judgment of the Department of State, and of such authoritative bodies as the American Bar Association, by the three treaties now awaiting the Senate's consent to ratification; and

"Whereas both the Democratic and the Republican national platforms last year endorsed the completion of our entry into the Court under the pending treaties, thus making it clear that the Court is outside the realm of partisan political controversy; and

"Whereas the completion of our adherence to the World Court at this time would be calculated to encourage a feeling of stability both at home and abroad: Therefore be it

"*Resolved*, That the Bethlehem Diocese of the Protestant Episcopal Church commends the support of the Court already shown by Senator REED and urges both Senator REED and Senator DAVIS to use their best efforts toward ensuring ratification of the World Court treaties before the close of the special session; and be it further

"*Resolved*, That Senator REED is hereby requested to read this resolution into the CONGRESSIONAL RECORD."

By order of the convention.

HAROLD D. DEEMER,
Secretary.

REPORT OF THE FOREIGN RELATIONS COMMITTEE

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, to which was referred the joint resolution

(H.J.Res. 93) to prohibit the exportation of arms or munitions of war from the United States under certain conditions, reported it with an amendment and submitted a report (No. 101) thereon.

BILL INTRODUCED

Mr. TRAMMELL introduced a bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture, which was read twice by its title and referred to the Committee on Agriculture and Forestry.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. BLACK submitted an amendment intended to be proposed by him to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

Amend the bill by substituting for the figures "$1,000,000", on page 49, line 7, the figures "$2,000,000", and by striking out the period on line 8 and substituting a colon, and by adding thereafter the following: "*Provided*, That one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans without regard to whether their disability was service-connected or not."

Mr. ROBINSON of Arkansas submitted an amendment intended to be proposed by him to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 50, after line 25, to insert the following:

"INTERNATIONAL INSTITUTE OF AGRICULTURE

"The sum of $48,500, or so much thereof as may be necessary, is hereby appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

"(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the quota of the United States for the support of the institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

"(2) Not to exceed $5,000 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

"(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture."

NOTICE OF MOTION TO SUSPEND THE RULES

Mr. DILL. Mr. President, I send to the desk notice of a motion to suspend the rule. It is presented in order that I may offer an amendment to the Economy Act relating to Spanish War veterans. I want it read and filed.

The Chief Clerk read the notice of motion, as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendment, viz: At the proper place insert the following:

"Subsection (b) of section 1 of the act approved March 20, 1933, entitled 'An act to maintain the credit of the United States Government' is hereby amended to read as follows:

"'(b) Any person who served in the active military or naval service during the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or the World War, and who is permanently disabled as a result of injury or disease: *Provided*, That nothing contained in this title shall deny a pension to any such veteran past the age of 62 years entitled to a pension under existing law, but the President may not reduce the amount of the pension of any such person more than 25 percent below the rate of pay provided by law previous to the passage of this act.'"

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The message also announced that the House had passed the joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON of Georgia, Mr. DREWRY, and Mr. BRITTEN were appointed managers on the part of the House at the conference.

INSTRUCTION OF POSHENG YEN, A CITIZEN OF CHINA, AT WEST POINT

The PRESIDING OFFICER (Mr. DICKINSON in the chair) laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China, which were, on page 1, line 5, after the word "Point", to insert "for the course beginning not later than July 1, 1934", and on page 2, line 8, after the word "suspended", to insert a colon and the following additional proviso: "*Provided further*, That Senate Joint Resolution 179, approved March 3, 1933, be, and the same is hereby, repealed."

Mr. SHEPPARD. I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

INCOME-TAX ASSESSMENTS, PAYMENTS, AND REFUNDS

Mr. REED. Mr. President, yesterday the Senator from Tennessee [Mr. MCKELLAR] offered a resolution calling for an investigation of tax returns of a number of companies in which former Secretary Mellon was interested. I think it would be interesting to the Congress and to the country to bear in mind that Mr. Mellon for many years has been urging such an amendment of the income tax law as would make impossible the deduction of capital losses from taxable income; and I send to the desk, and ask to have referred to the Committee on Finance and printed in the CONGRESSIONAL RECORD, an editorial from the New York Evening Sun of last Saturday, entitled "Mr. Mellon's Warning."

The PRESIDING OFFICER (Mr. MCGILL in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD and referred to the Committee on Finance, as follows:

[From the New York Evening Sun, May 27, 1933]

MR. MELLON'S WARNING

Ten years ago Andrew W. Mellon, then Secretary of the Treasury, sent to the Ways and Means Committee a number of recommendations for Federal tax reform. Some were adopted; one that was rejected was Mr. Mellon's proposal to limit capital losses to 12½ percent of the loss. That would have put capital losses on all fours with capital gains in income-tax returns. The Secretary's belief was that neither gain nor loss of this kind should be considered. This he advocated in his book "Taxation: The People's Business", published in 1924, in which he said:

"I believe that it would be sounder taxation policy generally not to recognize either capital gain or capital loss for purposes of income tax. This is the policy adopted in practically all other countries having income-tax laws, but it has not been the policy in the United States. In all probability more revenue has been lost to the Government by permitting the deduction of capital losses than has been realized by including capital gains as income."

If the Government had not been a loser on that score up to 1924, the time was not far ahead when it would be, as the evidence in the Morgan investigation has so clearly shown. It is no surprise to the demagogues that the Morgan partners paid taxes of $11,000,000 on their incomes of 1929, but Senator ROBINSON of Indiana calls it "a definite shock to the Nation" that the partners paid no income taxes for 1931. Yet the law was there, known to all who would look at it, and the warning of Secretary Mellon

and other sound economists should not have been neglected. The fact that J. P. Morgan paid income taxes in England in a year when he had to pay none here simply carries us back to Mr. Mellon's reminder that this country was alone in its policy of recognizing capital gains and capital losses in the computation of income taxes.

VOCATIONAL EDUCATION AND PROBLEMS OF RECONSTRUCTION

Mr. LA FOLLETTE. Mr. President, on May 4 and 5 there was held in Washington a Citizens' Conference on Vocational Education and the Problems of Reconstruction. In view of the increased importance of vocational education in this time of depression, I ask unanimous consent to have printed in the RECORD the report of the committee on program and plan of that conference.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The extraordinary economic conditions existing throughout the country have created new demands upon every agency of social welfare. Millions of people are out of work. Millions more have only part-time employment. These conditions have resulted in wide-spread poverty. The public is called upon to feed nearly one fifth of the people of the country because they do not have access to the means of earning a livelihood. Low prices for agricultural products are forcing large numbers of farmers to an inadequate standard of living, and farm bankruptcies and evictions are widespread. The depleted resources of the home have reduced millions of families to an appallingly low level of existence. These conditions of destitution and want faced by large numbers of the people must be met with understanding and constructive planning. It is the duty of society to see that people are fed, clothed, and sheltered, but relief should be constructively planned. Every available agency that may help to that end should be used.

The most deplorable result upon the individual of enforced unemployment or of eviction from his property is his loss of self-confidence. Poverty resulting in destitution deprives a man of spirit and self-respect. Men and women who experience the feeling of being unwanted by society and useless to themselves and their families become a serious social problem.

The times demand emergency relief measures, but they also demand measures looking toward reconstruction that will minimize the effects of relief and lessen the future necessity for relief. Such measures are more likely to succeed if they are accompanied by other measures that will develop in people the desire and the ability to make themselves, as far as the intricacies of modern life permit, economically and socially self-sufficient citizens.

Opportunities to make these measures effective should be conveyed through an agency immediately and universally available to the lowliest unemployed of our cities and the most remote of our distressed rural people. Such an agency is our educational system, and particularly the Nation-wide system of vocational schools and extension work. Increasing emergency demands for service are being made upon this agency. Relief workers are finding the Nation-wide vocational-training organization most helpful in carrying out many of the constructive parts of their program.

From all over the country come reports of the coordination of vocational education and extension work with emergency activities such as:

1. The training of home makers to maintain decent standards of living and family morale on reduced family incomes and with increased family dependents.

2. Training skilled wage earners to meet new employment demands.

3. Training farmers to raise more of the products their families need for food; to repair farm and household equipment; and to adapt their business to changed production and marketing conditions.

4. Reviving the old home crafts to supplement the reduced income and to make the city and rural homes more attractive and self-sufficient.

5. Retraining of unemployed workers in related newly developing occupations.

6. Creating a program of home-making education, flexible enough to serve the present emergency as well as the future needs of all types of homes, as a social responsibility.

7. Training of the wandering and the idle and unadjusted youth to make profitable use of their enforced and otherwise wasted leisure.

8. Training the unemployed as well as the employed for helpful and constructive use of leisure and at the same time for the possible promotions and changes in occupation for which self-improvement always prepares. This is being accomplished through improvement in English; through the study of the literature by which the world has expressed itself; through musical training and activities such as chorus, orchestra, and band, and individual playing; and through training in the appreciation and creation of beauty in some of its many forms.

9. Training unemployed and partially employed workers in gardening and home improvement.

10. Temporarily, at least, adjusting to a more nearly balanced rural life the vast army returning from the cities to the farms and making provision for their better employability, whether or not they remain on the land.

11. Rehabilitating the vocationally as well as the physically handicapped to economic self-support.

12. Training to conserve the morale and health of the unemployed worker through avocational, vocational, cultural, and recreational opportunities, including wholesome sports, games, and physical exercise.

13. Dissemination of usable information regarding occupations and the requirements and opportunities for employment therein.

14. Cooperation with other existing agencies in the placement of the unemployed and dispossessed workers.

15. Emergency training of workers in new processes and devices.

Many of the measures listed above were already a part of the vocational education system before the present emergency arose. These should be continued, together with other measures which demonstrate their value, as adjuncts of education in the period of readjustment and also in the years further ahead. Whatever of sound practice is developed in the present emergency should become a part of a permanent plan. Time will indicate what measures are permanently useful.

A LONG-TIME PROGRAM FOR VOCATIONAL EDUCATION

Consideration of what must constitute a long-time program of vocational education must give due weight to the following fundamental propositions, among others, which were always discernible, but are now being driven home by the bitter lessons since 1929, and which would seem to be more essential to the reconstruction immediately ahead and for the long-time program thereafter than they ever have been in the past:

1. By some means, doubtless voluntary, the initiative, perhaps varying from community to community, there must be brought about a general coordination of all forms of general and vocational education, extension, and correspondence services and training, libraries and agencies for the finding and dissemination of occupational knowledge, vocational information and advisement services, placement agencies, occupational and labor regulatory bureaus, juvenile protective agencies, correctional institutions, clinics, agencies for the relief of distress and all other similar services, on the one hand, with industrial, labor, business, agricultural, and home activities, on the other, to the end that our country may reap the maximum in self-sufficient, intelligently cooperative citizens of usefully diversified talents.

2. In view of the startling accelerating pace with which inventions, technological developments, mechanizations, business and human efficiencies, shifting styles and tastes, marketing demands and methods, revolutions in transportation and communication, international relationships, and other inexorable forces are wiping out old occupations and creating new ones; changing the processes, the implements, the points of view of all occupations; casting on the human economic scrap heap those who do not change with their changing vocations, as well as those disabled by accidents and occupational diseases; and supplanting the common laborers with technicians who build, control, and maintain machines and automatic processes, society through its educational system must increasingly make vocational and general training facilities available to the adolescent boys and girls, in school and out of school, and to the men and women, idle or working on the farm, in the home, the store, the office, or the factory, wherever, whenever, and in whatever form they may need it to rehabilitate and readjust themselves to these otherwise overwhelming changes.

The requirements upon the general and vocational educational systems to fulfill the propositions above may be summarized as follows:

1. The rapidly changing conditions and demands in the industrial, agricultural, and commercial fields, which are reflected in the home life of our people require coordinated adjustments of all agencies—public as well as personal and private—to assist in giving information and providing training which will adapt the individual to the continuing changes.

2. The public and social service of the vocational schools to be adequate and just should be based on a broad program of general education, especially in the social sciences, so that the individual may understand and enjoy life and build thereon broad and accurate vocational understanding and efficiency.

3. The full-time curriculum for general education should be broadened and enriched to appeal to the wide range of tastes and talents of young people in order to retain them under educational influences as long as possible.

4. The vocational system is incomplete which does not provide for continuation education which will enable the individual to enjoy opportunities for richer culture and greater satisfaction, for self-improvement and advancement in his calling, and for the acquisition of correct habits of living and right attitudes of citizenship.

5. The vocational programs should recognize that practical experience and training before employment will aid the individual to discover and develop his occupational interests and aptitudes.

6. Experiences and training of youth in general education should help to develop technic and skill in choosing an occupation, securing a job, winning promotion, and planning and realizing a career for which they are fitted.

7. Education should be developed to promote the prevention of disabling accidents and for the restoration, so far as possible vocationally, of the victims of accidents.

8. All of the services of vocational education should be available as a social service, through schools, and extension and library services in such measures as may be necessary, so as to enable the individual to prepare for work and for promotion and growth and to meet the changing problems of the farm, home, office, and shop.

SPECIAL PROBLEMS OF AGRICULTURE

We are in agreement with the great national farm, commercial, and industrial organizations of this country in recognizing that the return of a permanent national prosperity is largely dependent upon a return of a prosperous agriculture. We, therefore, recognize the special need for including in our vocational program for adolescent and adult farmers:

1. The utility of and necessity for agricultural organization, without which the agricultural industry of this country can never have a national viewpoint.

2. The teaching in practical fashion of our national problems in economics and government such as tariffs, taxation, marketing, transportation, international relationships, money problems, and the like, with which national farm organizations are constantly confronted. The fundamentals of these economic questions should be taught without promoting any particular plan.

3. The teaching of production problems from the standpoint of efficiency, dealing especially with production costs, quality products, and proper distribution in keeping with domestic and foreign demands.

CONCLUSION

In conclusion, the conference places itself on record as believing that a system of education carries out the spirit of the "new deal" only when it provides adequate vocational training service for the rank and file of our people, rural and urban, juvenile and adult, and employed and unemployed.

Ultimately society must pay in dollars and cents for an inadequate and incomplete education program. Economic security, social adjustments, and even the maintenance of the civic order depend upon satisfactory employment and the contentment which goes with it. "Defective things can be thrown on the scrap pile, but with ruined people we must live. Human beings will either be on the work roll, the pauper roll, or with the mob. We may choose, if we choose early."

NOTE.—The foregoing report of the committee on program and plan of the Citizens Conference on Vocational Education and Problems of Reconstruction was submitted to the conference at its business session, Friday afternoon, May 5, 1933, at Washington, D.C., and adopted by unanimous vote.

COMMITTEE

George P. Hambrecht, chairman, State director of vocational education, Madison, Wis.

L. H. Dennis, past State director of vocational education, Harrisburg, Pa.

Charles A. Prosser, director, William Hood Durwoody Industrial Institute, Minneapolis, Minn.

C. M. Miller, State director of vocational education, Topeka, Kans.

Margaret Edwards, State College for Women, Montevallo, Ala.

Lewis A. Wilson, assistant commissioner of education, Albany, N.Y.

Paul W. Chapman, State director of vocational education, Athens, Ga.

Thomas H. Quigley, professor of industrial education, Georgia School of Technology, Atlanta, Ga.

R. C. Hayden, county superintendent of schools, Manassas, Va.

John B. Colpoys, editor, Trade Unionist, Washington, D.C.

L. S. Hawkins, adjustment service, New York, N.Y., 17 East Forty-second Street.

Miss O. Lathom Hatcher, director Southern Women's Educational Alliance, Richmond, Va.

Courtenay Dinwiddie, secretary National Child Labor Committee, 419 Fourth Avenue, New York, N.Y.

Mrs. Betty Hawley, 500 Park Avenue, New York, N.Y., executive secretary, city employees.

Mrs. Frances D. North, representing Eastern Commercial Teachers Association, Western High School, Baltimore, Md.

John A. Lapp, secretary of conference, Lee House, Washington, D.C.

Robin Hood, secretary National Cooperative Council, 1731 I Street NW., Washington, D.C.

M. M. Walter, chief, rehabilitation service, Harrisburg, Pa.

Jessie Harris, University of Tennessee, Knoxville, Tenn. (home making).

J. C. Wright, director Federal Board for Vocational Education, Washington, D.C.

LABOR CONDITIONS IN KENTUCKY

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the president of District 19, of the United Mine Workers of America, Tennessee, relating to labor conditions in Kentucky, together with the letter enclosed by him.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED MINE WORKERS OF AMERICA,
DISTRICT 19,
Jellico, Tenn., May 6, 1933.

Hon. ALBEN BARKLEY,
Member United States Senate, Washington, D.C.

DEAR SENATOR: For your information I am enclosing a mimeographic copy of a communication I received from Harlan, Ky., under date of April 29, 1933, postmarked Harlan, Ky., 6 p.m.

It is my information that for some time past a system or condition of sending threatening and anonymous letters has existed in Harlan County, and I would most respectfully urge upon you the necessity of taking this matter up with the proper authorities, and see whether or not an investigation or an investigator be placed on the job in and around Harlan to stop such threatening and anonymous communications going through the mail.

It is my intention to give reply to this through our local labor papers, which will be distributed throughout southeastern Kentucky, of which I will furnish you a copy. I firmly believe the time has arrived when those responsible for such attacks made on a man's character in Harlan County should be stopped, and they should be advised, that Harlan County is still a part of the Commonwealth of Kentucky and the United States.

May I suggest, so as other sections of our country may have some knowledge of the situation as it really exists in Harlan County, that you have this communication read into the CONGRESSIONAL RECORD?

Trusting you will give this matter the attention it merits, I am

Very truly yours,

WM. TURNBLAZER.

APRIL 29, 1933.

WILL TURNBLAZER,
Jellico, Tenn.

SIR: A good friend from Bell County tells us that you have been holding meetings with the miners in Pineville again. This can mean only one thing—that you want to get some more good men killed and cost the county several thousand dollars. If you think you can get away with this once more, you have another guess coming. It will be a great deal cheaper to put you and Milt Harbin about 6 feet under the ground in a pine box. The laboring men don't want you, because they have no faith in you, and certainly no one else does, and if you don't believe that business is business, just try your luck up this way.

Log Mountain or Emanuel Hill would not be a bad place to meet you, and it won't be difficult to arrange the meeting. It's a pity that you cannot be handcuffed to Hightower and Jones. You are as guilty as they, and you know it. Advertise your next Pineville meeting, and we won't be far away and will meet you for a little party afterward.

Yours for a one-way ride.

THREE OF US.

THE INTERPARLIAMENTARY UNION

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD a sketch of the Interparliamentary Union by Arthur Deerin Call, permanent executive secretary of the United States group, entitled "Parliament of Man."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The Interparliamentary Union is a substantial answer to the frequent charge that the United States Congress in particular is parochially minded and impotent and that legislative bodies in general are uninformed when not unconcerned about international affairs.

I

Foreigners are gradually learning that the legislative branch of the United States Government can never, as often charged, be "isolationist" in theory or in fact when major international questions are before the country.

The foreign policies of the United States have been dependent from the start upon the will of the Senate and often of the House of Representatives. The Constitution of the United States, framed by men keenly anxious to avoid the evils of war, provided from the beginning that the President shall have power to make treaties, appoint the country's representatives abroad, including ambassadors, ministers, and consuls, only with the advice and consent of the Senate. The Federal Convention of 1787 considered treaties and the Government's representatives abroad of such vital relation to the life and liberty of the Federal Union they proposed to set up that they insisted each of the States of the Union should have an equal voice in their determination. Furthermore, by arranging that all bills for raising revenue must originate in the House of Representatives that body, too, was placed in position to alter or block treaties and to shape or modify the Nation's foreign policies, especially those affecting tariffs, immigration, foreign commerce and postal laws, military activities, and, indeed, war itself. The responsibilities of the Congress, which, of course, includes both the Senate and the House, in all matters affecting the country's foreign policies constitute, therefore, a major fact in the development of the United States.

As is well known, this division of responsibility for the establishment and control of foreign policies between the executive and legislative branches has in the main proved to be beneficent; the evil effects of secrecy, for example, have never been able to get very far under such a system.

Yet it is charged by more than one authority that our legislative body is "so large", "so slow in action", indeed, so "ill-informed on foreign relations", that achievement in those fields is often seriously hampered. In varying degrees similar criticisms are made against all parliaments, sometimes against the parlia-

mentary system itself. An encouraging evidence that parliamentarians are neither ignorant nor unmindful of these charges, however, is the Interparliamentary Union, now 45 years of age and about to hold its twenty-ninth conference next October in the city of Madrid.

II

As formerly stated, the purpose of this instrument for the enlightenment and cooperation of parliamentarians from every quarter of the globe is to unite in common action the members of all parliaments constituted into national groups, in order to secure the cooperation of their respective states in the firm establishment and the democratic development of the work of international peace and cooperation between nations. At the beginning the avowed purpose was to promote arbitration as an effective method of settling international disputes and avoiding international wars. Increasingly since its foundation in 1888 its further object has been to study all questions of an international character suitable for settlement by parliamentary action.

III

The principle of arbitration, stood for by the Interparliamentary Union through all these years, was of course thoroughly understood and widely applied by the ancient world. Its introduction into the modern practice of states, however, is generally acknowledged to have begun in 1794, when Mr. Chief Justice John Jay as special envoy of the United States to Great Britain signed the first treaty under the Constitution of the United States. This "Jay Treaty" contained a plan of submitting to a mixed commission differences between Great Britain and the United States which diplomacy might fail to adjust. It is thus that the United States began its long course in the cause of arbitration.

It remained for a president of the American Peace Society—Judge William Jay, son of John Jay—to extend the principle of abritration by persuading governments to include in their treaties an agreement not to resort to hostilities but to submit controversies arising under a treaty to the arbitration of one or more friendly powers and to abide by the award. As a result, this "clause compromissoire", as it is called, found its way into treaty after treaty. Then, too, William Ladd, founder in 1828 of the American Peace Society, suggested a congress of nations "to settle and perfect the code of international law", and a high court of nations "to interpret and apply that law for the settlement of all international disputes." William Jay's proposal and William Ladd's plan were presented to many international peace conferences held in Europe during the mid-decades of the last century, where both were "adopted and passed." Indeed, through those decades they were generally known throughout Europe as "the American plan."

It was, however, the more restricted and immediately practical principle of arbitration out of which the idea of an interparliamentary cooperation grew and took shape. It is known that the Baron of Walterskirchen, a member of the Austrian Chamber of Deputies, suggested shortly after and because of the Franco-Prussian War that there should be a greater cooperation between members of the different parliaments. The successful arbitration in 1872 of the Alabama Claims aroused a new and natural interest throughout the parliaments of the world in the wider use of treaties of arbitration.

As far back as 1849, Richard Cobden, well-known statesman and economist, had introduced in the British House of Commons a resolution favoring international arbitration. On July 9, 1873, Henry Richard moved in the House of Commons a resolution urging that the Queen of England be asked "to enter into communication with foreign powers with a view to further improvement in international law and the establishment of a general and permanent system of arbitration." Notwithstanding the unusual bitterness throughout Europe at that time, the motion was carried. In the autumn of 1875, Dr. Albert Fischoff proposed at a meeting of Austrian and Hungarian delegations that steps be taken to hold annual conferences of parliamentarians with the view of reducing the "heavy burden of standing armies." On October 31, 1887, a delegation of British members of Parliament presented to President Cleveland at the White House in Washington a memorial, addressed to our President and Congress, signed by 232 members of the British Parliament, in favor of a treaty of arbitration between Great Britain and the United States.

It was William Randal Cremer, a Labor member of the British Parliament, who headed that delegation to Washington in 1887. The next year, with the aid of Frédéric Passy, widely known economist and member of the French Chamber of Deputies, Cremer brought about in Paris, 1 year to a day after the interview at the White House, a meeting of 24 French and 9 British parliamentarians. Cremer's object was to promote arbitration treaties between France and the United States, on the one hand, and between Great Britain and the United States, on the other. In those days no one would have dared to suggest an arbitration treaty between France and Great Britain. The net result of that Paris meeting in 1888 was a vote that "another meeting, to which shall be admitted not only members of the three parliaments named above (American, British, and French), but also members of other parliaments who have made themselves known by their devotion to the same ideas, shall take place next year in order to complete the work begun at this first Conference." Thus it was that on the last day of October 1888 was born, at the Grand Hotel in Paris, "The Interparliamentary Conference for International Arbitration", to be named later—in 1899, to be exact—the Interparliamentary Union.

The meeting called for in that Paris Resolution of 1888 was held during the World Exposition, in the Salle de Fêtes of the Hotel Continental, Paris. There came to that conference nearly 100 representatives from 9 different parliaments, as follows: 56 French, 28 British, 5 Italian, and 1 from each of the following parliaments: Belgium, Denmark, Hungary, Liberia, Spain, and the United States, which was represented by Mr. William Whiting of Massachusetts. M. Frédéric Passy presided over this, the first of the interparliamentary conferences, and M. Jules Simon, former Premier of France, opened the meeting with an address; but the propelling force throughout was William Randal Cremer.

The conference passed a number of resolutions, one of which sets forth the fundamental spirit of the Interparliamentary Union even as it is today. This resolution contained these words: "The Congress of Governments tending to become more and more only the expression of ideas and sentiments voiced by the body of citizens, it is for the electors to lead the policy of their country in the direction of justice, of right, and of the brotherhood of nations."

From the beginning, the Interparliamentary Union has had the earnest support of the ablest and most practical of statesmen.

William Randal Cremer, born in 1828, began his career as pitchboy in a shipyard at 2 shillings a week. He then served 6 years as an apprentice in the building trade. As a carpenter, he became interested in the International Working Men's Association, and in 1871 organized the Workmen's Peace Association. When 57 years of age, Cremer was elected to Parliament, where his first ambition was to bring about an arbitration treaty between Great Britain and the United States, with the view that such a precedent would surely be followed by other nations. He was backed in his ambition by some of the best-known men in the British Parliament, such as Mr. Asquith, Mr. Bright, Mr. Bryce, Mr. Chamberlain, Mr. Morley, Mr. Haldane, Sir Edward Grey, Sir John Lubbock, and others, all of whom signed the memorial which Cremer brought to the President and Congress of the United States in 1887.

Cremer journeyed to the United States four times in the interest of arbitration and understanding between England and this country.

William Randal Cremer is acknowledged as the father of the Interparliamentary Union. For his services to that organization President Carnot, of France, decorated him in 1890 with the Legion of Honor and, upon the initiative of Prime Minister Sir Henry Campbell-Bannerman, King Edward VII, of England, later bestowed upon him the order of knighthood. In 1903 Cremer received the Nobel peace prize, amounting to about $45,000. Comparatively poor though he was, he forthwith gave all this money to his International Arbitration League, which still exists with headquarters in London.

Beginning in 1892, the Interparliamentary Union had for 17 years as its honorary general secretary Dr. Albert Gobat, member of the Swiss Parliament. In 1902 the Nobel peace prize was divided between Dr. Gobat and M. E. Ducommun. In 1901 Frédéric Passy, who had aided Cremer with his interparliamentary plans from the start, shared with M. Henri Dunant, founder of the Red Cross, the Nobel peace prize.

Other early supporters of the Union were such men as M. Léon Bourgeois and Jean Jaurés, of the French Parliament; Mr. Philip Stanhope, afterwards Lord Weardale, of the British Parliament, for many years president of the council of the union; Frederick Bajer, of the Danish Parliament, destined in 1908 to be honored also by the Nobel peace prize.

Cremer having died July 22, 1908, and Dr. Gobat having also passed on, the headquarters of the Union were moved from Berne to Brussels, and in 1909 Dr. Christian L. Lange, well-known linguist and educator of Norway, was elected secretary general of the Interparliamentary Union. The growth of the union since has been due mainly to the energy and personality of this man. In 1921 he and K. H. Branting, of the Swedish Parliament, shared together the Nobel peace prize. After 24 years of able and untiring service, Dr. Lange will retire from his position on June 30 of this year, 1933, when he will be succeeded by Dr. Leopold Boissier, of Switzerland.

M. Fernand Bouisson, President of the French Chamber of Deputies, is president of the Interparliamentary Union Council and chairman of the executive committee, nearest approach there is to a president of the Interparliamentary Union. His predecessors in this office have been Auguste Beernaert, former Prime Minister of Belgium; Lord Weardale, who assisted in the formation of the union; and Baron Theodor Adelswaerd, president of the Swedish group. The other members of the executive committee are at this writing Dr. L. Moltesen, of Denmark, due to retire in 1933; M. Cicio Pop, of Rumania, due to retire in 1934; the Duke of Sutherland, of the British House of Lords, due to retire in 1935; and Hon. Andrew J. Montague, of the House of Representatives of the United States of America, whose term will expire in 1936.

The organization of the Interparliamentary Union is comparatively simple. It starts with the national groups, of which there are some 40, ranging alphabetically from Allemagne to Venezuela. Each group, limited to members of the parliament, possesses its own organization, with its bylaws, officers, and committees.

Delegates from these groups make up the international conferences, where only they take part and where usually everyone seems anxious to speak; indeed, one attending these conferences is often forcefully reminded that the name "parliament" harks back to a French word meaning "to speak." Each group, however, is en-

titled only to a limited number of votes, a minimum of five, additional votes being allowed on the basis of the State's population. Furthermore, each group with a membership of 50 percent of the lower house is entitled to another extra vote; if 60 percent, 2; 75 percent, 3; 90 percent, 4 extra votes. The voting in the conferences is usually by a show of hands, although any delegate has the right to demand a vote by roll call. If 20 or more members demand it, the election of officers has to be by secret ballot.

Since the Christiania Conference of 1899, the governing body of the Union has been the council, composed of two members from each group. This is the body that fixes the agenda for the conference, determines the time and place of the meeting, drafts the budget, nominates officers, and functions generally as a governing body should.

In 1908 a permanent chairman was provided for the council, to be assisted by an executive committee of five, including the chairman; each of the remaining four being elected for a period of 4 years upon nomination by the council and vote of the conference. This is the inner circle that prepares the work for the council and controls the central office.

This central office is known as the interparliamentary bureau, with headquarters formerly at Berne, then at Brussels, from 1914 to 1920 at Christiana, and now at 6, rue Constantin, Geneva, Switzerland. It is this bureau that deals directly with the groups, prepares publications, and carries on the technical work of administration.

It has been found that this kind of organization usually operates successfully even under the most trying of circumstances. If, for example, some highly controversial question breaks forth in one of the conferences, it can be "referred to the council" for its advice. If it proves to be too provocative for the council, it can be further delayed by referring it to the executive committee. By the time, however, it reaches the executive committee it is usually cooled down below the point of explosion. Often by that time the whole thing is quite forgotten. Thus the organization enables the union to weather the storms.

There is, too, still another phase of the organization that makes for smoothness and efficiency. This is a series of six permanent study committees on which all groups are supposed to be represented. One of these committees deals with political and organization questions; another with juridical questions; another with economic and financial questions; another with ethnic and colonial questions; another with the reduction of armaments; and still another with social and humanitarian questions. Often there are also subcommittees consisting of a limited number of members for the purpose of preparing reports and draft resolutions for the main committees. Beside their regular functions of preparing reports as results of their researches, these committees, too, serve as cushions in times of stress, for it is frequently found to be an advantage to have such bodies to which debatable questions may be referred "for study and report."

V

Since that preliminary meeting in Paris in the autumn of 1888 there have been 28 conferences of the Interparliamentary Union, as follows: First, Paris, 1889; second, London, 1890; third, Rome, 1891; fourth, Berne, 1892; fifth, The Hague, 1894; sixth, Brussels, 1895; seventh, Budapest, 1896; eighth, Brussels, 1897; ninth, Christiania, 1899; tenth, Paris, 1900; eleventh, Vienna, 1903; twelfth, St. Louis, 1904; thirteenth, Brussels, 1905; fourteenth, London, 1906; fifteenth, Berlin, 1908; sixteenth, Brussels, 1910; seventeenth, Geneva, 1912; eighteenth, The Hague, 1913; nineteenth, Stockholm, 1921; twentieth, Vienna, 1922; twenty-first, Copenhagen, 1923; twenty-second, Berne and Geneva, 1924; twenty-third, Washington and Ottawa, 1925; twenty-fourth, Paris, 1927; twenty-fifth, Berlin, 1928; twenty-sixth, London, 1930; twenty-seventh, Bucharest, 1931; twenty-eighth, Geneva, 1932. In other years there have been meetings of the council. In 1929 not only the council but the six study committees held extended meetings at Geneva.

The conferences of 1889, 1890, and 1891 were held in private rooms; but the fourth, held in Berne, 1892, met in the Swiss House of Parliament. Since that time the conferences have been held regularly in Parliament buildings. Since the King of Norway greeted the conference of 1899 with official ceremony, heads of governments have invariably extended every possible courtesy to the delegations.

These conferences are unofficial gatherings of officials elected for the most part by the people. They concern themselves with phases of international affairs of direct interest to parliamentarians. They are the world's nearest approach to a "parliament of man."

The preparation for a conference begins with an invitation from some national group, supported by the head of the government. When this invitation has been accepted, the council agrees upon the program for the conference. It is planned that the conference shall deal as far as wise with the subject of practical and immediate interest. Draft resolutions, usually the result of painstaking work by the study committees, are compiled in the form of preliminary documents and sent to the delegates before the conference. The conference usually lasts 5 days. The first 1½ days are devoted to a discussion of the report of the secretary general, invariably a valuable summary of the major problems facing the nations.

Then the other items of the agenda are taken up in order. From these discussions, resolutions develop, which resolutions are submitted to the conference on the last day. While arbitration and the pacific settlement of international disputes have been the major purpose of the union from its start, it is apparent from the resolutions passed by the various conferences that the delegates have always shown a tendency to broaden the field. Before 1911, for example, there were resolutions relating to the organization of the society of nations, to problems of neutrality, to the limitation of armaments, to the laws of war, to an international prize court, to the treatment of foreigners, to private international law, to the methods of mediation, good offices, commissions of inquiry, obligatory arbitration, the organization of an international judiciary, and other phases of the growth and organization of international cooperation.

Prior to the war, however, it is apparent that the delegates preferred to limit themselves to those phases of international affairs that belong more particularly to the realm of international law, rather than to economic and political questions. Parliamentarians are politicians, and as such they have sensed the importance of avoiding as far as possible economic and political questions sure to be embarrassing if opened up in a conference. When at the conference in 1932 there was a lapse in this policy, and a French delegate raised the question of the murder in Rome of the Italian Mattiotti, it precipitated a near riot that ended in the withdrawal of the Italian group from the union. It is generally accepted also that the conferences of the Interparliamentary Union should exclude utopian aims from the discussions and limit themselves as far as possible to the peaceful and judicial processes of settling international disputes.

The discussions and resolutions of the conference are brought together into one volume known as the "Compte Rendu." This invaluable text contains the preliminary documents; the convocation circulars; the program; the report of the secretary general; the report of the council and of the bureau; the deliberations of the conference; the resolutions in French, English, and German; a list of the members—a sizeable and serviceable volume of several hundred pages.

The results of these years of parliamentary effort have not been wholly intangible. Stipulated arbitration treaties, the Permanent Court of Arbitration, the calling of the first Hague Conference in 1899 and the second in 1907, were all directly promoted by the Interparliamentary Union. Throughout its career the union has pioneered in behalf of the permanent, peaceful organization of international relations. During the war the bureau published a pamphlet entitled "The Conditions of a Lasting Peace—A Statement of the Work of the Union", in French, English, and German. Later, also in three languages, the bureau published a volume on Treaties for the Advancement of Peace.

Since the organization of the League of Nations, it is felt that there is a greater need for the Interparliamentary Union than ever. The League is composed of representatives of governments, mostly of diplomatic character, concerned primarily with their own governments' immediate interests; while the Union, largely because of its unofficial character, is both a forum and a training field for the direct representatives of the people.

The efforts to develop a satisfactory Permanent Court of International Justice at The Hague have been a natural development out of the policies pleaded for by the Interparliamentary Union. The whole agitation for the reduction of armaments is but a continuation of its years of work. The principle of the Paris pact was forecast in the conference of the Union at Berne, 1924. The control of the manufacture of noxious drugs has advanced materially because of the Union.

The Union publishes a monthly bulletin in English, French, and German, and special pamphlets. It published in 1932 a volume of reports of 18 experts of different nationalities on the Character of a New War, which has had a wide circulation. The Annuaire Interparlementaire, published under the auspices of the Union, is a definitive text of parliamentary information about each of all the Governments of the world.

There is a service which the Interparliamentary Union is peculiarly fitted to render. Whether or not it renders that service with sufficient adequacy will depend in the last analysis not so much upon the vision of the parliamentarians as upon the amount of time they may find it possible to devote to it. Parliamentarians have the vision. They know that there are overlapping international interests which cannot be left to dictators nor to laissez faire. They know that there are political, economic, and humanitarian problems affecting labor, production, transportation, exchange, demanding international treatment. They agree that mutual conferences between parliamentarians are necessary and that the Interparliamentary Union offers the best opportunity for such conferences. The principal drag upon the progress of the Interparliamentary Union is the normal preoccupation of legislators with their swamping tasks immediately at hand.

Perhaps the meaning of the Interparliamentary Union has nowhere been more happily stated than in the words of Senator William McKinley, who, as President of the American group, expressed in 1925 the opinion that "It is not without significance that in this day of divergent interests, points of view, and policies, there exists in the world this organization of parliamentarians out to understand the other fellow's job."

VI

The American group of the Interparliamentary Union was organized in 1903, upon the initiative of Representative Richard Bartholdt, of Missouri, who had just returned from the Vienna conference, assisted by Representative Theodore E. Burton, of Ohio, Representative Samuel G. Barrows, of New York, and others. That year the United States invited the Interparliamentary Union to hold its twelfth conference in connection with the World's Fair in St. Louis in 1904. The invitation was accepted, and for the ex-

penses of the conference the United States appropriated $50,000. It was because of that conference that President Theodore Roosevelt was led to initiate the second Hague Peace Conference.

Again in 1925 the United States was host to the Interparliamentary Union, this time in the city of Washington, for which an appropriation of $50,000 was made. Upon the request of the Congress, it was President Coolidge who extended the invitation to this conference. Forty-one parliaments, the largest number in the history of the Union, sent delegates.

During the early years delegates to the conferences paid their own expenses, the United States making no appropriation for the support of its own group. Later funds were collected from outside the Congress with which to pay in part the traveling expenses of the delegates. Beginning in 1911, Congress has appropriated each year for the expenses of the Interparliamentary Bureau. Following the war, the United States appropriated $1,500 and later $2,000 annually for the support of the Bureau at Geneva. At the nineteenth annual meeting of the American group, February 24, 1922, Mr. Theodore E. Burton, of Ohio, pointed out that for a good many years Congress had appropriated $2,000 annually toward maintaining the Bureau at Geneva and urged that the amount be increased to $4,000, which was recommended by the group and agreed to by the Congress of that year. In 1925 the Congress raised the amount of this contribution to the Bureau at Geneva to $6,000.

At the twenty-fifth annual meeting of the American group, February 24, 1928, attention was called to the financial condition of the group that there was no provision for dues or assessments, no aid from Congress, and that the group was the recipient of charity. Senator McKinley, president of the group, paid many of the bills out of his own pocket. The treasurer, Representative ADOLPH J. SABATH, was known to ease the situation from time to time from his own funds. The Carnegie Endowment for International Peace had been contributing toward the support of the group for several years. The American Peace Society had been furnishing office space for the group, caring for its library, furnishing considerable printing, and donating the services of its secretary and editor. Generous as all these acts were, it was thought that they ought not to be necessary. The $6,000 annual appropriation for the Bureau continued from 1926 to 1930, inclusive. For the fiscal years 1931 and 1932 Congress increased the appropriation to $10,000 and added $10,000 for the expenses of the American group. For the fiscal year 1933, the Congress reduced the appropriation for the Bureau at Geneva to $7,500, and eliminated entirely the appropriation for the group.

As pointed out by President ANDREW J. MONTAGUE, speaking before the subcommittee of the House Committee on Appropriations, December 23, 1932: "No one can doubt the Interparliamentary Union is an organization of value, especially to members of parliaments. * * * Many of the groups are supported by national appropriations. A number of the governments furnish special headquarters in their parliament buildings for their interparliamentary groups. Fourteen South American governments appointed and sent delegates to the twenty-third conference, held in Washington, 1925, and paid all their expenses. Some of the groups are officially constituted by their parliaments and the expenses of their delegates automatically paid."

Leading men of the Congress of the United States have associated themselves with the work of the American group from its beginning. Names that come quickly to mind are Champ Clark, John Sharp Williams, Henry A. Cooper, John F. Shafroth, W. J. Harris, William A. Oldfield, Stephen Porter, John W. Weeks, Lawrence D. Tyson, Warren Kiefer, Elihu Root (still an honorary member of the group), J. Charles Linthicum, Thomas J. Walsh, and many others.

Presidents of the American group have been as follows: Richard Bartholdt, Missouri, 1903–15; James L. Slayden, elected February 24, 1915; Senator William McKinley, Illinois, elected February 24, 1919; Senator Theodore E. Burton, of Ohio, elected February 24, 1928; Andrew J. Montague, of Virginia, elected February 24, 1930.

Delegates from the United States of America group of the Interparliamentary Union have attended, with the exception of the 6 succeeding the first, every one of the 28 conferences. These delegates, including outstanding men of the Congress, have invariably returned to the United States convinced not only that here is one organization with which Members of the Congress of the United States can and should associate, but that it is in fact a major defense of the parliamentary system and of the modes of democracy which that system continues, fortunately, to represent.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred or placed on the calendar, as indicated below:

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma; to the Committee on the Judiciary.

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States; ordered to be placed on the calendar.

SECRETARY OF THE TREASURY

Mr. LONG. Mr. President, I gave notice on yesterday that I would make a short answer to the speeches delivered by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Wisconsin [Mr. LA FOLLETTE] on the St. Lawrence Waterway Treaty. However, before speaking on that matter, I wish to call the attention of the Senate to a news report of this morning and of yesterday. It is currently reported in this morning's New York Times that the Secretary of the Treasury, Mr. Woodin, is going to resign and that his place will be filled by the appointment of former Representative Douglas, of Arizona. I am not in the confidences of the administration to such an extent that I know whether this report is anything like true or not, but the persistent report is, and, as the New York Times says, the unanimous opinion of Washington is that Mr. Woodin's resignation will soon be forthcoming and that Mr. Douglas' appointment will soon be made to take his place.

I am afraid, Mr. President, that some of the others of us in the Senate are going to advise the President wrong about this matter, and I want to give the Senate some information so that my colleagues in the Senate who may be called in to suggest a successor, in case there is such an eventuality as the resignation of the Secretary of the Treasury, will not fail to have the facts. I hope we shall not jump out of the frying pan into the fire. I have nothing against Mr. Douglas, and entertain for him a feeling of personal regard; I know of him only by mere passing, and I have no feeling to the point that would be even remotely prejudicial to him; but I do not want Mr. Douglas to be embarrassed, and I do not want the party to be embarrassed, and I do not want the United States to be embarrassed by making a greater mistake even than that which we have already made.

I understand that Mr. Douglas is, from his various family affiliations and other interests, inextricably interwoven so far as family is concerned with the Phelps Dodge Corporation. I understand that this young man, brilliant as he is in many capacities, and probably in all, is affiliated, through many varied family circles and other interests, with the Phelps Dodge interests.

I have here before me the speech of the Senator from Nebraska [Mr. NORRIS] on February 23, in which he gave a chart of Morgan's various and sundry interlocking concerns. It will be found at page 4778 of the CONGRESSIONAL RECORD of February 23, and from that chart it appears that of the 120 so-called "affiliates" of the Morgan interests, the Phelps Dodge Corporation is one.

Also, Mr. President, I find from the Phelps Dodge report as contained in Moody's Manual that the Phelps Dodge Corporation has as one of its directors Mr. T. S. Lamont. Mr. T. S. Lamont is a son of Mr. Thomas W. Lamont, and Mr. Thomas W. Lamont is the chief partner of Mr. J. P. Morgan, of the famous House of J. P. Morgan & Co.

I find further, Mr. President, the name here of Mr. A. C. James as a director of the Phelps Dodge Corporation. Mr. James being a director of the Phelps Dodge Corporation also appears on the preferred list of J. P. Morgan & Co. in the Alleghany and Standard Brands stock issues as disclosed by the investigation some days ago.

I am further informed, Mr. President, that this concern carries its bank balances with J. P. Morgan & Co., and is to all intents and purposes one of what might be called the Morgan family.

Mr. President, I wish to say that I know there are Senators here who disagree with me in this matter, and they are as honest as I am, and they may be right and I may be wrong about it. I find as a director of the Phelps Dodge a gentleman, Mr. Walter S. Douglas, I believe is his name, who, I am informed, is an uncle of the present Director of the Budget, Mr. Lewis Douglas. I am informed that the brothers have been partners and that also the grandfather of our distinguished Director of the Budget was one of the Phelps Dodge people. Of course there are family inheritances of property that are just as honorable as any that we may have; but, Mr. President, while the Members of the Senate

may disagree with me and be as honest, I am sure, as I am, and they may be right, I want to present this picture, that if we are going to go back to the muzzle of the House of Morgan to get another Secretary of the Treasury, then we might just as well let the man stay there who is there now; in fact, I prefer the man who is there now, kind hearted as he is, than to go back and take up someone else as though we had changed from left to right, when, as a matter of fact, we would be in the same situation as we were in the beginning. I hope that the Members of the Senate who will be called upon to advise and consent to whatever appointment may be made to fill this job will certainly not put us in the predicament of having to go back into the House of Morgan to get another man to fill this job. That is all I have to say relative to that.

Mr. REED and Mr. ASHURST addressed the Chair.

The VICE PRESIDENT. Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I yield to the Senator from Pennsylvania.

Mr. REED. I thought the Senator had finished. I will await my opportunity to obtain the floor in my own right.

Mr. LONG. Did the Senator want to ask me a question, or what did the Senator want?

Mr. REED. I want the floor.

Mr. LONG. The Senator cannot get it now.

Mr. President, that is all I have to say on this question. I wish to be understood as in no way reflecting upon the character or high ideals of Mr. Douglas in any manner, nor am I reflecting upon the ideals of Mr. Morgan. I know nothing about any of the gentlemen which would prevent me from giving them a certificate of good character. I know nothing about any of these interests that in any respect is different from what the Senate itself knows. I simply want it known here that, having been one of the complainants speaking on this floor, if I have given any impression to anybody that whatever sentiments I may have would be remotely cheered by swinging from Mr. Woodin to Mr. Douglas, I would rather leave Mr. Woodin there, because in the administration of the Economy Act Mr. Douglas has shown his adaptability to using the knife to the point of cleaning out the Government hospitals and not only putting the soldiers out in their underclothes, as the Senator from Indiana [Mr. ROBINSON] would have us believe, but in many instances without any clothes at all. I would rather have the situation as it now exists. I would be more pleased to see Mr. Woodin stay in office than to see Mr. Douglas put in there. So much for that.

THE ST. LAWRENCE DEEP WATERWAY PROJECT

Mr. President, I want to consume a few moments of time now on the St. Lawrence waterway project. Again I am cognizant of the fact of the difference which exists between myself and other Senators in this Chamber on this question. I listened all day yesterday to the speeches by the Senator from Michigan [Mr. VANDENBERG] and the Senator from Wisconsin [Mr. LA FOLLETTE]. They spoke all day on the question. In the course of their addresses they read some very interesting data which they had collected. Excepting for the fact that they appeared to have studied everything except our own inland waterway system, the addresses were very instructive.

I simply want to call the attention of the Senate to the situation. We have been told that this project is of advantage to Canada. I wish to show just what an advantage it is. I shall send to the desk and ask to have published following my remarks today, as exhibit A, advertisements appearing throughout Canada. Here is what they say. Here is what Canada gives as a reason why they want to build this canal. Here is why Canada says they want to build this canal with the money of America in Canada, with the labor of Canada, to take the commerce of America now going through American ports as well as the commerce of Canada that is now going through American ports. The money of America is to hire the labor of Canada and buy Canadian materials to construct this Canadian canal. A part of this advertisement reads as follows:

KEEP YOUR TRANSPORTATION DOLLARS IN CANADA

Shipments of Canadian grain in 1930

	Bushels
Through United States ports	67,747,685
Through Canadian-Atlantic ports	5,153,553

An all-Canadian route for Canada's grain.

In other words, they say that out of a total of 72,000,000 bushels of grain shipped out of Canada, 67,000,000 bushels of it goes through American ports, and 5,000,000 bushels of it goes through the ports of Canada, and therefore they want the work done in order that they may have a complete right to carry all this traffic through Canadian ports.

Mr. President, I ask that this advertisement may be printed as exhibit A at the conclusion of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit A.)

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. Is the Senator familiar with the fact that on May 26, last week, an amendment to the Canadian shipping act was passed prohibiting the carriage of Canadian grain over all or any part of the route between the head of the Great Lakes and eastern exporting centers in other than British ships? Under existing legislation United States ships carry more than half of the Canadian crop to Buffalo and then to Montreal. In the future it will all be carried in Canadian ships.

Mr. LONG. Then I am afraid I have not the entire purport of the situation in mind. I was not familiar with that fact. Does the Senator mean to say that they have now enacted a law in Canada providing that this grain must all be carried now in British ships?

Mr. COPELAND. That is correct. That is the purport of the law which was enacted May 26, just last week.

Mr. LONG. That is nothing new. They are building the canal with American money, building it with Canadian labor, building it with Canadian materials, and building it in Canada. They boldly tell us they are building it to take trade away from American ports and put it through the ports of Canada, and now they have gone to the extent of saying that hereafter all of that traffic which has been hauled on the Great Lakes in American ships may only be hauled in ships flying the flag of Great Britain. That principle is not anything new.

In the editorial from which I read the other day, which was published in the Toronto Mail and Empire, of Toronto, Canada, it is said, just to show how well they know how they are handling the American people:

The United States abandons its ancient contention that Lake Michigan is an American lake.

We not only have abandoned our right to haul in American ships but we have abandoned our right to the claim that Lake Michigan is an American lake. I shall read further from the editorial as I proceed.

Mr. President, what is the first part of the treaty? The two distinguished Senators who spoke on yesterday are not here at the moment, but I hope the Senate will not think I am making statements which I would not make if they were here. We just had a quorum call, and if they are not in the Chamber I am not responsible for their absence.

These distinguished Senators stood here for a whole day and led themselves to believe—I do not believe they have led anybody else to believe anything of the kind—that Canada pays half of the cost of this canal going through to Montreal and from there to the sea, but they are wholly mistaken in that respect. That is not correct. They pretended that they were allocating the costs. They allowed the Canadian Government what had already been spent on the project and allowed the United States what we had spent on the project. Of course, the United States manifestly has not spent anything on the project, but Canada

has done certain inland-waterway developments in and around that area, and these Senators therefore give Canada credit for some hundred or so millions of what they have spent as though it were expended for carrying out this project, when as a matter of fact what Canada has been doing has been to develop an inland waterway system up there, caring for its various and numerous local interests. The Senators have lumped in that way to the credit of Canada the entire amount of money Canada has spent in that way and given Canada credit for having spent it on this project under the terms of this treaty.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. I should like to invite the attention of the Senator from Louisiana to the fact that under the terms of the treaty Canada is not obligated to spend one single penny on this project. The preamble does recite that "whereas Canada contemplates" doing certain things, therefore the United States "obligates" itself. The only obligation in the treaty whatever is the obligation on the part of the United States to spend an unnamed sum of money, which will run into hundreds of millions of dollars, for the improvement of a Canadian waterway.

Mr. LONG. I so understand it. They claim that whereas the Canadian Government means to do something, and yet does not obligate itself to do it, that is a contract on their part. The United States does go into a contract, however, that obligates us to go ahead and spend money, but Canada, as is indicated by the Senator from Missouri, is not obligated to do a thing or to spend a cent.

I want to give some estimates of the cost of the matter that will come a great deal nearer being below what it will cost than above what it will cost. I think I have them compiled here and can present them in a way that will impress the Senate. The data are contained in some of the testimony given before the committee, or rather in the briefs that were filed before the committee.

Mr. COPELAND. Mr. President, will the Senator yield at that point?

Mr. LONG. Certainly.

Mr. COPELAND. It was specified that the lowest cost would be $543,000,000 and would go as high as $1,350,000,000.

Mr. LONG. What testimony was that?

Mr. COPELAND. I have not the reference to the testimony, but this is a quotation from it.

Mr. LONG. In other words, while the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Michigan [Mr. VANDENBERG] are giving their estimates, our estimates show that this cost will be not less than $543,000,000 and perhaps as high as $1,350,000,000. In other words, this project is no such thing as a $100,000,000 project, anyway. It is somewhere nearer the $1,000,000,000 mark than it is the $100,000,000 mark. The cost of this project is strictly an American obligation, without any question of possibility of liability on the part of Canada. They have some design in mind which may involve the spending of a little more money, but if they have ever been called upon to pay anything out, what they have been spending up there in their local development for their various and numerous communities will be deducted before they ever have to match any money we are going to spend. That is the truth.

Mr. COPELAND. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. I observed yesterday that the Senator from Wisconsin [Mr. LA FOLLETTE] had much to say about Massena. In his speech before the Carthage Chamber of Commerce Mr. Martin, president of the Massena Chamber of Commerce, an organization taking the side of the waterway, said that "between one and one and one half billion dollars will be spent for materials and labor."

Mr. LONG. Who was this Mr. Martin?

Mr. COPELAND. He is the head of the Chamber of Commerce of Massena.

Mr. LONG. Where is Massena?

Mr. COPELAND. Massena is in New York.

Mr. LONG. Are Mr. Martin and the Massena Chamber of Commerce in favor of this project?

Mr. COPELAND. The Massena Chamber of Commerce, through its president and secretary, is in favor of it.

Mr. LONG. Is the Massena Chamber of Commerce in favor of this project?

Mr. COPELAND. Thoroughly.

Mr. LONG. Then I can cite to the Senator from Wisconsin some of his own authority. I hope to have the attention of the Senator from Wisconsin, who has now entered the Chamber, because the Senator from Wisconsin evidently has not kept up with what his own people think about this project. I have told my friend from Wisconsin that I am going to take some time off this summer and try to study this matter and see whether there is any basis for any belief that there is going to be a benefit to Wisconsin or any other State through this project. Mr. Martin, of the Massena Chamber of Commerce, in a statement which appeared in the Carthage Republican Tribune on April 13, is quoted as follows:

He said that between one and one and one-half billion dollars would be spent for materials and labor.

That is a quotation of what Mr. Martin thinks about the cost of this project.

That is not only our estimate, Mr. President, but that is the estimate of the Massena Chamber of Commerce, from which the Senator from Wisconsin has quoted at such length, that this St. Lawrence waterway is going to cost from a billion to a billion and a half dollars. Who is going to pay it? Let us see who is going to pay it. Do the people of Canada think they are going to pay any of that money? The treaty does not require them to do it; and let me show you whether they think they are going to pay any of it or not. They never have, and they are not going to do it now. Here is what they say:

COST TO CANADIAN TREASURY ONLY $38,000,000

No feature of the treaty is more surprising—

Why, certainly! When you surprise Canada now, any time the United States makes a treaty with Great Britain, and it is so favorable to the British Empire that it surprises Great Britain, it is bound to be going some. Any time Canada gets surprised over some favorable action, in view of what the British people always have come away with every time we have gone into a treaty with them, it is bound to be going some. However, Canada was surprised.

No feature of the treaty is more surprising or more satisfactory than the low cost to Canada at which the undertaking is to be carried out. Because of want of information, the press has carried all sorts of extravagant statements as to the heavy financial burden with which the taxpayers were to be saddled in a time of depression. As late as last Saturday a Montreal newspaper estimated that the Canadian people would be mulcted to the tune of $570,000,000.

That is when they thought they were going to pay half of it. "Oh, no; wait a minute", says this paper:

All such erratic predictions have been relegated to the realm of the absurd and sublimely ridiculous. The treaty provides that the cost of the deep waterways to the Dominion Treasury will be $38,071,000. This total is reached by adding the $22,320,000 to be spent in the International Rapids section for property damages, rehabilitation work, and the Chrysler Island canal to the $82,954,000 to be spent for locks and canals on the Canadian section, and by subtracting from the total $67,202,500 to be paid by Ontario to the Dominion on account of power works in the International section. This total cost of $38,071,000 may be cut to $33,638,500 if a proposed guard lock at Beauharnois is found unnecessary, which is altogether probable. These figures are based upon the 1926 estimates made by the international board of engineers on the project and since revised by that board. It is not to be forgotten that general construction costs are now down about 30 percent.

Then, skipping a little bit, they say:

The cost to the United States is placed at $243,661,000, made up of—

And then they give some items; but, on the comparison of this Canadian paper, they estimate that the American Gov-

ernment is going to pay $236,000,000 as against $33,000,000; and then they go on in this paper as follows:

CANADIAN LABOR AND MATERIALS

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side in the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

That is in the treaty.

All the labor and materials employed in the Canadian power development at Chrysler Island and Barnhart Island power plants is to be paid for by the Ontario Government and will, of course, be Canadian. As indicated by the maps published in connection with the treaty, the International section, which reaches from a little below Prescott to a little below Cornwall, is 115 miles in length. Most of the development occurs in Canadian waters.

Mr. President, without reading further from this paper, there is not any question whatever that the Canadians have negotiated a treaty that they know means that Canada is going to pay a nominal, insignificant part of the cost, and that the money is going to be used to develop a Canadian port, for the purpose of taking some 67,000,000 bushels in one leap away from the American port, to hire the labor of Canada, the engineers of Canada, to use the materials of Canada, and to build a waterway, we are told by the distinguished Senators from Michigan and from Wisconsin, to give them a route to the sea.

Mr. President, we never have been able to get the Senator from Michigan or the Senator from Wisconsin to find out how to get to the sea. They have heard of only one way of getting to the sea. Somebody told them the only way to get to the sea is to go through Montreal, and we never have been able to get them to look at anything else. Now, here is the way they could have gotten to the sea. I do not for one moment undertake to restrict the people of Wisconsin. Just as the Senator from that State says, they were kind to my people here when we were trying to get money for flood control and navigation of the Mississippi, and we want to be just as kind to them. We want to see the Missouri River developed to a point where they will haul traffic right on up into Montana as they used to do over that route. We are for that. We are for the development of the Ohio waterway, and the canalizing of that river. We are for completing the valley projects and all of the tributaries through the valley; but if we are going to build a canal to go from the St. Lawrence to the sea, here is the way to do it:

You can build a canal going through the port of Albany, going down through New York State a distance of 338 miles from Lake Ontario to New York by way of the Hudson River and the New York State route. It will carry you to the sea in 338 miles, whereas by the route that they are trying to build to go through the port of Montreal, going away up toward Newfoundland, it is necessary to go 1,182 miles to get to the sea. They propose to build a canal in order that the man in Wisconsin can get to the sea. They propose to build a little canal through Canada with American money, using Canadian labor and Canadian materials, 1,182 miles in length, in order to build it from Canada, when they can build a canal and go into the port of New York, the greatest port in the Western Hemisphere, by constructing only 338 miles of waterway, and how much less money it will cost!

Mr. President, so far as use is concerned, this canal is not going to be more than a 6-month proposition at best. If it is built, they cannot operate it more than about 6 months out of the year. I doubt if it ever will be built; but I call your attention to the kind of canal they are going to have when they do get it built. It is an international canal, owned jointly by England and by America. Now, here is something that I hope my western friends will think about. This is supposed to be a neutral canal. If America gets into a war with England, of course England has the canal. The Senator from Michigan says there is no possibility of that, however. He underwrites that there never will be any more wars between any of the English colonies or England and America. Well, that is a pretty good guaranty.

We have the Senator from Michigan giving us a guarantee that there is no possibility of there ever being any more war between any of the English colonies or England and America. We have only had about half our wars with England since we have been over here; but the Senator from Michigan fixes that thing up, and that is all settled. That is fixed. Now if the Senator from Rhode Island [Mr. HEBERT], who is of French descent, will give us the same certificate that we will have no wars with France, and I think I can give you one that we will have none with Holland, we will be about four fifths out of wars the balance of my lifetime with certificates of this kind.

But let us take the Senator from Michigan at his word. Let us say we are not going to have any more wars with England. Have you ever thought about another thing in regard to this treaty? This is supposed to be a neutral canal. Suppose England gets into a war with Germany, or with Japan, or with France: If England is allowed to use the canal at all, America is going to have to be a party to the war; otherwise, we will be violating our own neutrality. In other words, America will have to be a party to every war that England has, or else the canal will have to be shut down, under international law.

The canal is supposed to be neutralized. A war comes on. England has done two things. In case of war with America she has her own canal that she built with American money, and that fixes that. In case England has a war with anybody else, if America uses the canal that she has herself built with American money and Canadian labor, she will have to be on the side of the British Empire, or we cannot even use the canal. I have not heard that disputed.

Before I leave this matter of cost I want to branch off just a moment to say that the Senator from Wisconsin talks about Morgan & Co. being against this treaty. I can prove to you, by the same process of reasoning that the Senator from Wisconsin has used here, that Morgan & Co. are in favor of this treaty. I can prove it to you by just the same logic that the Senator from Wisconsin uses, and I do not have to take any long list of disclosures that occurred over in the Banking and Currency Committee about Morgan and put them back in the RECORD to prove it. But if he takes the position that the chambers of commerce of the various places that are opposing this treaty, particularly the Chamber of Commerce of New York, are dominated by memberships coming from officers of corporations in which Morgan is interested, then he has not a single chamber of commerce in Wisconsin or in Michigan, or in any other place, that has endorsed the thing that is not subject to the same condemnation.

In other words, the power companies, the railroads, and the utilities are all good joiners. They join these chambers of commerce to get business. They join them in order to promote and increase their own business just as much as they can. You will find that resolutions have come from various and sundry boards and commissions favorable to this treaty, and, as a matter of fact, we happen to know that in the original conception of this treaty it was expected that Mr. Mellon and Mr. Morgan were going to be the greatest beneficiaries of anybody from it.

Mr. Morgan, however, has another interest in this matter besides America. Mr. Morgan is the fiscal agent in America for the British Empire. He has a considerable interest in Canada. He has a considerable interest in England. He pays an income tax to England when he does not even pay one to the United States. Mr. Morgan has a substantial interest in this matter. Not only has he an interest in the communities through the chambers of commerce that have endorsed this project but he has his British interest. When you refuse to let American ships carry the grain, that puts my kind of people out; but that does not put Mr. Morgan out, because he is inextricably interwoven with the interests of the British Government the same as he is with the interests of the American Government, and it makes no difference to him.

As a matter of fact, the project no doubt will be a very, very wonderful thing in the eyes of Mr. Morgan from the standpoint and line of reasoning that has been adopted by the Senator from Wisconsin, because the New York Chamber of Commerce is opposed to it. I can tell you one port with which Mr. Morgan has not anything to do, however, and that is the port of New Orleans. We had the help of these distinguished gentlemen in order that we might build up the navigation to the port of New Orleans. You heard the Senator from Wisconsin tell you what he has done. He had, too. You heard him tell you what help he gave, which he had to have, and I want here to acknowledge it and thank him for it. You heard him tell you of the work he had put forth on the Great Lakes-to-the-Gulf waterway. Now let us see what he is doing. I will give him authority from Canada. Here is what he is doing:

Chicago checked, Lake Michigan internationalized.

I am reading from this Canadian newspaper—

As already noted, the treaty itself puts an end to Chicago's ambition to drain the Great Lakes for the benefit of a deep waterway to the Gulf of Mexico by way of the Mississippi Valley.

In other words, after all this work has been done here, for which the Senator from Wisconsin is entitled to as much credit as anybody in this country; after all this work has been done here to give us a deep waterway from Chicago to New Orleans, along we come here and internationalize Lake Michigan, a lake that never was considered anything like an international lake. It never has been disputed that it was not an international lake. It was solely owned by the United States, including all its shores. Here they come along, after all the money we have spent and all the good work that has been done, and say that the whole thing now is out; that there is not going to be any deep waterway.

Take the people in Kansas, take the people on out beyond Kansas, and those in Missouri, and even as far up as Montana, who, if they ever get anything like water transportation into those States, must have it through connection with the Missouri River into the Mississippi River so that they can either go north to Chicago or south to New Orleans or over east to Pittsburgh. Take even those far Western States and reflect what the result will be if, according to the dispatch we have, and the interpretation placed upon it by the Canadian newspaper, they internationalize the lake so as to keep the people from taking their own water in order to have a deep waterway route through the Mississippi Valley.

Who is right about this thing? Are we going to stand here and have the American people go into a proposition that may involve us in an expenditure of a billion dollars, and have us go into a treaty with England that in time of war with England will mean that England will take that canal over and use it against us, or, if England shall go to war, we cannot use it at all unless we go to war with England; build it with American money, internationalize Lake Michigan, and take away from us the water we need to flow down to New Orleans in order that we may have a Lake-to-the-Gulf waterway? If you are going to decide all of this with one stroke of the pen in order that America may spend its money for the glorification of Canadian ports, what kind of a reason are you going to give for having gone ahead and spent this money to build up the Mississippi Valley?

The Senator from Michigan said yesterday that there was one thing I was trying to say to him which he could not understand. He said he felt as if I were blowing hot and cold. He said he could not understand how, in the course of one of my speeches here, I had said that we were flooded with water part of the time, and did not have near enough water part of the time. That is just the trouble with the advocates of this treaty; they do not know anything at all about the inland waterway system. They do not know anything at all about the need for water in one season and the lack of need for water in another season.

This is what I was trying to tell the Senator from Michigan which he does not understand, and apparently cannot understand, blind, as some people are who favor this treaty, to the point where they never have been able to see what is in front of them. This is what I was trying to tell the distinguished Senator from Michigan, that we have drained such States as Wisconsin and Michigan and Indiana, we have drained them year after year, making such provision that when rain would fall it would immediately be forced into the sluices and find its way into the Mississippi River.

Those lands up there have been drained, area after area, never once taking into consideration that every time a thousand acres of land in the West and the Middle West and the North were drained the flood problem of the South has been made that much more dangerous; so much so that in the months of February, March, April, May, and June, when the melting process takes place in the North, when the snow and the sleet and the ice begin to melt, and they begin to drift down into the Mississippi River, and the spring rains begin to come, we find ourselves in that particular season of the year with the floods coming bank to bank and over the banks and flowing miles and miles and tens of miles. Sometimes I have seen the flood waters go as much as a hundred miles and more through the lands of that country, taking the houses and the homes of the people, in the spring months of the year. Then I have seen the same stream in the fall of the year when there was not water enough in the river to carry traffic from a place like Vicksburg as far down as New Orleans, even.

We want the water to be so controlled that there will be a constant flow. We who have too much water in the springtime have not enough water in the fall, and it is necessary that we have recourse to the waters of Lake Michigan if we are going to keep traffic there the year round. The Senator from Michigan evidently knows that.

A great deal has been said about power. Who gets this power? I am going to read from the Canadian newspaper again:

The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this, 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canada—that is to say, the Province of Ontario—is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section, which is wholly in Quebec, will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development.

Senators are talking about the power, the great power project. If it is a power project, they are spending hundreds of millions of dollars of the American people, and every time they produce 5 horsepower Canada gets 4 and the United States gets 1. The cost of this thing is one of the most stupendous things ever undertaken by the American Government. There never has been anything heard of like it.

I want to say that the danger of this kind of project is realized by more people than myself. I have here a letter from the Brotherhood of Railroad Trainmen, dated May 26, 1933, from Cleveland, Ohio, addressed to me. It says:

MY DEAR SENATOR: I am taking this opportunity to drop you a line to express my appreciation for your opposition to the ratification of the St. Lawrence Waterway Treaty.

Then they go along to show, as the Canadian papers show, that if this treaty is ratified it is going to take away from the American laboring people not only the work of building the canal but it is going to take away the traffic our people are hauling over our own rail lines.

I have another letter here from the Order of Railroad Conductors of America, dated Cedar Rapids, Iowa, May 26, 1933, which reads:

DEAR SIR: As you know, our organization is opposed to the ratification of the St. Lawrence Waterway Treaty. I am informed that this question is out of the picture for the present session of Congress, largely due to your opposition—

And so forth.

That is the attitude of the labor organizations of the United States.

I should like to suggest in that connection just what it is claimed can be done. The treaty calls for a 27-foot channel. As of 1929, our authors point out that only 5 percent of the passenger-cargo ship tonnage engaged in American overseas trade could use this channel; only 38 percent of the faster cargo tonnage and 15 percent of the vessels, only 13 percent of the tonnage operating out of Montreal and Quebec, only 40 percent of grain tramp tonnage operating out of Montreal, no tankers, and only 19 percent of intercoastal tonnage eastbound could use it. This channel—

would, broadly speaking, accommodate only boats of the type now engaged in the local coastal trade and the smaller steamers, mainly the war-built United States Shipping Board boats and tramps.

To accommodate the type of ships which people commonly have in mind as calling, for example, at Chicago, a 33-foot channel would be required.

The season of navigation on the Lakes averages about 6½ months. Lake boats can take chances of being caught in the ice; ocean-going boats cannot. That is something else that ought to be considered. Lake boats can take a chance of being caught, but the ocean-going boats cannot. That is something else; they never will be able to use the ocean-going boats in this canal.

Ocean-going boats would have to reduce speed at least one quarter between Montreal and the Lakes. Even with a 33-foot channel first-class liners would not use the waterway, so at least the leading shipping companies of the world say, and the same view is expressed as to regular cargo liner service.

Our authors after a careful study of available traffic estimate a total potential tonnage for the waterway of 10,500,000, of which grain would account for about 6,500,000—mainly wheat. Of this a little more than one half—2,000,000 tons grain and 3,400,000 tons other freight, mainly metals and minerals—would be American traffic. Livestock, packing-house products, and dairy products offer comparatively small opportunity. The Southwest cannot be expected to furnish much tonnage, and Atlantic ports will make rates on grain that the waterway cannot profitably meet. The Lake carriers will determine grain rates as they have hitherto done, and these rates are already very low, so that much saving in this way is unlikely.

The cost of the waterway is estimated, by these authorities, including the Welland Canal, at a total sum of $712,000,000.

I cite these facts from a very good authority—namely, the Chamber of Commerce of the State of New York. The cost is estimated at $712,000,000, and that is not as much as has been estimated by some of those favoring the treaty. Some of the proponents of the treaty estimate it is going to cost over a billion dollars. I put into the RECORD a statement from the chamber of commerce of one of the places that is supporting this treaty—the Chamber of Commerce of Massena, N.Y.—which was supplied to me by the distinguished Senator from New York, showing that they themselves estimate it is going to cost over a billion dollars. But here is an estimate of our side that it is going to cost around $712,000,000. According to the same authority to which I have been referring, this sum includes interest during construction, not included in the engineers' reports, and an allowance of 20 percent for underestimate as compared with final costs. It also includes an allowance of $250,000,000 for the extensive and expensive improvements of Lake ports, which would be necessary to enable them to take ocean-going vessels. They reckon annual charges for interest, 4 percent; depreciation, maintenance, and operation at the round figure of $40,000,000. Three double-track, all-freight railroads could be built from the head of the Lakes to the seaboard for the same money, which would have 30 times the carrying capacity of the waterway.

Three double-tracked railroads can be built from this territory to the seaboard, three double-tracked railroads with a carrying capacity of 30 times the amount of the capacity of this waterway, for the same money, having 30 times the carrying capacity. With interest charges and depreciation of $40,000,000 the taxpayer's subsidy to the traffic using the waterway—no tolls are to be charged—will be some $3.50 per ton—say, 11 cents per bushel on grain. The maximum saving on grain rates would be 4 cents a bushel as against these 11 cents of subsidy.

Mr. President, I do not desire to take more time, because I am sure the Senator from New York will want to say something on this matter, and I have talked longer now than I had intended to. I wish to say that I am glad that our people have taken a sane and sensible course about this proposition. I do not understand that this treaty is going to be brought up. It should not be brought up. If we get into any fix where we owe anything more to England or owe anything more to Canada, then let us pay them. They are not going to pay us so much. But let us not go out and make a gift of this kind to the Canadian Government or to Great Britain when the United States needs this money.

I want to say now that the United States has enough projects it needs to complete without going to Canada to complete one. We ought to go ahead and complete the waterway down the Mississippi Valley. We ought to complete the waterway on the Ohio River, and on the Missouri River, and the necessary tributaries to those rivers. We ought to complete those, and the Tennessee River project ought to be completed. Until we have completed those kind of projects we have no business going out and talking about spending hundreds of millions of dollars of the money of the United States in order to build up a port at Montreal, when we can build the same thing in New York, to which the mileage would be 311 miles, as against over 1,100 miles to go to Montreal.

This is an iniquitous proposal to filch out of the American Treasury hundreds of millions of dollars for this kind of a project, not justified by any fact, and which should not receive any kind of consideration at the hands of Senators.

EXHIBIT A

OUR ATLANTIC PORTS—USE THEM

In past years Canada planned and developed her transportation facilities and her seaports so that she would be enabled to transport and ship the surplus of her grain crop overseas from her own ports. Today Canada's Atlantic seaports offer facilities equal in efficiency to any seaports of this continent. Millions of Canadian dollars have been spent in creating these transportation and shipping facilities. Canada's seaports are the property of the Canadian people and yet they are only being used to a fractional part of their capacity, while the great bulk of Canadian grains goes overseas from foreign ports.

MILLIONS OF INCOME

If Canada were to ship the annual surplus of her grain crop overseas through Canadian ports, vast sums of money would be saved to Canada. Her transportation facilities would increase their haulage, seaports would be busy, and every unit of public life would be benefited. The western Canada producer could market his grain on an orderly, 12-month basis; Canadian industries and merchants would benefit directly through the circulation of these millions of dollars; and thousands of workers in docks, railway yards, elevators, coal mines, and on trains would be given added opportunities to earn a livelihood.

Grain—Canada's major export—should find entry to the world's market through Canadian ports instead of through foreign ports.

Keep your transportation dollars in Canada!

Shipments of Canadian grain in 1930

	Bushels
Through United States ports	67,747,685
Through Canadian Atlantic ports	5,153,553

An all-Canadian route for Canada's grain.

(This advertisement is inserted by the Halifax Harbour Commissioners in the interests of an all-Canadian transportation policy.)

HELP CREATE YOUR OWN PURCHASING POWER!

If the wealth of transportation money invested each year in the shipping of Canadian goods through foreign ports were retained in Canada, it would lighten the taxes of all and give railway employees and dock workers permanent employment, thus enabling them to purchase made-in-Canada products. Canada has adequate transportation facilities of her own—why not use them?

During the past few years Canada's development has taken two distinct lines—transportation and manufacturing. Millions have been spent to create transportation and shipping facilities for Canada which would enable her to transport all of her own products and manufactured articles from their point of origin to Canada's seaports. Other millions of dollars have been spent in

developing these seaports until they are equal in efficiency to any seaport on the North American Continent.

These vast transportation facilities are the property of every Canadian citizen and are but partially used at the present time for the transporting of Canadian goods.

Canadian industrialists can help to create a far greater purchasing power in Canada by utilizing to a greater extent these transportation and shipping facilities for the handling of Canada's export trade.

It is as cheap to ship manufactured goods through these all-Canadian channels as it is to ship them through foreign ports—it is therefore to the interests of every Canadian manufacturer, importer, and exporter to make the fullest use possible of these highly developed and efficient Canadian transportation facilities in order that the demand for their goods may be increased by the added purchasing power which these transportation dollars bring.

Keep your transportation dollars in Canada!

(This advertisement is inserted by the Halifax Harbour Commissioners in the interests of an all-Canadian transportation policy.)

Mr. HATFIELD obtained the floor.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from West Virginia yield to the Senator from New York?

Mr. HATFIELD. I yield.

Mr. COPELAND. Mr. President, I shall not undertake today to say anything about the St. Lawrence waterway project. I intend doing so, if time permits, before the end of the session because of the speech made yesterday by the Senator from Wisconsin [Mr. LA FOLLETTE]. I did not hear it; I was out of the Chamber in attendance upon a meeting of the District of Columbia Committee, but I read the speech in the RECORD this morning. I was amazed at the uncalled-for insinuations and innuendoes contained in that speech, and, at the proper time, I intend to make appropriate reply.

LEWIS W. DOUGLAS

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Arizona?

Mr. HATFIELD. I yield.

Mr. ASHURST. Mr. President, the able Senator from Louisiana [Mr. LONG] in commencing his speech referred to Mr. Lewis W. Douglas, the Director of the Bureau of the Budget. The Senator from Louisiana did not impugn the integrity of Mr. Douglas, but said that their personal associations were cordial. The Senator from Louisiana then went on to lament the possibility that Mr. Douglas might at some future time be appointed to the office of Secretary of the Treasury.

Mr. President, I do not know that the remarks I am about to make will be welcomed, but I am certain that I should reply to the implication of the Senator from Louisiana.

Mr. Douglas, the Director of the Bureau of the Budget, was born in Arizona; he was nurtured, reared, and, in part, educated in Arizona. The name Douglas in Arizona is an honored name. I know, Mr. President, of no one who for courage, for devotion to the public welfare, for lofty ideals, and high emprise excels Mr. Douglas. I have known him almost since the day, certainly since the month, of his birth. He has held positions of trust and honor in Arizona; he has been signally put to the test, and he was always upon the side of the public.

He was a member of the State legislature when certain power interests, that I shall not take the time to describe, sought to influence members of the legislature but were utterly unable to make any progress in respect to Mr. Douglas. He repudiated any attempt to approach him, and he established himself in the State as a young man of superb mental strength and great power of analysis.

I assure my friend from Louisiana that if there should be any change in the Secretaryship of the Treasury—and I do not know that any change is contemplated; I am not that closely in the confidences of the administration—no appointment could be made that would be better than that of Lewis W. Douglas.

Mr. NORRIS. Mr. President, will the Senator from Arizona yield to me?

The PRESIDING OFFICER (Mr. MCGILL in the chair). Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. ASHURST. Certainly.

Mr. NORRIS. It was not my intention to suggest anybody for the position of Secretary of the Treasury, but since that matter has been discussed by the Senator from Louisiana and an intimation regarding it has now been made by the Senator from Arizona, I should like to add just a sentence; and I do so without casting any reflection on Mr. Douglas, for he might make an excellent Secretary of the Treasury. The disclosures before the Banking and Currency Committee in its investigation of the Morgan Co. have shown that this partnership has been dealing out its favors to various friends, it is said, all over the United States—to prominent men, some in office and some out, who might get in later on—which favors would have a great deal of influence even if they never did get in public office. So far as I have read in the newspapers, no one of the great men to whom these benefits and favors of Morgan & Co. were extended, which, in reality, were the same as sending them so much money, it seems to me, pushed the crown aside except the great Democratic ex-candidate for the Presidency from Ohio of the name of Cox. It seems to me if the disclosures of this investigation would put a man out of office because he had accepted such favors then, for the same reason, the President might well put a man in who had refused to accept the favors, and, at least in that respect, was a perfect man.

Mr. ASHURST. Mr. President, I have no influence regarding the appointment of Cabinet members; but if I were President, I would appoint the Senator from Nebraska as my attorney general if I could not secure the services of the present Attorney General.

Mr. President, I arose to counteract and to challenge some of the inferences that may have been left with the Senate by the Senator from Louisiana. That Mr. Douglas, the Director of the Budget, has any connection with Mr. Morgan or any of the Morgan satellites, would be astonishing news to me, but even if Mr. Douglas had a direct monetary interest in any of Mr. Morgan's companies, Mr. Morgan would be utterly impotent and powerless to influence Mr. Douglas with respect to the performance of his public duties.

Mr. President, character still remains in America. We pay America a poor compliment and we pay the Senate a poor compliment by imagining and charging that everybody but ourselves is a crook.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. Certainly.

Mr. LONG. Does the Senator understand that I paid Mr. Douglas any such compliment?

Mr. ASHURST. At the beginning of my remarks I said that the Senator from Louisiana had frankly stated that he did not challenge the patriotism or the integrity of Mr. Douglas.

Mr. LONG. I want to make myself clear to the Senator by making this further statement: The Lord says, "Where your treasure is, there will your heart be also."

Mr. ASHURST. Quite true.

Mr. LONG. During 6,000 years or more that statement has never been disproven.

Mr. ASHURST. I knew that I could never finish my remarks without a quotation from Scripture by my learned friend from Louisiana; and since he is so facile in quoting Scripture, I would remind him that there is another injunction—"Thou shalt not bear false witness against thy neighbor." The Senator may not need that injunction, but it is wise to remember it as we go through this life.

Mr. President, the Senator from Louisiana, as was his right, criticized Mr. Douglas for some of his acts respecting the economy bill. I myself do not agree with Mr. Douglas, the Director of the Budget, in respect to some of his opinions on the economy bill. But because, forsooth, I do not

agree with my friend the Senator from Michigan [Mr. VANDENBERG] on some question, or because, forsooth, I do not agree with my friend the Senator from Nebraska [Mr. NORRIS], or my friend from Louisiana [Mr. LONG], I do not for a moment charge that they are influenced by anything other than what they believe to be the right or that they are not following the best lights as they see them.

I do not know that Mr. Lewis Douglas has any connection with or any interest in the Phelps Dodge Corporation. If he did have, it would not be an improper interest. When did it become an offense for a man, born and reared in Arizona, to become a holder of stock in the Arizona copper-mining industry, which is Arizona's prime enterprise and upon which industry—copper mining—the State must depend in large part to maintain a State government.

If it should be shown here that my learned friend from Michigan [Mr. VANDENBERG] owned some copper stock in Michigan's copper mines, he would be secure from my prejudices. If it should be shown that Mr. Douglas owned some stock in Arizona's copper mines, he likewise would be secure from my prejudices.

Mr. Douglas has lived a good life, and certainly he needs no defense at my hands. I predict for him a useful career in the public service. I read from the Congressional Directory:

Lewis William Douglas, Democrat, of Phoenix, Ariz., was born July 2, 1894, at Bisbee, Ariz.; graduated Amherst College, 1916; special course metallurgy and geology, Massachusetts Institute of Technology, 1916; attended first officers' training camp, Presidio, San Francisco; commissioned second lieutenant, Field Artillery; assigned Three hundred and forty-seventh Regiment, Field Artillery; promoted to first lieutenant, Field Artillery; served overseas July 19, 1918, to March 19, 1919; assistant, G–3 staff, Ninety-first Division; cited by General Pershing during Argonne offensive; decorated by Belgian Government during Lys-Escault offensive. Instructor of history, Amherst College, 1920; taught chemistry at Hackley School for 6 months in 1921; 6 years' mining and business experience; served one term in Arizona Legislature. Married and has 2 sons and 1 daughter. Elected to the Seventieth, Seventy-first, Seventy-second, and Seventy-third Congresses.

One rainy morning some years ago, walking about the streets of London and at Waterloo Place, I came upon the statue of John Fox Burgoyne. I was interested when I read on the base of the statue the eloquent inscription from Shakespeare's Coriolanus:

> How youngly he began to serve his country,
> How long continued.

I believe when this young man, Mr. Douglas, shall have finished his career and ended mortal things that some biographer will use in writing of him these same words from Shakespeare's Coriolanus:

> How youngly he began to serve his country,
> How long continued.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Louisiana?

Mr. HATFIELD. I yield.

Mr. LONG. Mr. President, I am glad my friend from Arizona acquits me of having said anything that reflects on Mr. Douglas; I am glad he further acquits me of having said anything about Mr. Douglas that is not true; I am glad he gives me these acquittances in the speech which he makes, notwithstanding his warning to keep me from departing from these principles later.

But, Mr. President, I will use a statement that I have already used on the floor of the Senate that I learned away back in the country, "You do not have to eat a whole beef to tell when it is tainted." You cannot make a hen lay a duck's egg. We are told an old story—I believe it is from Æsop's Fables: Once upon a time a swan laid an egg in a hen's nest, and after the time it took the hen to hatch the swan's egg the swan came from the shell and grew up and acquired the same strut and walk and demeanor that might have been expected whether it had been hatched under a swan or under a hen.

Mr. President, the Lord has been mighty good to us. I do not like to quote Scripture; the Senator from Arizona knows it so much better than I do.

Mr. ASHURST. No; I do not.

Mr. LONG. The Lord gave us a few rules. He told us about the rich young man who went to the Savior and asked Him what he should do to have eternal life, and the Savior gave him the commandments. The rich young man said, "All these things have I kept from my youth up", and the Savior said, "Go and sell that thou hast and give to the poor, and thou shalt have treasure in heaven, and come and follow me", and the rich young man went away sorrowing. Then the Lord said:

"A rich man shall hardly enter into the kingdom of heaven. * * * It is easier for a camel to go through the eye of a needle, than for a rich man to enter into the kingdom of God." "Wherever your treasure is", said the Lord, "there is your heart also."

That might not be good philosophy, Mr. President, but the point I am making is that we have had disclosures with reference to Mr. Woodin to show his connections with and his receiving favoritism from the House of Morgan, his getting stock for $20 that was worth at the time $37, when he was a member of the Federal Reserve bank—not when he was entirely a private citizen. Do not get this thing confused. We have been hearing talk that Mr. Woodin was a private citizen at the time of this incident. He was connected with the Federal Reserve bank, right where he could do some good for whoever he wanted to help. I do not know whether it is wrong or not, but if the fact is that he got stock for $20 when it was listed on the board at $37, and if all he had to do was to sign his name to get the $17,000 without taking a chance in the world, and if that kind of connection with Morgan is sufficient to cause him to retire, then I submit that we do not want to come back into the Morgan group and get another man of that type to succeed him.

I have shown from Moody's Manual that the Phelps Dodge interests are the Morgan interests. I have shown that to be the fact. I have shown that Thomas S. Lamont, the son of Thomas W. Lamont, the Morgan partner, is a member of that board. I have even shown the Douglas family through two generations has been connected in this thing and is still connected in it. I have shown that one of the members of the Douglas family sits on the board today and is on Morgan's preferred list, the same list that contains Mr. Woodin's name.

I do not say that these are sufficient reasons for Mr. Woodin's resignation. If the Senator from Arizona [Mr. ASHURST] does not think so, that is his business. He is as honest in his opinions as I am in mine. He may be right and I may be wrong, but I do not believe that we who are called upon to advise the President in performing our constitutional duty—because it is not only our duty to consent but it is our duty to advise the President—should be misled in the matter. It is the duty of Senators to advise the President, and the Senator from Arizona, having given his advice, it is our duty as I conceive it that we should tell the President: "Give us a chance to breathe here in this country. Do not tell us we cannot get out of the House of Morgan without going right back into it. Do not tell us we cannot be relieved. Give us a chance to breathe the breath of new life. Do not have us put under a dictatorship and under the ruling of one member of a family for a while, and when we escape from that put us under the wing of another member of the family. Give us a chance. That is all. We want the 120,000,000 American people to have a chance. We may not get much of a chance, but give us some kind of a chance."

Mr. ASHURST. Mr. President, will the Senator from West Virginia be good enough to yield further to me?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Arizona?

Mr. HATFIELD. I yield.

Mr. ASHURST. Mr. President, the Senator from Louisiana [Mr. LONG] presumes that Mr. Douglas has some connection with the Morgans. I know of no evidence to that effect. The Senator from Louisiana then presumes or assumes that because possibly some of Mr. Douglas' relatives may have had and may still have some connection with the house of Morgan that, therefore, Mr. Lewis Douglas is guilty of something. I ask the Senator from Louisiana if he wishes to be judged by the performance of some of his relatives? I think not. We do not judge men by their relatives. We do judge men by what they themselves are.

As so as to Lewis Douglas—no tainted breath has ever dimmed the bright mirror of his character. There exists no reason why the Senator from Louisiana should proceed to make insinuations that the Budget Director is tangled in some way with the House of Morgan.

Mr. LONG. Mr. President, who inherited the grandfather's property in the Phelps Dodge Corporation? Where did it go?

Mr. ASHURST. Dr. Douglas was in part the discoverer and developer of some copper mines in Arizona. Dr. Douglas was a man of high ideals. I speak the voice of Arizona when I say that Dr. Douglas' name is revered in Arizona.

Mr. LONG. I do not doubt it.

Mr. ASHURST. The fact that he happened by industry and prudence to make some money ought not to be counted against him. He used much of his wealth in a noble way.

Inasmuch as this controversy has drifted thus far, I desire to say that in my numerous campaigns in Arizona practically no political support worth while came to me from copper companies. Doubtless in one campaign they supported me, not that they like me most, but disliked me the least of the two candidates. I was the lesser of two evils.

I do not know to whom Dr. Douglas bequeathed his property or who were the beneficiaries of his will. His heirs, instead of squandering their inheritance, if any, in riotous living, began to work in a serious way to build the State and to help to pay the taxes and bear the burdens of government.

Mr. LONG. Mr. President, will the Senator from West Virginia yield to me just briefly?

Mr. HATFIELD. I yield.

Mr. LONG. I shall not prolong this debate. I did not get an answer to my question I asked the Senator from Arizona, so I assume he does not know who inherited Grandpa Douglas' Phelps Dodge property. I mean Grandpa Douglas who was the grandfather of Lewis Douglas. Who inherited the Phelps Dodge property? Did it fall in natural order? If so, where? If so, would it not fall or did some of it fall to Lewis Douglas?

Mr. ASHURST. Mr. President, will the Senator from West Virginia permit me to thank him for yielding so generously of his time and permitting me to consume so much of it?

Mr. HATFIELD. I am always glad to yield to the genial and able Senator from Arizona.

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, the Senator from West Virginia has been most generous in yielding. I should like to ask his permission to send to the desk and have read a short letter.

Mr. HATFIELD. I yield to the Senator from Montana for that purpose.

The PRESIDING OFFICER. The clerk will read the letter as requested.

The legislative clerk read as follows:

MAHANOY CITY, PA., *April 27, 1933.*

President FRANKLIN D. ROOSEVELT,
Washington, D.C.

DEAR PRESIDENT: The people are with you. You can live in history as America's greatest man by pulling the country out of the depression.

I believe the Wheeler bill (S. 70) for the remonetization of silver will prove the most effective instrument to give a sound and adequate currency, and help the producer by an advance in commodity prices. I believe there should also be additional paper money for quick restoration of wages and earnings—the Senator Thomas bill.

Better if the inflation bill were amended in the House to include the Wheeler bill for the remonetization of silver at $1.29 an ounce, mandatory instead of discretionary.

The world needs a change in money standard; bimetallism will best serve the debtor and give a ray of hope to burdened industry. Let me again repeat the hope of the world lies in helping the debtor and the restoration of values. Bimetallism is the first offensive to rout the depression and usher in prosperity.

You lead on, all will follow. My memory runs to a stanza of Whittier's:

"All our hopes,
All our fears,
All our hopes of future years,
Are all with thee,
All with thee."

Respectfully yours,

MERCHANTS BANKING TRUST CO.,
D. F. GUINAN, *President.*

PRESIDENT ROOSEVELT'S POLICIES AND ACCOMPLISHMENTS

Mr. HATFIELD. Mr. President, beginning with March 9, 1933, legislative history in America has been made by the recommendation and dictation of the Chief Executive and not by Congress, initiating the policies and measures which have been adopted. I wish to deal briefly with the accomplishments up to this hour. By so doing, I hope to point out, not only to this body but to the Nation, that if the President of the United States pursues the course opened to him by Congress, at his request, we will be well on the way to new and strange methods in dealing with industries, public-service corporations, farming, and all the different elements which go to make up the complex order of our society.

Our governmental and national activities that started with the first administration and have continued down to the present time depended upon individual initiative; each individual had the opportunity to blaze his own path. This is a fundamental and basic principle which has directed the destiny of this Government, and which has heretofore controlled and guided us, and served as a protection to the individual citizen in his freedom of action, in either an individual or collective way in the embarkation of business activities by fostering and not fathering any business in which he or they might engage.

The new policy has been suggested by the President, and has been promptly ratified by the majority of the Congress, abdicating their responsibility with the hope no doubt that it would solve the problems of the depression which developed after the stock-market debacle in 1929, and that in its solution the rehabilitation of our industrial activities as well as the reemployment of 17,000,000 would speedily come. But instead, Mr. President, we may awaken to the fact that by our continued disregard of the Constitution of the United States we have created a government whose principles are foreign and unnatural and which will deny to the individual man his freedom of action and his freedom of living and working out his ideas, such as he enjoyed under the Government of his forefathers. While I shall deal in a passing way with the different ideas of paternal legislation up to the present time, some of which may be justified, the basis of my theme, however, will be upon the subject which is yet to be considered by this body, namely, the industrial recovery bill.

Mr. President, during the past 10 weeks there has come to public notice a group of college professors who, through the influence which they apparently have with the Chief Executive, are credited with proposals for legislation so different from what we have considered in the past that it is worth while for the Senate to pay some attention to these men, the attitude they take, and the legislative proposals they openly advocate.

During the discussion on the farm bill Members of the Senate became familiar with the name of Mordecai Ezekiel. The Congress was led to believe that unless the farm bill was passed almost immediately when presented, and practically in the identical form in which it was presented, we would do great harm to the farm population of America. We were asked to raise the prices of the necessities of life

to the pre-war average prevailing from 1909 to 1914 to the wage earners who are employed part time, and in many instances not employed at all. Nevertheless, the workers were refused an ample amount of protection in the way of an amendment offered that would have given them the same consideration that is given the farmer. It would have meant additional employment, as well as an increase in standard of wage of which they are sorely in need at the present time.

I understand that Mordecai Ezekiel, following an extensive study of Soviet Russian ideas on agriculture, succeeded in securing a place high in the councils of the old Farm Board. When the present administration junked the Farm Board he found refuge as one of the pioneer members of the "brain trust." The farm bill was signed by the Chief Executive on a Thursday, and I understand its principal prop, the processors' tax, was suspended on the following Sunday, due to the possible opposition of representatives of foreign nations.

In the enactment of the farm bill the Congress created a dictatorship in the person of the Chief Executive. Since the passage of the farm bill we have received from the White House a bill, sponsored by the Senator from New York [Mr. WAGNER], through which those who guide the activities of the White House seek to make the Chief Executive dictator of American industry.

Press reports indicate that even prior to any action of Congress on this proposed legislation President Roosevelt has designated Gen. Hugh Johnson to act for him as the dictator of American industry. I have no criticism to offer of the capacity, the ability, or the integrity of General Johnson. It is rather a strange coincidence, however, that General Johnson, as the dictator of American industry, has been closely associated with Mr. George Peek, of Illinois, whom the President has made virtual dictator of the American farm interests. I do not know Mr. Peek, and I have no criticism to offer of him. I simply want to call the attention of the Senate to the fact that neither of these gentlemen has ever held public office, nor have they ever been entrusted by a vote of the people with any task.

Mr. President, since the passage of the farm bill, carrying with it a new era in American legislation and the idea of dictatorship, which to my mind has been, is, and will be repugnant to every American, I have tried to inform myself as to the merits behind this revolutionary change in our legislative policy.

The presentation of drastic and untried methods of government emanating from the White House has come so fast that I question whether the American people yet realize how our Government machinery now operates or what dislocations are taking place which are most strange and unnatural and contrary to the policy heretofore adopted in severe epochal periods of depression, far more disastrous than this one.

I desire to call the attention of the Senate to an incident during the depression of 1837 which may be found in the files of old newspapers of that period:

> At an auction sale in 1837 in Muskingum County, Ohio, horses, cows, and oxen brought but a dollar per head, and hogs 6½ cents each. At an auction sale in Pike County, Mo., 2 horses, 2 oxen, 5 cows, 2 steers, 1 calf, and 24 hogs brought $3.75. The report shows that these animals were sold separately except the 24 hogs, which were sold in one lot, and brought 25 cents for the bunch.

Mr. President, I recite this historical fact to demonstrate that, comparatively speaking, the conditions which confront the American people today are no exception to those that confronted the generations of former days during the periodic visitations of depression. I know of no incident similar to that I have just read happening during the present depression.

A few days ago I secured from the Library of Congress a book entitled "The Industrial Discipline and the Governmental Acts", written by Prof. Rexford G. Tugwell.

Mr. President, it is common knowledge that Professor Tugwell and his associates, Professors Moley, Berle, Ezekiel, and others, seemingly have a controlling or at least a decided influence with the President of the United States; and through the influence of the White House they seek to force through the Congress legislative proposals of a character far different from that which might well be termed the "American idea of voluntarism."

A perusal of the book written by Professor Tugwell, to which I have referred, justifies the belief that the writer and his associates openly advocate the socialization of industry through placing control of American industry and the American people therein engaged, in the hands of a body of intellectuals or technicians acting as agents for the people through designation of the White House.

Professor Tugwell's book takes to task the failure of American business and American labor. Yet, perhaps without realizing it, Tugwell describes a government that he considers "as near Utopia as human beings are ever likely to get", and in this description portrays the United States as the only nation in the world which could qualify with his suggestions of a modern Utopia.

Mr. President, what brought about this condition of Utopianism in America if it was not those stalwart men who blazed the path of civilization under the Stars and Stripes?

The "new deal", wherein control of the Government of the United States has been turned over to a group of college professors, with the taxing power and the right to engage in foreign alliances—which alliances, if consummated, would probably force America into European conflicts—turned over to those representing international bankers, is, to my mind, far different from what the people of the United States had reason to expect when they elected Gov. Franklin D. Roosevelt last November.

A number of inquiries have reached my office seeking information as to the necessity for this drastic change in governmental procedure without the Congress of the United States being ever consulted.

Some two weeks ago the President of the United States, in a radio address to the American people, in substance apologized for the dictatorial powers now possessed by the Chief Executive, and, at considerable length, suggested that the Chief Executive had had these dictatorial powers foisted upon him by the Congress of the United States, for whom he was merely acting as an agent.

The President's statement was most misleading and contrary to known and undisputed facts. So far as I can recall, since the inauguration of the "new deal" on March 4, no legislation has yet been enacted which was not drafted by the "brain trust" and sent to the Congress from the White House, with the possible exception of the Glass banking bill. All the legislation wherein the Congress has created a dictatorship over our monetary system, or is considering the creation of dictatorships, such as the dictatorship over American agriculture, the dictatorship over American industry, and the dictatorship over American railroads, has emanated from the White House.

Less than 2 weeks after explaining to the American people that the Congress had foisted dictatorial power upon the President, we find the President appointing a dictator over American industry before the bill creating such dictatorship has even been considered by either the House or the Senate.

Is it possible that the President wanted to assure American industry that he would not entrust this work, if Congress passed the bill, to the present Secretary of Labor?

Is it possible that the Chief Executive has come to the conclusion that his Secretary of Labor is incompetent or not fitted to handle this task?

Surely, Mr. President, such activities as are outlined come within the scope of the authority supposedly entrusted to the Department of Labor.

Is it possible that the humane interest which the Secretary of Labor has openly indicated in the unfortunate and exploited workers of the Southland made it necessary for the Roosevelt administration to place this dictatorial power in the hands of one more pliant and more subservient to political pressure?

This bill embodies a minimum-wage feature, providing that minimum wages be paid to all workers rendering the same type of service. This feature of the bill, if honestly administered in perhaps the only way legislatively possible,

will lift the heavy hands of those who, prior to the Civil War, believed in and practiced slavery, from continuing to exploit the colored workers of the Southern States.

Surely no honest administrator will permit workers, white or black, to work for lower wages in one locality than are paid for similar work in other localities.

True, provision is made in this bill authorizing the dictator to differentiate in the wages paid in different localities. Yet is it possible that those who, through the enactment of this legislation, hope to realize State socialization in America, will tolerate a condition wherein workers rendering the same service will accept lower wages in one locality than are paid for the same type of service in other localities?

The legislative sponsor of this bill, the Senator from New York [Mr. WAGNER], as well as the Chief Executive, represent a State wherein there is no discrimination practiced or permitted. Therefore, assuming that the views of the Chief Executive, as well as the views of the distinguished Senator from New York, prevail, it is fair to expect that at least one element of our people will substantially benefit through the enactment of this bill, if it is honestly administered.

Yet, despite the benefits which our colored workers will possibly derive from this legislation, I know of no effort on their part to sacrifice their present freedom to gain this doubtful benefit. Our colored people, long the victims of slavery, cherish their freedom too dearly to sell that which they possess for the mirage promised in this bill.

The press at times has referred to the "brain trust" and the influence of the "brain trust" on the activities of the White House. The press seemingly have yet to realize that the "brain trust", or the majority thereof, are professed Socialists who, realizing that the American people will not tolerate socialism in America, now operate under what is known as the "new Democracy" or the "new deal."

Whether such unbridled authority is justified is another consideration which will interest those members of the Senate who, blindly following the President, depending entirely upon his great sense of equity and justice, have made it possible for the President, responding to the cries of the National Economy League, to pauperize almost a million of those who in years gone by have bared their breasts to the enemy to support and to add to the prestige of the Stars and Stripes.

The President in a message to the Congress insisted that in order to balance the Budget we must deprive these needy veterans of $400,000,000 each year. Since that legislation passed we have, through one act or another, created thousands of jobs—all outside the Civil Service—to be filled by political heelers, at salaries from $12,000, paid to the man who supposedly supervises the work of the dollar-a-day army, down to those paid nominal wages who render honest service to the Government.

While we may be led to believe that the dollar-a-day army is supervised and led by civilians, the slightest investigation on the part of any Member of the Senate will prove that the United States Army is directing this work and is entitled to any credit therefor.

We have deprived thousands of needy veterans who served their country well, returning to their families with health shattered, even if bodily whole, of the aid they richly deserve in order that others might be enriched.

During the Hoover regime the Democratic congressional leaders were often loud in their criticism of the centralization of power, or the attempted usurpation by the Chief Executive of the power vested in the Congress under the Constitution. If such criticism was based upon principle and not on political expediency, why, then, are the critics of centralization of governmental control so silent now? Surely the present occupant of the White House has eliminated not only State lines but in addition thereto he has virtually taken upon himself, with the help of the Democrats who still look hungrily at the patronage table, all political and economic power in the United States.

Last November the people of the United States placed the Democratic Party—the party of State's rights—in complete control of all branches of our Government. In so doing the people had a right to assume that control of the Government would be vested in practical men, men well versed in statecraft and in American legislative procedure, men believing in upholding American traditions and the American Constitution. At no time in the history of the United States has legislation been proposed by the Chief Executive or been enacted which so openly and so flagrantly overrode State borders and centralized complete control of the Government of the United States in one individual.

The Democracy of the present day praises the attitude of Jefferson and Jackson, yet it is common knowledge that Jefferson and Jackson fought for local control, community and State, and opposed the centralization of government at Washington.

The "new deal", while it sings the praises of Jefferson and Jackson, is more in keeping with the preachings of Norman Thomas, Stalin, Mussolini, and Hitler.

The people of the United States last November had the opportunity of placing a Socialist in the White House, but the opposition of the American people to socialism is so strong that the presidential candidate of that party received only 2 percent of the total vote cast. While the American people were justified in thinking that as a result of the last national election they had definitely rejected socialism, they are now awakening to the fact that they were grossly misled. Since the 4th of March we have had proposed by the Chief Executive and the Congress has enacted more out-and-out socialistic legislation than has ever been enacted in a similar period by any major power other than Soviet Russia.

It is interesting to note that Socialism, Communism, Fascism, and Hitlerism predicate their success on the necessity of eliminating the influence of the so-called "middle class" of a people. In America, as in most other countries, the so-called "middle class" comprises not only the majority of the people but it is also from the middle class that the major improvements in living standards emanate. They form the backbone of every modern government, with the exception of Soviet Russia.

For me to say that the "new deal" is dependent for its success upon the elimination of the middle class of the American people by forcing those now comprising the middle class into industrial slavery or industrial servitude may seem harsh. Yet a careful reading of the catechism of the proponent of the "new deal" written and published since the inauguration of the present Chief Executive permits of no other belief.

It may be of interest to know from whence this "new deal" emanates. It may even interest the legislative leaders of the democracy to know from whence they may secure now an outline of the "new deal" which they will be expected to support, and how, through the working of the "new deal," the people of the United States are to be forced into socialism or a socialized society.

Socialism to be successful must have a dictator—a dictator in name and fact. Thus there is a common ground for socialism, communism, fascism, and Hitlerism. They are all predicated on the belief that through the manipulation of a few, or the hypnotic power of a few, the few can force the many to live as the few believe people should live.

An indication that the views of the so-called "brain trust" are incorporated in the recovery-of-industry section of the Wagner bill is found on page 3, line 1. Herein we find this language:

> The President may establish an industrial planning and research agency.

Compare this authorization with the following citation found on page 100 of Professor Tugwell's book:

> American institutions would necessarily require great changes in the system—such, for instance, as the establishment of organization for national planning and control.

We are told by the Senator from New York [Mr. WAGNER], legislative sponsor for the proposed recovery of industry

bill, that one of the prime purposes of the bill is the elimination of competition, and we find, on page 130 of Professor Tugwell's book, the following:

> Whether they operate under single management or not, business men have learned that competition, in most of its forms, is wasteful and costly, and they are stubbornly opposed to its reestablishment.

Control and governmental direction of capital is one of the fundamentals underlying the operation of the "new deal." Control of capital is provided for in the dictatorial control of industry, the dictatorial control of agriculture, and the dictatorship to be established over the railroads.

Another purpose set forth in the recovery-of-industry section of the bill sponsored by the Senator from New York [Mr. WAGNER] is to control the investment of capital to prevent a surplus of production.

Again we find the influence of the so-called "brain trust", as set forth in the book of Professor Tugwell, where, on page 136, we find the following:

> Scarcely an industry but possesses capital equipment which, if it were used continuously, could produce many more goods than in any single year it does produce. Every industry has its own surplus problem. But what this means is that we have permitted capital investments of certain kinds to outrun the possibility of market absorption at the price which must be charged. * * * A better-regulated flow of funds into industry which could use capital effectively and continuously might correct the difficulty. But how shall we achieve such regulation so long as we insist on competition, on voluntarism, and on the sacredness of the right of each to do as he sees fit with the property to which he holds the title?

What will happen to the individual initiative of the millions of our people who through self-sacrifice on their part have toiled long years in an industry in the hope that their knowledge or their skill would soon result in promotion which would permit of better living conditions for themselves and their families?

What incentive is left to the many thousands of young Americans still in school or college if the Congress of the United States is to socialize American industry and virtually place a bar against the elevation of young America to profitable employment and the use of the talents developed through years of study in school or college? What would have happened to the genius of Edison, of Marconi, of the Wright brothers, to name but a few, had such legislation been in force in their day?

We are told that this socialization of industry has the approval and support of the United States Chamber of Commerce and of the various manufacturers' trade associations. We are told that manufacturers are willing to pay this price in order that they be permitted to set aside the provisions of the Sherman Antitrust Act and the Clayton Act.

However, personally I believe that manufacturers have temporarily been blinded by another presumed fact, that is, that there will be no new developments with which present-day manufacturers will have to compete. Consequently those who now possess wealth in the form of control of industry will be guaranteed profits, which, of late years, they have not received.

From whence will these profits come? There is but one source, and that is the general public. Therefore, the general public, or the consumers of our country, through the action of the Congress of the United States, inspired and directed by the Chief Executive, will be bled white that owners of industry may temporarily prosper. Again we come to the well-known claim of the Socialist and the Communist.

In order to make such un-American doctrines prevail in America, it is essential that the workers and the farmers be arrayed against the property owners. Two years hence, when the Government will supposedly lift its heavy hand from the control of American industry, those who would socialize America will be able to point to the control which property owners presumably had over the Congress of the United States; they will be able to point to the guaranteed profits in the form of dividends or improved asset value of large and controlling plants in various American industries; they will be able to point to the development of trusts such as America never before witnessed.

During the past 40 days the securities of the key American industries have increased in quoted value many millions of dollars. The quoted value of some securities have increased more than 100 percent without the physical property or the balance sheets of such concerns being much different from what they were prior to the inauguration of the "New Deal."

Who is responsible for the rigging of the market, may I inquire? The answer is evident to those who will visualize the results of the enactment of the legislation proposed by the Chief Executive, acting on the inspiration of what is known as the "brain trust."

Bankers and speculators, some of whom may be more conversant than others with the plans of those now in control of the Government, to my mind, are gambling that with guaranteed profits to the few, through the exploitation of the many, they will be able to unload their holdings on the dear public, at a later date, with tremendous enrichment to themselves.

These are the problems, Mr. President, to which we should direct our attention, and not to the problem which may grow out of someone who, perchance, had an opportunity to purchase stock through some banking house, which he did purchase, and which it was his privilege to do, so long as the investment was not tainted with corruption and bribery.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from West Virginia yield to the Senator from Illinois?

Mr. HATFIELD. I am always glad to yield to my good friend the distinguished Senator from Illinois.

Mr. LEWIS. I appreciate the courtesy of the eminent Senator representing, in part, the State of West Virginia; but knowing, as I do know, him to be a man of practical thought and much reflection, he having defined what he feels the present relations to the country of the Government under the present administration, and then having referred to what appears to be a rising prosperity and to multiplying advantages from what may be called the stock market, may I ask the able Senator if the methods of government to which he has alluded have not produced this result and thus brought again the suggestion of prosperity where before only universal depression prevailed? What else, does the able Senator say, has caused the increase of prices and given this new impetus to industry?

Mr. HATFIELD. Mr. President, I do not think there is any question but that the cause is the legislation enacted or the legislation projected; but the point that I am trying to make is that this prosperity has begun at the wrong place—the stock market. The increase in stock prices is not based on an increased business activity of those industries represented by the stock. It did not begin with an increase in the speed of the turning wheels of industry throughout the length and breadth of this land; it did not begin with the coal miner, who is walking the highways today begging for bread and looking for work. The same condition prevails today in the industrial plants of America that prevailed, generally speaking, some time before the recent legislation was enacted into law.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. I should be very glad to yield to the Senator from Ohio.

Mr. FESS. I think there cannot be any doubt that the increase in prices of certain articles, including industrial stocks——

Mr. LEWIS. Mr. President, will the Senator please speak a little louder? I should like to hear what he is saying.

Mr. FESS. My observation comes from the suggestion of the Senator from Illinois. I said I did not think there can be any doubt in the mind of anyone that there is a better feeling in the country, a feeling of greater confidence which has stimulated psychologically an increase in the prices of

commodities, including industrial stocks; but the measure of whether there is any increase of wealth is to be determined by whether there is any increase in employment or any decrease in unemployment. There can be no doubt that there has been a constant decrease in employment, or that unemployment has continued to grow greater. I repeat that there is a better feeling and a hope that because of the action at the White House there is going to be a recovery; but unless we can find some way by which we can provide employment for a portion of the unemployed the improvement is purely psychological and must have a fatal effect in time to come, which will not be far removed.

The increase of prices in the stock market cannot be a barometer to indicate whether there is an increase in prosperity, for that is a gambling place which is operated on the basis of hope; and unless there is some assurance that industry is reemploying labor the improvement is purely artificial, as the Senator from Illinois must know. I am fearful that we will face a very serious problem when it comes to the financing of the obligations of the Government that are soon to mature. That is when we will find whether or not there is any prosperity here.

Mr. HATFIELD. Mr. President, I am truly glad even to think that there is soon to be a recovery as forecast by some. I am not complaining about the better feeling that exists among the rank and file of the American people or the support that is being given the policies of the President. What I am complaining about is the strange and un-American methods of approach, which are foreign to the policy that has heretofore been applied in working out a solution of industrial problems growing out of debacles that have plagued the American people in the past. I am delivering this address not as one of censure or criticism but of admonition that we may not depart from that broad, beaten path which has given to the average American more comfort, more protection, and more independence than has been enjoyed by the people of any other nation in the annals of history.

Mr. President, rugged Americanism—the type of Americanism that built a Nation out of the wilderness—was developed by voluntary effort and the willingness for self-sacrifice on the part of our hardy pioneers.

No governmental agency settled our Western States, or built or developed our railroads, our industries, or the pioneering spirit of the American people, which alone has made America great.

Despite the present world-wide depression, even those, like Professor Tugwell, who are using the present emergency to put over their program of socialized industry, admit—and I quote from page 77 of Tugwell's book—

> Regulation may be a prelude to public ownership; but the nature of our traditions makes it likely that we will try it pretty thoroughly before we go on to socialization in any complete sense.

[At this point a message was received from the House of Representatives by Mr. Chaffee, one of its clerks, which appears under the appropriate heading.]

Mr. LEWIS. Mr. President, at this point, feeling that I will not take the Senator from West Virginia too far from his text, I rise, with his permission, to address myself to the observations of the distinguished Senator from Ohio [Mr. FESS].

May I say that I was impressed with the thought of the Senator from Ohio, partly replying to my interrogatory to the Senator from West Virginia as to what he would attribute what appeared to be the present increase in employment and what also appears to be a trend in the direction of prosperity. The able Senator from Ohio indicates that, while it is true that there is the appearance of a prosperity in the way of a rise in prices, in the general market for securities, and in the general atmosphere of hope in the structure of what we call the business world, still the able Senator joins my eminent friend from West Virginia, the orator addressing the Senate, in the suggestion that, with all this, he cannot find consolation, nor does he see anything that will secure prosperity. If I understand the able Senator, the patient was about to die under the previous doctor; it was evident that life was ebbing away and the ceremonial processes of the funeral were upon the eve of undertaking. A new doctor has come in, and under the treatment of the newer one something has transpired by which the patient seems to rise, get to his feet, take on new life, dismiss his illness, and assume what appears to be the promise of permanent health; but because it was not done and secured under the previous prescriptions of the doctor who has been dismissed, the health returning to the patient and new life afforded him should not be regarded as regular, permanent, nor profitable, if I understand the able Senator. Therefore, I must say that I am not able to concur in the theory that the success which we are enjoying, the development the able Senator from West Virginia discloses can be charged to anything else, if it is to be credited, than the action of the Government itself and the confidence of the American people in the revival through the instrumentalities put into effect by the President and his associates.

If this be not true I ask both eminent Senators, the orator from West Virginia and the eminent philosophic Senator from Ohio, how and in what other way would prosperity, or any evidence of it, come to our country than in the very manner which is now being enjoyed?

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. I yield.

Mr. FESS. It is far-fetched for the Senator from Ohio to reply to the doctor's analogy when there is a physician now on the floor of the Senate——

Mr. LEWIS. Of great eminence and ability.

Mr. FESS. Yes; and I should prefer that he would deal with that analogy. My suggestion would be that when the patient is ill sometimes a stimulant will give him the promise of life for a little while, but when the effect of the stimulant has worn off he is in a poorer condition than he was before he got drunk. That is the situation we are in today. The Senator from Illinois will be one of the first men to recognize this axiomatic statement, that when the Government itself proposes to spend unlimited money, that is a promise of money going into circulation. That of itself will stimulate the market and offers a splendid opportunity for the gambler on the stock exchange to make money. That is what is being done now. Let us wait for 6 months and then see the effect of the sort of legislation which we are now enacting and the policies which we are now pursuing. That will be a better time than today.

Mr. HATFIELD. Mr. President, I think the eminent Senator from Ohio is possibly a better doctor of literature and philosophy than I am of medicine. My conclusion as to the situation which confronts the United States today is that the American people are looking, hoping, and praying, and no one more fervently than I, for restitution to come, but I cannot make up my mind that this restitution can come and be stabilized unless it be upon a sound constructive basis. I question the basis which has been adopted and which is threatened to be applied at the present time by the present administration.

Here again it will be noted that Professor Tugwell advocates a deferred socialization as necessary, due to the nature of our traditions, but as a prelude to public ownership we should have rigid regulation. Is it possible for the Congress to legalize any more drastic regulation than is called for under the recovery-of-industry section of the Wagner bill or more rigid regulation than is called for in the railroad control bill or more rigid regulation than was enacted in the dictatorial control of American agriculture?

Mr. President, I have no hesitancy in stating that, to my mind, those who are temporarily dominating the policies of the Roosevelt administration are bent on the socialization of our industries and of our country. Whether or not the President will go with them remains to be seen. I say temporarily, believing that the Democratic leaders, having but one view at present, and that of securing as much at the political pie counter as possible, will soon awaken to the fact

that they are competing for continued control of their own party with the modern-day Socialists, some of whom are anchored close to the Chief Executive at the White House.

Every Member of the Congress has given his pledge to uphold the Constitution. I will admit that there is considerable opposition to some recent changes in the Constitution, but the great majority of the Congress and of the American people believe in the principle of government as embodied in that Constitution.

Yet I have no hesitancy in pointing out to the Senate that we will soon be asked, in the name of emergency, to enact a bill through which we will, or, at least, those who vote for it will, most emphatically destroy the effectiveness of the Constitution of the United States.

It remains to be seen whether Professor Tugwell is justified in his surmise that the Supreme Court, because of the importance of the period, or due to the emergency, will be forced to approve a socialistic dictum, or will they, as the Court has always heretofore done, continue to uphold the Constitution?

In so doing the Democratic Party will again be complying with the principles of government as outlined for the "brain trust" by Professor Tugwell. The following quotation, page 192 of Tugwell's book, will interest those who still retain faith in the Constitution of the United States:

> Those who wish for some control over industry and who are plagued with the obvious effectiveness of State powers, are reduced to appealing from the restricted view of commerce as commerce to a view of it as industry. When, on a few occasions, such attempts have been embodied in legislation, another clause of the Constitution—the fifth amendment—has invariably been invoked in rebuttal. That clause says that property cannot be taken without the process of law, and has served to obstruct, most effectively, attempts to extend Federal controls to industry.

A further indication of the influence of the "brain trust" and its expressed intention of forcing the American people into socialism, as set forth in Professor Tugwell's book and as outlined in the so-called "Wagner bill", is found on page 133. The recovery of industry bill places control of industry temporarily in the manufacturers' trade associations. Professor Tugwell, on page 133, says:

> The industrial world belongs to the business man, not to the workers; and since it belongs to them, the business men make its rules. The workers have a veto power, which is more or less effective; but it is only that and is not transformed into a positive force in the direction of affairs. * * * Organized labor has always consented to this entirely uncreative subjection. There are almost no instances, since the industrial revolution, in which, as a group, it has been able to dictate the policies and to determine the forms of economic life. The small business man of the eighteenth century has evolved into the corporation of the twentieth century; but, essentially, there is no change to record among the unions. They even, many of them, retain their craft organization. This is an age of unprecedented integration.

It is evident to every clear-thinking American that the enactment of the recovery-of-industry section of the Wagner bill will set up an American dictatorship of industry.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. I yield.

Mr. FESS. The Senator has been reading from Professor Tugwell's book.

Mr. HATFIELD. That is true.

Mr. FESS. Has the Senator refreshed his mind with reference to the principles of Karl Marx since he has been examining the movement for industrial control?

Mr. HATFIELD. Mr. President, in response to the question of the distinguished Senator from Ohio, Karl Marx, after reading the radicalism of Professor Tugwell, would, were he living, necessarily be compelled to apologize for his conservatism to Professor Tugwell.

Mr. FESS. The reason why I asked the question was that in examining the proposal, and I have read it carefully and studied it through and through, I reach the conclusion that it goes farther than the principles of Karl Marx.

Mr. HATFIELD. There is no question about that, and I propose to have published in the RECORD at the conclusion of my remarks a section of the book that was copied from the works of Karl Marx.

The apparent lack of interest in or consideration for the Constitution, which has served the United States so well for the past 145 years, is manifest to everyone who has seen the evident purpose of the present administration to usurp the duties delegated to the Congress. Under the guise of emergency we find that the Chief Executive, contrary to party pledges, has debased our currency; seeks to establish a dictatorship over American agriculture and American industry, patterned, in part at least, after the Soviet idea; seeks, in concert with foreign nations, to destroy our industry and deny employment opportunities to our workers by reducing our tariff rates; seeks to enter into entangling alliances with foreign governments through which will be pledged the finances and the man power of our country to meddle into the thousand-year-old feuds of Europeans and Asiatics.

Well might we ask why this strange and uncalled-for procedure after the experiences of our entry into the conflict of 1914 to 1918.

Is it possible that any sane person, knowing the American attitude toward Europeans who have no respect for their word or their bond, and who have indicated their ingratitude, would attempt to beguile foreign nations into the belief that the finances and man power of America will again enter into the feuds existing between foreign nations at a cost so stupendous to the American people that it has brought suffering, privation—yes, death, in hundreds of thousands of cases to the lifeblood of America for the past 19 years?

Again we find the answer to this new and strange attitude toward the Constitution of the founders of our country on pages 77 and 78 of Professor Tugwell's book, wherein he writes:

> Any people which must be governed according to the written codes of an instrument which defines the spheres of individual and group, State and Federal, action, must expect to suffer from the constant maladjustment of progress. A life which changes and a constitution for governance which does not must always raise questions which are difficult for solution. The changing of our Constitution is not easy; it is easier to get new interpretations of it, which alter the possibilities of action, from the courts which are intrusted with the scrutiny of legislative acts.

Mr. President, Professor Tugwell in these words definitely calls for the elimination of our Constitution. Despite the fact that our Constitution has stood the test of time and has protected the humblest of our citizenry, according to Professor Tugwell it is now in the way. To bring forth the new deal or industrial democracy we must, I assume, junk the Constitution; but, how? Professor Tugwell says it is not easy to change our Constitution, but he suggests—

> Courts, therefore, which cared more that the economic life should freely develop new forms, * * * could clear the way for advance.

Does this mean that new appointees to the Supreme Court will be judged on the basis of their willingness to eliminate constitutional restrictions?

Continuing, Professor Tugwell writes:

> It is their duty to determine whether specific legislative acts are consonant with its principles. Courts, therefore, which cared more that the economic life should freely develop new forms, and that the necessary corollary kinds of control should develop rapidly, than that the letter of an instrument which is written in preindustrial terms should be preserved, could clear the way for advance. But our courts have not, until recently, provided confidence in their determination to accept the civilizing processes of industry. Jurists seem to guard the letter as more precious than the spirit, and usually prefer the old competition to the new control. Our social facilities are provided, but in an unplanned, competitive, and costly way.

The proponents of this modern way of achieving socialism, knowing well the power of public opinion once it is aroused, do not hesitate to offer manufacturers and those in possession of wealth an opportunity of temporarily greater security for such wealth.

The recovery-of-industry section of the so-called "Wagner bill" temporarily insures to those who at present possess property rights not only security but added profits. In so doing, they preempt the field of industry and deny to the fertile mind or the skilled hand of the many any opportunity of rising beyond their present status. This suggestion might interest the senior Senator from Utah [Mr. KING],

who has indicated his hostility to the outlawing by legislation of competition in industry.

Mr. President, I have the conviction that it would be to the interest of every individual to see to it that each and every industry under the American flag shall continue to have the proper competition; and it is a well-known fact that when we enter into the field of regulation by commissions the American people will pay the price. Yet while temporarily insuring added profits, as I have said, this program of "the new deal", as outlined in Professor Tugwell's book, insures in time the demoralization of the very industries it temporarily seeks to enhance in value.

We find on page 156 of Professor Tugwell's book the following:

> We have already said that to obtain a straight, unwasted stream of effort, it is necessary to have one dominant group. But any dominant group will, just as the business men did, pursue a single interest. If we repudiate the capitalist-entrepreneur group as a possibility—though this group still holds the greatest power—for the creation of a better future, there are only two really inclusive and powerful groups left—the workers and the technicians.

The quotation I have just read is positive. It is honest. The writer does not conceal his thoughts or his ideas.

The business man, according to Professor Tugwell, referred to as "the capitalist-entrepreneur", should be ousted from control of American industry, and control of American industry should be turned over to "the workers and the technicians." Professor Tugwell qualifies as one of the latter.

Continuing to quote from this book, we find Professor Tugwell stressing the point that—

> They (the workers) have the best chance of usurping the dictatorship which now belongs to business men.

We find that Professor Tugwell is aware of the opposition of the American people to socialism, for, on page 192, he writes:

> For one thing, the Democratic idea has a powerful traditional appeal to us, and the logic of applying it in industrial as well as political affairs is quite obvious.

I trust the obvious intent or recommendation herein contained will not go unnoticed by those interested in political as well as industrial affairs. As I read it, Professor Tugwell and those associated with him believe that the successful way to implant socialism in free America is to do so under the guise of "industrial democracy", using their present control of democracy, with its traditional appeal to many.

Continuing to quote from Professor Tugwell, we find that—

> This alone would persuade many to its acceptance.

Acceptance of what, other than socialism, even though it be labeled "industrial democracy"?

Professor Tugwell refers to the combination of workers and technicians, and then says:

> The difficulties with the combination of labor are obvious. As a group, it (labor) includes numerically a greater number of individuals than either of the other two; but for control the qualifications are lacking. Then, too, size makes it unwieldy and inflexible. Also, its present organization and leadership are not such as would justify any great confidence in enlightened action.

Professor Tugwell, a believer in soviet ideas, gives vent to his feelings of opposition to the present leadership of the American Federation of Labor and the railroad brotherhoods because of their inflexible opposition to recognition of Soviet Russia, and their inflexible demand for the continuation of Americanism and for voluntarism.

In closing this part of his peroration, Professor Tugwell writes:

> But all these difficulties are less than those which disqualify the business men who have had their chance and have shown their inability to function socially.

The quotation I have just cited indicates that Professor Tugwell finds American industrial leaders at least incompetent; and, continuing, we find that Professor Tugwell holds the same relative opinion of those intrusted by the workers with the leadership of American labor organizations.

Professor Tugwell writes, on page 157:

> It has already been suggested that a gradual growth of industrial democracy might reconstruct the labor movement. It might, by growing in this medium, become relevant to industrial structure, as it is not now; it might, by new organization, engage a different type of leadership; it might even, as has also been suggested, develop a working faith in expertness and learn to protect the principle of qualification.

Possibly, under the domination of the new deal and the leadership which the White House will place in control of American workers, Professor Tugwell hopes to establish a basis for a new labor movement and a union with the technician, as we find Professor Tugwell predicting:

> This would be most promising of all, for this really involves a union of the technical and labor group. Industrial organization on this basis would be fundamentally controlled in the interest of the greatest number, but would attain flexibility, initiative, and qualified ability by keeping in the foreground the necessity for knowledge and skill in actual operation.

If this does not portray industrial servitude for manual workers, what, then, is it?

If it is possible to secure such a union of workers and technicians, we find Professor Tugwell asserting:

> A program based on this control idea could be supported with some confidence in its good effects, as well as some confidence in its coming into being. And both these are important tests for any proposed program to meet.

Mr. President, personally I believe that the remedy proposed by Professor Tugwell, which I have reason to believe is concurred in by the other members of the "brain trust", and which we find incorporated in title I of the bill sponsored by the genial and able Senator from New York, is an indication of what the American people may expect when the wheels of the new deal commence to roll.

To my mind, the proposals contained in the farm bill, as well as the remedies outlined in title I of the so-called "Wagner bill", place the Federal Government well on the road to socialism. There are some who, placing political expediency and desire for political favor ahead of principle, may contend I am wrong. To any who may question that the legislation we are asked to enact places America well on the road to socialism it might be well to quote the meaning of the word "socialism" as found on page 1987 of Webster's New International Dictionary of the English Language, printed in 1930. This dictionary defines the word "socialism" as meaning the following:

> Political and economic theory of social reorganization, the essential feature of which is governmental control of economic activities, to the end that competition shall give way to cooperation, and that the opportunities of life and the rewards of labor shall be equitably apportioned.

Mr. President, the American people have passed on the question of whether or not they would intrust control of our National Government to the hands of those who honestly and freely preach socialism.

The Socialists last November received some 2 percent of the total vote cast.

However, those advising the present Chief Executive, realizing that he was elected as a Democrat and knowing also the attitude of the American people toward socialism, trying to be true to their own belief, namely, socialism, and having to cloud their activities will probably call their type of socialism the "new deal" or "industrial democracy."

As an evidence of the truth of what I have just said, I might call the attention of the Senate to the following quotation found on page 157 of Professor Tugwell's book:

> In a former chapter, the argument seemed to conclude that industrial democracy held considerable promise, and it would not seem altogether unlikely as a possible development. For one thing, the Democratic idea has a powerful traditional appeal to us, and the logic of applying it in industrial as well as political affairs is quite obvious. This alone would persuade many to its acceptance.

In the quotation I have herein given, you will note that Professor Tugwell advocates that the Socialists in America who wish to carry out their program change their name to industrial democracy. To indicate the close workings of those in control of the Socialist Party of America and the

"brain trust" it might be well to bear in mind that the Socialist leaders of America met in Washington on May 9 and listened to an address of their presidential candidate, Norman Thomas, in which Thomas declared it was necessary to change the party's name if they were to be successful, but while he advocated a change in name he did not advocate any change in principles.

Mr. President, I sincerely hope and trust that the Members of the Senate, elected to represent the Republican or the Democratic viewpoint, will give some serious consideration to the evident attempt now being made to force socialism on the American people under the guise of industrial democracy, taking advantage of this period of depression, and as a matter of expediency on the part of those who lack the courage to openly tell the American people that they in reality believe in Socialism, and not in Republicanism or Democracy.

Mr. President, I ask unanimous consent to have printed at the conclusion of my address a chapter from a book entitled "The Essentials of Karl Marx," headed "Position of the Communists in Relation to the Various Existing Opposition Parties."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

POSITION OF THE COMMUNISTS IN RELATION TO THE VARIOUS EXISTING OPPOSITION PARTIES

Section II has made clear the relations of the Communists to the existing working class parties, such as the Chartists in England and the Agrarian Reformers in America.

The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present they also represent and take care of the future of that movement.

In France the Communists ally themselves with the Social-Democrats against the conservative and radical bourgeoisie, reserving, however, the right to take up a critical position in regard to phrases and illusions traditionally handed down from the great Revolution.

In Switzerland they support the Radicals, without losing sight of the fact that this party consists of antagonistic elements, partly of Democratic Socialists, in the French sense, partly of radical bourgeois.

In Poland they support the party that insists on an agrarian revolution, as the prime condition for national emancipation, that party which fomented the insurrection of Cracow in 1846.

In Germany they fight side by side with the bourgeoisie whenever it acts in a revolutionary way, against the absolute monarchy, the feudal, squirearchy, and the petty bourgeoisie.

But they never cease for a single instant to instill into the working class the clearest possible recognition of the hostile antagonism between bourgeoisie and proletariat, in order that the German workers may straightway use, as so many weapons against the bourgeoisie, the social and political conditions that the bourgeoisie must necessarily introduce along with its supremacy, and in order that, after the fall of the reactionary classes in Germany, the fight against the bourgeoisie itself may immediately begin.

The Communists turn their attention chiefly to Germany, because that country is on the eve of a bourgeois revolution that is bound to be carried out under more advanced conditions of European civilization, and with a more developed proletariat than that of England was in the seventeenth and of France in the eighteenth century, and because the bourgeois revolution in Germany will be but the prelude to an immediately following proletarian revolution.

In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things.

In all these movements they bring to the front as the leading question in each, the property question, no matter what its degree of development at the time.

Finally, they labor everywhere for the union and agreement of the democratic parties of all countries.

The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win.

Workingmen of all countries, unite!

LOANS BY RECONSTRUCTION FINANCE CORPORATION TO CLOSED BUILDING-AND-LOAN ASSOCIATIONS

Mr. DILL. Mr. President, yesterday I entered a motion to reconsider the vote by which Senate bill 1648, to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations, introduced by the junior Senator from Ohio [Mr. BULKLEY], was passed. I did that because I was not on the floor of the Senate when the bill was passed, and in reading it through I discovered that no mention had been made of savings and loan associations or banks which might be closed, and it seemed to me that there was no defense to allowing building and loan associations which are closed to borrow from the Reconstruction Finance Corporation and not allow savings and loan associations to do so. For that reason I entered a motion to reconsider. The Senator from Ohio is anxious to have the matter acted upon.

Mr. McKELLAR. Mr. President, will it take any length of time?

Mr. DILL. I think not. The Senator from Ohio has an explanation of his view of it.

Mr. McKELLAR. We have been 2 days trying to get some action on the independent offices appropriation bill, and not a line of it has been read. I had hoped that we could go ahead with that now.

Mr. BULKLEY. Mr. President, I think this will take but a few minutes. I do not think there is any controversy.

Mr. McKELLAR. With that understanding, I should be willing to allow the matter to be taken up.

Mr. BYRNES. Mr. President, I yield to the Senator from Washington.

Mr. DILL. I wanted the Senator from Ohio to have an opportunity to say a word.

Mr. BULKLEY. Mr. President, I think I can safely assure the Senator from Washington [Mr. DILL] that it is not necessary to have the words "savings and loan associations" included in this bill.

The words "savings and loan associations" did not appear in the original Reconstruction Finance Corporation Act, yet loans were made to savings and loan associations in the State of Washington and in my State under the general generic term "building-and-loan associations." Loans were made in Louisiana to homestead associations, also under the general generic term of "building-and-loan associations." The interpretation is well established, I am advised by the legal department of the Reconstruction Finance Corporation. Those loans having been made under that language in the original act, similar loans would undoubtedly be made to closed savings and loan associations under the language of Senate bill 1648.

Mr. DILL. Mr. President, as I understand, the Senator does not want the amendment, adding the words "savings and loan associations", in the measure?

Mr. BULKLEY. I would rather not have those words inserted, for the reason that I think that raising the question at this time would only add confusion to the situation. Loans have already been made to savings and loan associations under authority to lend to building and loan associations. Amending this act now would be to repudiate the interpretation with which the Senator and I are entirely in accord.

Mr. DILL. Mr. President, my reason for feeling concerned about this is that last year, on my own suggestion, the law was amended to include savings banks, and I thought the language then inserted would take care of savings and loan associations, but I found that it did not. That is why I am so fearful. But if the Senator has consulted with the legal department, and they have assured him that the language "building-and-loan associations" does include savings and loan associations, and that they have been making loans with that understanding, I do not want to press the reconsideration, and I am willing to withdraw the motion.

Mr. BULKLEY. That is exactly the assurance I have from counsel for the Reconstruction Finance Corporation.

Mr. DILL. Then, Mr. President, I ask unanimous consent to withdraw the motion to reconsider.

The PRESIDING OFFICER (Mr. COOLIDGE in the chair). Is there objection? The Chair hears none, and the motion is withdrawn.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and

sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BYRNES. Mr. President, I ask that the formal reading of the bill may be dispensed with and that the bill be read for amendment, committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will report the first amendment.

The first amendment of the Committee on Appropriations was, under the heading "American Battle Monuments Commission", on page 4, line 23, after the word "periodicals", to strike out "$112,000" and insert "$129,000", so as to read:

For every expenditure requisite for or incident to the work of the American Battle Monuments Commission authorized by the act entitled "An act for the creation of an American Battle Monuments Commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes", approved March 4, 1923 (U.S.C., title 36, secs. 121–133), including the acquisition of land or interest in land in foreign countries for carrying out the purposes of said act without submission to the Attorney General of the United States under the provisions of section 355 of the Revised Statutes (U.S.C., title 34, sec. 520; title 40, sec. 255); the maintenance of memorials erected by the Commission until the Secretary of War is advised of their completion and assumes their maintenance; employment of personal services in the District of Columbia and elsewhere; traveling expenses; the establishment of offices and the rent of office space in foreign countries; the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles which may be furnished to the Commission by other departments of the Government or acquired by purchase; printing, binding, engraving, lithographing, photographing, and typewriting, including the publication of information concerning the American activities, battlefields, memorials, and cemeteries in Europe; the purchase of maps, textbooks, newspapers, periodicals, $129,000, to be immediately available and to remain available until expended.

The amendment was agreed to.

The next amendment was, under the heading "Interstate Commerce Commission, salaries and expenses", on page 23, line 24, before the word "of", to strike out "$2,250,000" and insert "$2,400,000"; and on page 24, line 2, after the figures "$50,000" and the semicolon, to insert "not exceeding $150,000 for holding field hearings", so as to read:

General administrative expenses: For 11 commissioners, secretary, and for all other authorized expenditures necessary in the execution of laws to regulate commerce, including 1 chief counsel, 1 director of finance, and 1 director of traffic at $10,000 each per annum, traveling expenses, and contract stenographic reporting services, $2,400,000, of which amount not to exceed $2,155,000 may be expended for personal services in the District of Columbia, exclusive of special counsel, for which the expenditure shall not exceed $50,000; not exceeding $150,000 for holding field hearings; not exceeding $3,000 for purchase and exchange of necessary books, reports, and periodicals; not exceeding $100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general supply schedule: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

The amendment was agreed to.

The next amendment was, on page 28, at the end of line 8, to change the total appropriation for the Interstate Commerce Commission from $5,040,000 to $5,190,000.

The amendment was agreed to.

The next amendment was, under the heading "Supreme Court Building Commission", on page 35, line 10, after the word "For" to strike out "continuing" and insert "completing", so as to read:

Supreme Court Building: For completing the construction of the building for the United States Supreme Court in accordance with the provisions of the act entitled "An act to provide for the construction of a building for the Supreme Court of the United States", approved December 20, 1929 (46 Stat., pp. 50 and 51), $3,490,000, to remain available until expended.

The amendment was agreed to.

The next amendment was, under the heading "Veterans' Administration, Military Services", on page 45, line 14, after the word "prescribe" and the semicolon, strike out "and notwithstanding any provisions of law to the contrary, the Administrator is authorized to procure actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable"; so as to read:

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U.S.C., Supp. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration: *Provided*, That not to exceed $3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official station to another for permanent duty and when specifically authorized by the Administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the bureau in the District of Columbia and three for the Washington, District of Columbia regional office; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; for operating expenses of the Arlington Building and annex, and the Wilkins Building, including repairs and mechanical equipment, fuel, electric current, ice, ash removal, and miscellaneous items; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1934 or prior fiscal years:

The amendment was agreed to.

The next amendment was, on page 46, line 21, after the word "exceed", to strike out "$5,000" and insert "$15,000", so as to make the additional proviso read:

Provided further, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $15,000, for experimental purposes to determine the value of certain types of treatment.

Mr. STEIWER. Mr. President, I invite the Senate's attention to the inclusion in the pending bill of the appropriation for the Veterans' Administration, particularly to that provision in the bill which provides money for the payment of pensions to veterans of the various wars in which our country has taken part.

It is fitting that the Senate should be engaged in the consideration of these items upon this day. For over threescore years the American people by common consent have united in paying a tribute of high honor and respect to the Nation's soldier heroes. I think I can render no finer service to those who have worn the uniform than to make some comment upon this item in the bill and upon some matters which are very closely related.

We all remember that upon March 20 approval was given to Public Law No. 2 of this session, commonly known as the "Economy Act."

Title I of that act repeals all pension laws relating to veterans serving in the World War and in the Spanish-

American War, provides a new basis for pensions, delegates to the President the power to fix the rates and within stated limitations to prescribe the conditions under which different classes of veterans may receive pensions.

Pursuant to this law, on March 31 the President made the regulations contemplated by the act, and subsequently the Veterans' Bureau published certain instructions in furtherance of the regulations and of the act. This law, these instructions, and the regulations to which I have referred, in combination, constitute the laws fixing the right to draw pension in this country at this time. With respect to them, I desire to submit certain observations.

In order to present the whole picture at a glance, if that is possible, I want to remind Senators that in the appropriation bill for the fiscal year ending June 30, 1933, the sum of $927,000,000 and more was provided for the Veterans' Administration. In the appropriation bill passed in the last Congress for the fiscal year ending June 30, 1934, the sum of $945,000,000 and more was provided for the Veterans' Administration. It will be remembered that that bill was not approved by President Hoover, and it therefore failed of enactment. For that reason the pending bill has become necessary. The pending bill provides appropriations for the independent offices, including the Veterans' Administration.

In the pending bill there is carried for the Veterans' Administration a total figure of $493,988,000. Compared with the bill which was disapproved by President Hoover, this is a reduction of more than $450,000,000, but, deep as this slash is, it reveals little of the character and effect of the cut which has been made in the pensions to the veterans of the Spanish-American War and the World War. This is true because, in the item, there are carried many other related items, such as the appropriations for hospitalization, adjusted compensation, insurance, and possibly other items.

In order to reach a correct understanding of the cuts in pension—and by the word "pension" I mean the payment made in hand to the veteran, and not the related matters to which I have referred—it is necessary to eliminate the collateral items. I have accordingly prepared a table which is limited to pensions only. This table shows all pension appropriations in a lump sum, and discloses the amount provided under each of the three bills, namely, the June 30, 1933, bill; the June 30, 1934, bill, which was passed in the last session but disapproved by President Hoover; and the pending bill. These lump-sum figures show the appropriations for the veterans of the various wars; that is to say, the World War, the Spanish-American War, the Indian wars, the Civil War, and for the peace-time soldiers of the Army, Navy, and Marine Corps.

The figures carried in the pending bill for pensions is $231,750,000. It is not broken up in classes by wars, but is a consolidated figure.

I have obtained from the Veterans' Bureau and from other sources estimates by which we can make a distribution of this sum into the various items providing pensions to be paid to the different groups of veterans of the different wars. The tabulation has been prepared in this form.

I ask, Mr. President, that it may be incorporated in my remarks at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

	Appropriation act for fiscal year 1933	Bill disapproved by President	Pending bill
Disability and death, service- and non-service-connected pensions, lumped together:			
World War	$352,482,732	$372,800,000	$103,786,000
Spanish War	119,862,683	124,773,477	41,659,644
Civil War	94,777,154	82,534,100	74,141,390
Indian wars	4,606,610	4,833,216	4,070,966
Regular pensions	6,734,108	7,789,974	8,072,000
Total for bills	578,463,287	592,730,000	231,730,000

Mr. STEIWER. Mr. President, these figures disclose that the bill disapproved by President Hoover would have provided in excess of $124,000,000 for the veterans of the Spanish War.

The pending bill provides for the same purpose forty-one million six hundred-odd thousand dollars. The cut in this group therefore is more than $83,000,000, and on a percentage basis the reduction will be approximately 67 percent.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New York?

Mr. STEIWER. I am glad to yield to the Senator from New York.

Mr. COPELAND. Mr. President, does the Senator believe that the Senate understood that the Spanish War veterans were to be so cruelly cut as they have been?

Mr. STEIWER. I cannot reflect the feelings or beliefs of individual Senators, but I am sure that there was a general feeling in the Senate that, by reason of the amendment offered by the senior Senator from Washington [Mr. DILL] and agreed to by the Senate, the Spanish-American War veterans would not be cut as deeply as they have been cut. I think that is absolutely true.

Mr. COPELAND. That is exactly the feeling I had when I voted for that amendment.

Mr. STEIWER. I think that was a very general feeling.

Mr. COPELAND. I never dreamed for a moment that the Spanish War veterans would be cut as they have been. I saw a man yesterday who was a major in the Spanish-American War, a physical wreck, who will be on charity unless some relief is given. He was cut from $50 to $8.

Mr. STEIWER. There are such cases.

Mr. COPELAND. It seems impossible that such a thing was ever intended. I certainly did not have any thought in my mind that a thing like that would happen when this matter was before the Senate.

Mr. VANDENBERG. Mr. President, who made these cuts—the Secretary of the Treasury?

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Washington?

Mr. STEIWER. I yield.

Mr. DILL. The Senator has referred to the amendment relating to the veterans of the Spanish-American War on the roll because of having passed the age of 62 years. I want to say to the Senator that it did not seem necessary to me when we adopted that amendment to put in a limitation on the cut that would be made by the regulations. If I had been putting in a limitation, I would have been willing to have made that limitation even 33⅓ percent; but if I had dreamed or had had any possible idea that they were going to take away 80 percent, I would certainly never have allowed the amendment to have been adopted in the form in which it was agreed to. To me it is the most indefensible regulation that has been made in connection with this whole matter. It would only cost a few hundred thousand dollars to give these men at least $20 a month, and that would be a 33⅓ percent cut. Instead of that, however, they have undertaken to obey the letter of the law, and leave them on the roll and give them only $6, when they were getting $30.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Oregon yield to me simply to make an observation?

Mr. STEIWER. I yield.

Mr. ROBINSON of Indiana. Senators voted with their eyes wide open on this whole question. It was brought to their attention by Members of this body; it was currently reported that the slash would be over $400,000,000. It would be impossible to slash that much without making just such cuts as those against which Senators now protest. The whole thing was wrong. Placing it in the hands of the President of the United States, abdicating the authority of the Congress, and giving one man the right to do this vast injustice, this cruel, brutal injustice to hundreds of thousands of the defenders of the country was an outrage, and it will never be righted until the entire law is repealed. That

is the way to right it, if Senators want to right it, namely, to move to repeal it; and the quicker we repeal it and the quicker a decent, just, fair, honest, humane structure is set up the quicker the injustice will be remedied, and it cannot be remedied in any other way.

Mr. LEWIS and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. The Senator from Illinois wanted me to yield to him, and I will do that first, if the Senator from Pennsylvania will permit me.

Mr. LEWIS. I thank the Senator. I rise to recall that while the amendment alluded to by the Senator from Oregon was the composite work of a few of us trying to bring some order out of a chaotic situation, the able Senator from the State of Washington [Mr. DILL] is entitled to the credit for the object of the relief. I desire to say as to myself—and I can speak personally—that to the Senator from Washington, to others, and to myself there was the specific statement made by those who were to construe this act and to enforce it, that no such construction as now the Senator from Oregon and the Senator from Washington clearly indicate has been made, would ever be applied. I desire to say further that it is a shocking surprise to me to hear upon the floor Senators, whose word cannot be debated, much less doubted, say that the construction thus applied has worked such injury as the Senator from Indiana [Mr. ROBINSON] indicates and that the Senator from Washington is compelled sadly to have to confess. We trust for some immediate remedy.

Mr. STEIWER. Now I yield to the Senator from Pennsylvania.

Mr. REED. Mr. President, I am asking a question out of a sincere desire for information. My experience in the enforcement of the new regulations has been that an utterly impossible degree of proof is being required of the veterans in order to show service connection. While I do not like to take the Senator's time by giving an illustration, it will make my point clearer. In Erie there is a veteran dying of cancer of the left breast. He has been compensated since he was discharged from the Army as if the cancer were caused by his service. His medical record shows that he was seated in an ambulance in the Argonne when a German airplane dropped a bomb on the road close to the ambulance—it killed 30 men, incidentally—and two fragments of metal went through this particular veteran, one through his side and one through his shoulder, as I recall. He was thrown against something and knocked unconscious. He is not very sure what it was, but he thinks it was the wheel of the ambulance. The medical records show that for weeks afterward he was treated for a very severe contusion of the left breast, at the exact place where the cancer developed a couple of years later.

No human being can prove that the bruise, the wound, caused the cancer, and yet the Veterans' Bureau says to that man, bedfast, dying, with a dependent wife and two or three children, "Not one penny do you get now until you prove to us that that wound caused the cancer from which you are now suffering." It seems to me that there lies the brutality of this new scheme for veterans' compensation, which calls for an impossible degree of proof in establishing service connection.

We were told when we voted for the bill—some of us who voted for it were told, at any rate—that veterans with service-connected disabilities were going to be treated most generously. If I had not been told that, I would not have voted for the bill, but I never dreamed that before a veteran could get such so-called "generous treatment" he would have to prove what God alone knows, and that is the connection between these admitted injuries and the admitted ailment of the veteran. Is the Senator going to touch upon that in his argument?

Mr. STEIWER. I hope to do so.

Mr. HATFIELD. Mr. President——

Mr. STEIWER. I yield to the Senator from West Virginia.

Mr. HATFIELD. No one knows the cause of cancer. There are two general classifications of the disease, carcinoma and sarcoma. I do not know the kind of cancer from which the soldier referred to by the Senator from Pennsylvania suffers.

Mr. REED. I do not know whether it is sarcoma or carcinoma, but it is one or the other.

Mr. HATFIELD. Sarcoma is one form and could well be the result of an injury, and in the absence of any other proof, certainly the soldier is entitled to the benefit of the doubt by the Veterans' Administration, which controls his compensation.

Mr. REED. I thank the Senator, and that is what I have been trying to argue with the Bureau, but I have not got very far up to date.

Mr. STEIWER. Mr. President, I am in accord with the Senator's position in respect to the entire propriety of giving the veteran the benefit of the doubt in all these marginal cases, but I prefer to refer to the subject later.

I think, if Senators will indulge me with this expression regarding myself, that I am incapable of attempting to obtain any satisfaction from the predicament in which any one of them might find himself with respect to this measure, and I assure them that I am critical of them. My whole object in this discussion is to make some sort of an exposition of the situation as it respects veterans' pensions, and particularly the pensions of veterans of the World War and the Spanish War. Nevertheless, I think it is in order to say that those of you who supported this bill might well have been more particular about the safeguards which we attempted to set up.

Referring to the Spanish War veterans, it is quite obvious, I think, that the splendid purpose of the senior Senator from Washington was not achieved to the extent that he wanted it achieved, and I know how sincere he is, as is the Senator from Pennsylvania and as are others, in expressing their dissatisfaction over the situation. However, the fact is that when General Hines was before the Finance Committee he testified as to the cut that would be made in the Spanish-American War veterans' pensions, and his estimate was that the Economy Act would result in a cut in these pensions of approximately $95,000,000. As a matter of fact, under the appropriation provided in this bill, as I have already pointed out, the cut is only $83,000,000. So after all, the Spanish-American War veterans have not been treated quite as desperately as the Veterans' Bureau warned us they might be treated.

I, too, join with those who criticize the regulations provided under the economy bill on the score that the age pensions were not graduated. The age pensions under existing law, to which I hope to refer presently, provided pensions starting at 62, increasing at 68, again at 72, and then at 75, on this basis providing pensions that range from $20 up to $50. The amendment procured here through the efforts of the Senator from Illinois, the Senator from Washington, and other Senators provided merely that the veteran should not be removed from the rolls; in other words, that nothing in the act should prevent them from receiving pensions if they were otherwise eligible and had attained the age of 62 years. With that protection thrown around them, the regulations give to these veterans pensions of $6 per month, which is the very minimum that could have been allowed under the law; and not only that, but there is no heed taken of advancing years, and no graduation in pension and no increase for the advancing years of the veteran. It seems to me, therefore, that those who were at that time acting in the behalf of the Spanish-American War veterans have a very real grievance in that those old men were not treated more generously in the making of the regulations and in the administration under the regulations.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Illinois?

Mr. STEIWER. I yield.

Mr. LEWIS. I only want to contribute justice where it is due. While it is true that the eminent Senator from Washington contributed a splendid effort as described by the Senator from Oregon, and myself and one or two others in a smaller degree, yet the Senator from Oregon himself, who is now speaking, did a great deal to help bring about the success of what he believed and what all of us believed at that time was an amendment to cure these ills. While he does not refer to his own contribution and his efforts in that respect, he is entitled to the same credit as comes to those who participated in the framing and adoption of the amendment.

Mr. STEIWER. I am indebted to the Senator for his kindness.

Mr. BORAH and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. I yield first, if I may, to the Senator from Idaho.

Mr. BORAH. I simply desire to ask if the Senator is going to content himself with a discussion of the situation or is he to offer an amendment to the bill?

Mr. STEIWER. That question presents to me a situation with which it is very hard to deal. I would offer an amendment increasing the amount carried in the bill if I thought that the regulations and the instructions issued by the Veterans' Bureau would be liberalized sufficiently to make an additional appropriation necessary or in any way in order. As I shall presently endeavor to show, under the present situation, with the regulations as they are and the instructions as they are, there is no use to appropriate any more money than the $231,000,000 carried in the bill. I understand there has been a bill introduced, possibly two bills, the purpose of which was to liberalize the law in one or two respects. I am not yet prepared to offer any general proposal for the entire modification or liberalization of the act. Indeed, it seems to me, if the proper kind of regulations shall be made, that under this law, even as it is now written, 90 percent, if not 95 percent, of all the hardships of which Members of Congress are complaining may be eliminated.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I am glad to yield.

Mr. BYRNES. In view of the last statement of the Senator from Oregon, may I say to the Senator that within the last few days, by direction of the President, the Veterans' Bureau has been at work upon the regulations seeking to modify them; that within the next few days, in my opinion, there will be an announcement of an increase in the rates of compensation to be paid, certainly to those who have service-connected disability; that while I am not advised of the extent of the changes, yet I know the changes are going to increase the amount of compensation certainly for those ex-service men.

Mr. COUZENS. Mr. President, does the Senator get his information from the new Secretary of the Treasury, Mr. Douglas?

Mr. BYRNES. Even the Senator from Michigan should know that Mr. Douglas is not Secretary of the Treasury. I do not know some things, but I do know that.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Oregon will yield——

Mr. STEIWER. I yield.

Mr. ROBINSON of Arkansas. The President himself is giving consideration to the subject. I cannot, as the Senator from South Carolina has stated, announce the details of the changes that may be anticipated, but the subject is being studied by the President himself as well as by others.

Mr. BYRNES. Let me say to the Senator from Oregon that the change is going to result in an increase in compensation.

Mr. STEIWER. That is very reassuring, but the situation becomes a bit involved when we are confronted with the necessity today and tomorrow of considering an appropriation bill and do not know what the law is going to be. The regulations which are under discussion and which are authorized by the Economy Act, so far as the veterans are concerned, have the force and effect of law, and so far as we are concerned they have the force and effect of law because they determine what pensions shall be paid and what pensions withheld. They determine moreover the amount required to be appropriated by the Congress.

It leaves the Congress in a rather unhappy situation. I would certainly urge upon the Senate an increased amount of appropriation except that I do not know what the nature of the liberalization may be, I do not know what the increases may be, and I assume that in any event by a deficiency bill in the next session the Congress can provide such money as may be necessary in order to carry the present regulations into effect.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New York?

Mr. STEIWER. I yield.

Mr. COPELAND. I am delighted to hear that the regulations are to be changed, but if they are to be changed it will be necessary to have some more money. Why does not the Senator move to increase the amount of money so there will be no embarrassment on the part of those who make the regulations in having the funds to carry them into effect?

Mr. STEIWER. Let me consider that suggestion a little later in the discussion. The suggestion is supported by one argument which is somewhat technical and to which I had not intended to make reference but will in view of this proposal. Section 1 of the Economy Act contains this language:

> That, subject to such requirements and limitations as shall be contained in regulations to be issued by the President, and within the limits of appropriations made by Congress, the following classes of persons may be paid a pension.

I shall not attempt now to enter upon a legalistic discussion of that language, but I suggest that it may be that the appropriation itself operates as a limitation upon the amount which may be authorized by the regulations. Apparently this matter has an interlocking relationship, the appropriation being related to the regulation, and the regulation being related to the appropriation. The language is a little unfortunate and it may well be that the proper procedure is for us to procure an increase in the appropriation, not only so that the Veterans' Bureau may be released of any possible legalistic embarrassment, but also in order that we may assure that money enough will be available to carry out the purposes of the Congress under the regulations.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Alabama?

Mr. STEIWER. I yield.

Mr. BLACK. Replying to the Senator's statement about an increase, with his consent I should like to send to the desk and have read a very short amendment which covers one phase of the veterans' appropriation, and which does authorize an increase. I should like to send it to the desk and have it read because the Senator may want to refer to it later.

Mr. STEIWER. I am very glad to have the Senator do that.

The PRESIDING OFFICER. The clerk will read, as requested.

The LEGISLATIVE CLERK. The Senator from Alabama proposes the following amendment: Amend by substituting for the figures "$1,000,000", on page 49, line 7, the figures "$2,000,000", and by striking out the period in line 8 and substituting a colon, and by adding thereafter the following:

> *Provided*, That one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans without regard to whether their disability was service connected or not.

Mr. BLACK. I have offered that amendment because, according to information given by the Veterans' Bureau, there are now 15,000 empty beds in the hospitals owned by the Government. We know there are more than 15,000 sick

soldiers in the country being treated at some kind of private charitable hospital. I have offered an amendment to provide this additional appropriation so the Government may utilize the facilities which it now has to treat the veterans.

Mr. STEIWER. That amendment will be entirely in order; but, of course, it does not go to the main question raised by the Senator from Idaho [Mr. BORAH], which would involve some amendment or increase in amount on page 48 of the bill.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Maryland?

Mr. STEIWER. I yield.

Mr. TYDINGS. The Senator a moment ago was referring to the Spanish-American War veterans. I am advised that a man who served in the Spanish-American War and remained in the Army after that war was over and who subsequent to that war incurred a service-connected disability cannot now receive hospital care though he may need it. A veteran of that war can receive hospital care. For instance, I asked for a number of cases of those who would be left out and who would find themselves in that situation. I shall refer to just one by way of illustration.

Private Blank, with a record of 10 engagements in the Philippines, lost a leg fighting against Moros in 1905. As I understand the law today, because his service-connected disability was not incurred in the actual war, he is not entitled to receive hospital care. I may be wrong, but those who have presented me with this information say that is the case. If it is the case, the law should be amended to allow a man who finds himself in that situation to have the same privilege that a veteran would have whose disability was connected with the service and in actual war.

Mr. GEORGE. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. STEIWER. I yield.

Mr. GEORGE. May I say to the Senator from Maryland that I have introduced a bill to give to the peace-time veteran, who has direct service-connected disability, hospital facilities just as the others are entitled to have them? Let me also say to the Senator that I know of a case where a veteran was actually wounded in battle, but 5 days after the official termination of the war, and hospital treatment has been denied.

Mr. TYDINGS. Mr. President, will the Senator from Oregon yield further?

Mr. STEIWER. I yield.

Mr. TYDINGS. I am glad to know the Senator from Georgia has offered such a proposal, which would extend mere justice to those veterans with service-connected disability, received in actual combat in some cases, though not in a declared war. It seems to me the likelihood of a bill of that character going through at this session of Congress is somewhat rather remote, and at the proper time I shall offer an amendment to the pending bill which would give to that class of veterans, of whom there are very few, the right to domiciliary and hospital care.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Nebraska?

Mr. STEIWER. I yield.

Mr. NORRIS. I am moved to ask the Senator from Maryland whether there is any doubt about the construction he has just given or that the officials of the Government have given to the case he quotes? A man who lost a leg in a battle with the Moros is refused hospital treatment. Was he under the command of the United States officers engaged in that conflict?

Mr. TYDINGS. That is my understanding.

Mr. NORRIS. And he is denied hospital treatment?

Mr. TYDINGS. He gets a pension, but the law refers only to veterans who were injured within certain periods of time, according to my recollection. This was in 1905 after the so-called "emergency", the Philippine insurrection having been settled. The law is not broad enough to give that man coverage.

Mr. GEORGE. Mr. President, will the Senator from Oregon yield further?

Mr. STEIWER. I yield.

Mr. GEORGE. Hospital treatment of domiciliary care is given only to veteran soldiers who suffered a disability during a war period, and the period of the several wars, including the Boxer rebellion and Philippine insurrection, is defined.

Mr. NORRIS. Can anybody by any construction hold that the case cited by the Senator from Maryland does not come within that provision?

Mr. GEORGE. It does not because the period of war is fixed.

Mr. NORRIS. The man was certainly injured in line of his duty.

Mr. GEORGE. The same situation would prevail as to one of the regularly enlisted men today in Nicaragua who might be actually wounded or in line of duty would receive what is actually a battle wound. That is not a war period covered by the economy bill and as limited by that bill.

Mr. TYDINGS. Mr. President, will the Senator from Oregon yield further?

Mr. STEIWER. I yield.

Mr. TYDINGS. An illustration in line with the one just suggested is one within my knowledge which occurred in Nicaragua. A man lost his leg in Nicaragua and had his pension reduced from $90 a month to $22 a month, but under the law he would not be entitled to hospital and domiciliary care. That is my understanding of the law. However, that is not written into the law verbatim, but I understand is a result of the regulations of the Veterans' Bureau.

Mr. NORRIS. That is what I am trying to get at.

Mr. TYDINGS. If the Senator will allow me to proceed for just a moment, my amendment would contain only 3 or 4 lines; but I should like to read it, and then I will yield, with the Senator's permission. It would say that this service is to be furnished—

to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty, and to veterans of any war—

And so forth, as the old act reads.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. NORRIS. If the Senator will permit me—of course, the Senator from Oregon has the floor——

Mr. STEIWER. I should like to continue my remarks, but I will yield to the Senator.

Mr. NORRIS. I do not like the first part of the Senator's amendment. It says "discharged soldiers." The difficulty that we are confronted with, it seems to me, is to enact a law in such a way that no one, by any possible imagination, can reach the conclusion that a soldier who was in the war was not in the war, and that a soldier who was wounded or lost a leg in line of battle is not entitled to any consideration.

Mr. TYDINGS. Mr. President, if the Senator will yield there, I think the word "discharged" is properly in the amendment, for the reason that as long as the man is actually in the service he gets the hospital care as a matter of natural operation of the Army, Navy, and Marine Corps; but when he is discharged from the service for a disability incurred in the service, that is where all of the trouble comes.

Mr. NORRIS. Let me cite a case that it seems to me might arise and put the soldier out. Suppose the Senator were a soldier, and he were discharged today, and tomorrow, on his way home, he were injured, perhaps by the very enemy he had been fighting. He would not be entitled to hospitalization if we had an official who was trying to find a possible way out and avoid giving him the right to hospitalization.

Mr. TYDINGS. I see the Senator's point; but I may say to the Senator that, while his amendment certainly would broaden the scope of the provision, I understand that prac-

tically all these cases of apparent injustice arise in the cases of men who incurred their disability in line of duty, and who have since been discharged, but because the disability was incurred at a time not fixed in our declaration of war the men have been eliminated from benefits which I am sure Congress and the President and the American people want them to have.

Mr. STEIWER. Mr. President, I had not intended to cover special cases of the sort to which the Senator from Maryland [Mr. TYDINGS] has just referred, but hoped to address myself to more general considerations. My attention, however, has been called to cases of this sort, and I am of the opinion that he is right in his understanding that the soldier injured by a Moro under the circumstances stated is not entitled to hospitalization under the Economy Act. I base that opinion upon section 6 of the Economy Act, which reads:

> In addition to the pensions provided in this title, the Administrator of Veterans' Affairs is hereby authorized, under such limitations as may be prescribed by the President and within the limits of existing Veterans' Administration facilities, to furnish to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments, and medical and hospital treatment for diseases or injuries.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. STEIWER. Yes; I yield.

Mr. TYDINGS. The amendment I have just read is an amendment to the very section the Senator has just quoted.

Mr. STEIWER. That is the appropriate place.

A little while ago, in response to some questions propounded by the Senator from Idaho [Mr. BORAH], I made the observation that I though 90, if not 95, percent of all the complaints presently being made against this act could be remedied by Executive action through modification of the regulations and through change in instructions with respect to proof, and I think that is a correct statement. The particular question raised by the Senator from Maryland may not, however, be treated in that way, but must be reached by amendment to the act.

Now, if I may, I desire to proceed with these general considerations.

I had just stated that as between an earlier bill and the pending bill the cut in the appropriation for the veterans of the Spanish-American War, on a percentage basis, amounted to 67 percent. For the veterans of the World War the bill disapproved by President Hoover would have provided a total of $372,800,000, and the pending bill for the same purpose provides $103,876,000; these figures all being estimates made within the total carried in the bill the total of $231,000,000.

The cut in pensions to the World War group is therefore nearly $270,000,000, and on a percentage basis represents a reduction of approximately 72 percent. As provided in the Economy Act, the cuts for Civil War and Indian war veterans are limited to 10 percent, and the cuts for the peacetime pensions are limited, as I remember, to 15 percent.

In order to understand the application of the Economy Act and of the regulations and of the instructions, these regulations and instructions being the child of the act itself, it is necessary to outline the procedure by which the cuts are made.

It is a correct statement to say that the cuts have been effected by literally hundreds of different devices, but most of them are of little importance. There are four that have been resorted to chiefly; and these four by their accumulated force result in the greater part of the total amount taken away from the veterans of these two wars.

These four propositions are the following:

(1) Regulation 1, which cuts the basis of service-connected compensation from $100 to $80 per month. I will interrupt myself there to say that I believe there is no solid objection and no very general complaint as to this proposition.

(2) Regulation 1, read in conjunction with regulation 3, divides disabilities into 5 classes in such a way that the veteran is not compensated strictly in proportion to his disability but is rated arbitrarily into 1 of the 5 classes in a manner to which I will refer a little later.

(3) Regulation 3 authorizes the Administrator of Veterans' Affairs to adopt and apply a new schedule of ratings, and provides that the new schedule shall be based on average impairment in earnings.

(4) Regulation 1 modifies the presumption of soundness at time of enlistment, and destroys in large measure the presumption that certain special diseases were acquired or aggravated in military service if manifest prior to January 1, 1925.

These four main provisions for effecting cuts account probably for more than 90 percent of all the cuts made.

Now permit me to refer more specifically to the situation of the Spanish-American War veterans.

Under the act of May 1, 1926, disabled veterans of the War with Spain and the related wars who had served 90 days or more, and who had received honorable discharges from the Army, were provided pensions that ranged from $20 up to $50 per month. If such a veteran had attained the age of 62 years or more he was entitled to an age pension that was not based on disability. The age pensions I have already described. For the various ages they varied from $20 to $50 per month. These benefits, and all of them, were repealed by the Economy Act except for the saving amendment to which we referred earlier.

In lieu of these provisions for veterans of the Spanish War and for their widows and dependents, these veterans become eligible for pension if permanently disabled, in which case they get $20 per month, or if the veteran can trace his disability to a cause "incurred in line of duty in such service." In addition to that, the President must direct the payment of the age pension which we have been discussing.

The regulations issued by the President on March 31, as I have said, limit the age pension to $6 per month, without making any provision for increase to veterans of more advanced age.

It is everywhere known that the veterans of the Spanish-American War cannot service-connect their disabilities, except in a very limited number of cases. Incidentally, that is well known in the Veterans' Bureau; it is well known to the President; and even though my discussion today is a little critical of the regulations and the procedure had under this act, I am most happy to say that there is one rather bright spot in the regulations, and that is regulation no. 12, in which the President by express terms acknowledges the difficulty of this group of veterans in their attempt to service-connect their disability, and in their behalf creates a presumption of service connection, which presumption, incidentally, the Veterans' Bureau so far have very effectually destroyed in their instructions and in their administration under the act.

The veterans of the Spanish War cannot connect their disabilities with their service because of lapse of time, because they fought in the Tropics, far off from hospitals, because records were incomplete or erroneously made, or because they were not made at all, or in some cases, even though made, because they have been subsequently lost or destroyed.

Ultimately, under regulation 12, to which I have just referred, and with some few exceptions, it is my opinion that the Spanish War veterans will receive a pension; but because the presumption will be overturned and rebutted they will receive a pension only if they are permanently disabled or if they have attained the age of 62 years; and beyond that, in the great majority of cases, they will receive nothing at all, unless the action of the President or of the Congress by its compelling force requires the Veterans' Bureau to make proper disposition of their cases.

The average age of these pensioners, as we know, is between 59 and 60 years, and their financial condition I need not comment upon.

In the tabulation I presented a little while ago it was shown that the pending bill provides for the Spanish-American pensioners a total appropriation in excess of $41,000,000 as compared with an appropriation of nearly $125,000,000

carried in the bill disapproved at the end of the last session. In my humble opinion, the entire sum of $41,000,000 that is provided in the pending bill cannot be used for payment of pensions to this group of veterans; and this statement in one sense answers a question propounded earlier in this discussion. The bill provides $41,000,000; but unless a very definite liberalization is made in the rules and the instructions, there is not the beginning of a possibility that the Veterans' Bureau will find themselves spending $41,000,000, or any sum in excess of one half or two thirds of that sum.

It is noteworthy that the Administrator of Veterans' Affairs, testifying before the Finance Committee, estimated the savings under the Economy Act with respect to Spanish War pensions at $97,000,000. The decrease in the appropriations is approximately $83,000,000; and, as already stated, this decrease shows a reduction of 67 percent.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question at that point?

Mr. STEIWER. I am glad to yield.

Mr. VANDENBERG. Does the Senator's prior statement mean that he prophesies, deeply as the Spanish War veterans have been cut in this bill, that in actual administration there will be a further reduction below the appropriation?

Mr. STEIWER. Yes; I think there is no question about it. It is my considered judgment that unless the President enforces a change in the regulations or in the instructions the cuts are greater than are exhibited in the appropriations in the bill. That is true also of World War veterans, and it is true particularly of the overhead item for hospitalization. I did not intend to discuss that matter today, but this bill provides, as I recall, $85,000,000 for hospitalization and overhead.

I do not think there is one person in the Veterans' Administration who would testify under oath that they expect to spend all that money under their present set-up.

Mr. VANDENBERG. Mr. President, as I have followed the Senator's calculation, the naked appropriation is reduced from $121,000,000 to about $40,000,000, and only about $20,000,000 of the $40,000,000 is going to be expended under the regulations as now administered.

Mr. STEIWER. The first part of the Senator's question is absolutely correct, subject to correction for exact figures. I venture, as my own opinion, that a little over half of the $40,000,000 would be paid by the Veterans' Administration to the veterans of the Spanish War unless the President takes action to liberalize the regulations and instructions.

Mr. VANDENBERG. Therefore the Senator leaves us with no conclusion except that the situation must be reached by an affirmative amendment of the basic law and that it could not be reached by even an increase in appropriation. Is that correct?

Mr. STEIWER. It could not be reached by an increase in appropriation; but I have said that much of the evil inherent in this situation can be corrected by Executive action and by change in the regulations and by change in the instructions heretofore issued by the Veterans' Administration. I believe that it does not require much change in the basic act.

Mr. VANDENBERG. But in the first instance is not this appropriation bill made up on estimates from the Bureau of the Budget, which presumably reflects the rules and regulations which are to be administered?

Mr. STEIWER. Oh, I assume so; but there was no effort made to review the allowed cases for some days, possibly 2 or 3 weeks, subsequent to March 20, and since that time the review has been going forward at a very rapid pace. At the time the estimates were made, or at the time the matter was under negotiation with the Veterans' Administration and the Bureau of the Budget, I do not imagine that they could have had a very close estimate of the situation. When I obtained certain figures last week, I was advised by a statistical employee of the Veterans' Administration that at that time only 16 percent of all these cases had been reviewed or rerated. The Bureau itself is considerably in the dark as to the result of their own efforts, because there is a claim there, to which I hope to refer later, that they started in with that class of cases which would show the greatest cut.

It is my opinion that they started with that class of cases which logically ought to show the least cut, and I think the Senator will agree with me that under the instructions already promulgated, the Veterans' Administration started with the service-connected cases, with those service-connected in fact, and then they took up the cases that were service connected by presumption, and they went into a class of cases where the percentage of cut ought to have been much less than it was with respect to some other classes of cases which are to be reviewed later.

Mr. VANDENBERG. Mr. President, is the Senator going to maintain that this same relationship exists with respect to World War veterans, and that only half of the appropriation is going to be used under the rules and regulations as to them?

Mr. STEIWER. No; I am not. My inquiry into that subject leads me to the belief that the Administration could not expend the entire amount which this bill carries for World War veterans, namely, $103,000,000 and a little over, but that the amount expended will be considerably over half that sum. I cannot estimate just exactly what it will be.

Mr. FESS. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. FESS. I think the Senator is right, that the expenditures may be even lower than is estimated now.

Mr. STEIWER. Undoubtedly.

Mr. FESS. I think the Senator is right, but I am of the opinion that no amendment to the basic law is essential. There is bound to be a cut, because now we are under the stress of economy, and the order has gone out to cut wherever possible, and that is exactly what every department will do. It will all depend upon the liberalization of the regulations, and the way in which the President, who has the authority, will be able to look at the matter. My opinion is that we ought to increase the appropriation to the amount we think is feasible and leave it to the President, because otherwise we cannot pay out more, under the reading of the law, than the appropriation will permit; and if we increase the appropriation, with the power already in the hands of the President, who can change the matter as to regulations if he desires, because we have given him that power, it will be changed, but if it is left to the administrative officers such as the Veterans' Administration, they are bound to reduce to the minimum; but that is the force under which they are operating.

Mr. STEIWER. Mr. President, so far as World War veterans and Spanish War veterans are concerned, I think the Senator's statement is substantially if not entirely correct. At least, I will observe that in my own analysis of the situation I have reached the conclusion that no legislative action is necessary in order to provide pensions for them. With respect to some of the incidental and collateral questions, of which a good illustration is the one made by the Senator from Maryland earlier in the afternoon, I think that legislation is necessary, and that it ought to be taken up at an early date.

Mr. FESS. I admit that.

Mr. STEIWER. Mr. President, I want to make one further comment with respect to the Spanish-American veterans' pensions. Before the Finance Committee the Administrator estimated that the so-called "saving" would be something like $95,000,000. Such a saving would not result in the figure of 67 percent in reduction which I used a little while ago, but it would be nearer 80 percent reduction; and that, I think, provides some support for my conclusion, that the $41,000,000 in all likelihood will not be expended, and that a very great portion of it will never be used, unless, as we have said, the President shall liberalize his regulations, or the Veterans' Administration shall liberalize its administration under the act.

A better understanding yet of the effect of this act and of the regulations and instructions upon the veterans of the Spanish-American War is gained by a consideration of the condition of the dependents of those veterans. I refer to

the widows, the dependent fathers and mothers, and, of course, the orphan children.

Under existing law, if a veteran served 90 days or more and was honorably discharged, his widow, provided, I think, she had married prior to September 1, 1922, was eligible for a pension during her widowhood, and the base pension rate was $30 per month. In addition, she was entitled to $6 per month for every child under 16 years of age. In a like way, minor children and dependents were entitled to pensions paid direct to them in case no widow survived the veteran.

Under part 3 of the President's regulations no. 1, a widow eligible for pension will receive $15 per month in lieu of $30 per month. For one child she will receive in addition the sum of $5 per month, in lieu of the present rate of $6 per month. For children in addition to one she will receive the further sum of $3 per month, which, of course, is in lieu of the old figure of $6 per month.

The regulation, in order to guard against what I might ironically refer to as "unbounded generosity", placed an outside limit upon the amount to be paid to one family, and that limit is fixed at $27 per month, regardless of the size of the family or the number of persons participating in the pension.

A little while ago the Senator from Maryland referred to the fact that many of our soldiers who had fought in the Tropics and in the Orient had remained there after their period of service had expired. That statement is true and, to my mind, affords an appealing and compelling reason why Congress should give sympathetic consideration to the rights of this particular class of veterans. I have been furnished with General Orders 38, dated July 1, 1899, and issued by command of Major General Otis. I am going to ask the Senate's indulgence while I read some part of this order:

MANILA, P. I., *July 1, 1899.*

Emergencies have rendered it impossible to transport to the United States the volunteer organizations of the army of the Philippines as soon as meditated and desired, thereby preventing their members from joining their homes and reengaging in their civil pursuits for a considerable period of time after they acquired the acknowledged right to demand their release and return. Notwithstanding this unexpected detention, these soldiers have uncomplainingly given to their Government uninterrupted military service, attended with deprivations and dangers to life and health, which those of their countrymen unacquainted with conditions can neither realize nor approximately appreciate.

* * * * * * *

Withstanding the heat of the Tropics, its scorching sun and drenching rains, overcoming every obstacle which prolific nature and a wily, active, and courageous foe could devise, their onward march has been a series of astonishing successes. They have responded with alacrity to every demand made upon them, however desperate the consequences might appear, and have never failed to more than accomplish expected results.

To all soldiers of the department the department commander desires to acknowledge his great obligations. The country owes them a debt of gratitude which it cannot repay. To the volunteers and troops of the Regular Establishment who pledged their services during the War with Spain only, and who have continued to render them under sacrifices innumerable, without complaint, and cheerfully, intelligently appreciating as they did the public necessities, even greater praise and regard are due. Some have recently departed. All others will follow within a short period of time and as rapidly as facilities can be secured. The department commander desires for them a speedy and safe return to their homes and that merited rest and public gratitude to which their exceptional services entitle them.

Mr. President, in recognition of the sacrifice and valor of these men, the Congress in 1906, passed a special act authorizing that a medal be stricken in their honor. Now they have attained an average age of nearly 60 years, most of them are poor, many of them are ill, many of them are unemployed, and at this time of emergency in their lives the Government, which General Otis said owed them a debt of gratitude which it could never repay, is attempting to discharge that debt by cutting their widows' pensions from $30 per month down to $15 per month, by cutting the orphans' pensions in half, provided there is more than one child, by taking away some of the support of indigent parents, and in the very great majority of cases unceremoniously removing the veteran from the pension roll entirely.

We are moved to ask whether there is anything in the situation that justifies that kind of cruelty? Was there any warning given to these people that the benefits under which they had organized their lives were to be withdrawn in so substantial a sense and with so little warning? I say to you, Mr. President, that not only was there nothing to justify them in the belief that they would be abandoned in their old age, but, on the contrary, assurances had been held out to them that the Government of the United States would not abandon them.

There was placed in the RECORD some time ago a letter written by the present Director of the Bureau of the Budget; I shall not read it, but I want to refer to it because it is known everywhere that of those who have been most responsible for the severity of the cut the Director of the Budget Bureau is one. Undoubtedly the Administrator of Veterans' Affairs is another; and these two gentlemen, so it is said, helped in drawing the regulations which they procured the President to sign. In the last campaign the Director of the Budget, in a letter which he wrote to Hon. R. C. Stanford, used this language:

It is not now, never has been, and never will be my intention to require of the Spanish-American War veteran proof of service-connected disability. I realize that, after the lapse of all these years since the Spanish-American War, it would be impractical if not utterly impossible for the vast majority of these veterans to prove such service connection, although it actually exists.

I have not now, nor did I ever have, any idea of disturbing any legislation concerning the Spanish-American War veterans, except those economically independent.

That is not the only assurance nor is it the most important one.

Mr. WALSH and Mr. CUTTING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. I yield first to the Senator from Massachusetts.

Mr. WALSH. I inquire what authority has the Senator for stating that the Director of the Veterans' Bureau participated in and approved these regulations that led to the reductions complained of?

Mr. STEIWER. Mr. President, it is known that the chief counsel or solicitor of the Veterans' Bureau took some part in the preparation of the regulations.

Mr. WALSH. I am aware of that fact, but I have been led to believe that the Director of the Veterans' Bureau had little to do with the decisions that led to these particular reductions. I think he was consulted, and I think perhaps his bureau drew up the regulations. I have, however, had reason to believe that he was not in sympathy with all these regulations. Of course, he had to accept and follow the suggestions of his superiors.

Mr. STEIWER. I have no doubt the Senator is right in that, and probably he is better advised as to that than am I; but there is this to be remembered, if we attempt to exculpate the Director of the Veterans' Bureau from responsibility for this situation, namely, that the instructions put out for the guidance of the field officers were issued over the name of the Director. One of the great troubles, one of the causes of the severest cuts, is the rating table which originated in the Veterans' Bureau. So far as I know, the Director of the Budget had nothing to do with that; so far as I know, the President may not even have had knowledge of it except as it was brought to his attention subsequently. That, I think, was the work of the Veterans' Bureau itself, and for that the Director is responsible.

Mr. WALSH. I agree with the Senator, and undoubtedly the Director was instructed by his superiors, to rerate these cases for the purpose of reducing the expenses of the Veterans' Administration. I do not want to make any special defense of the Director, but I have reason to entertain the belief, though not from direct expression by him, that these drastic reductions did not meet with his entire approval.

Mr. STEIWER. I cheerfully accord to the Senator a knowledge which is possibly superior to mine with respect to that.

Mr. WALSH. Let me add while I am on my feet if the Senator will permit me——

Mr. STEIWER. I wonder if the Senator will permit me to ask him a question. I do not want to ask an unfair one.

Mr. WALSH. Certainly.

Mr. STEIWER. But, if the Senator is willing to state it, will he advise the Senate of the person whom he does hold responsible for the severity of the cuts?

Mr. WALSH. I have been of the opinion that the official who initiated and recommended these regulations was the Director of the Budget Bureau. I do not think he himself would dispute that. It was his leadership that has brought about most of the economies promulgated under the present administration.

Let me add now, while I am on my feet, that I concur in what the Senator from Oregon has said to the effect that practically all the alleged injustices in connection with these cuts or reductions could be corrected by Executive order.

Mr. STEIWER. I thank the Senator for that statement. I am sure that is correct. When interrupted, I started to refer, Mr. President, to further assurance that was made to the veterans of the War with Spain at their thirty-fourth national encampment held in August 1932. The Director of the Bureau, I believe, was not present, but he was represented there by the Assistant Director, Maj. O. W. Clark. Major Clark addressed the session of the Spanish veterans. I have in my possession the proceedings of that encampment, and quote from the address which he delivered upon that occasion:

> You all know General Hines served with honor and distinction during the World War, but I believe he treasures in his memory more than that service the service he rendered as your comrade in '98. General Hines asked me particularly to tell you that, in his opinion, you had nothing to fear from the so-called "economy wave." I know that the General himself would be the last person in the world to advocate withdrawing from the Spanish War veterans any benefit or privilege to which they are now entitled by law.

Mr. President we are all, I think, disposed to concede that the President of the United States has no desire to inflict injustice upon these old men. The Director of the Budget some little time ago was asserting that he had no such desire; the Assistant Director of the Veterans' Administration a little while ago on behalf of the administration was insisting that he had no such desire. We hear upon all sides in Congress the assertion that Members of Congress have no such desire. I wonder why it is therefore that through the united influence of all of us we cannot procure such modification of these regulations and of these instructions as may be necessary in order to do justice to this great group of veterans?

Now let me in the same way refer to the veterans of the World War.

Mr. COPELAND. Mr. President, before the Senator proceeds to another branch of the subject I should like to make a brief statement. The Senator has made a careful study of this matter as affecting the Spanish War veterans. A little while ago I recited the case of a major who is approaching death because of the condition of his heart, and who was reduced from $50 a month to $8 a month. Is that reduction the result of the regulations or of the law?

Mr. STEIWER. Regulation No. 3 directs the Veterans' Administration to make a rating table. The Veterans' Administration, pursuant to that direction, made a rating table. I have no knowledge of course concerning the particular case to which the Senator refers, but I have little doubt that the main trouble comes from the application of the rating table to his case. I shall discuss this table as I proceed in my remarks——

Mr. COPELAND. Then, we do not need a change in the law, but if there should be an appropriate and proper change in the regulations these injustices would not happen?

Mr. STEIWER. So far as that kind of a case is concerned, I think the Senator is entirely correct.

Mr. VANDENBERG. We do not even need a change in the appropriation, as I understand the Senator, in order to correct about half of the injustices.

Mr. STEIWER. That is true unless there is a technical limitation placed upon the right of pension by reason of the first section of the law. I have never formed any opinion upon it and do not express any at this time.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. STEIWER. I am happy to yield to the Senator from Connecticut.

Mr. WALCOTT. I have had fully a score of cases typical of those that have just been recited—extreme cases where the reduction has been as high as from $60 to $6 a month. I have taken up these cases with the Pension Bureau directly, in person rather than by writing, and I get absolutely no satisfaction from them. They promise me nothing, and so far, after 2 or 3 weeks, they have done nothing. I have been rather hopeless about it. I am wondering what possibility there is, unless we can get the regulation changed, of securing relief for these veterans. I have had brought to my attention some of the most extreme cases, both of Spanish-American and the World War veterans who live in Connecticut. The burden of proof rests on them, although I am convinced from their own statements that their disabilities are service connected. It seems utterly hopeless at the present time to secure any redress.

Mr. STEIWER. I wish I could give some assurance to the Senator, but I cannot do so except to refer to what has been said by the Senator from Arkansas [Mr. ROBINSON] and by the Senator from South Carolina [Mr. BYRNES]. Those Senators have been assured that appropriate action will be taken. I am going to propose at a later time that in this matter we do not rest content with a mere change in the regulations, because, regardless of the action of the President with respect to the regulation, if the Bureau of the Budget is permitted to dominate the situation and to say to the Veterans' Administration that we must have a saving of $400,000,000 or $450,000,000 or $500,000,000, or of any other sum of that kind, the procedure under the regulations will be such that the injustices will continue.

Mr. CUTTING. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New Mexico?

Mr. STEIWER. I am happy to yield to the Senator.

Mr. CUTTING. Was it not the opinion of the Senator that under the amendment proposed, I think, by the Senator from Massachusetts [Mr. WALSH] no direct service-connected cases would be taken completely off the rolls? I know that was my understanding, and I think it was the understanding of a great many Members of this body.

Mr. JOHNSON. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from California?

Mr. STEIWER. Yes; I am happy to yield to the Senator.

Mr. JOHNSON. Not only was the amendment of the character indicated by the Senator from New Mexico, but when the amendment was under discussion—and to that I intend to refer if opportunity presents itself this evening—statements were distinctly and directly made that, speaking with authority, the Senate could know that there was no intention of interfering in any way with those who were receiving benefits because of injuries directly attributable to their military service.

Mr. CUTTING. In other words, if the Senator from Oregon, will pardon me further, it seems to make very little difference what legislation we pass on the floor of the Senate as compared with the regulations which are adopted by the people over whom we have no control whatsoever.

Mr. BYRNES. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I am happy to yield to the Senator.

Mr. BYRNES. Did the Senator say that by the regulations veterans with service-connected disabilities, directly

connected with the service and not presumptively connected, have been entirely removed from the rolls?

Mr. STEIWER. No; not entirely removed.

Mr. BYRNES. Under the act I know that could not have been done, and I think the Senator from California is right in saying that the statement was made that it could not be done.

Mr. STEIWER. That statement was made.

Mr. JOHNSON. Mr. President, if the Senator from Oregon will pardon me further, not only was the statement made that they should not be removed from the rolls, but the statement went farther than that and was to the effect substantially that the rates were not to be touched.

Mr. BYRNES. I did not hear that statement made.

Mr. JOHNSON. The record is before me here, and I will refer to it subsequently, without interrupting the Senator from Oregon at this time.

Mr. CUTTING. Mr. President, so long as this question has come up, I think I might say to the Senator that I have a record of a great many cases which have been taken entirely off the rolls, although the examination of the medical officers immediately preceding the discharge showed the disability existing at that time.

Mr. JOHNSON. The Senator from New Mexico is quite right. There have been innumerable cases where the names of such veterans have been taken from the rolls as well as reductions having been made in the amounts received by those who have been permitted to remain upon the rolls.

Mr. STEIWER. I think it is fair to assume that most of the service-connected cases taken entirely from the rolls in the World War group are cases which have been connected with war service by statutory presumption. I think there may have been some few eliminated because the rating officers rated them at less than 10 percent, and, under the old law as well as the new, they would not be eligible for pension.

Mr. VANDENBERG. Mr. President, will the Senator indulge me for just a moment?

Mr. STEIWER. Yes.

Mr. VANDENBERG. I should like to call the Senator's attention to one specific case upon which I have a report—I had almost called it an apology if it amounted to anything—from the Veterans' Bureau bearing upon this very point, and I refer, if they ever want to check it up, to the case identified as no. C 144242.

This is all that they admit is the matter with this veteran. They admit, first, that he had a gunshot wound in his back and that it was service connected. They admit a hernia as a result of service. They admit arthritis of the lumbar spine, and they admit it is service connected. They admit chronic nervousness, and admit it is service connected. But under a strange manipulation of the new regulations this veteran is reduced from $90 a month to $8 a month. If there is anybody in the Senate who ever thought a tragedy and crime of that sort was going to be committed under the so-called "Economy Act", I miss my guess.

Mr. STEIWER. Mr. President, the Economy Act invites just exactly that kind of treatment. The regulations invite that kind of treatment. The rating schedule makes that treatment possible by substituting for the exact rating of the veterans—that is to say, a rating in accordance with their disabilities—this proposition of rating them arbitrarily in classes. That is one way they have of getting at it. A further way is by rerating the disabilities under the new rating tables. A gunshot wound, for instance, might heretofore have been rated 15 percent and now rerated 10 percent. In addition to that the Bureau has a new way of making combinations of ratings. They have a factor or coefficient which I think few of us understand, and they apply it in such a way that the veteran does not enjoy the sum total of all his ratings. After they have determined their different ratings, 10 percent for this, 20 percent for that, 25 percent for something else, and 30 percent for something further, they add them together in such a way that they produce less than the total of all the percents; and then if the rating should be 45 percent, because it is less than 50 it falls back to the 25 percent class. Instead of giving that veteran 45 percent of 100 they give him 25 percent of 80. If it falls down, as in the case to which the Senator referred, to the 10-percent classification, they allow him 10 percent of $80, or $8.

Mr. VANDENBERG. The Senator has exactly described the logarithms that are reported in this letter. They are all reminiscent of Mordecai Ezekiel. The net result is that through these various allocations to each disability and the lack of a specific bracket into which they can ultimately fall, they finally force the poor man back to the 10 percent allowance, and he now gets shot in the back a second time, but this time by his own Government.

Mr. STEIWER. Mr. President, reference was made a moment ago to a provision agreed to by the Senate and offered here as an amendment by the Senator from Massachusetts [Mr. WALSH]. It was said that it had been assumed under this amendment the service-connected disabilities would not be disturbed. I am sure that was the assumption of many Senators. In view of the fact that the matter has been mentioned I want to read the language of the amendment. I think I identify the proper place in the act, as follows:

> The provisions of this title shall not apply to compensation or pension (except as to rates, time of entry into active service, and special statutory allowances) being paid to veterans disabled or dependents of veterans who died as the result of disease or injury directly connected with active military or naval service (without benefit of statutory or regulatory presumption of service connection) pursuant to the provisions of the laws in effect on the date of enactment of this act. The term "compensation or pension" as used in this paragraph shall not be construed to include emergency officers' retired pay referred to in section 10 of this title.

Mr. President, this protective language which brings about a certain group of protected awards, has in it several exceptions; that is to say, it provides in general terms that service-connected cases shall not be removed from the roll; but to that protective provision there are exceptions, although not so termed in all cases. The first exception is as to rates; the second is as to the time of entry into active service; the third relates to special statutory allowances. In the making of the regulations it is probably worth while to comment that every weakening exception that was permitted to creep into this language was availed of by the President and by the Veterans' Bureau, and in the making of regulations and instructions every weakness that was permitted is used as a means of further cut with respect to service-connected veterans.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Massachusetts?

Mr. STEIWER. I am happy to yield.

Mr. WALSH. Of course the exception that has been most generally used in forcing down compensation is the exception as to rate. If there were not that language used in the amendment, if a veteran who was injured improved in health and upon reexamination it was shown that he was not entitled to the amount of compensation he had previously received, or if his disability increased no change in his allowance could be made. It clearly was my intention and the intention of Congress, in using the words "except as to rates" to permit the Government to make increases or reductions in compensation where there had been new conditions leading to the necessary change in ratings of the veterans. However, the language has been used, as the Senator has stated, for the purpose of making general and in some cases alleged sweeping reductions in the rates to service-connected veterans, many of whose disabilities were incurred in actual combat.

Mr. STEIWER. I think the Senator from Massachusetts and I are entirely in accord with respect to that matter and were at the time this legislation was before the Senate. By reason of his active and long and devoted experience in the enactment of proper legislation for veterans of the wars, I know how sincere he is with respect to this whole subject, and it is not necessary for me to make any testimonial in his behalf.

Mr. President, I wonder if I may not now be permitted to proceed without interruption for a little while. I should like to conclude what I am saying.

I had started earlier in my remarks to invite the attention of the Senate to the application of these regulations and instructions to veterans of the World War. Under the act of July 3, 1930, allowance of non-service-connected disabilities are being paid to approximately 400,000 World War veterans. The total amount paid is in excess of $100,000,000. Under the Economy Act all these veterans will go off the rolls except those suffering permanent and total disability, and they will be paid $20 a month. It has been estimated that the number that will be separated from the rolls on this basis will be about 93 percent of the total. I make no point of this particular reduction. Like others who opposed the economy bill at the time it was before the Senate, I realized that savings must be effected, that curtailments must be made, and that the financial condition of the country justified a very severe change in the basis of pensions. I was ready then to support a proper and just bill. I would now favor a proper and just bill.

I do not want to put myself in the position of maintaining that economy should not be effected in our Government under existing conditions. The thing against which I protest, the thing I seek to have remedied in the remarks I am making this afternoon, is the nature and character of regulations, and instructions, and the way that the curtailment is being applied in the individual cases and the groups of cases affected.

The great class of World War veterans—not in numbers, but in amount received—are the so-called "service-connected cases." They total in number about 330,000. They are receiving a total sum in excess of $200,000,000 per year.

As said today, it was assumed at the time the economy bill was under consideration, that this great group of veterans would not be substantially disturbed, and that if any cuts were made in their compensation such cuts would be made upon a moderate and at least an equitable basis. The World War veterans themselves accepted this idea; and, so far as I can learn, they very generally agreed to the proposition that financial conditions warranted a reduction in their compensation. The veterans, I think, would have voiced little or no complaint to a 20-percent cut, or even a 25-percent cut in compensation for service-connected disabilities. As already stated, the first cut applied to these veterans is the reduction in the compensation basis from $100 down to $80 per month; but a further cut is had by the method of classification.

I have already referred to this subject; but I desire now to read regulation 3, so that Senators who have not examined the regulation may see for themselves just what its effect turns out to be.

I read a part of regulation 3, as follows:

> The schedule shall be constructed so as to provide five grades of disability and no more, upon which payments of pension shall be based, namely, 10 percent, including those 10 percent but not 25 percent; 25 percent, including those 25 percent but not 50 percent; 50 percent, including those 50 percent but not 75 percent; 75 percent, including those 75 percent but not total; and total, 100 percent.

Actual cases have already been cited in this debate; but I want to cite one more to illustrate in a very clear way the application of this method of classification.

C–195515 is a case of a veteran wounded in action in both legs, right shoulder, and face. He was rated 48 percent for gunshot wounds. Under the regulation, because his disability does not rate 50 percent, this case is classed in the 25-percent group, and in lieu of a pension of 48 percent of $100, or $48, he will receive 25 percent of $80, or $20. His reduction in pension for gunshot wounds is $28, but on a percentage basis his reduction is 58 percent.

This is not an extreme case. This fairly represents the application of the new schedule of rates, and, I think, is fairly typical of the battle casualties of the World War.

The national service officer of the Disabled American Veterans has made an estimate of the cuts in the service-connected pensions, and he informs me that the number of such cases that will be eliminated entirely from the rolls by reason of the new regulations and the instructions issued thereunder will be approximately 50 percent. Some students of the subject estimate the elimination from the rolls of service-connected cases in excess of 50 percent. This gentleman's estimate is based on the returns made to him from the service officers of his organization who are in contact with the administration of the Economy Act throughout the United States.

It is further believed that those who remain on the rolls—remember I have just stated that of the service-connected cases approximately 50 percent go off the rolls entirely—I am now saying that this gentleman's estimate is that those who remain on the rolls will receive cuts of approximately 50 percent in the compensation which they are to receive.

The national service officer of the American Legion has made a similar analysis. He has given to me this summary of his views:

Of the number of cases reviewed the number of service-connected compensation cases discontinued was 6,258. The number of service-connected cases rerated so as to receive a permanent and total nonservice $20 award was 289. The number of cases to remain service connected was 7,427. These figures substantially support the estimate made by the representative of the Disabled American Veterans to which I have already referred. They show, moreover, that approximately 44 percent of the service-connected cases were removed from the rolls either because of breaking down the service connection or because of a rating of less than 10-percent disability.

Mr. WALSH. Mr. President, will the Senator repeat his last statement?

Mr. STEIWER. I am reading the estimate of the service officer of the American Legion with respect to the service-connected cases. I just stated, from the estimates made by him, that the analysis shows that approximately 44 percent of the service-connected cases were removed from the rolls entirely, and they were so removed either because of breaking down the service connection, through disregarding statutory or regulatory presumptions——

Mr. WALSH. That explains the large percentage—removing the presumptive cases.

Mr. STEIWER. Yes; in most cases.

Mr. WALSH. I could not conceive of such a large percentage on the direct service-connection cases.

Mr. STEIWER. Oh, no! I am talking about the whole group of those who have been adjudicated service-connected.

This analysis discloses that the 54 percent that remain on the rolls for war-service connection remain at a substantially reduced rate. The average monthly rate under existing law for this great class of cases is approximately $46 per month, and under the Economy Act it is approximately $21 per month for the same group of cases. This analysis indicates that those veterans who maintain their place on the rolls with service-connected disabilities will suffer cuts which average about 54 percent.

Consideration of the facts so far recited leads inevitably to the following conclusions respecting the World War veterans, namely, that except for small and relatively unimportant special classes, the net result of the Economy Act under present regulations and under present instructions, is the separation from the pension rolls of a very large but undetermined number of service-connected cases; that the percentage of separations ranges somewhere between 40 and 50 percent; and that the number of service-connected cases still remaining on the rolls, except for the unimportant cases referred to, will be reduced in varying amounts from 31 percent to 88 or possibly 89 or 90 percent. It is certain that the average reduction in payments for those whose disabilities have been attributed to the war, and who still remain on the rolls, will be somewhere between 50 and 60 percent.

I desire to reiterate that these figures do not refer to the disability allowances heretofore provided for those whose disabilities were not related to the war, but they are limited to disabilities which the war brought on or aggravated, and

which heretofore have been adjudicated in one way or another as service-connected cases. They include the cases of the war-scarred and the battle-maimed, and of those who suffered loss of arms and legs and bodily function.

Now, in my effort to hurry on, I want to proceed to certain further cases which illustrate the effect of regulation 3.

I have already read a portion of regulation 3, which defined the classifications into which the various groups shall fall, and I have discussed it as much as I care to at this time; but regulation 3 has a further effect with relation to the rating schedules themselves, and I will read that part of the regulation at this time:

> The Administrator of Veterans' Affairs is hereby authorized and directed to adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combination of injuries. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations.

Under the authority of this regulation the Administrator of Veterans' Affairs has published a schedule of ratings which purport to show reduction in earning capacity for specific injuries. This is the schedule to which the Senator from Michigan [Mr. VANDENBERG] referred a little while ago. I am not able to exhibit the schedule of ratings to the Senate, for the simple reason that the Administrator has declined to furnish it to me. For the information of the Senate, and without making any particular point of the matter, I quote from a letter written to me by the Administrator of Veterans' Affairs:

> Relative to your request for a copy of the schedule for rating veterans' disabilities, you will appreciate this schedule presents a rather complicated arrangement of disability evaluations and was designed for the use of Veterans' Administration officials directly responsible for the adjudication of claims for pension. In preparing and arranging for the printing of the schedule, provision was not made for sufficient copies to permit of a general distribution, as it was not thought that the schedule would be of value except to those thoroughly instructed in its use.

I eliminate some language there and conclude with the final sentence, as follows:

> It is regretted it is not found expedient to comply with your desire in this instance.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. STEIWER. I am glad to yield. I do not want to yield very frequently, because I want to hurry on.

Mr. CLARK. I just desire to ask the Senator if I understood correctly that the Veterans' Bureau were taking the attitude that a Senator of the United States was not entitled to information about the schedules that they made out.

Mr. STEIWER. Well, I would not say that. I think the letter ought to speak for itself.

Mr. CLARK. That is what it amounts to, is it not?

Mr. STEIWER. The refusal was not based upon the fact that I was a Senator, of course. It was based upon the fact that they did not have a sufficient number of the schedules printed, that they were highly technical in their nature, that they were intended for Bureau use, and they did not think they would be of value to anybody else.

Mr. CLARK. As I understood the reading of the letter by the Senator, the refusal was based on the fact that the Administrator of Veterans' Affairs apparently thought the Senator did not have sense enough to understand the schedule. [Laughter.]

Mr. STEIWER. Well, I think I ought to admit the full implication of the Senator's observation. The fact remains that they did not send me the table, and I am obliged to make this discussion without it.

I had started to take up special cases which have been brought to my attention and which become important because they illustrate the application of this rating schedule that has been published by the Veterans' Bureau.

Case 1 is the case of a veteran who has a machine-gun bullet lodged in the lower lobe of the right lung. This veteran also has a bad gunshot wound in his chin, with loss of jawbone, several teeth, and much disfigurement of face. He also has a severe bronchial asthmatic condition, caused from bullet lodged in lung, and has frequent hemorrhages of the lungs. His former rating was 82 percent, with a compensation of $82. His new rating is listed at 50 percent, with a compensation of $40. His reduction is, therefore, more than 50 percent.

I am told by the representatives of the veterans' organizations that the way by which the Bureau officials arrive at the new ratings is, first, to evaluate the disabilities at a figure lower than the present rating, and then, having made the evaluations at the lower figure, to place them in combination in such a way that the total sum of the evaluations does not become the final rating, but is subject to an arbitrary of some kind that is over in the back of the rating book. The application of this arbitrary results in cutting down the total disability of the veteran to a point less than the Veterans' Administration actually finds it to be, and, on an arbitrary basis, to rate the man at a lower figure than his actual disability or his actual reduction in earning capacity. Then, having done that, they take the new classification which is also below the man's rating, and then they employ the percentage thus obtained against the $80 base instead of the $100 base.

The next case to which I desire to draw attention is the case of a veteran who is drawing $60 per month on a service-incurred disability which had resulted in amputation of a leg. He had an additional statutory award of $25 per month, as provided by law in cases of that kind, making a total of $85 per month under the old law. Under the new act he is being granted $20 per month, with an additional $20 statutory award, making a total of $40 per month. This veteran receives a reduction in compensation to the extent of 53 percent.

Another case is that of a veteran drawing $66 per month on a service-incurred disability, including a mastoidectomy and otitis media, chronic—which I will not attempt to define—and certain other disabilities. His last examination showed that the drum of one ear was destroyed, with frequent discharges, and dullness and retraction in the other ear. The hearing in the right ear is completely lost and is 75 percent impaired in the left ear. Under the new act this veteran is reduced to $8 per month. This case is, I think, a parallel to the one that was cited by some other Senator a little earlier in the afternoon. His compensation was $66 per month. It becomes $8 per month, so that his reduction is 88 percent.

Case 4 is the case of a veteran who formerly received $125 a month. The old rating was permanent partial 58 percent for amputation of the left thigh, lower third; permanent partial 20 percent for the residual deformity, diagnosed as inversion and unstable right ankle, with chronic synovitis.

Mr. HATFIELD. Mr. President, did the Senator say this man had a 20-percent permanent disability award for loss of the lower third of the thigh?

Mr. STEIWER. The 20 percent was for the residual deformity. It seems to have been in addition to the 58 percent for the amputation. He had certain other injuries and was rated permanent and total without application of the combination table. His disability resulted in the payment of $125 per month.

Under the new-rate schedule his first disability was cut to 50 percent, the second to 10 percent, and the third is rated no percent, and the combination leaves him with a rating of 50 percent. Under the new schedule his reduction is 52 percent.

I think it is not necessary to present further cases of that kind. The Veterans' Administration and the veterans' organizations can furnish any number of cases which are illustrative of the severity of the cuts as applied to the various service-connected cases.

It will be noted with respect to these cases that they are not cases predicated on statutory presumption and for this reason have been removed from the pension rolls; they are cases of battle-scarred veterans whose disabilities are actually service connected by proof in the possession of the United States Government, and a reduction in pension does not come from removal but results from the reduction in the scale of pension rates under the administration of the new law.

It is to be pointed out also that there have been no reexaminations. In all these cases the cuts in compensation are shown as a result of mere rerating. There has been no claim in any case that the patient has recovered. In these surgical cases, of course, there can be no recovery. There has been no claim of recovery. The adjudications are made from the examinations of the same files. The determinations are made upon the same facts, and the difference is to be accounted for wholly and entirely by the application of the new law, the new regulations, and the new instructions.

The question naturally arises, as one examines these cases, by what means are so many of these disabled veterans, who heretofore have been adjudicated as service connected in their disabilities, entirely separated from the pension rolls? The answer is that some of them are separated because the doctors and others in the Veterans' Administration who performed the rerating applied the new rating schedule in such a way that the rating is reduced to less than 10 percent, and therefore the veteran is not eligible for pension. I am not absolutely sure but that statement is a correct statement.

Mr. HATFIELD. Mr. President, is the Senator under the impression that the physicians in the medical department have very much to do with the rating of veterans?

Mr. STEIWER. I have no way of knowing, but if one reads the instructions, and examines the history of these cases, he would think the medical department had had considerably to do with them at some time. I have been told, in addition—but this is purely conjecture—that in the effort to get these disability and other cases rerated before the law takes effect, very great haste is sought and the Veterans' Administration has called in the aid of practically everybody in the field offices. I was told by one man that they had used stenographers to turn to the cases and see whether or not they were service-connected in fact, or whether they were service-connected by statutory presumption, and that a little pink slip was put on those that were service-connected by presumption, or which for some reason or other would not be continued under the new law, and when the pink slip was found, the examining officers would turn those cases down, and in that summary way dispose of them.

I should not think the doctors of the Veterans' Administration have had anything to do with this procedure save in aiding in making new instructions. If that is so, it becomes purely a mathematical matter, and anybody, by taking the rules and regulations, can throw a veteran off or leave him on the roll.

Mr. HATFIELD. If the Senator will permit an observation, I want to say that I do not believe the medical department has ever had any voice in the fixing of rates, or in arriving at rates. My view is—and I base this on practical experience—that the rates are made by laymen, and that a layman certainly could not possess a sufficient amount of medical knowledge to result in a just rating being adopted, in justice to the soldier.

Mr. STEIWER. I thank the Senator. There is so much to which attention could be directed that it is difficult, in the discussion of this question, for the speaker to put his finger upon all of the things which have become factors in removing these veterans from the rolls. But in the face of all that might be said, I think the most glaring ignominy involved in this new system of Veterans' Administration lies in the denial, in a most substantial way, of the presumption of service connection, to which the Senator from California and others referred earlier in this discussion.

It will be remembered that under the World War Veterans' Act of 1924 there is a provision that certain special diseases developing prior to January 1, 1925, shall be presumed to have been acquired or aggravated in the military service. This presumption is conclusive in cases of active tuberculosis, but rebuttable with respect to the other special diseases named. This presumption was repealed by the Economy Act, which conferred upon the President the power to prescribe the nature and extent of presumptions.

I might comment on the fact that the Economy Act does not by itself and by its terms deny the benefit of presumptions. It merely repeals existing law and confers upon the President the right to determine whether such presumption shall be had in the consideration of any kind of a veteran's adjudication.

Pursuant to this grant of authority the President, in regulation 1, provided that certain chronic diseases shall be considered to have been incurred or aggravated by service if the disease is manifested to a degree of 10 percent or more within 1 year from the date of separation from active service. This presumption not only limits the presumptive period but provides that the veteran must have served 90 days or more in the active military service, and it further provides that affirmative evidence may rebut the presumptions even in the case of active tuberculosis. Moreover, the presumption of soundness upon entering the service is substantially modified. The act of 1924 makes the presumption of soundness at the time of enlistment conclusive except as to defects or diseases made a record at that time.

In the President's regulation 1, the presumption of soundness is rebutted by defects or diseases noted at the time of enlistment or by evidence or by medical judgment that the defect or disease existed even though not noted. In the administration of the economy law the Veterans' Bureau, without hearings and without granting opportunity to offer additional proof, formulates what it calls a "medical judgment" upon which a determination is made that the veteran was unsound at the time of enlistment, and, therefore, that his disabilities did not originate in the military service. The extent to which this so-called "medical judgment" is capriciously exercised remains to be developed, but obviously it is an important factor in denying pensions to disabled ex-soldiers. It is fittingly adapted to the whole scheme of pillage and plunder upon which the regulations under this law have been formulated. I am glad to be able to state that the hardships caused by the exercise of arbitrary "medical judgment" has been modified to a partial extent by an informal supplementary instruction which has been communicated by the central office of the Veterans' Bureau to the field offices by telegram under date of May 19, 1933. I quote this telegram as follows:

> For the purpose of regulation 1, part 1, service connections previously granted for diseases on the basis that they existed prior to enlistment or during service within 1 year following discharge in cases where veterans served 90 days or more during a war enlistment will be continued unless medical judgment supported by a showing of clear and unmistakable error, conclusively determines that the continuance of such connections is clearly erroneous and unwarranted.

By reason of this modification "medical judgment" may not be exercised to deprive the service-connected disabled veteran entirely of his pension, unless such judgment is supported by a showing of clear and unmistakable error. In a program of the character in which the Veterans' Administration is now engaged, it is gratifying to find this isolated symptom of generosity.

In order to determine the application of the new-rating schedule and the new rules of presumption and proof, I recently directed a letter to the Administrator of Veterans' Affairs requesting that he furnish me with copies of the bimonthly reports from the Portland, Oreg., regional office of the review of active awards. Under date of May 12 I received from the Administrator a letter in which he politely declines to furnish this information. From this letter I quote as follows:

> Several requests of this character have been received, and temporarily it is our policy not to release these data as they are not necessarily indicative of the effect of Public, No. 2, Seventy-third Congress, and the regulations issued pursuant to it. Furthermore, I think it can be safely said that those cases least deserving under the provisions of the law and regulations are being reviewed first, as they present an easier adjudication problem, and so the initial returns of the review do not represent a true picture for the entire case load.
>
> On account of the foregoing, may I suggest that your request be held in abeyance for the time being, and that at such time as it is felt these returns represent a true picture I shall be glad to turn over to you the results of the case review in Oregon.

This letter incidentally raises the question whether the review had up to this date will be typical of the completed

review. In light of the instructions heretofore issued by the Bureau, it is difficult to accept the statement made by the Administrator that the "initial returns of the review do not represent a true picture for the entire case load."

A little while ago, in answer to some inquiry propounded to me by the Senator from Michigan, I stated that upon information in my possession, I thought that the reviews up to this time were probably taken from the best end of the list, and not from the weakest end of the list. I call attention to that now because the statement made in the letter I have just read directly raises this question.

I want the RECORD to show that instruction 1 under regulation 1, definitely sets forth the order of review. It provides that the adjudication officers shall cause the review to be arranged in the prescribed order. At the beginning of the list is found:

A. All cases wherein the disability of the veteran has been directly connected with the active service.

And then—

B. All cases wherein the disability of the veteran has been connected with the active service by statutory presumption.

The disability allowance claims, which are repealed unless permanent and total, and which I have shown will be separated from the rolls to an extent approximating 93 percent, are not even on the list, and the permanent and total allowance claims which make up about 7 percent of the total are at the extreme foot of the list. It would seem that the percentage of separations will increase as the review goes forward, and the quoted letter of the Administrator becomes still more amazing.

The presumptive periods created by the act of 1924 were worked out after years of study. They are supported by medical testimony and by facts of common knowledge. Medical authority discloses that certain diseases, like tuberculosis, have no definite period of incubation; that the patient becomes infected but the disease will remain inactive; and the germ of infection may be carried in the patient for long periods of time. The evidence before various committees of the Senate and House discloses that it is accepted by a great preponderance of authority in the medical world that tuberculosis and certain neuropsychiatric diseases and other afflictions may make themselves manifest many years after the first inception of the disease. Because of this fact, liberal presumptive periods are necessary in order to avoid injustice to veterans in tens of thousands of cases. Let us assume that a veteran served from April 1917 to the spring of 1919, and that 3 years after his separation from the service, namely, in 1922, he develops active tuberculosis. What was the predisposing factor in the development of this disease? The highest medical skill cannot determine the inception of this disease. Was the infection received before enlistment or during enlistment or after enlistment?

I hope it will not be assumed that because I ask these questions I would presume to answer them. I am merely trying to state, not on my own responsibility but on the highest medical authority, that upon all the information brought before the Senate over the years it is not possible to determine the time when this infection was initiated.

Even after the breakdown comes the veteran cannot prove anything at all concerning the inception of his disability. It is known, however, that unusual strain and stress of environment will contribute to the breakdown. Military service may, therefore, very logically produce an active tuberculosis, but this fact is not proof that the disease did in fact originate in the military service. The truth is that the proof of service-connection in cases of this kind is utterly beyond human power. In the case which I have assumed, the disease may very well have been caused by military service, and the stress and hardship incidental thereto, but the fact is completely beyond power of establishment. In the case cited, the presumption granted by the act of 1924 would service connect the disability. I freely admit that such presumption may service-connect disabilities which are in fact not of service origin. In more cases the absence of presumption will prevent service connection of disabilities which are in fact of service origin.

Shall the United States Government, in generous appreciation for service rendered, grant to the veteran the benefit of presumption, which will result in justice to the veterans in every case, or will the United States, in order to protect itself against the payment of benefits to those veterans whose disabilities did not in fact originate in the service, deny the benefit of presumption and thus leave large numbers without compensation or right of pension merely because medical science cannot supply the proof of service origin?

This question is one of justice. In its moral phases it is more important than economy in the administration of government. The determination of this question against the claim of the veteran—that is to say, against the right of presumption—can be reached only upon the theory that we are to give the Government the best of it; that we will exercise the power of conscription and take the American boy from his fireside to the trenches; that we will resort to compulsion to require his military service; and then when he is afflicted and in need we will say to him, "We cannot deal justly with you for fear we may do an injustice to the Government."

In opposing the enactment of the economy bill, I criticized the delegation of power under which the President was to prescribe the extent of proofs and presumptions. I knew then that the President would sign the regulations which have the effect of law so far as veterans are concerned, but that he could not personally make them. I feared that the Veterans' Administration would make these regulations, and I knew, as we all knew, from testimony developed in the different hearings, that the Veterans' Administration was opposed to liberal presumptive periods, and that if the Bureau were given the power it would embark upon a series of repudiations, in an effort to absolve the United States Government from its plain duty to those who have worn the uniform in time of war.

The Economy Act repealed the World War Veterans Act of 1924, and conferred upon the President the power to prescribe the extent of proofs and presumptions. It was said that the action was necessary in dealing with the financial emergency, but this claim was and is spurious, because the regulations which have been written by the Veterans' Administration and by the Director of the Bureau of the Budget, and signed by the President, are to become the permanent law of the land. Countless thousands of veterans whose disabilities are service-connected are being separated from the rolls, and they will remain separated until Congress again meets its responsibility by writing into the law the humane and just provisions to which the disabled veterans are entitled.

I shall not detain the Senate to discuss the question of hospitalization. It has already been referred to at previous times in this body. The whole story is summarized in the weekly reports showing the number of patients remaining in the different Veterans' Administration facilities. The Bureau has very kindly furnished me with these weekly reports, and from them a table has been prepared showing the decrease in the number of veterans enjoying hospital facilities by weeks from February 28, to May 20, both inclusive. This table discloses that between the two dates named the number of patients with service-connected disabilities has fallen from 15,600, approximately, to 14,400, approximately; the number of patients with nonservice-connected disabilities has fallen from 30,778 to 20,001; the total decrease in patients is approximately 12,000, and the unoccupied beds have increased from 3,611 to 14,756.

I ask that the table may be printed in the RECORD at this place in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Veterans' Administration patients remaining in all facilities

Date	Service connected				Nonservice connected				Total service and nonservice connected	Beds unoccupied
	Tuberculous	Neuropsychiatric	General medical and surgery	Total	Tuberculous	Neuropsychiatric	General medical and surgery	Total		
1933										
Feb. 28	2,154	11,470	1,985	15,609	5,142	9,001	16,635	30,778	46,387	3,611
Apr. 1	2,055	11,355	1,719	15,129	4,916	9,036	13,464	27,416	42,545	7,377
Apr. 8	1,934	11,380	1,461	14,775	4,907	8,853	12,081	25,841	40,616	9,474
Apr. 15	1,936	11,287	1,343	14,566	4,674	8,784	10,932	24,390	38,956	10,906
Apr. 22	2,028	11,276	1,341	14,645	4,574	8,720	9,960	23,254	37,899	11,829
Apr. 29	1,986	11,203	1,249	14,438	4,478	8,579	8,669	21,726	36,164	13,359
May 6	1,998	11,268	1,242	14,508	4,376	8,482	7,778	20,636	35,144	14,416
May 13	2,026	11,190	1,261	14,477	4,348	8,409	7,337	20,094	34,571	14,679
May 20	1,966	11,191	1,245	14,402	4,320	8,470	7,211	20,001	34,403	14,756

Mr. STEIWER. Now I come to some rather general observations, which I think are entitled to serious consideration with respect to this entire subject. They may be of some aid in determining whether we shall increase the appropriation, whether we shall endeavor to amend the law, or whether we shall insist that the regulations be liberalized or that the instructions of the Veterans' Bureau shall themselves be made more liberal.

Everybody knows that the campaign to support the Economy Act was carried on by the National Economy League. At some appropriate time I may discuss the personnel of that league and its connection with New York financial interests, with Wall Street, with the banking house of J. P. Morgan & Co., and with other groups in New York, but I shall not do that at this time.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Indiana?

Mr. STEIWER. I am happy to yield to the Senator.

Mr. ROBINSON of Indiana. I merely want to suggest that the personnel of the National Economy League is being discussed now by the Committee on Banking and Currency of the United States Senate, and some of the disclosures are startling.

Mr. STEIWER. It is true, Mr. President, that some of those disclosed as having relations in one way or another to J. P. Morgan & Co., were active in carrying forward the efforts of the Economy League, and some of the disclosures are startling.

Mr. ROBINSON of Indiana. May I observe to the Senator further that it is to be noted that, while these same interests were insisting that the Budget be balanced, for the past 3 years they have not paid any income tax to support the Government.

Mr. STEIWER. So far as my own part in this debate is concerned, Mr. President, I am trying to confine myself to an exposition of the whole situation, and I shall not yield to the temptation to characterize anyone or to criticize unreasonably. I have tried not to make any unnecessary criticism of the Veterans' Bureau, and I am trying to speak in entire good nature and with the highest respect for the President and for the Director of the Budget. I am one of those optimistic enough to believe that the assurance that has been given by the President will be carried into effect at least to a partial extent and that some of these abuses are going to be remedied. I seek by my argument to insure that it will be done.

Mr. ROBINSON of Indiana. Mr. President, I do not like to interrupt the Senator so often, but let me suggest to the Senator that some of these abuses are irreparable. Hundreds of men have already committed suicide and others have died as a result of the cruelty of the so-called "Economy Act" or of the regulations, and untold thousands have suffered deprivation and even starvation. It is too late, Mr. President, to cure those matters.

Mr. STEIWER. I am fully sensible of the facts thus stated by the Senator, and I think that is the one controlling reason, if not the best reason, why nothing would be gained by harsh characterization of the acts which have been done up to this time. What we need now is not complaint, it is not punishment, but correction of the evils that exist, and, in order to bring about that correction, I am trying, with the highest respect for all concerned, and in the most friendly way, to criticize the administration of the act and to invite the President to correct these regulations, and to insist that this body shall take such a stand as will result in early and effective action.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from New York?

Mr. STEIWER. I yield.

Mr. COPELAND. Mr. President, I should be disappointed if the Senator, after this full exposition of all the evils of the present situation, should fail to present an amendment or propose other legislation which will make sure of the correction. I can well understand that by regulation there can be an improvement, but if legislation should be enacted it should be enacted now. We do not want any more of the deaths and suicides and broken hearts suggested by the Senator from Indiana. If we could create a situation by which we can prevent the evils, that certainly would be our duty, as I see it.

Mr. STEIWER. I will, of course, cooperate with the Senator. I should be glad to favor any move to clear up any weakness in the law.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Oregon permit me to ask the Senator from New York a question?

Mr. STEIWER. I yield for that purpose.

Mr. ROBINSON of Indiana. Would the Senator from New York be willing to repeal the entire act and set up again the structure which we had in operation for 12 years?

Mr. COPELAND. Mr. President, I do not hesitate to say I would go very far in that direction because as this law has been applied I am convinced that great cruelty has been practiced. I want to find, just as soon as I can, a way out of this dilemma. It is distressing indeed. May I once more refer to the man whom I mentioned yesterday, an old man who came into my office and I was afraid he would die before he got out of the office, who was cut down from $50 to $8. There is something wrong either with the law or the application of it. I want it corrected, and I want it done as soon as possible.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Massachusetts?

Mr. STEIWER. With pleasure.

Mr. WALSH. The plea the Senator is making for modification is not confined to him alone, although he is doing it ably, nor to Members on that side of the Chamber. On this side of the Chamber Democratic Senators are as anxious and insistent that modifications shall be made of many of these regulations as is the Senator from Oregon.

Mr. STEIWER. That assurance is most happily received and I am glad to feel that I am speaking for other Senators as well as for myself.

Mr. President, I had referred to the part the National Economy League had in bringing about this legislation. The false propaganda put out by that organization undoubtedly created much sentiment in this country against veterans and against the pensions or payments that heretofore had been made to veterans.

The efforts of that organization undoubtedly influenced the planks written in the platform at Chicago. Neither platform supported the non-service-disability allowances. Both, however, declared for just and generous treatment in dealing with disabilities service connected in character. I quote from the Democratic platform:

> We advocate the full measure of justice and generosity for all war veterans who have suffered disability or disease caused by or resulting from actual service in time of war and for their dependents.

The Economy Act did not guarantee to those suffering service-connected disabilities the protection declared for in the language quoted. Nor did it necessarily take away that protection. It did, however, by delegation of authority permit the President, by regulation, to make the cuts which have been outlined in my remarks. The President availed himself of his power to order the cuts, and permitted the Veterans' Administration to issue instructions and rating schedules which enforce the cuts, and brought the United States to the humiliating position of repudiating its obligations to those injured in line of duty in military service during the war. Had the Economy Act and the regulations thereunder been formulated in obedience to the declaration of the Democratic platform, this shameless repudiation would not have occurred. I cannot believe that the Democratic majority in Congress intended to repudiate that plank in the Democratic platform, but the President asked that the power to write pension laws, to make rates, and to prescribe the extent of proof and presumptions should be delegated to him, and he promised to exercise the power in a spirit which all could approve. In his message of March 10 he said:

> If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.

It is evident that the President realizes that Congress was misled and that possibly he himself had been imposed upon by those who prepared the regulations and instructions. I quote from a newspaper clipping of May 11, 1933, from a statement issued by Stephen T. Early, Secretary to the President. The quotation is as follows:

> As a result of conferences between the President, the national commander of the American Legion, Louis Johnson, and the Director of the Budget the following conclusions have been reached:
>
> As a result of the application of the veterans' regulations it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than originally intended. The regulations and schedules in this respect will, therefore, be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

I want to remind Senators that this statement was made upon May 11. Now we are told by the Senator from South Carolina that the President himself is engaged in making a review of the regulations. In a newspaper article this morning I noted an Associated Press story, in which it is stated that—

> Meanwhile President Roosevelt went over the problem of veterans' economies in a lengthy meeting yesterday with members of the House Democratic caucus, at which modifications of the drastic economy regulations were requested.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. STEIWER. I yield.

Mr. BYRNES. I think the Senator inadvertently misquoted what I stated. I did not intend to state that the President is engaged in a personal review of the regulations. I stated that my information was that he had directed the Veterans' Administrator to proceed with a review of the cases.

Mr. STEIWER. I think, possibly, the statement I just made and attributed to the Senator from South Carolina was one made by the Democratic leader, the Senator from Arkansas [Mr. ROBINSON], who also gave some assurance to the Senate that the President is interested and his purpose is to rectify the wrongs done to the veterans.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. ROBINSON of Indiana. I cannot agree with my good friend from Oregon, if I understood him aright, that the President may be permitted to escape responsibility for these drastic cuts and injustices. My information—and I mentioned this on the floor and it has never been denied, and I understand it is true—is to the effect that the President's lord high executioner, Mr. Douglas, makes the cut. Then he goes back to the President—and this has happened more than once, unless I am misinformed. The cut might be $387,000,000, for instance. The President has said to his Budget Director, "That is not enough." He has said that he must have a cut of $400,000,000, that we must save $400,000,000 on the veterans, or $450,000,000, or whatever the figure may be. Mr. Douglas comes back and slices some more, regardless of injustice.

Therefore I say there is just one authority responsible for this injustice in the final analysis, and that is the Chief Executive of the United States, to whom this Congress in a cowardly moment abdicated its authority. If it had been left with the Congress, justice would have been done the veterans. The only way justice can now be done is for the Congress to reclaim its authority, which in the most cowardly fashion it surrendered to the Chief Executive.

Mr. BYRNES. Mr. President, if the Senator from Oregon will yield, I only want to say that every Member of the Senate would know that the Senator from Indiana was not present at the conferences between the President and the Director of the Budget, the details and words of which he relates; but that would not stop the Senator from Indiana from making the statement. When he says it has never been denied, of course no one would ever take the trouble to deny a statement of this nature made by the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, was the Senator from South Carolina present at these conferences with the Director of the Budget?

Mr. BYRNES. No; and because he was not, he would not attempt to quote what was said. The Senator from Indiana would never be restrained from quoting what was said when he was not present, however.

Mr. ROBINSON of Indiana. Then the Senator from South Carolina does not know any more about it than I do.

Mr. BYRNES. And that is my objection—that not knowing anything about it, the Senator proceeds to quote the President of the United States as making statements and does it shamelessly.

Mr. ROBINSON of Indiana. Mr. President, I had it from what seems to be very good authority, and it has never been denied.

Mr. STEIWER. Mr. President, I hope I shall not be asked to yield any further. I shall conclude in just a few moments. It will be patent to all that I am not a party to this discussion between the two Senators with respect to the responsibility of the President.

It will be clear also, I think, to those who have done me the honor to listen this afternoon, that I have not attempted in a harsh or severe way to criticize the President, nor have I even sought to fix the responsibility for the evil that has crept into the administration of this law, nor for the severe injustice and cruelty which have been practiced upon the disabled veterans. I will say that wholly independent of any assumed conversations that may have occurred between the President and the Director of the Bureau of the Budget, without knowing just what part the

Administrator of Veterans' Affairs has had in the whole matter, there are some things about it that are written into the history of our country. We know that the Congress itself passed the Economy Act and is responsible to the extent that it delegated to the President the power to perform duties which in part were legislative in character and to exercise power which in my judgment the Congress should have retained.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. STEIWER. I hope I will not be asked to yield further.

Mr. ASHURST. Just a moment.

If we are subjected to odium and public criticism over the Economy Act, let us not be so cowardly as to blame the President. Let us not be so cowardly as to blame the Budget Director. We did it ourselves. Why be mice instead of men?

If the Economy Act is cruel, we did it. How shameful to see Senators, if they do so, hide behind their desks and hide behind a screen, if they do so, and say, "The Budget Director did it! The President did it!"

One Senator says, "I did not know what I was doing." "If I had known what was going to happen, I would not have done it", says another Senator.

Such alibis will not avail us if condemnation falls upon Senators. Do not blame the President. Do not blame the Budget Director. Let us stand up and take it on the chin. Let us assume responsibility for our own acts. Why not, as men, take whatever blame there is and make effort to repair whatever damage there is?

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. ASHURST. I have not the floor. I assume my share of the blame, if any. I hide behind no President. I hide behind no Budget Director. I take the blame for any wrong that was done and shall employ my time in trying to correct the injustice, if any, rather than in finding someone to blame for my own acts.

The excuse of blaming someone else for our wrongs, if any, is so stale that it avails nothing.

Mr. LONG. Mr. President, will the Senator yield?

Mr. STEIWER. I do not want to yield further. I hope the Senator will not ask me to yield. I want to conclude, so that I may yield the floor.

Mr. LONG. Just three words: As long as "the light holds out to burn", now that the Senator from Arizona has confessed, why not let the whole gang put themselves of record and clear their consciences? [Laughter.]

Mr. STEIWER. Mr. President, the Senator from Louisiana and the Senator from Indiana, who have been taking some little part with me in the latter phases of this debate, need not offer any defense in their own behalf, because they were 2 among 13, I think, of those who opposed this bill.

Now, I hope Senators will permit me to conclude, so that I may yield the floor.

Whatever may be said of the responsibility of Congress, or the responsibility of the President, or the responsibility of anyone else, the fact remains that Congress passed this law. The fact remains that the President promulgated and signed 12 regulations. The fact remains that these regulations authorized the Veterans' Administration to make the instructions and the rating schedules, and that those instructions have been made, and those schedules have been made, and the Administration has been going forward; and it has resulted in the desperate and shameful situation which we have been complaining about this afternoon. History, therefore, will place the responsibility in the proper place.

Since Mr. Early made his statement, in which he said the President had directed a review of this situation in order to relieve against the harshness and cruelty that is being practiced, almost 3 weeks' time has elapsed—I hope Senators will keep that statement in mind—but the rating schedules have not been changed. No liberalizing regulations have been issued by the President; no liberalizing instructions of consequence by the Veterans' Administration. I am told unofficially that up to 3 days ago the officers of the Veterans' Administration had received from the President no directions to review, modify, or liberalize the instructions of the rating schedules under which these awards are being reviewed. I hope the Senators from Arkansas and South Carolina are right. I hope that at last there is to be an awakening to a realization of the truth, and that directions have now gone forward, and that an administration will now be had under which we will find a softening of this blow which has been struck against the disabled veterans of our wars.

It is recorded in the newspapers that a certain group of veterans who came to Washington to urge the payment of the adjusted-compensation certificates have been given employment in the civilian conservation corps. Many, if not all, of these men were indigent, and I make no objection to any plan which will provide them employment. The fact remains that they are able-bodied veterans, and it seems exceedingly ungracious that the great Republic of the United States would take away benefits from the sick and maimed veterans whose disabilities have been adjudicated in order to provide money to care for veterans who are admittedly able-bodied.

In the Economy Act there is no definite object clearly set forth except to save money in accordance with the program of the National Economy League. The bill is entitled, "To maintain the credit of the United States." In a financial sense alone it will aid in maintaining the credit of the United States in the money centers and with those who buy Government securities; but its administration is such that it tends to destroy the faith in government of those having the highest right and the strongest claim. That faith will not be restored until the President, in the exercise of the great powers delegated to him, or the Congress, in the exercise of its constitutional authority, brings about a restoration of faith by a program of justice to those who are the Nation's defenders in time of national peril. By justice only will our Government maintain the most exalted credit any nation can know, and that is the credit founded upon the confidence of its own citizens.

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD some material relative to the recent Economy Act, including a letter I have just received from a World War veteran calling attention to the effect of the act on the veterans of all wars. It seems to me to be a cruel and inhuman act for the Government to place most of the burdens of economy on those who risked their lives to defend it, and the law should be repealed.

How droll it seems for our people to be placing their wreaths of esteem on the graves of the country's dead today while the United States Senate is passing an appropriation bill for the boys yet alive that more than cuts their disability pensions in two. Certainly that is not an act of gratitude commensurate with the feelings we today express for our dead.

Under this law the President has the power to soften and make more humane this unjust, cruel, and harsh so-called "economy" at the expense of helpless, bed-ridden veterans and their dependent widows and orphans, and I join the many Senators who have expressed their views here today stating that they did not realize to what an extreme extent this Economy Act would be interpreted. I hope the opportunity will soon be afforded when by our votes we can erase it.

I was opposed to it when it was presented and believe now the only way it can be remedied is by its repeal.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

BONUS EXPEDITIONARY FORCES,
May 27, 1933.

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.

DEAR SENATOR: I am sending you a copy of a speech delivered over the radio by William T. Kroll, who is the disbursing officer for the State soldiers' relief fund, on the 6th day of April 1933, setting forth the situation in the State you represent in the Senate

as a result of reductions in payments to veterans because of the recent act of Congress cutting relief for veterans of all wars.

I am sending you this information because you have always supported the veterans in the past and especially so in being among the very few who spoke in favor of the bonus bill that was attempted last year when the so-called "Bonus Expeditionary Forces" were camped in Washington and out of which was born the organization which I now have the honor to be at the head of in Minnesota.

Our plan as an organization is to carry our message to the taxpayers of Minnesota that they may know who is their friend, not only of the veterans but also of the people in general, and in that campaign I hope to take an active part during the coming year. Minnesota people must know what the so-called "economies" in Washington at the veterans' expense have led to. They should know that the cuts in compensation and discharges of World War veterans from the hospitals have thrown a greater burden of taxation on the State of Minnesota and its local communities. The Bonus Expeditionary Force was instrumental, I am proud to say, in almost forcing an act of the last Minnesota Legislature appropriating $750,000 to help the needy veterans who were thrown helpless upon the streets and highways by the recent economy bill passed by Congress.

Through this act in Minneapolis and St. Paul over 120 World War veterans have been taken into the city hospitals because the economy bill does not allow them to be cared for by the Federal Government. I do not believe that the people of Minnesota realize that $8,777,100 has been taken out of circulation by the Economy Act. This bill in no sense of the word is an economy bill, for the act completely destroys $8,777,100 of potential purchasing power. Such an act as this is the very thing that has prolonged tendencies in continuing this so-called "depression."

The chief reason for an Economy Act is to make it better possible for the Government to pay the interest on the tax-exempt bonds of J. P. Morgan and others. The Government was faced with the situation where it had to cut either the interest on bonds, held by the rich, or the payments to the veterans, and it has chosen the latter, put the burden of tax reduction on the man who fought to make the world safe for democracy.

The recent investigations in the Senate have disclosed one of the many loopholes whereby the wealthy dodge their taxes, namely by rigging up losses that they charge up to their incomes in such a way as to leave them without any taxable income and with no taxes to pay. Hence, the peculiar spectacle of seeing America's leading financier, J. P. Morgan, revealing to the country that he paid no taxes, yet reputed to be worth millions. The country must learn to understand this vital point and as an ex-service man interested in the welfare of his country and at the head of an organization of veterans, I shall do all in my feeble power to let the people know this situation and I hope that the State can depend on its Representatives in Washington to stand by them in relieving this situation.

It is my aim and purpose as State commander of the B.E.F. to spend the better part of the next 6 months in carrying on a lecture tour in the State of Minnesota to expose the damnable rot that has been foisted upon the American people. In this tour it shall be our primary aim to organize the World War veterans into strong political units. In this organization work we shall join the hands of the farmer and the laborer, whom we know are already in accord with our movements.

I wish to serve notice upon the State Senate of Minnesota that we absolutely mean business and that this is a fair warning that we shall work together until we have obtained justice and until the American people can be brought to realize the unfounded principles that lie within our Government.

I wish to again take this opportunity to thank and praise you in your clean record for the stand that you have always taken by the farmer, the laborer, and the soldier.

Yours in comradeship.

HERBERT L. MILLINGTON,
State Commander of the B.E.F.

Listeners of the radio world, if there are any grocers, butchers, bakers, doctors, welfare workers, or veterans of any of the five great wars who are not listening, will you please ask them to come and listen in.

I want to thank Department Commander George Brobeck, of the Veterans of Foreign Wars, Dr. Russell R. Heim, of the radio committee, and station WRHM for this opportunity of these few moments to talk about the recent veterans' economy bill and its effect upon the citizenry and taxpayers of Minnesota.

I should like to state that the great majority of war veterans voted for President Roosevelt and have every confidence in his sincerity, and that even though injustices are done in the haste that is necessary in this national emergency, they will be adjusted just as soon as the facts become known to him.

It might be interesting to know that the Federal Government is paying pension and compensation to approximately 5,000 veterans, widows, and orphans of the Spanish and Civil Wars in Minnesota at a present cost of about $7,000,000 a year, and that 9,822 veterans of the World War are receiving payments averaging $44 each per month, or $5,186,016 per year, for disabilities which have been recognized by the United States Government as being incident to military service. Also that 4,921 World War veterans are receiving approximately $944,632 per year for similar ailments not yet recognized as incident to military service. Figures for widows and orphans of the World War are not yet available.

In Minneapolis alone 3,446 veterans having disabilities incident to the World War now receive payments of compensation amounting annually to $1,816,957.08, and 1,539 veterans not yet recognized as having war disabilities are receiving $338,856 per year.

In St. Paul 1,348 veterans having disabilities incident to war receive $688,013.04; 745 veterans with disabilities not yet recognized receive $148,104.

If there were time on this radio quarter hour, we might be able to give you the exact pay roll in every city in Minnesota, but the time is limited so I am going to give you just a few instances:

In Grand Rapids, Minn., 56 veterans receive $44,369.32 per year; doctors in that city are paid $837; and supplies purchased for veterans in that city amount to $139.25 per year.

In Madison, Minn., 17 disabled veterans are paid a total of $7,371 per annum.

In Little Falls 57 veterans who are disabled receive $20,769.84 per annum.

In Dawson, Minn., nine veterans receive $3,996 per annum.

In St. Cloud, Minn., 144 disabled veterans receive $54,597.20 per year.

In Wadena 22 disabled veterans receive $8,818.60 per year.

Now, in Minneapolis, in addition to the amounts which I previously stated, doctors and local hospitals are paid $11,971.95; merchants, particularly those handling foodstuffs, are paid $101,403.60. None of these figures include the pro rata share that is paid to widows and orphans of all wars and to veterans of the Civil and Spanish Wars and other wars or expeditions of the military forces of the country. Minnesota pays the Federal Government in direct taxes $13,000,000 per year, and receives, in addition to veterans' benefits, $19,000,000 per year.

It is conservatively and quite accurately estimated that only 5 percent of veterans drawing compensation are employed or have any other source of income except their pension or allowance from the Government. More than 50 percent of all of these veterans are too incapacitated because of age or disability to do any work at all, and not much more than 25 percent could do part-time work if such part-time work was available.

Practically all corporations or institutions employing numbers of men will not hire men who are even partially disabled because of the industrial hazard under the State laws.

Under the regulations which have just been issued and which we have studied diligently these last 48 hours, approximately 4,500 veterans or widows of the Spanish War who are now drawing $50 and $60 per month and who are too old to work will be cut off from the Government pay rolls as of July 1, meaning a loss to the merchants of Minnesota of more than $3,500,000. About 500 others of these veterans of the Spanish War who are over 62 years of age will be reduced from the above rates to $6 per month. About 25 percent of this 4,500 generally will be able to get along, but the other 3,300 will have to go on the bread lines with the other unemployed citizens, and some method will have to be found to raise additional funds to feed, shelter, and clothe their families. This at a cost averaging about $30 per month to the relief departments of the city and county.

Four thousand three hundred and thirty-six veterans of the World War, most of them with families, and now receiving an average of $16 per month, will be separated from the Government pay rolls, and the bread lines of the various committees will have to raise a similar amount to furnish the bare necessities for these families.

Five hundred and eighty-five veterans now receiving $40 per month because of being permanently and totally disabled will be reduced to $20 per month, and as the most of these families consist of five persons, an average of $10 per family per month, will have to be raised by charities to take care of them.

Of the 9,822 veterans' families now drawing compensation for disabilities previously determined to be due to service, 5,339 will be removed from the pay rolls because they were connected as presumptive cases.

This number receive an average of $44 per month. It will cost the taxpayers and people of Minnesota an average of $30 per month to take care of these families and only furnishing them with the bare necessaries of life. Five hundred and fifty-four other veterans of this same class, because of permanent and total disability, will be reduced from $100 per month to $20 per month.

The net loss to the merchants, the hospitals, the doctors of Minnesota because of these reductions will amount to $6,000,000 per year, and this does not include any loss that may be caused by the taking of widows and orphans from the rolls of the Government.

The lowest estimate possible as to the cost of taking care of these veterans and their families on the same basis that persons are now being taken care of in the poor-relief lines of the various cities and townships is the raising for relief funds immediately in addition to those now being raised $1,339,936 per year.

This does not take into consideration the fact that the hospitals have been closed to the treatment of disabled veterans except those with service-connected disabilities or those who are so disabled that they must go to a soldiers' home for the balance of their lives.

Only last Monday the Bureau denied treatment to 125 veterans who are totally disabled and who have needed treatment 2 or 3 times a week in an out-patient clinic. In the early part of this evening, 50 of these men reported to the University Clinic, and many of these men have gone to the Ancker Hospital in St. Paul and the General Hospital in Minneapolis. Some of them have gone to private doctors and the doctors appreciating the fact that these veterans did not have money to pay for treatments and

medicines are treating them free of charge, in some instances even paying for the prescriptions and medicines needed.

This is commendable upon the part of the medical profession, and I hope that throughout the State they will be as merciful as these doctors in the city have been.

A short time ago the Star had a letter stating that only 5 percent of the veterans in the veterans' hospital had seen active service. I checked this up and found that out of 553 patients 287 had actually seen front-line service and 99 others had served overseas or in the Navy in the submarine zone.

Ordinarily there would have been admitted to the veterans' hospital here between the date of enactment of the economy bill and the present date, 115 moderately serious cases, but due to this act only 54 were admitted as emergency during that time, and during the same period 100 were discharged and 7 died. I am speaking of the period from March 20 to April 5. Most of these veterans are broke and are seeking treatment through private sources and the charity of hospitals and doctors.

According to these new regulations the monetary reduction will not be effective until July 1, and it will be in August and September that this situation is most seriously felt. It is hoped that the governments of the States, cities, towns, counties, and townships will raise funds sufficient to keep these disabled veterans from starving, going without shelter, clothes, and medical care.

It is suggested to those veterans who get notices that awards are to be materially reduced or terminated, that in order that our good President may know of the situation existing each veteran write a letter telling the hisory of his disabilities and the economical condition of himself and his family to the President of the United States, Congressmen HOIDALE, CHRISTENSON, and KNUTSON, who voted with the masses in supporting the administration, so that these good gentlemen may be able to assist in making any needed and justifiable changes in Executive orders and regulations.

To the public generally and to those veterans who have not yet affiliated themselves with veterans' organizations, I wish to say that while previously veterans' organizations had minor differences in programs and opinions, the seriousness of this situation has united them and the membership of each of these organizations is growing rapidly. The membership of the Veterans of Foreign Wars at the present time is growing more rapidly than the membership of the other veterans' organizations.

In organized veterandom there are 2½ millions of veterans of the wars and three fourths of a million of ladies in the auxiliary. This represents an actual cross section of every walk of life of these United States. They are called the organized minority, but they have many times the membership of the Medical Association, Bankers' Association, and the Chamber of Commerce, who represent themselves to be the representatives of the country at large.

The veterans are pledged to economy and they have asked me to state that they hope by reducing interest rates on Government securities, taking away of tax exemptions, reduction of rates of public utilities, and by taking the profit out of war through conscripting of both property and wealth in time of war they, too, may contribute their bit toward the financial stability and return to prosperity of our glorious country.

In closing I want to plead with the doctors, with the hospitals, with the public-welfare boards, to make arrangements in advance for treatment and at least the bare necessaries of life for these veterans of wars who are unable because of disability to earn their livelihood and the livelihood of their families.

I want to plead with the veterans who are employed to join the veterans' organizations to which they are eligible. If you know of a veteran who does not belong and he does not want to join your veterans' organization, sign him up for one of the other veterans' organizations.

I want to further plead with veterans and their dependents to take an active part in the public life of their community, the State, and the Nation. Attend the political rallies; work actively in favor of the candidate for public office who will pledge himself or herself to the interests of the small merchant and the interests of the great middle class who own modest homes and work in the offices, stores, factories, and on farms.

Thank you again, Veterans of Foreign Wars, for this time on your program.

WILLIAM T. KROLL.

[Excerpt from the Washington Star for May 26, 1933]

Under the regulations drafted by President Roosevelt the veteran has only the right to one appeal of his case, and this must be confined to claims involving benefits and not on the basis of the rating given him on the degree of disability.

In order to determine the number of cases of combat disability being reduced the veterans' organizations have conducted a survey by questionnaire sent to the Administration's various regional offices. An analysis of this study completed from reports sent in by 15 regional offices in various sections of the country is as follows:

The number of cases so far reviewed is 14,227; number of war-connected compensation cases discontinued, 6,258; number to receive nonservice war-time $20 permanent total award, 289; number to receive service-connected war-time pension, 7,427.

The monthly allowance previously paid service-connected pensioners, $344,908.35. New amount, according to the analysis, to be paid this group, $160,470.

The study showed that 44 percent of the cases reviewed were removed from the rolls either because of breaking service connection or rated no percent; 2 percent remain on the rolls for the $20 permanent non-service-connected award, and 54 percent will remain on the rolls for war-time service-connected pensions, but at a reduced rate as follows:

Average monthly rate under old system, $46.

Average monthly rate under new system, $21, or a reduction in money payments of 54 percent.

APPEAL TO PRESIDENT

So drastic were cuts affecting the combat-injured veterans that the veterans' organization recently appealed directly to President Roosevelt for a more liberal ruling. The President readily complied by raising the rating percentage by 10 percent and promising a review.

Under the new ruling veterans who were classified as 10 to 15 percent disabled are given a rating of 10 percent. Those rated from 20 to 35 percent are granted 25 percent; those rated from 35 to 60 percent are given 50 percent; and those from 65 to 80 percent are allowed 75 percent.

Under the old ruling veterans who were classified as 10 to 20 percent disabled were rated 10 percent; those from 25 to 45 were rated 25 percent; and those judged 50 to 70 percent were rated 50 percent.

Because of the lack of time, it was explained, the rating or reviewing boards, composed of 2 laymen and 1 physician each, are not calling on the veterans to appear in person. Instead only his record is studied in determining his new disability percentage.

WORK IS MACHINELIKE

The average board's work is machinelike, and its decisions are limited to the rulings handed down by the Veterans' Administration. A sample rating sheet furnished the boards by the administration shows that John Doughboy in combat was hit by a shrapnel, resulting in the following injuries:

Enucleation of right-eye scars, multiple, disfiguring right forehead and foreign body retained in right cheek. His skull was fractured, resulting with a loss of bone the size of a silver dollar but without hernia of brain. He also received a gunshot wound in right shoulder, moderately severe, which later caused arthritis or other complications to set in. In falling down in a shell hole or straining to remove himself from the line of fire he developed a hernia.

The combined rating for this war-torn veteran, according to the rating sheet, is 75 percent.

For a veteran whose leg was amputated on the battlefield, the rating board may, in its discretion, award a total of 10 to 20 percent disability. He formerly received from 40 to 60 percent disability.

The average bullet-scarred veteran in Washington has no grievance against the Veterans' Administration because in their opinion, this Bureau is merely following out orders. However, the rating board's action in cutting the combat disabled is causing many to flock here to join their local comrades in protests. Unable to obtain a hearing prior to July 1, when the new rating becomes effective, they are to be found at the headquarters of the three veterans' organizations.

VETERANS ARE INTERVIEWED

The Star reporter yesterday interviewed more than 50, who said their compensations had been cut. One veteran, whose right leg was amputated in the Muese-Argonne drive, said he had been cut from $80 to $40. Another who developed ankelosis following a leg wound, causing the kneecap to be removed, displayed his rating-board notice that he had been cut from $67 to $20 a month.

A father of five children, whose hip was shot away in the St. Mihiel drive, has been reduced, he said, from $68 to $40. He is now attempting to complete payments on a little house in nearby Virginia, which he purchased several years ago, he declared.

In the Meuse-Argonne a shrapnel cut off the face of a Washington veteran. When he left the operating table surgeons had removed his lower jaw and part of his tongue. They patched him up the best they could, but, he said, since he has been home he has never dined with his wife and two children because of his unwholesome appearance. He is now receiving $100 a month. The new rating, according to his notice, reduced his disability to 80 percent.

Another veteran, who said he enlisted at the age of 39 years, received a severe gunshot wound in the right thigh, with marked loss of muscle, leaving a tumor of the bone. This has resulted in the knee joint to stiffen badly, he said. He also received gunshot wound in the right hand, which has caused a palsied condition. He said he was drawing $58 a month for many years. He will draw $20 a month after July 1, according to his new rating.

SIX COMPANIONS KILLED

On October 15, 1918, another veteran with six comrades were occupying a shell hole in the Argonne. A German shell exploded, killing, according to his records, his six comrades and severely wounding him. He has very extensive and unsightly wounds and scars, with muscle destruction of left arm, shoulder, and back, rendering his left side useless for work. He was drawing $67 for this disability. After July 1, according to his new rating, his pension has been set at $8.

Although the independent offices bill has passed the House, the measure is slated for a stiff fight, especially on veterans' appropriations, when it is called up on the floor of the Senate next week and when it is returned to the House. It was learned on Capitol Hill last night that the veterans' organizations are prepared to fight to raise the sum allotted for World War veterans

at least $60,000,000 in order to prevent the combat wounded from suffering. If such sum is obtained, it is held that the average disabled man will receive $44 a month.

WOULD BLOCK CUTS—SPANISH WAR VETERANS TO SEEK INJUNCTION AGAINST ECONOMY ACT

STOCKTON, CALIF., May 26.—A court injunction to prevent President Roosevelt carrying out provisions of the National Economy Act which would reduce and eliminate pensions paid to Spanish-American War veterans was recommended in a resolution passed at the closing session of the thirtieth annual State encampment of the United Spanish War Veterans here late Wednesday.

The resolution declares the Economy Act seeks to assign to the President powers conferred on Congress by the Constitution.

It was recommended injunctions be sought immediately by the organization's national legislative committee. The injunctions are designed to hold off action by President Roosevelt until constitutionality of the act is determined.

[Excerpt from the New York Times for Sunday, May 28, 1933]

William Conley, of Los Angeles, national commander of the Disabled American Veterans, said today in a statement:

"As soon as the regulations were issued on the act of March 20 the Disabled American Veterans publicly stated that the orders were among the most indefensible actions ever taken by the Federal Government.

"At no time have we opposed a survey of the old laws in a search for reasonable economies, but we insisted upon a delicate operation instead of the use of a hacksaw."

Mr. ROBINSON of Indiana. Mr. President, I have a petition from a number of citizens of California asking that all service-connected disabled veterans be restored to their former benefits, and I ask that the communication be incorporated in the RECORD, without the signatures, and appropriately referred.

There being no objection, the petition was referred to the Committee on Finance, and the body thereof was ordered to be printed in the RECORD as follows:

DISABLED AMERICAN VETERANS OF THE WORLD WAR,
DEPARTMENT OF CALIFORNIA, INC.,
Los Angeles, Calif., May 24, 1933.

Hon. ARTHUR ROBINSON,
United States Senate, Washington, D.C.

MY DEAR SENATOR: Enclosed find petitions from citizens of the United States and residents of the State of California, signed by 139 voters.

Respectfully yours,

C. BERT ALLEN,
Department Adjutant Treasurer.

A PETITION TO THE UNITED STATES SENATE AND THE UNITED STATES HOUSE OF REPRESENTATIVE FROM THE PEOPLE OF CALIFORNIA TO RESTORE TO ALL SERVICE-CONNECTED DISABLED VETERANS THEIR FORMER BENEFITS, PRIVILEGES, SCHEDULES, RATINGS, ETC.

We, the undersigned citizens of the United States of America, residents and voters of the State of California, do hereby affix our signatures and thereby protest certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veterans, and we do hereby further petition the United States Senate and the United States House of Representatives to take such action as is necessary to revise the aforesaid regulations, and/or the Economy Act itself, so that there shall be restored to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of said Economy Act.

Mr. ROBINSON of Indiana. Mr. President, I also have a resolution signed by George S. Murphy, commander, and Jackson Smith, adjutant, of Los Angeles, Calif., which I ask to be incorporated in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the regulations applied to the operation of section 10, title I, of the Economy Act (Public, No. 2, 73d Cong.) make it mandatory to show a "causative factor" for the disabilities arising out of the performance of duty during service; and

Whereas this requirement is an innovation in disabled veteran legislation directed only at one class of officers who were disabled as a result of service in the World War; no such restriction is placed on retirement of Regular Army, Navy, or Marine Corps officers, neither should there be; and

Whereas nothing was mentioned about "causative factor" in the law which passed Congress last March, and the insertion of such a provision in the regulations is a ruthless discrimination against the permanently disabled emergency officers of the World War, in that it almost entirely eliminates medical disabilities from the benefits of this section; and

Whereas, according to the best medical judgment, it is impossible in the great majority of cases to establish the direct cause, with date and place, of the various medical diseases. Direct military duty should be sufficient "causative factor" in medical disabilities heretofore compensated unless ample proof is produced to rebut this: Now, therefore, be it

Resolved by the Southern California Chapter, Disabled Emergency Officers of the World War, in general meeting assembled this 24th day of May 1933, That we request the elimination of this "causative factor" requirement in the consideration of claims under section 10 and regulation 5 of the Economy Act of March 20, 1933; and be it further

Resolved, That copies of this resolution be sent to the President of the United States; the United States Senators from California; Senator ARTHUR R. ROBINSON, of Indiana; the Members of Congress from California; and the Director of the Veterans' Administration respectfully requesting they look into this discriminatory requirement and eliminate it.

[SEAL] GEORGE S. MURPHY, *Commander.*
JACKSON SMITH, *Adjutant.*

LOS ANGELES, CALIF., *May 24, 1933.*

Mr. BONE obtained the floor.

Mr. BYRNES. Mr. President, I want to ask the Senator from Washington whether he expects to address the Senate at any length?

Mr. BONE. For not to exceed 10 minutes.

Mr. BYRNES. I wanted to say to the Senator that I know there are several Senators who desire to address the Senate on the veterans' provision in the bill, and I would ask whether we may not consider amendments other than the veterans' amendment if the Senator from Washington is to speak on that amendment, and get the others out of the way, so that tomorrow those Senators who desire to speak on that subject may do so, and we may have no other committee amendments to consider?

Mr. BONE. Mr. President, I want to speak on the bill, and my remarks will be very brief.

Mr. CUTTING. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

Mr. CUTTING. I want to give notice of a motion to suspend the rules, which I intend to make tomorrow, and in doing so I should like to say just a word in tribute to the distinguished Senator from Oregon [Mr. STEIWER], who has just addressed the Senate.

Mr. President, the Senator from Oregon has clearly and temperately stated the situation as it exists with regard to the veterans' regulations issued under the so-called "Economy Act." I praise the Senator from Oregon, not only for his address but for the fine statement which he has just made, urging that Congress do not adjourn until either the Economy Act be liberalized or the regulations issued thereunder be modified.

I have sent to the desk a motion for suspension of the rules, which I intend to offer, and I ask to have it read at the present time.

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Without objection, the clerk will read the notice of a motion to suspend the rules.

The legislative clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendment, viz, at the proper place to insert the following:

"Section 17 of title I of the act approved March 20, 1933, entitled 'An act to maintain the credit of the United States Government', is amended by adding at the end of the section the following:

"'Nothing in this act shall authorize the President to reduce to a degree greater than 25 percent the compensation, pension, or allowance of any veteran or dependent of a veteran whose disability has hitherto been traced officially to direct connection with military or naval service (otherwise than by benefit of presumption).'"

Mr. CUTTING. Mr. President, may I say that the amendment will be offered on behalf of the Senator from Missouri [Mr. CLARK] and myself.

Mr. WALSH. Mr. President, I understand the Senator's amendment will apply only to service-connected disabilities?

Mr. CUTTING. To disabilities directly service connected.

Mr. WALSH. And would restrict the President to making deductions within 25 percent?

Mr. CUTTING. Not over 25 percent.

Mr. WALSH. Of the present rating?

Mr. CUTTING. That is correct.

Mr. BONE. Mr. President, we find ourselves now considering House bill 5389, making appropriations for the Executive Office and certain bureaus, boards, and commissions of the Government, among which are numbered the Veterans' Administration and the United States Shipping Board. In the consideration of this measure we shall have to face again the problem of ways and means of financing the fiscal program of the Government, including the program of payment of compensation and pensions to veterans, and it becomes a matter of vital importance to us all, and certainly a matter of vital importance to the people of this country, whether or not the economies which the Government now is practicing and proposes to practice, shall be effected solely at the expense of those who so far have been compelled to bear the brunt of these economies, namely, the veterans of this country, and the wage workers employed by the United States Government.

I find riding gaily along in the pending bill an item of $50,000,000 to continue the work under the Jones-White Shipping Act, passed a great many years ago, which, in effect, provides for a continuation of the great subsidies which the Government has been paying and is now paying shipping lines for operating boats bought from this Government for a tiny fraction of their cost to the Government, and apparently no part of the economy program is to be visited upon these shipping lines.

I call the attention of Senators to just one particular item in this program of shipping subsidies. It affects a steamship company operating on the Atlantic coast not far from the city of Washington. This particular company recently bought five magnificent steel steamships from the United States Government, steamers which cost nearly two and a quarter million dollars apiece, and this company, which is now enjoying fat subsidies out of the Treasury of the United States, subsidies which are not to be compelled to share in this economy program, paid for these steamers, which cost this Government nearly two and a quarter million dollars, the sum of $30,000 apiece, or exactly one seventieth of their cost to this Government.

Mr. President, that company, operating under this present subsidy, which is not to be touched in this economy program, will receive in the next 10 years over $11,000,000 out of the United States Treasury at the rate we are now paying that company. This vast sum of $11,000,000 paid to this company will be in mail subsidies, none of which, apparently, are to be affected by the economy program, which has been imposed solely on the veterans.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

Mr. McKELLAR. If the Senator will look at page 53 of the bill, he will find that the House provision gives the President the power to change these contracts. Unfortunately, the Senate committee, by a vote of 8 to 7, as I remember, struck out that provision. I hope the Senator will help us restore the provision of the House text.

Mr. BONE. Mr. President, I am going to present tomorrow an amendment to the bill striking $45,000,000 out of the $50,000,000 now being appropriated for the payment of these ship subsidies. I for one am weary of spirit at the picture of this Government's paying such subsidies in its hour of peril, when soldiers who offered their bodies for the Government and have sustained wounds of the character described by the Senator from Oregon are getting $8 a month. I do not want the spectacle continued any longer of this Government's paying Pierpont Morgan or his associates, as the case may be, $117,000 a pound for hauling mail in boats which he bought for one seventieth of their cost.

Mr. BLACK. Mr. President, will the Senator yield to me?

Mr. BONE. I yield.

Mr. BLACK. I desire to call the Senator's attention to the fact that in 1931 one company was receiving a subsidy of $1,200,000 owned by 1 man except for 2 or 3 nominal stockholders who had directorships. That man received in dividends and salaries and for personal expenses $182,000 out of a subsidy of $1,200,000.

Mr. BONE. Mr. President, I will say to the Senator that I am wholly familiar with the activities of the dollar-a-year patriots who plundered this Government very effectively during the war in the sacred name of patriotism.

The particular company concerning which I have spoken is now prosecuting in one of the district courts of this country a suit against the Government to re-form a loan contract made by this Government with that company, whereunder it loaned them millions of dollars at 3 percent per annum, and that company is now, under one of these very peculiar provisions of the Jones-White Act, endeavoring to reduce the interest rate to one half of 1 percent per annum. That company is the beneficiary of these bounties and subsidies at the hands of this Government, which we are assured here day by day is going broke. If that suit shall be successful and that company enabled to take out of our Treasury millions of dollars in loans at one half of 1 percent, when this Government is compelled to pay 4¼ percent for the use of money from the bankers who, directly or indirectly, own the steamship company, we are going to present to this country a most peculiar picture, one at least which the veterans and wage workers of this country will never understand. If that suit be successful and this company is permitted to continue these loans at one half of 1 percent, while the Government is paying 8 to 10 times that amount for money, the time has arrived to make a drastic change in the laws that permit these horrible things to exist in this our hour of financial peril.

Mr. President, I said to the Senate that I was going to be very brief, and I am now going to proceed to make good that statement.

Mr. President, the consideration of this bill, like the consideration of all the legislation taken up at this extraordinary session of the Congress, is colored by the knowledge that our country and our institutions have been facing a supreme economic and social crisis. We have been waging a war on many fronts for the preservation of American institutions.

Today the Nation pauses in this most momentous of its struggles for self-preservation to honor those who died that the Republic might live. In hundreds of cemeteries flower-wreathed headstones give evidence that the men who died for the preservation of liberty and for equality of opportunity are not forgotten. But, Mr. President, I have wondered often of late whether this Republic is not forgetting the principles for which these men died, even in the moments when it places laurel wreaths on their tombstones.

Last night I stood on the steps of the Lincoln Memorial. I looked upon the stone face of the stone image which sits enshrined in that temple. I could not repress a shudder as the thought occurred to me that, impressive as the statue is, cold stone could never adequately express the much more enduring spiritual thing that was Lincoln. I wondered then, as I wonder now on the floor of the United States Senate, while I listen to the consideration of this bill, whether the hearts and the minds of the economic rulers of this Republic are not like that statue, having the outward forms of democracy, of individual liberty, of equality of opportunity, but actually being as cold, as heartless, and as much without the living spirit as cold marble.

Mr. President, today would be a mockery, the tenderest feelings, the noblest purposes that animate the human heart would be purposeless and perverted if the only contribution we make to the memory of the men who died for equality of opportunity, is to place perishable flowers on their graves. These men did not die to earn either wordy or floral bouquets. They died that their children might

have a better place in which to live; that these children might have the opportunity to earn a living—the right to life, liberty, and the pursuit of happiness.

Mr. President, the right to earn a living has been denied to the children of the men who died, and whose memory we honor today. As I read some of the facts brought out by the Committee on Banking and Currency, I wonder if the state of this Republic today does not dishonor, rather than honor, the memory of those who have been, and those who are, ready to die—not for this Republic, but for the principles for which this Republic is said to stand.

Mr. President, whenever men have died for the safety of this Republic other men in America have fattened and battened. I do not say that they did this illegally. I do say that always, when some have been sacrificing and fighting for America, others were taking advantage of the needs of the Nation to grow rich, to stay at home, and to undermine the very principles for which patriots were dying. These people contributed little to the common cause except at a price—their own price.

Today I call upon those who have great wealth, those who have profited out of wars, to make some actual contribution to the safety of the Republic which has treated them so generously. I call upon the big bankers, who have been proven to be the real economic masters of America, to help our country in this dark hour.

Last night, as I looked upon the statue of Lincoln, the thought occurred to me that it would be a fine thing if the Committee on Banking and Currency could tomorrow night take J. P. Morgan and his Wall Street associates to the place where I stood on the steps of that temple, and leave them there, alone, to look upon that statue. If I remember well, J. P. Morgan's father had business dealings with the Federal Government during the Civil War, while Lincoln was in the White House. My own father, like the fathers of many of us, was fighting at Antietam, Gettysburg, and Spottsylvania Court House. At that time the Government borrowed money from J. P. Morgan & Co. The Government is still borrowing money from J. P. Morgan & Co. Last winter the Government owed to the House of Morgan, alone—I do not include in this figure the money our country owes to the individual partners, the associates, and the connections of the House of Morgan—something over $224,000,000.

Mr. President, there lies on the table of the Senate a resolution I have introduced requesting the Secretary of the Treasury to call immediately upon holders of Government bonds, particularly those issued to finance the World War, to exchange their bonds for new bonds of an issue to be known as the new Liberty Loan of 1933, and bearing a lower rate of interest which would effect a saving as nearly as possible sufficient to service such additional loans as may be made necessary by the pending public-works program, and such other emergency needs of the Government as the President may see fit to prescribe.

The purpose of this resolution, Mr. President, is to afford to patriotic Americans who have loaned money to the country the opportunity to share in the sacrifices we must all make if this Republic is to be preserved.

I here and now publicly call upon J. P. Morgan & Co., as the foremost financiers and money lenders in America, to be the first to undertake this new Liberty Loan drive. I publicly call upon them, who have profited most out of the needs of this Republic, to be the first among the economic rulers of this country to recognize the need for a new deal—a new democracy. I call upon them here, now, publicly, voluntarily to turn their bonds into the Treasury of the Republic, with the announcement that they are not indeed, as many have heatedly asserted, mere Shylocks, but are willing to take less interest than the bond stipulates. This interest is the common burden of all of us. The Government can, and does, by taxation, destroy industry, destroy the worker, destroy the farmer, in order to take from them the money with which this interest must be paid.

I make this call upon J. P. Morgan because his name is now in the public prints as one who during the past 2 or 3 years, in the darkest hours of this Republic, contributed little to the common need.

Actually, J. P. Morgan could not be the first to make such a contribution. On this day—Memorial Day—men who gave their arms, legs, eyes, and health are being called upon to make further sacrifices—great sacrifices—under the terms of the economy bill. Some of the savings, resulting from these sacrifices, will be used to pay interest to J. P. Morgan & Co. and to others who have this Government in their debt.

I call upon the money lenders of America on this day not to insist upon the letter of the bond, not to accept as the price of their money bread taken from the mouths, dollars taken from the pockets of those of their fellow citizens who have greater need than they. I call upon them to make it unnecessary for the Senate to pass the resolution that now lies on the table by voluntarily offering to accept less than a full pound of the flesh of their fellows, when the very safety of our institutions would be at stake were too much of such bloodless bloodletting to continue.

I warn the money masters of America—and I use a favored expression of their own—that if they tax the American people beyond their capacity to pay there may result in America the same consequences which they so direly and dourly predict will occur in Europe if America attempts to collect its debts from its European debtors.

Mr. President, I hope that Mr. Morgan will hear and heed this demand I make upon him today in the name of the hungry and the hopeless—in the name of our country.

I hope that it will not be necessary before this extraordinary session closes for me to call my resolution from the table. I hope that before long, under the leadership of Franklin D. Roosevelt, this Congress will be applying itself to the consideration of ways by which lives of our people may be made fuller and happier, rather than to ways by which new sacrifices—new necessary but inhuman economies—may be effected in order that the Republic may be preserved at whatever price in human self-denial and suffering.

Mr. President, I now send to the desk notice in writing of a motion to suspend the rule, particularly rule XVI, which I ask may be read.

The PRESIDING OFFICER. The clerk will read, as requested.

The legislative clerk read the "notice of motion to suspend rules", as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 1 of rule XVI for the purpose of proposing to the independent offices appropriation bill, H.R. 5389, the following amendment, viz, on page 48, line 18, strike out "$231,730,000" and insert in lieu thereof the numerals "$276,730,000"; and on page 50, line 13, strike out "$493,988,000" and insert "$538,988,000."

Mr. TRAMMELL. Mr. President, I send to the desk and ask to have read, in accordance with the rule, a notice of a motion to suspend the rules for the purpose of offering an amendment.

The PRESIDING OFFICER. The notice of the Senator from Florida will be read.

The Chief Clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendment, viz.:

On page 61, between lines 6 and 7, add a new section, as follows:

"That title I of Public No. 2, is hereby amended by adding thereto the following:

"SEC. 21. That regardless of any provisions embraced in title I, of an act to maintain the credit of the United States Government, being Public No. 2, Seventy-third Congress, the compensation of those veterans who on March 20, 1933, were drawing compensation on account of service-connected disability shall not be reduced more than 10 percent. In any review of a veteran's case by the Veterans' Administration with a view to reducing the rating of or change the cause of his disability the burden of proof shall rest upon the Government."

Mr. TRAMMELL. Mr. President, I desire to address the Senate for a moment on the amendment which is the subject of my notice of motion to suspend the rules.

The proposed amendment which I have just sent to the desk has in contemplation not only the question of restricting and limiting the amount of reduction that may be made in service-connected cases, but it also provides that when the Veterans' Bureau seeks a revision of the rating of a veteran, or the cause of the disability, the burden of proof shall be upon the Government.

According to the correspondence which I have been having with the Veterans' Bureau on account of a great many veterans appealing to me, it occurs to me that the Government, through its Veterans' Bureau, is executing many of these veterans without giving them a trial and without giving them a hearing, although they have previously presented their cases, the cases were considered upon the evidence, and the Government's agency, the Veterans' Bureau, decided that they were service-connected cases and gave them compensation upon the ground that they were service-connected cases. Yet in my correspondence—I have not it here; I had expected to have it here at another time—I have a number of letters from the Veterans' Bureau in which they notify a person that his compensation will be reduced, in one instance—that of a man who was unfortunate enough to be practically totally blind—from $90 to $20 a month; and when I take the case up with them they acknowledge that it is service connected. They not only advise me, however, that they are making a reduction from $90 to $20 a month in a case of that kind, acknowledging that it is a service-connected case, but they also advise him that that will be the rate until June 30, and thereafter what he will receive will depend upon the action of the Veterans' Administration.

In other instances they have also begun to call on veterans for new proof. They are attempting to require service-connection to be reestablished by veterans who have already established service connection, and have been granted compensation upon the proof they have heretofore offered and which was acknowledged as being sufficient to support their claim.

In cases of that character I think we should have legislation that will shift the burden of proof where it properly belongs, in all right and justice, upon the Veterans' Bureau, to establish that these men are not entitled to compensation on account of service connection. That, as the Senator from Maryland [Mr. TYDINGS] says, is where they have already received compensation, and it was granted to them upon a service-connected disability. I can see no justice or right in requiring them to go into the question of furnishing further proof and reestablishing their service-connected disability. Therefore, I think we should specifically provide, in a change in the law, that the burden of proof is upon the Government if they desire to attack the matter of service connection; and I have incorporated that in the amendment which I propose.

Mr. BYRNES. Mr. President, I ask that the reading of the bill be resumed.

The PRESIDING OFFICER. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The pending amendment of the Committee on Appropriations was, on page 46, line 21, after the word "exceed", to strike out "$5,000" and insert "$15,000", so as to make the further proviso read:

Provided further, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $15,000, for experimental purposes to determine the value of certain types of treatment.

The amendment was agreed to.

The next amendment was, on page 48, line 21, after the word "purpose", to strike out the comma and the words "and the amount so expended shall be accounted for separately", so as to read:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress, or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, $231,730,000, to be immediately available: *Provided*, That Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose.

The amendment was agreed to.

The next amendment was, on page 50, at the end of line 13, to change the total appropriation for military services under the Veterans' Administration from $485,988,000 to $493,988,000.

The amendment was agreed to.

The next amendment was, on page 50, line 22, to change the total appropriation for the Veterans' Administration from $506,838,000 to $514,838,000.

The amendment was agreed to.

The next amendment was, on page 51, at the end of line 1, to change the total appropriation under this act from $535,573,936 to $543,740,936.

The amendment was agreed to.

The next amendment was, on page 51, after line 2, to strike out:

SEC. 2. That, except as hereinbefore provided, in the expenditure of appropriations in this act the head of every bureau, agency, or independent establishment shall, unless in his discretion the interest of the Government will not permit, purchase or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable.

Mr. JOHNSON. Mr. President, may I inquire why the particular section is stricken out? And before I make the inquiry, may I ask how late the Senator intends to have the session continue?

Mr. BYRNES. Only a short time longer. There are only a few committee amendments left.

The reason for the elimination of this section is that the Treasury and Post Office appropriation bill contains the amendment offered by the Senator from California, which is comprehensive in its scope, and includes everything contained in this one. Therefore there is no excuse for continuing this one.

Mr. JOHNSON. That is exactly what I desired to know. The legislation we adopted before, which becomes law, is general in character, and is applicable to this bill.

Mr. BYRNES. And much broader in its language.

Mr. JOHNSON. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 52, line 11, after the word "Acts", to insert "or the District of Columbia Appropriation Act for the fiscal year 1934", and in line 14, after the word "Government", to insert "or the Government of the District of Columbia", so as to make the section read:

SEC. 3. No part of the appropriations contained in this act or prior appropriation acts or the District of Columbia Appropriation Act for the fiscal year 1934 shall be used to pay any increase in the salary of any officer or employee of the United States Government or the government of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade after June 30, 1932, by the Personnel Classification Board or the Civil Service Commission, and salaries paid accordingly shall be payment in full.

The amendment was agreed to.

The next amendment was, at the top of page 53, to strike out:

SEC. 6. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as

will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. McKELLAR. Mr. President, this is an amendment which I hope will be rejected. I desire to say that the amendment striking out the House provision——

Mr. BYRNES. Mr. President, I know that this amendment relates to a controversial matter, and I suggest that it be passed over.

Mr. McKELLAR. I am perfectly willing to have it passed over.

The PRESIDING OFFICER. By unanimous consent this amendment will be passed over for consideration at a later date. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, on page 54, line 20, after the letters "U.S.C.", to insert "supp. VI", and in line 23, after the word "is", to insert "voluntarily or", so as to read:

SEC. 6. (a) Whenever at any time hereinafter prior to July 1, 1935, any employee of the United States or the District of Columbia to whom the Civil Service Retirement Act, approved May 29, 1930 (U.S.C., supp. VI, title 5, chap. 14), applies, who has an aggregate period of service of at least 30 years computed as prescribed in section 5 of such act, is voluntarily or involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity computed as provided in section 4 of such act payable from the Civil Service retirement and disability fund less a sum equal to 3½ percent of such annuity.

The amendment was agreed to.

The next amendment was, on page 55, after line 16, to strike out:

(b) In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

And in lieu thereof to insert:

(b) Reductions of personnel shall be made with regard both to efficiency and to apportionment of appointments by States as now provided by law.

Mr. BLACK. Mr. President, I desire to ask if it is in order to offer an amendment to the amendment proposed by the committee.

The PRESIDING OFFICER. It is in order.

Mr. BLACK. I send to the desk an amendment to the amendment proposed by the committee.

The PRESIDING OFFICER. The Senator from Alabama offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. On page 55, line 22, it is proposed to amend by striking out the period, substituting a comma, and adding the following:

But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of the State containing the least percentage of its Civil Service quota.

Mr. BLACK. Mr. President, I desire to say——

Mr. BYRNES. Mr. President, I have no objection to that amendment.

Mr. BLACK. The Senator has no objection to it?

Mr. BYRNES. No.

Mr. BLACK. Very well.

Mr. McNARY. Mr. President, a number of Senators have left the Chamber to attend matters in their offices, with the understanding that there would be no business transacted excepting committee amendments. I suggest that the amendment of the Senator from Alabama go over until tomorrow.

The PRESIDING OFFICER. Without objection, the amendment will be permitted to go over until tomorrow for consideration at that time, and the committee amendment will also go over. The clerk will report the next amendment.

The legislative clerk proceeded to read the amendment on page 58, to strike out lines 8 to 15, inclusive.

Mr. McKELLAR. Mr. President, does the amendment of the Senator from Alabama apply to the whole committee amendment on pages 55 and 56? Why cannot the remainder of the amendment to which the amendment of the Senator from Alabama does not apply be agreed to?

Mr. BYRNES. Mr. President, subdivision (c) is not involved in any way in the amendment offered by the Senator from Alabama. It has reference only to a situation existing in the Canal Zone, and it is necessary to make the provision contained in subdivision (c).

The PRESIDING OFFICER. Without objection, if it be the desire of the Senate, the clerk will report subdivision (c) of the amendment, and the Senate will consider it at this time.

The LEGISLATIVE CLERK. On page 55, line 23, the committee proposes to insert the following:

(c) Whenever at any time hereafter prior to July 1, 1935, any person to whom the Canal Zone Retirement Act, approved March 2, 1931 (Public, No. 781, 71st Cong.), applies, who has an aggregate period of service of at least 30 years computed as prescribed in section 7 of such act, is voluntarily or involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity computed as provided in section 6 of such act payable from the Canal Zone retirement and disability fund less a sum equal to 5 percent of such annuity: *Provided*, That when an annuitant hereunder attains the age at which he would have been entitled to retirement with annuity computed as provided in section 6 of such act, such deduction from the annuity shall cease. If and when any such annuitant shall be reemployed in the service of the District of Columbia or the United States (including any corporation the majority of the stock of which is owned by the United States), the right to the annuity provided by this section shall cease and the subsequent annuity rights of such person shall be determined in accordance with the applicable provisions of retirement law existing at the time of the subsequent separation of such person from the service.

The PRESIDING OFFICER. The question is on agreeing to subdivision (c) as reported by the committee.

The amendment was agreed to.

The next amendment of the Committee on Appropriations was, on page 58, after line 7, to strike out:

SEC. 11. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto: *Provided*, That no such rate shall be in excess of $1,440 per annum.

And in lieu thereof to insert:

SEC. 9. That under the provisions of section 20 of the act approved June 10, 1922, as amended (U.S.C., title 37, sec. 29), no additional compensation shall be allowable or paid to any person in the Army, Navy, or Marine Corps, or Army Reserve Corps, or National Guard, or the Naval Reserve, or Marine Corps Reserve, or the Coast Guard, in consequence of such statute as amended at a rate per annum in excess of that now paid to any lieutenant colonel in the Army, or to any commander in the Navy, or to any lieutenant colonel in the Marine Corps, or to any commander in the Coast Guard.

Mr. BYRNES. I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. Is the amendment to the committee amendment?

Mr. BYRNES. It is an amendment to the committee amendment.

The PRESIDING OFFICER. The Senator from South Carolina offers a perfecting amendment, which the clerk will report.

The LEGISLATIVE CLERK. In the amendment of the committee, on page 58, it is proposed to strike out all the matter inserted by said amendment after the word "of", in line 23, and to insert in lieu thereof the following:

The maximum prescribed for a lieutenant colonel in the Army.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BYRNES. By direction of the committee, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 59, line 13, after the words "United States", it is proposed to insert a comma and the words "including the Philippine Islands."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Without objection, the clerk will be authorized to renumber the sections.

Mr. ROBINSON of Arkansas. Mr. President, I offer an amendment and ask that it may be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. BYRNES. I desire to offer another amendment.

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which the clerk will report.

The LEGISLATIVE CLERK. On page 58, it is proposed to strike out section 8, as follows:

SEC. 8. The President is authorized to place on furlough such officers of the Army, Marine Corps, Public Health Service, Coast Guard, or Coast and Geodetic Survey, as he, in his discretion, shall deem desirable. While on furlough, officers shall receive one half the pay to which they would otherwise have been entitled, but shall not be entitled to any allowance except for travel to their homes.

Mr. BYRNES. Mr. President, I will say that this section relates to furloughs of officers which was discussed in the committee, and by agreement I was to ascertain the situation. After investigation I offer the amendment, which I send to the desk.

Mr. McCARRAN. Mr. President, are the amendments the Senator is offering the ones which were adopted by the committee?

Mr. BYRNES. All except the last one as to which, as I stated, I was to make an investigation. I think the Senator was one who advised that such an investigation be made, and as the result of that investigation I have offered the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. That completes the committee amendments. I now desire to present notice of a motion to suspend the rule as to certain amendments which I desire to offer.

The PRESIDING OFFICER. The Senator from South Carolina enters a motion to suspend the rules, which the clerk will read.

The legislative clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendments, viz.:

At the proper place to insert the following:

On page 59, in line 10, after the word "discharge", strike out the period, insert a colon, and add the following:

"*Provided, however,* That one half of 1 year's sea pay, as heretofore provided by law, shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment."

On page 61, add a new section after line 6:

"SEC. 16. That section 3 of the act of Congress approved May 28, 1928, entitled "An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled 'An act to provide for the classification of civilian positions within the District of Columbia and in the field services'", as amended by the act of July 3, 1930, be further amended by adding thereto the following:

"'*Provided,* That in all cases where, since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent, the rate of pay fixed for such position prior to such allocation may be continued so long as the position is held by the incumbent occupying it at the time of such allocation.'"

On page 61, after line 6, to insert the following:

"SEC. 15. (a) There shall be in the Department of Justice an Assistant Solicitor General to assist the Solicitor General in the performance of his duties, who shall be appointed by the President by and with the advice and consent of the Senate. Said Assistant Solicitor General shall be allocated to the same classification grade and be paid the same rate of compensation as apply to Assistant Attorneys General and shall perform such additional duties as may be required of him by the Attorney General. (b) One of the existing positions of Assistant Attorney General is hereby abolished."

On page 49, after line 19, to insert the following:

"The unexpended balance of the appropriation 'Fourteenth Annual Convention of French Veterans of the World War, Washington, D.C., 1933' is hereby made available for reimbursement to the Veterans' Administration for all expenses (including transportation to bona-fide residence) incurred in connection with indigent veterans in attendance at the convention of the rank and file organization of World War veterans held in Washington, D.C., during the month of May 1933, and the decision of the Administrator of Veterans' Affairs in connection with such expenditures shall be final and conclusive."

On page 48, after line 24, to insert the following:

"That the Attorney General of the United States is hereby authorized to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction of the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, upon such terms and for such sums within the amount claimed to be payable, in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments in accordance with any such judgment: *Provided,* That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers of the Veterans' Administration for all payments of insurance made in accordance with any such judgment: *Provided further,* That all such judgments shall constitute final settlement of the claim and no appeal therefrom shall be authorized."

Mr. TYDINGS. Mr. President, I hold in my hand an amendment which I have discussed heretofore today, designed to take care of a very limited number of ex-service men who were injured in line of duty; but because they were injured not within a war period they were denied hospital treatment and domiciliary care. Inasmuch as the Senator in charge of the bill has agreed to the amendment, and there are only a few soldiers who would receive these benefits anyhow, I ask that the amendment may be considered and adopted at this time. There is no objection to it anywhere that I know of.

The PRESIDING OFFICER. Is there objection to the consideration of the amendment offered by the Senator from Maryland?

Mr. JOHNSON. Mr. President, there are various amendments which are ready to be offered at the present time. I have an amendment of similar sort to which there is no objection, which I should like to present; and I think the amendment of the Senator from Maryland ought to go over with the other amendments.

Mr. TYDINGS. Then, Mr. President, I serve notice, under the rule, that I desire to bring up the amendment as legislation on an appropriation bill.

The PRESIDING OFFICER. The Chair suggests to the Senator from Maryland that he will have to serve that notice in writing.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment to be printed and lie on the table, to be taken up tomorrow.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. NORRIS. Mr. President, I desire to submit a unanimous-consent request. I suppose we are soon to go into executive session and to adjourn or recess, and it will therefore be a physical impossibility for the Senator from Maryland to prepare his notice and serve it. I therefore ask unanimous consent that the notice as served from the floor by the Senator from Maryland be considered sufficient notice.

The PRESIDING OFFICER. Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, I wish the Senator would modify his request. I presume there are a great many amendments to be offered to the bill. Why could we not suspend the rule and make all pertinent amendments in order?

Mr. BYRNES. Mr. President——

Mr. JOHNSON. I think that is a very wise suggestion. Let us consider the rules suspended as to the amendments which have been presented today, so that we will not have to take up each amendment under a suspension of the rules.

Mr. BYRNES. Mr. President, I should have to object to that.

The PRESIDING OFFICER. The Senator from Maryland submits a notice, which will be read.

The legislative clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 5389), the independent offices appropriation bill, the following amendment, viz:

On page 47, line 10, after the word "amended", to insert the following:

"*Provided further*, That in addition to the pensions provided in this title the Administrator of Veterans' Affairs is hereby authorized under such limitations as may be prescribed by the President, and within the limits of existing Veterans' Administration facilities, to furnsh to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty and to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatment for diseases or injuries."

Mr. TYDINGS. Mr. President, I desire to take this opportunity to thank the Senator from Nebraska for his courtesy.

FOREIGN DEBTS—ARTICLE BY HON. WALTER E. EDGE

Mr. KEAN. Mr. President, I ask unanimous consent to have published in the RECORD an article by Hon. Walter E. Edge, former American Ambassador to France, appearing in the New York Herald Tribune of Sunday, May 28, 1933, relative to the foreign debts.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[New York Herald Tribune, Sunday, May 28, 1933]

EDGE URGES BROAD POWERS FOR PRESIDENT ON WAR DEBTS—FORMER AMBASSADOR TO FRANCE ADVOCATES WIDER LATITUDE IF SETTLEMENT IS TO BE NEGOTIATED, BUT OPPOSES SIMILAR GRANT FOR LOWERING OF TARIFF

By Walter E. Edge, former American Ambassador to France

A review of the status of international relations and problems at the moment presents a situation somewhat akin to the calm before the storm. Private and semiprivate conversations between rulers and premiers, apparently covering a multitude of questions, have taken place and in an atmosphere of friendliness.

Reports have been made to home governments, public statements have been promulgated, and somewhat confused reactions have followed.

A very limited time remains before very definite action must be taken in at least two of these world problems—that is, the American war-debt payment, due June 15, and limitation of armaments.

Preparation for the world's economic conference in London, opening June 12, is greatly overshadowed by the feeling that the involved war debts and the uncertainty at Geneva present a barrier and impasse which cloud all other international problems. Unless this situation is relieved, it must have a very deterrent effect and influence on the London deliberations.

Of all these confused international situations a final adjustment or disposition of the war debts would seem, under the circumstances, to demand first attention or, at least, run parallel with disarmament efforts. I am assuming that even the most determined American war debt collector realizes that some revisions must be made. In fact, viewing the problem frankly, while there can be no question of the legality and validity of the existing debt contracts, nevertheless, world conditions that have developed since they were negotiated justify some reconsideration even in our own interest. Proceeding on that premise I am convinced that there is only one practical policy to pursue to bring about a definite or lasting settlement. That goal cannot be reached through discussions at a general economic conference. Likewise, it would be very difficult to conclude any adjustment through the ordinary diplomatic channels unless much greater authority and latitude are delegated than has been the policy in the past.

Everyone must realize at the present moment the unsettled status of these obligations entirely apart from who is right or who is wrong and the unfortunate influence this situation exerts. With the debtors squaring off on one side and we on the other, material headway on any of the other multitudinous monetary, commercial, and even disarmament problems is likewise threatened. The longer the real coming to grips is postponed the more difficult will be the solution, with the cash value of the debts decreasing accordingly, and it must never be forgotten that American public opinion demands substantial recompense.

In the meantime all that can be accomplished probably is further tariff truces or economic armistices like that recently initiated by the eight powers in London, which simply postpones the evil day and only provides a partial status quo, generally to the disadvantage of the United States, and that without settling anything.

I am convinced that the first move necessary to a final adjustment of the war debts is to delegate to the President of the United States very broad powers. Congress has given him unprecedented authority in connection with domestic problems. It would seem to be much more in harmony with precedent if he, or someone delegated by him, were given greater latitude in negotiating debt settlements. Under the Constitution the President already has initiatory power in foreign relations. The theory underlying this policy has presumably been that with domestic questions, differences of opinion naturally developing, they should be disposed of through congressional representation and action. On the other hand, in dealing with foreign nations, the country proceeds as a unit represented in the initial stages at least by the President of all the people.

In my judgment, in the matter of the debts, he should have even more power than the initiation the Constitution provides; that is, if we wish to make real settlements. I do not believe, however, that he should be given the right to reduce American tariffs for trading purposes, particularly if such power resulted in removing protection from one American producer at the expense of another; but I am convinced that he should be given broad jurisdiction to modify the principal and interest of the debts, along the lines of bulk settlements or otherwise, in order to be in a position to conclude final agreements.

We can well afford to accept such settlements if sufficient quid pro quos are secured. It must always be borne in mind that an adjustment of the war debts will greatly influence the settlement of many other international problems, while, conversely, a failure to do so will obstruct all final decisions.

If not already clothed with the necessary jurisdiction, and in order to effectively negotiate, he should likewise be empowered to demand the abolition on the part of debtor nations of particularly aggravating trade restrictions like embargoes and existing discriminations in part return for concessions on the debts. This consideration should in no conceivable way justify the removal of proper tariff protection to our producers. These details belong in the same category. To confuse debt adjustment with disarmament presents greater difficulties because of the political situations involved, although it will always be most difficult to dissociate the two problems in the American mind. Our people, very naturally, will continue to condemn excessive armament expenditures if debt reductions are ever to be sanctioned.

However, there is hardly one of the debtor nations that hasn't in recent months either raised tariff duties, proclaimed embargoes on imports through reduced quotas, or concluded commercial treaties with other nations, giving them distinct trade advantages not enjoyed by the United States.

A careful record of these discriminations should be prepared, applying to every debtor, and then authority given to one man to sit at the table with someone representing the debtor nation likewise authorized to reach a final conclusion which, in the light of present-day conditions, would appeal to the world as fair to both sides. I repeat, this cannot be accomplished at the general economic conference. It is, of course, anyone's guess; but I am of the opinion that if a properly delegated arbitrator, with this authority, presented such an inclusive and completed proposal to Congress it would receive public approval. Anyhow, as the matter now stands, we have the prospect of receiving nothing except international repudiation as well as a continuation of insurmountable trade restrictions.

Why beg the issue? Until and unless this situation is adjusted and the irritation removed, we cannot expect real international comity and understanding.

THE ECONOMIC CONFERENCE—SPEECH BY JAMES ROOSEVELT OVER THE NATIONAL RADIO CHAIN

Mr. PITTMAN. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by James Roosevelt over the national radio chain on the subject of the Economic Conference.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Good evening, ladies and gentlemen, the past week in Washington has been full of events which have occupied the attention not only of the people of the United States but the people of the whole world. We have all come to realize that although we must primarily set our own house in order and tackle first our national problems, nevertheless we must not forget that a large portion of our trade and prosperity comes through happy relations with the rest of the nations.

Not just America but practically every continent has been in a depression. An economic conference of the nations is going to meet this summer to reach definite agreements as to ways and means to get rid of the obstacles to a more happy world trade. Those of you who have been in a large discussion group know how difficult it is to reach an agreement among approximately 70 different personalities, even when they all think the same language and live in the same community. Naturally the problem is far greater when 70 people representing as many nations, many of them unable to talk to each other, try to sit down and reach some

sort of harmony. But the best way to get results is to have as many of the nations as possible understand each other's point of view beforehand, and so the President of the United States invited the governments of these countries to confer with him on an interchange of ideas so that the work of the later conference might be settled in a quicker and more understanding manner.

During the past week two of the leaders of the nations whose views will be of vast importance in these economic conferences have come to Washington, and they were joined yesterday by the leader of our neighbor to the north, the Dominion of Canada.

These meetings have been held purposely in a friendly and informal atmosphere. They began last Friday when the Prime Minister of England, Ramsay MacDonald, and his daughter, Ishbel, reached Washington. Perhaps I can give you best the picture of the friendly feeling which immediately began by describing their arrival. At the Union Station they were met by the Secretary of State, Cordell Hull, the military and naval aides, and other officials of the Government, all in their full dress formal attire, as a mark of respect to Mr. MacDonald's official position and to the nation which he represents. Arriving at the White House, however, the procedure was quite unusual. If you were having guests at your home for the week-end you would try to greet them at the front door and make them feel thoroughly at home as soon as possible; and so the President came out on the front porch, accompanied by my mother, sister, and the rather boisterous dogs, and there greeted the Prime Minister and Miss Ishbel MacDonald into the family circle just as it would be done in any other American home.

All the arrangements for the official visits are, of course, made through the State Department by Mr. Warren Robbins, whose official title "chef de protocol" simply means "general manager of diplomatic procedure." Incidentally, this means that Mr. Robbins is quite the busiest man in Washington, endeavoring to answer at least four telephones at once and to talk in as many languages while making the arrangements for all the guests who are coming to Washington.

In a similar spirit Monsieur Herriot of France, and Mr. Bennett of Canada have been welcomed to the White House with a feeling that they can best understand the American point of view by living in an American atmosphere. Monsieur Herriot is, of course, the only one of the three who does not speak English as his native tongue, but luckily both the President and my mother are able to speak French well enough to make him feel quite at home and enjoy his excellent French stories. There have been formal dinners for Prime Minister MacDonald and Monsieur Herriot at which the entire delegations with these gentlemen have been honored. But I believe that the spirit of the whole series of conferences is the result more of the informal luncheons and dinners which have taken place in the small dining room at the White House.

Here the President and the members of his family, Colonel Howe, and a few guests sit around in a gay spirit of conversation. It is quite interesting to hear the Prime Minister refer to his patronage difficulties, which are not unlike those which occur whenever we have a change of administration in this country; but instead of simply giving out postmasterships and other positions of that kind, Mr. MacDonald is charged with the creating of lords and knights, in what is known as the "King's honors list." I think that both Mr. MacDonald and Monsieur Herriot were perhaps most interested in seeing the rapidity with which the motion-picture companies developed the news reel of their ocean trip and landing, which were shown last Tuesday evening, together with pictures of present American life, such as the work in the new reforestation camps. I personally wondered whether Monsieur Herriot really enjoyed the Mickey Mouse film, which was also shown after dinner, as much as my father does.

The conferences which these gentlemen have held have nearly all taken place in the oval study on the second floor of the White House proper, except for last Sunday's trip on the *Sequoia*, down the Potomac River. And incidentally, the atmosphere of that day, warm and sunny, going slowly past the green banks and fields of the Maryland and Virginia shores, past beautiful and stately Mount Vernon, could not help but give those in conference a feeling of how good it would be to see all nations with the possibility of war forever banned from disturbing such peaceful scenes.

Very briefly, what are the main problems which the world must settle to take new steps forward? First, the necessity for increasing the general level of commodity prices and a moderation in the network of restrictions, such as excessive tariffs which hamper international commerce. It is a complicated subject with naturally each nation having to look after its standard of living and its own industries.

The complications involved were brought home pretty strikingly by the visit on Monday afternoon, while one of the conferences was in session, of the group of sea captains from Gloucester, Mass., who arrived for a visit at the White House and for a talk on the problems of the fishing industry. That reminds me of the little incident which happened as the captains were about to leave. They had left in the lower hall of the White House their hats and coats on the large rack and they made quite a number. As they began to take them up on going out, Mr. Ike Hoover, the chief usher, came rushing forward to one of his assistants saying, "Good Lord! Look out for the Prime Minister's hat," and I am still wondering if perhaps one of the captains doesn't have in his possession rather a good prize.

The second problem which it is agreed must be solved is to provide for an adequate expansion of credit and the creation of conditions favorable to business recovery so that the governments of the world can contribute toward getting idle money out of banks and thus develop proper programs for capital expenditure. It is suggested that central banks by concerted action may be of considerable help in accomplishing this end.

Thirdly, and in line with the other two, it is agreed that an international monetary standard must be reestablished. In other words, that trade should be a matter of fair competition and not open to the fluctuations of exchange value, such as the dollar and the English pound, or the dollar and the money of any other country.

To show you the importance of stabilizing foreign exchange, let me give you a simple example. Suppose a school teacher was traveling in France for the summer and had saved $500 for the trip. Out of that sum she hoped to spend $100 on French goods; presents to bring back to her family. Let us assume that France is securely tied to the gold standard and that the United States should go off the gold standard. A violent fluctuation or difference in exchange would then occur. Now, if this happened in the middle of her trip abroad when she had only $200 left for her expenses and ticket home, she would suddenly find herself in a very uncomfortable position, because if there was a 50 percent drop in the value of the dollar in relation to the French franc, this school teacher would probably have to walk home or at least get somebody to give her a free ride, because her $200 would then be worth in francs only $100 on this assumed exchange value.

Of course, this illustration is exaggerated but it will give you an example of how such differences disturb trade, especially when applied to a manufacturer depending on imports from France, or a manufacturer exporting goods to that country. He always has before him an unstable outlook and naturally he is hesitant to invest his money and employ people on as wide a scale as he would normally do if the dollar and other foreign currencies were absolutely stabilized.

Last, but not least, the disarmament or peace question has been thoroughly discussed and I think it fair to say that as a result of these conferences both the leaders of the French and English understand more clearly that we in America do not wish to be embroiled in European disputes, but do look forward to doing our fair share in working out an agreement which will lessen to the greatest possible degree such disputes, not only European but between all other nations of the world.

These four problems have been fully discussed and the interchange of ideas has brought to all the parties concerned a higher mutual respect between the nations. The groundwork has been laid for results at the economic conference in London in June, which all firmly believe will produce more healthy industrial conditions and greater employment for all wage earners.

It is particularly fortunate that the gentlemen representing these foreign nations have come to this country at a time when our Congress is in session. They are having not only an opportunity to understand our point of view, but to understand also the workings of our Government, and to see that Americans are not greedy but are essentially a peace-loving people who are anxious to talk in plain and simple language, without frills and fuss, but directly and honestly to the point. In the same way we have had an opportunity to understand their problems and as a result we may look forward to perhaps the first (most) successful world conference ever held.

And so, as I leave you, may I express my appreciation to the Columbia Broadcasting System for this opportunity of talking with so many of you. I shall look forward to being again with my New England friends at our regular 8:30 time next Thursday.

Good night and good luck to you all.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORT OF A COMMITTEE

The PRESIDING OFFICER. Reports of committees are in order.

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations, reported favorably the nomination of Alexander W. Weddell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

THE CALENDAR

The PRESIDING OFFICER. Are there further reports of committees? If not, the calendar is in order.

THE ARMY—ORDER OF EXECUTIVE BUSINESS

The Chief Clerk read the nomination of James Fuller McKinley to be Adjutant General in the Regular Army.

Mr. TYDINGS. Mr. President, I do not desire to say anything more about this nomination. I have already discussed it; but I hope Senators will cooperate with me in eliminating further discussion and give me a roll call on the nomination. That is all I ask for.

Mr. ROBINSON of Arkansas. Mr. President, a number of Senators requested me, inasmuch as they would be absent, to ask that this nomination go over. I make that request with no purpose of delaying action on the nomination, of course, but anticipating that it might require prolonged consideration.

Mr. McNARY. Mr. President, may I ask the Senator from Arkansas whether we could not agree on a time when a vote could be taken on the nomination?

Mr. ROBINSON of Arkansas. I shall be very glad to have the vote taken at the next executive session, if that is satisfactory to Senators; and we probably will have an executive session tomorrow.

Mr. McNARY. I think a date should be definitely agreed on, so that Senators may be apprised of the time. Could we not go into executive session at 5 o'clock tomorrow?

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, at not later than 6 o'clock, or at the conclusion of the consideration of the unfinished business, the Senate proceed to the consideration of executive business, and proceed to vote on the nomination of Gen. James F. McKinley to be The Adjutant General.

Mr. McNARY. Mr. President, before action is taken I might refer to another matter, the nomination of Mr. Guy T. Helvering to be Commissioner of Internal Revenue.

A minority report on that nomination has been made by the able senior Senator from Delaware [Mr. HASTINGS]. After tomorrow the Senator from Delaware will be compelled to be absent from the Senate on public business. I wondered whether it would be agreeable to Senators if on tomorrow, Wednesday, we should proceed to that consideration of that nomination.

Mr. ROBINSON of Arkansas. Mr. President, in the absence of the Chairman of the Finance Committee, the Senator from Mississippi [Mr. HARRISON], I see that the Senator from Kentucky is present, and I yield to him for any statement he desires to make.

Mr. BARKLEY. Mr. President, so far as I am concerned, I know of no reason why we cannot take up the nomination tomorrow.

Mr. ROBINSON of Arkansas. I have no objection.

Mr. McNARY. That being the case, can we not come to an agreement as to the hour when we shall enter into executive session? There probably will be quite a little discussion on the subject.

Mr. ROBINSON of Arkansas. I should not be willing to move an executive session until the pending bill is disposed of. It may be disposed of early in the day.

Mr. McNARY. The only reason why I make the request is the necessity on the part of the Senator from Delaware to be absent. I feel that if we work on the unfinished business from 10 o'clock in the morning until 3 tomorrow afternoon, thereby avoiding the necessity for an evening session, and enter into executive session at about 3 o'clock and take up these two matters, we can dispose of them during the afternoon.

Mr. ROBINSON of Arkansas. Mr. President, I shall be willing to enter into that arrangement, with the understanding that if the unfinished business is not completed prior to 3 o'clock we may resume legislative session following the executive session.

Mr. McNARY. That is satisfactory.

Mr. COUZENS. Mr. President, is this a request for unanimous consent?

Mr. McNARY. Yes.

Mr. COUZENS. I shall have to object to that, because the nomination of Mr. Helvering cannot be disposed of in 2 or 3 hours tomorrow.

Mr. McNARY. In suggesting the unanimous-consent agreement, I am sure there was no purpose on the part of the Senator from Arkansas—certainly there was not on my part—to specify when the executive session should terminate; but the idea was to fix a time for taking up the matter. Of course we should have to go through to the conclusion, even if the matter went over to the next day.

Mr. COUZENS. May I ask how long the Senator from Delaware is to be absent?

Mr. McNARY. For the remainder of the week.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Senate take a recess until 10 o'clock tomorrow, and that at not later than 4 o'clock tomorrow the Senate proceed to the consideration of executive business.

Mr. McKELLAR. The Senator does not mean for us to take a recess now?

Mr. ROBINSON of Arkansas. I ask that when the Senate concludes its business today it take a recess until 10 o'clock tomorrow, and that at not later than 4 o'clock tomorrow the Senate proceed to the consideration of executive business. That is what I intended to say. I did not intend to foreclose the opportunity of confirming the nominations on the calendar to which there is no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. LONG. Mr. President, that is that we take a recess today until 10 o'clock tomorrow?

The PRESIDING OFFICER. That is correct.

Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, I ask that the next nomination on the calendar be laid before the Senate.

DEPARTMENT OF THE TREASURY

The Chief Clerk read the nomination of Stephen B. Gibbons, of New York, to be Assistant Secretary of the Treasury.

Mr. COUZENS. Mr. President, Mr. Gibbons' name was reported out of the Committee on Finance at a time when I was absent. Later on, I received a letter from the junior Senator from California [Mr. McADOO], which read in part as follows:

> I enclose a memorandum about Stephen B. Gibbons, who has been reported favorably as an Assistant Secretary of the Treasury. Senator Harrison asked me if I would give you some information about it. He is an unusually capable, honest, and loyal citizen.

I send this memorandum to the desk, and ask that the clerk read it.

The PRESIDING OFFICER. Without objection, the clerk will read the memorandum.

The legislative clerk read as follows:

> Stephen B. Gibbons, born Pennsylvania; resident of New York City for the past 28 years.
>
> From 1900 to 1912, followed a commercial career, during the major portion of which time he was secretary to the treasurer of a large trans-Atlantic steamship corporation. In 1912 be became private secretary to the Honorable W. G. McADOO, who as vice chairman of the National Democratic Campaign Committee managed Woodrow Wilson's campaign for President that year. This appointment had not the slightest political significance but was made strictly on merit.
>
> For the next 2½ years he was employed by the board of estimate and apportionment of New York City in reclassifying and regrading titles, salaries, etc., of the civil-service employees of that municipality. As in the case of his appointment by Mr. McAdoo, this appointment was made without political consideration by the Honorable Charles A. Hervey, then deputy comptroller of the city of New York, on the personal recommendation of Mr. Julian Beatty, at that time secretary to the Honorable George McAmeny, president of the Borough of Manhattan.
>
> During the 1916 New York gubernatorial campaign he acted as one of Judge Seabury's secretaries, accompanying him on his tour of the State. From 1916 to 1926, inclusive, he was an income-tax examiner for the Bureau of Internal Revenue in New York City. He resigned, and from 1926 to 1932, inclusive, has been engaged in the general practice of accounting and tax consultant in New York City. He has never practiced before the Bureau of Internal Revenue and has never applied for a license to do so.

Mr. COUZENS. Mr. President, I desire to say in addition that several stories came to me that Mr. Gibbons at one time was associated with Secretary of the Treasury Woodin. By arrangement with the chairman of the Finance Committee, I met Mr. Gibbons, and he told me that the only connection he had ever had with Mr. Woodin was on several occasions when he had been called in to prepare his income-tax return.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination? Without objection, the nomination is confirmed.

TENNESSEE VALLEY AUTHORITY

The Chief Clerk read the nomination of Arthur E. Morgan, of Ohio, to be a member of the board of directors of the Tennessee Valley Authority for the term expiring 9 years after May 18, 1933.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ASSISTANT SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. COUZENS. Mr. President, Mr. Hewes' name was reported from the Senate Committee on Finance when I was attending one of the sessions of the committee holding the Morgan investigation. Afterward I saw the chairman of the Finance Committee, and he said he would arrange through the junior Senator from Connecticut [Mr. LONERGAN] to have Mr. Hewes appear before the committee to be examined as to his prior connections. The junior Senator from Connecticut submitted a memorandum giving the history of Mr. Hewes, and said that later he would furnish me with a list of clients Mr. Hewes had had before the Bureau of Internal Revenue during the last 3 or 4 years. As the junior Senator from Connecticut is not here, I ask that the nomination go over until that list is furnished.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

COMMISSIONER OF INTERNAL REVENUE

The chief clerk read the nomination of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue.

Mr. LONG. Mr. President, I understand the Senator from Delaware [Mr. HASTINGS] is to be absent after tomorrow. I understood the Senator from Oregon [Mr. MCNARY] to state that the reason for taking up the Helvering nomination was that the Senator from Delaware would not be here tomorrow.

Mr. HASTINGS. I expect to be away after tomorrow or the next day.

Mr. LONG. I suggest that we consider the Helvering nomination first tomorrow when we take up the Executive Calendar.

Mr. MCKELLAR. Mr. President, I see no reason for doing that.

Mr. LONG. We want to get through with it.

Mr. MCKELLAR. But the other nominations preceding it will not take a great while.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William Thomas Collins, of Missouri, to be clerk of the United States Court for China.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, in accordance with the order heretofore entered I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 25 minutes p.m.) the Senate, under the order previously entered, took a recess until tomorrow, Wednesday, May 31, 1933, at 10 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 30 (legislative day of May 29), 1933

ASSISTANT SECRETARY OF THE TREASURY

Stephen B. Gibbons to be Assistant Secretary of the Treasury.

DISTRICT JUDGE OF THE CANAL ZONE

Richard Curd Pope Thomas to be district judge of the Canal Zone.

MEMBER, BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY

Arthur E. Morgan to be member, board of directors, Tennessee Valley Authority.

CLERK OF THE UNITED STATES COURT FOR CHINA

William Thomas Collins to be clerk of the United States Court for China.

SENATE

WEDNESDAY, MAY 31, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 10 o'clock a.m, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Gore	McGill
Austin	Caraway	Hatfield	Robinson, Ark.
Bachman	Coolidge	Johnson	Sheppard
Bratton	Erickson	Logan	Thomas, Utah
Brown	Fess	Lonergan	Thompson
Bulow	Frazier	McCarran	Walsh

Mr. FESS. I desire to announce that the senior Senator from Oregon [Mr. MCNARY] is detained from the Senate this morning on official business. He will be in the Chamber later in the day.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

I also wish to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent on official business.

I desire further to announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate on official business.

Mr. FESS. I desire also to announce that the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. TOWNSEND], the Senator from Maryland [Mr. GOLDSBOROUGH], the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from Oregon [Mr. STEIWER], the Senator from Connecticut [Mr. WALCOTT], and the Senator from New Hampshire [Mr. KEYES] are detained from the Chamber on official business.

The VICE PRESIDENT. Twenty-four Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. BORAH, Mr. COPELAND, Mr. DICKINSON, Mr. HALE, Mr. MCKELLAR, Mr. OVERTON, Mr. POPE, Mr. TRAMMELL, and Mr. VANDENBERG answered to their names when called.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. BLACK, Mr. PATTERSON, Mr. STEPHENS, Mr. HASTINGS, Mr. WHITE, Mr. KING, Mr. RUSSELL, Mr. NORRIS, Mr. CAPPER,

Mr. VAN NUYS, Mr. ADAMS, Mr. DUFFY, Mr. NYE, Mr. CONNALLY, Mr. CAREY, and Mr. THOMAS of Oklahoma entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators have answered to their names. A quorum is present.

APPOINTMENTS TO SUNDRY BOARDS, COMMITTEES, AND COMMISSIONS

The VICE PRESIDENT. The Chair wishes to say that he asked the parliamentary clerk to prepare a list of appointments that are now vacant under certain statutes and resolutions, and at this time the Chair announces the following appointments to fill such vacancies, which the clerk will read.

The Chief Clerk read as follows:

BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

In accordance with the provisions of title 20, chapter 3, section 43, United States Code, the Chair appoints the Senator from Kentucky [Mr. LOGAN] and the Senator from Pennsylvania [Mr. REED] as Regents of the Smithsonian Institution, to fill the vacancies caused, respectively, by the expiration of the term of service of Hon. Reed Smoot and the resignation of Hon. Claude A. Swanson.

BOARD OF DIRECTORS, COLUMBIA HOSPITAL FOR WOMEN

Under authority of the act of June 10, 1872, the Chair appoints the Senator from Colorado [Mr. ADAMS] a director of the Columbia Hospital for Women, to fill the vacancy caused by the expiration of the term of service of Hon. Lawrence C. Phipps.

BOARD OF DIRECTORS, COLUMBIA INSTITUTION FOR THE DEAF

Under authority of title 24, chapter 5, section 236, United States Code, the Chair reappoints the Senator from New York [Mr. COPELAND] a director of the Columbia Institution for the Deaf.

SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

The Chair appoints the Senator from Missouri [Mr. CLARK] a member of the Special Committee on Conservation of Wild Life Resources, created by Senate Resolution 246, Seventy-first Congress, and continuing resolution, to fill the vacancy created by the resignation of Hon. Harry B. Hawes.

SPECIAL SELECT COMMITTEE TO INVESTIGATE THE ALASKA RAILROAD

The Chair appoints the Senator from Washington [Mr. BONE] and the Senator from Vermont [Mr. AUSTIN] as members of the Special Select Committee to Investigate the Alaska Railroad, created by Senate Resolution 298, Seventy-first Congress, and continuing resolutions, to fill the vacanies created, respectively, by the death of Hon. Robert B. Howell and the expiration of the term of service of Hon. John Thomas.

MIGRATORY-BIRD CONSERVATION COMMISSION

In accordance with the provisions of title 16, chapter 7a, section 715a, United States Code, the Chair reappoints the Senator from South Dakota [Mr. NORBECK] a member of the Migratory-Bird Conservation Commission.

NATIONAL FOREST RESERVATION COMMISSION

In accordance with the provisions of title 16, chapter 2, section 513, United States Code, the Chair reappoints the Senator from Georgia [Mr. GEORGE] a member of the National Forest Reservation Commission.

NASHVILLE (TENN.) PRESIDENTS' PLAZA COMMISSION

The Chair appoints the Senator from Tennessee [Mr. BACHMAN] a member of the Nashville (Tenn.) Presidents' Plaza Commission, created by section 2 of an act approved December 12, 1928, to fill the vacancy caused by the resignation of Hon. Cordell Hull.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The Chair appoints the Senator from Indiana [Mr. VAN NUYS] a member of the George Rogers Clark Sesquicentennial Commission, created by the act approved May 23, 1928, to fill the vacancy caused by the expiration of the term of service of Hon. James E. Watson.

UNITED STATES ROANOKE COLONY COMMISSION

The Chair appoints the Senator from New Hampshire [Mr. BROWN] and the Senator from Rhode Island [Mr. METCALF] members of the United States Roanoke Colony Commission, created by House Concurrent Resolution 26, Seventy-second Congress, to fill the vacancies created, respectively, by the expiration of the term of service of Hon. George H. Moses, and the resignation of Hon. Harry B. Hawes.

MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram and several communications in the nature of memorials from citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and conduct, which were referred to the Committee on the Judiciary.

CUSTOMS OFFICE AT MINNEAPOLIS, MINN.

Mr. SCHALL. Mr. President, I am in receipt of a letter from B. B. Sheffield, president of the Minneapolis (Minn.) Civic & Commerce Association, which I think ought to be printed in the RECORD, for the facts therein ought to be brought to the attention of those in control both in the Senate and in the office of the Secretary of the Treasury.

I ask that the letter may be printed and referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

MINNEAPOLIS CIVIC & COMMERCE ASSOCIATION,
May 27, 1933.

Hon. THOMAS D. SCHALL,
Senate Office Building, Washington, D.C.

DEAR SENATOR SCHALL: Current newspaper reports indicate the possibility of eliminating practically all the inland customs offices of the country. While we are entirely in accord with every reasonable effort to reduce the cost of government, we do not feel that the best interests of industry and business here and in the Northwest would be served by closing the Minneapolis customs office, if such a move is contemplated.

The Minneapolis customs office has always been a large revenue-producing office for the Government, based upon the cost of operation, and at the same time has provided excellent service at a minimum of cost to the importers of this community, as well as to the State and the Northwest. Upon investigation, we are informed that in 1929 the approximate value of imports handled through this office was $7,251,000 and the duties collected about $1,650,000. In 1932, because of general business conditions, this dropped materially, the imports approximating $2,370,000, with duties collected amounting to about $725,000. We are informed that the cost of operation of this office is between $55,000 and $60,000 annually. It is very probable that certain economies could be effected to reduce further the cost of operation of this office.

We are also informed that Minneapolis is the clearinghouse for many Canadian imports. There is Federal food-inspection service here, and because of this, Canadian fish destined for eastern markets is cleared at Minneapolis. Further, there is a large amount of other perishable commodities cleared through this office. This would indicate to us the importance of this office.

The closing of the Minneapolis office would place a handicap on the importers of this community and the Northwest owing to the fact that they would be obliged to clear through other border or seaboard customs offices, with the resultant increase in or additional brokerage fees, the inconvenience and delay incidental thereto, and the probable increase in transportation charges.

Minneapolis is the largest manufacturing, wholesale distribution, and transportation center west of Chicago and is entitled to the service provided by the customs office. The city is served by 10 trunk-line railroads, 4 of which are transcontinental, serving directly or indirectly 21 States. It ranks ninth in the country as a wholesale distributing center. Minneapolis ranks high in the number of importers, comparable to other cities, who are importing direct and selling to the consumer at prices less than could be sold if imports were cleared at the border or seaboard.

Our feeling is that the Minneapolis customs office is a direct aid to business in the Northwest, and inasmuch as it is not only self-supporting but a revenue-producing agency for the Government, it should not be discontinued, and we therefore urge that every consideration be given by the administration in its reorganization program to the importance of maintaining this office.

We feel that you should have our views on the customs-office matter for such use as you can and may desire to make of it. We are writing a similar letter to the President and to the Honorable Frank Dow, Acting Commissioner of Customs at the Treasury Department.

Yours very truly,

B. B. SHEFFIELD, *President.*

REPORT OF THE DISTRICT OF COLUMBIA COMMITTEE

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, reported it without amendment and submitted a report (No. 102) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FRAZIER:

A bill (S. 1801) granting a pension to Chief Drags Wolf (with accompanying papers); to the Committee on Pensions.

By Mr. ERICKSON:

A bill (S. 1802) authorizing the issuance of a patent to certain lands in the State of Montana to Florence Kerr Facey; to the Committee on Public Lands and Surveys.

By Mr. SHIPSTEAD:

A bill (S. 1803) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; to the Committee on Claims.

A bill (S. 1804) to authorize the transfer of certain real estate by the Secretary of the Treasury to C. F. Colvin in settlement of the Northfield, Minn., post-office site litigation, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. PATTERSON:

A bill (S. 1805) granting a pension to Anna Elliott (with accompanying papers); to the Committee on Pensions.

A bill (S. 1806) granting an easement over certain lands to the Springfield special road district in the county of Greene, State of Missouri, for road purposes; to the Committee on the Judiciary.

By Mr. HAYDEN:

A bill (S. 1807) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; to the Committee on Indian Affairs.

By Mr. CONNALLY:

A bill (S. 1808) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; to the Committee on Banking and Currency.

By Mr. DILL:

A joint resolution (S.J.Res. 58) proposing an amendment to the Constitution of the United States relative to election and qualification of judges; to the Committee on the Judiciary.

AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 58, line 3, before the word "as", to insert "and such civilian professors and instructors at the Naval Academy."

On page 58, line 5, to strike out the word "officers" and insert in lieu thereof the words "such officers, professors, and instructors."

ORGANIZATIONS WITHIN THE FARM CREDIT ADMINISTRATION—AMENDMENT

Mr. DILL submitted an amendment intended to be proposed by him to the bill (S. 1766) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENTS TO INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. BULOW submitted an amendment and Mr. OVERTON submitted three amendments intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were severally referred to the Committee on Finance and ordered to be printed.

Mr. COOLIDGE submitted amendments intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which were referred to the Committee on Finance, ordered to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. COOLIDGE to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, viz: On page 24, line 6, after "(g)", insert "(1)"; and after line 9 insert a new paragraph, as follows:

"(2) Effective as of the day following the date of the enactment of this act, section 617 (c) (2) of such act is amended by adding at the end thereof a new sentence to read as follows: 'As used in this paragraph the term "benzol" does not include benzol sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the manufacture or production of such fuel.'"

On page 24, line 22, after "(g)", insert "(1)."

Amendment intended to be proposed by Mr. COOLIDGE to the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, viz: On page 26, after line 14, insert a new subsection to read as follows:

"(k) Effective as of the day following the date of the enactment of this act, section 617 (c) (2) of such act is amended by adding at the end thereof a new sentence to read as follows: 'As used in this paragraph the term "benzol" does not include benzol sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or aeroplanes, and otherwise than in the manufacture or production of such fuel.'"

Mr. COOLIDGE also presented a statement relative to the above amendments, which was referred to the Committee on Finance, to accompany the amendments, and ordered to be printed in the RECORD, as follows:

An amendment to H.R. 5755, section 208–E, is requested for the following reasons:

"Section 617 (c) (2) of the Revenue Act of 1932 is amended by inserting the word 'motor' before 'benzol'."

Under section 617 of the Revenue Act of 1932, defining the term "gasoline", the word "benzol" is included. There are two kinds of benzol—first, the crude variety known as "motor benzol" used as a motor fuel, and a second class known as "industrial benzol", which on account of its high purity sells for a higher price and is used in the arts for a variety of purposes.

Industrial benzol, in no case, finds consumption as a motor fuel. The insertion of the word "motor" before the word "benzol" will carry out the intent of Congress to tax motor fuels, and will confine this tax to this class of products, and avoid confusion and an extension of the tax to articles which do not find consumption in motor fuels.

A perfecting amendment is necessary to correct the phraseology in the act of 1932, as consultation with the representatives of the industries consuming industrial benzol shows that the officials of the Bureau of Internal Revenue state that it is mandatory under the definition "gasoline" to tax all kinds of benzol.

Local consumption of benzol of all kinds is about 100,000,000 gallons per year. Some 85,000,000 gallons is of the motor benzol type, whereas about 15,000,000 gallons belong to the industrial benzol class. Consequently a tax of 1 cent per gallon on the latter class amounts to $150,000 a year. A serious handicap is placed upon manufacturers who have contracted the chemical derivatives of benzol before this tax was assessed, thus compelling them to absorb the tax which in many cases will entail a loss.

INSURANCE OF BANK DEPOSITS

Mr. SCHALL. Mr. President, I ask unanimous consent to print an address by Donald Despain, of St. Paul, Minn., on the Insurance of Bank Deposits.

This plan was submitted by me in 1931 to the late Republican administration, who did not look upon it with unkindly eyes. It seems to me this address, carrying outline of plan, should be of benefit to anyone who will take the time to read it, and it should be called to the attention of those in authority with the present administration. I know of no better way of getting it to the attention of those who today have the power than to ask its insertion in the RECORD and that it be referred to the Committee on Banking and Currency.

There being no objection, the address was referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

INSURANCE OF BANK DEPOSITS

Part I. "First things first"—America first—Get to the root of our trouble—Forget Europe until we get our own house in order—What destroyed confidence?—How to restore confidence

The paramount need of the United States for defeating depression is the restoration of confidence.

That premise will be agreed to by every economist, financier, and business man in America.

What is confidence? It is a psychological factor not measured by industrial plants, locomotives, bank buildings, nor even money. It is not found in a tariff schedule, a war-debt payment, nor an international treaty. It is a human emotion associated with a faith in or fear of self-preservation.

It therefore does not pertain to the inanimate but to the animate—to man and human beings. If our greatest problem is the restoration of confidence, we must first ascertain what destroyed confidence before we can intelligently know how to restore it. That, certainly, is plain common sense and logic.

With equal simplicity and clarity let us take a strong, sturdy tree as representing our economic structure. The great mass of countless roots we will designate as "the people" from which all

growth above, upward and outward, had its source and support. Next, we will name the trunk of the tree—agriculture—our basic industry. Then let each of the big, strong branches of the tree represent the several major industries—manufacturing, transportation, banking and finance, mining, insurance, wholesale and retail merchandising, education, the professions, and invention and the arts.

The blood of that tree is called sap, the circulating life-giving fluid of the plant. No one will deny that if the roots be cut off or the sap be stopped or restricted the tree will wither and die.

The sap of our economic tree is money. It starts from the people (the roots). If the roots are cut, bruised and injured the flow of sap or money is restricted—and the tree withers.

The foregoing is quite elementary but it seems necessary that our economists, financiers, and statesmen be taken back to the primary grades and some very elementary facts be impressed again.

After 3 years of floundering around in the superstructure of our national and international economy, the most encouraging and refreshing words in the inaugural address of President Roosevelt was his declaration that: "Our international trade relations though vastly important, are in point of time and necessity, secondary to the establishment of a sound national economy. I favor as a practical policy the putting of first things first."

Those words gave hope that we were going to stop doctoring and spraying the branches of the tree and give some attention and water to the roots of the tree.

But aren't we still drifting into that traditional human weakness of playing with theories instead of dealing with hard facts? Of looking yonder in the distance to find the remedy, when it may be right here at home?

DISMISS THE BOGY MEN

First things first is the text and that means the first thing to settle is our home problems—our own economic situation.

To start right, let us set down two indisputable facts:

(1) The United States is the most self-sufficient nation in the world—more self-contained and self-sustaining than any other country.

(2) The United States by reason of being the richest nation, the greatest creditor nation, and the commercial and financial leader of the world is therefore the most important factor in the international machinery.

If these two premises are correct then the minds at Washington are being misled and misdirected, and as a Nation we are being diverted and detoured from the road to economic recovery. We should dispose of the big bogy man that we are dependent on Europe, that we must recover our trade abroad, before we can hope for better things at home.

At the most, our export trade is hardly more than 8 to 10 percent of our production, and a drop in the price of the raw products we import would give us an added buying power at home, to compensate for the export trade lost. But, do not forget, our drop in exports came after the crisis and not before. The truth is, we sustained foreign buying with our loans and our buying, and it was the stopping of these loans and our buying that took foreign nations out of the market. The great price break came from us and not from abroad. Although it would be desirable to have foreign affairs settled, the quickest way to settle them would be to start up our own business again. For we wag the world; the world does not wag us.

Another bogy man is war debts. We hear it said that we can have no prosperity until the war-debt question is settled. That is putting the cart ahead of the horse. If we must accept Europe's alibi of "inability to pay" let's start world prosperity by putting America into high gear and lead the world back to normalcy. America is the engine at the head of the train, not one of the flat cars. Why drag through months and years of never-ending argument and discussion about these debts? Reduction of debts gets us nowhere. We cut them one half once. Cancelation is unthinkable. I am not in favor of penalizing the patriotism of the American citizen and taxpayer because of Europe's ingratitude and desire for repudiation. Let Europe lose its honor, but let's keep ours.

If we declared a moratorium on all debts for 5 or 10 years and got this old world active again in trade and commerce under the leadership of a prosperous United States of America the war debts would fade away like the mist before the rising sun. Let me remind you that after the war closed and we balanced the books, America found itself confronted with a staggering debt of $25,000,000,000 and with the collapse of its greatest industry, agriculture. Confidence was still with us; faith and grit and public morale were here. Spurred by that spirit and backed by the greatest resources in the world we attacked that problem so effectively that we paid off $10,000,000,000 of that debt in 9 years—a financial accomplishment unknown in the history of the world.

Balance the Budget? Well, who can tell us just when we had the Budget balanced or unbalanced? It's a matter of bookkeeping. There is some peculiar bookkeeping going on in Washington right now. Forget the Budget temporarily, get American business moving, and we will have no trouble arriving at a balance within 12 months.

THE MISSING LINK

Did you every try to fix a machine or your car and when you seemingly had everything together and it should run—you found something missing?

Our economists, Government leaders and legislators, have tried plan after plan, theory after theory; they have poured a billion dollars and more into the financial machinery, they have applied artificial price fixing as a blood transfusion, and inflation as a stimulant, but the patient does not respond. We have more currency than in 1929, our resources exceed $300,000,000,000. We certainly are not broke, but the wheels won't turn. Something is missing!

Let's come down from the clouds, out of the fog of confusing legislation, set our feet on the ground, and get close to the human element of the situation.

Worse than industrial, financial, and commercial paralysis we find a complete demoralization of public morale. The confidence of the people shattered.

We hear men in high position announcing that confidence has been restored, and so forth. Those men are totally ignorant of how severe the shocks and how deep the wounds suffered by the American people.

It is well to analyze how this collapse of confidence occurred. First, with our Liberty Loan war bond drives we started a course of instruction which educated 25,000,000 citizens in a knowledge of securities. From this initiation 15,000,000 people later entered the stock market inspired by a faith in the stability of American industry under the leadership and encouragement of our industrial and financial leaders. The gigantic structure crashed, sweeping away millions of personal funds and billions in anticipated profits. But greater than these, the faith of the American public in American business leaders and institutions.

Recital of the next shock leads us to the final bulwark—the last trench—of the people's faith. Since the childhood of every citizen, faith in our banks and bankers has been taught and instilled as deeply as religious convictions. Our laws are supposed to create banks to serve as guardians of public money, to hold and protect the savings of those who toil. To millions their bank stood to them as the Rock of Gibraltar and their banker as the highest example of human integrity.

And then, the crashing of banks began; 1,345 failures in 1930; 2,298 in 1931; 1,453 in 1932; 5,096 of them in 3 years, carrying three and one half billion dollars of deposits with them and consternation, grief, and loss to 15,000,000 depositors. And the failures continued into 1933 culminating in the closing by presidential proclamation of every bank in the United States on March 6.

I shall not go into sordid details of criminal and incompetent banking brought to light in the exposure resulting from many of these failures. I have no desire to indulge in caustic or destructive criticism, except to say that if bankers had clung to the fundamental rules of investing demand deposits they could have liquidated during the past 3 years and the great majority of our banks now closed would be open. The classes of investments available for commercial deposits are limited principally to call loans, Government bonds having slight fluctuation in the market, and self-liquidating loans such as commercial paper of less than 90 days' maturity and with definite sources of income assured. Real-estate mortgages should be bought only with trust, insurance, and other relatively permanent funds.

Evidence is at hand to show that banks did not adhere to such safe methods. From 1921 to 1929 the banks of the United States, despite the fact that vast business activity prevailed in that period, actually decreased their commercial loans and tripled their loans on city real estate, and their investments, outside of United States Government bonds, increased 62 percent. Supervision and restraint was absent.

With practically one half of our banks forced to close their doors, and with as high as $7,000,000,000 of deposits tied up at one time, the evidence is sufficient to convince even the uneducated and unfamiliar layman that as an economic vehicle our banking industry is a broken-down flivver.

There were 49,500,000 depositors in United States banks in 1930—the largest common-interest group of our entire population. Whether you or I lost money directly in a closed bank, we were all indirectly affected through a relative, a friend, or by business reactions.

Volumes upon volumes would be required to print the stories of personal sufferings, the destitution and poverty, the loss of businesses and homes as the result of this Nation-wide banking debacle. You can multiply every one of these "shock victims" by 3 or 5 or 10, because that many friends or relatives were close to their suffering, to gain some idea of what this did to the morale of our 125,000,000 citizens.

How many of our leaders realize these conditions? No Senator or Congressman or Government official with his salary safe and secure and who has not felt hunger or the wiping out of his business or the loss of a home can understand it. And yet they expect a little ballyhoo and propaganda about "confidence has returned" to herd these "burned victims" right back to the flame again without any genuine protection offered. Two billion dollars stowed away in socks, mattresses, and safety-deposit boxes is the answer to the ballyhoo—and it will stay there until some real protection is given the bank depositor.

UNFAIR ATTACKS ON ALARMED DEPOSITORS

I regret that there have been some ill-advised and thoroughly unwarranted attacks by the press and self-appointed dictators upon those citizens of this country, who during the storm of crashing banks withdrew their funds from banks and have withheld them because of fear of loss. It sounds big to call these unfortunate people unpatriotic, but let us not forget that the last hun-

dred dollars is the "hoardiest." But these people are not hoarders. There is a clear distinction between hoarding and hiding. I maintain that 98 percent of money today in private hands is hidden through fear, and who dares say they haven't reason to be afraid? They know full well that the man or woman without money is helpless and is forced to beg for bread. Whose money are they holding? It's their property, is it not? Has the bank any more claim to the right of liquidity than an individual?

In our society the only protection man has against the future is in his savings. Society furnishes him no insurance against unemployment, against sickness, against old age. All these frantic appeals come from those untouched by the fear of destitution. In many instances they have been insulting to, first, the patriotism of the people; and, secondly, to their intelligence. The law of self-preservation has not and cannot be repealed. You cannot kill fear by fiat.

Furthermore, the general assumption seems to be that it is the small depositor who has hidden the money. Nothing could be farther from the fact. The real hiders of money are men and institutions of wealth. Tens of thousands of business men and business houses are maintaining deposits in banks for convenience of checking, and the major part of their funds are in their safes or safety-deposit boxes. It is the thinking man today who ponders upon the exposed corruption of the banking fraternity and who insists upon protecting his funds in his own secret way.

It is simply shouting in the face of the wind to ask or demand that people leave their money in banks unless the appeal is accompanied by some adequate government protection or insurance. Once that insurance is provided there will be no need for the appeal.

The honest and competent bankers are today paying for the dishonesty and incompetency of those who have dragged the banking industry into disrepute. It has been a terrible price, but it has been more terrific on the depositor and he refuses to carry the cost further. It is now up to the bankers to pay for maintaining public confidence and stop periodic and recurring bank crises.

Regardless of the number of sound banks and good bankers, the entire banking industry stands indicted and under a cloud of suspicion. Who knows which is the safe bank? Every one of the 15,000,000 who lost their deposits thought their bank was safe. In too many instances they were told it was safe at 3 o'clock p.m. and at 10 a.m. it was closed. As eminent a banker as Frederick A. Rawson, chairman of the board of the First National Bank of Chicago, is authority for the statement that "banks do not become insolvent overnight. They drift into failure gradually through poor management."

Let us take stock of the gross results of this paralyzing catastrophe that has stricken the Nation.

First and worst, confidence is destroyed. Second, fear has carried $2,000,000,000 (seven hundred million of it in gold) into hiding—into mattresses, under carpets, and into safety-deposit boxes. Third, that $2,000,000,000 of hidden money in the hands of the people puts fear in the heart of every banker, causing him to maintain his bank in the most liquid condition to meet a possible run. So we have, according to the best estimates, somewhere between $3,000,000,000 and $3,500,000,000 of currency now hidden or hoarded (whichever you wish to call it) by the people and held by banks, resulting in a shrinkage of from twenty to thirty billion of credit loans, and the business of the Nation stagnated and throttled.

WHAT A BUSY DOLLAR DOES

It is necessary to get a true understanding of what a dollar can do when it is working in order to clearly appreciate what two billion of hidden money is doing to the commerce of the Nation. We think of the busy bee and the ant as tireless, but they are loafers compared with the activity of a busy dollar.

Consider these facts: In 1929 there were between four and five billions of currency, but bank deposits in the United States amounted to about $60,000,000,000. In the country as a whole the five billion of currency cleared checks for the staggering total of $906,000,000,000. Every dollar of hard cash flowing in the channels of trade turned itself over 2,500 times a year; it paid obligations for 2,500 times its own value.

Is any more proof necessary to demonstrate that banking is a matter of faith more than money? Can't you see what the shattering of that faith does to the business of the country? Isn't it worth expending every possible effort and all necessary legislation in order to rebuild and stabilize that faith?

Deposits in all banks

[Exclusive of enter-bank deposits]

Date	Number of banks	Amount of deposits[1]
Dec. 31, 1928	25,576	$56,766,000,000
Sept. 30, 1932	18,794	41,779,000,000
Jan. 1, 1933	18,009	45,669,168,418
Apr. 1, 1933	12,500	37,000,000,000

[1] 6 to 8 billion in 7,000 closed banks.

Money in the United States

Total		$5,700,000,000
In private hands	$2,000,000,000	
In bank vaults	1,500,000,000	
In action	2,200,000,000	
		5,700,000,000

Practically every economist, financier, statesman, and student of public affairs agrees that normal or prosperous conditions cannot be brought back without the revival of purchasing power by the masses. What has stopped purchasing? Two factors—fear to spend by those having funds and the almost complete elimination of credit to those who have the equivalent of funds—property. Fear has destroyed credit.

How, it may be asked, can such a small amount of currency do such an immense amount of work and still stay in bank? The answer is simple. Bank deposits have no hard-and-fast relation to currency. In between the small figures of currency and the huge figure of deposits is that all-powerful, dominating factor of confidence—the handmaiden of prosperity. It is confidence which leads the depositor, whether he be the wage earner at the bench or the high-salaried executive behind the mahogany desk, up to the bank teller's window and gives him the courage to deliver his $5 or his five thousand through the wicket into the hands of the bank, and receive nothing in return but a pen scratch of the amount in a little red book. When you stop to think about it, isn't that the acme—the high mountain peak of confidence? Can you think of any greater, more sincere evidence of faith anywhere along life's highway?

Right there that money begins working. Activity starts. The bank loans that money. When the bank lends money to a customer it credits his deposit account with the amount of the loan. The checks he draws diminish his deposit, but they turn up as deposits in some other account possibly in another bank. Every time a bank makes a loan the total bank deposits of the country are increased, and every time a loan is paid off they are decreased.

It is the banks and not the Government that create the money on which business lives. That money is the result of granting credit. Thus credit is the lifeblood of trade. But remember! Confidence is the heart, the engine, the motive power that pumps and propels credit. Destroy confidence and credit money disappears and currency goes into hiding.

A recital of what occurred throughout the Middle West in 1896 will serve to well illustrate how quickly confidence responds. In June of 1896 there appeared on the western political horizon the dark ominous cloud of populism with a disturbing political program sponsored by the silver-tongued William Jennings Bryan. The conservative financial and industrial East predicted national disaster if that program won. Bryan was sweeping the country with his oratory. The country was alarmed. Money went into hiding so far that none was available or in sight. It was much more of a money panic than prevails now. Local merchants throughout the Middle West issued their personal scrip which was interchangeable in local areas. From June to November this scrip replaced money completely. On November 5, much to the surprise and relief of the country, McKinley was elected. Then the miraculous occurred. Within a matter of days—a very few days—all the scrip disappeared and the money flowed back as if by magic. A striking example of how quick is the response of confidence when fear is removed.

THE WAY FOR SOUND INFLATION AND THE RESTORATION OF CONFIDENCE

When the public is convinced banks are safe, hidden money to the extent of $2,000,000,000 will flow back into the banks. Once deposits are made and fear gone, the individual ceases worrying and hope and ambition take its place. The next step is buying—buying of the shoes, clothing, and of every human need. The banks having excess funds will seek business and commercial loans. Merchants' orders start factories, factories reemploy help, which starts new buying—and the wheels of prosperity are again revolving.

But, mark you, all the nice words, all the propaganda of press and radio, will not restore the crushed confidence of the public. "Prosperity is around the corner" wore itself out in the effort, and the "new deal", in words alone, will not suffice. Something positive and concrete must be done.

I submit to you a complete plan for the positive and definite insurance of bank deposits with the strength and prestige of the United States Government behind it, but with its administration in the hands of business executives of the highest personal and financial integrity.

DEPOSITORY INSURANCE

There exists in the minds of many people a peculiar and illogical attitude regarding the insurance of bank deposits. The same complex existed when the first fire-insurance policy was written, and the supply of condemnatory adjectives was exhausted when Lloyds, of London, underwrote the first maritime insurance.

People can and do eat, drink, worry, and overwork themselves into graves while thousands deliberately commit suicide. Buildings can be and are destroyed by reckless use of matches, carelessly tossed cigarettes, overheated stoves, lightning, spontaneous combustion, and by deliberate use of the torch by the owners. Yet all these innumerable hazards are not considered valid arguments against life or fire insurance.

Consider these myriad dangers which constantly threaten and endanger human life and property with the comparatively limited causes contributing to bank failures.

Furthermore, there are many guardians watching the operation of a bank. These consist, besides the many officers, of from seven to a score of directors, a large number of stockholders plus the supervision and examination by State or national banking authorities.

The fact that bank-deposit-guaranty projects have failed in local, restricted areas only proves one of the fundamental principles of insurance, that is, that there must exist wide and general

distribution and diversification. It is as impossible for a single State to undertake this obligation as it is for a single community to successfully insure itself against death or fire. Applied on a national scale with the hazard spread widely, over all geographical sections and diverse conditions, and coupled with proven insurance machinery and uniform standards the risk is calculable on an actuarial basis.

The demand for, and the need of, this type of insurance will persist until someone successfully answers this question: When every individual from messenger boy to president of a bank are bonded and all the property insured against fire, theft, and damage in favor of the bank, why should the depositor, who furnishes all the funds upon which the bank operates and profits, be unprotected?

In principle, there is no reason of importance that I can see why bank deposits should not be guaranteed just as much as bank notes. The only important difference is that bank deposits are now the bigger problem by far. We got the guaranty of bank notes after having had wildcat banking in connection with State bank notes and after having had people injured who held bank notes of the State banks. So that we finally got the national banking system, in which the notes of the individual banks are guaranteed.

It is much more important in principle to guarantee bank deposits, because the real circulating medium of the country is bank deposits. In fact, bank deposits are far more important than bank notes, about ten times more important than gold certificates, plus silver certificates—in fact, than all the actual physical money in circulation. Yet appreciation of this fact is lacking.

Permit me to draw the distinction between "guaranty" of bank deposits and the "insurance" of deposits. Webster defines "guaranty" as "that which is given by way of security; something made or held as a security; to be surety for; to answer for the debt, default, or miscarriage of another." Note the difference in his definition of "insurance" which he says is "to secure against a loss by a contingent event, on certain stipulated conditions."

With that definition in mind I wish to quote from an argument against any guaranty plan to protect peoples' deposits, made by an official of the American Bankers Association, in which he says: "The best safeguards of sound banking are: banking intelligence, plus financial integrity supplemented by careful supervision. Supervision that prevents bank failures is far more valuable to both depositors and stockholders than any plan of guaranty." His argument against the proposal is the best argument I have seen in favor of it, for we have lacked the three factors he suggested, namely, intelligence, integrity, and supervision. Have we any evidence of a type of "careful supervision" that has given any protection to the public? And we never will have such supervision under political regulation and examination; we will never have any supervision worthy of the name that does not have real authority and heavy responsibility tied to it.

Imagine, if you will, an examiner from a reputable surety or fidelity or insurance company walking into a bank and finding evidences of the peoples' money—which his company has insured—being dissipated in the stock market, in personal business ventures without security, or loaned to partners, relatives, or political favorites without proper collateral, as has been found in far too many closed banks recently. Can you imagine the storm that would break instantly from that examiner and his institution? That bond or policy would be canceled pronto unless immediate adjustment and restitution was made. That is the kind of strict supervision that the insurance of bank deposits would bring to banks and to the protection of depositors. And it is because of the provision for that kind of supervision that causes the banking fraternity to fight all plans and programs for genuine guaranty or insurance of deposits.

Too many of us—and especially the banker—forgets that banking is or should be a public trust. Too many of them assume their position as that of a divine right, a license or privilege if you please, to take control of the public's money and do with it whatever their personal judgment or fancy dictates. Too many bankers forget that the money belongs to the depositors.

There are sufficient and well-defined rules of banking—"stop" and "go" signs—well-known commandments of "thou shalt not"—to guide any well-intentioned and honest banker. Supervision of the right kind would only keep him within those rules and boundaries. Therefore, I am at a loss to understand why any banker who wants to be honest will fight honest and efficient supervision. It is equally inconceivable to me why any honest banker would not accept with open arms an intelligent, practical, and efficient system of protection which would permanently allay all public fears, stop panics and runs, and allow him to sleep peacefully at night without the fear of tomorrow.

The argument most resorted to by those opposing insurance of deposits is that "a law of this nature has a tendency to introduce incompetents into the banking business and would be apt to encourage loose and incompetent banking." Well, if I were a banker I would, in view of recent results, leave that argument at home. The natural thought that follows presents itself in the query, Could any law develop looser or more incompetent banking than we have had?

Time does not permit of presenting the details of the Kentucky bank swindle which resulted in the conviction of a governor and United States Senator and others; or the Caldwell bubble, which sank banks in five States; or the Chicago bank epidemic carrying 140 banks to the gutter, where their exposed crookedness gagged the sewers; or the United States National Bank of New York, which swindled 400,000 depositors and sent its officers to Sing Sing; or the exposure of the little family affair in the National City Bank of New York, with its president under indictment, and which sold $650,000,000 of $20 par stock to its employees, depositors, and customers, at $580 per share, and which was short in the stock at the time it was loading its own employees and depositors; or of the charges of fraud, embezzlement, larceny, etc., against 700 indicted bankers in the United States.

These are only a few of the reasons why the banking industry is going to have a different kind of supervision in the future and why they are going to accept some genuine form of protection to depositors or go out of business as private institutions.

Is it difficult to understand why the faith and confidence of the public has been destroyed?

Part II.—The United States Deposit Insurance Corporation—Based on insurance principles, mortality records, and premium rates adjusted to risk hazards, and all costs and losses payable from premium income, with mutual provisions for refunds and reductions

FOR IMMEDIATE RESTORATION OF CONFIDENCE AND PREVENTION OF FUTURE BANK CRISES

(1) The organization of a Massachusetts trust or a Federal charter corporation to be known as, let us say, "The United States Deposit Insurance Corporation."

(2) In order to divorce it from politics, it is proposed that the Secretary of the Treasury, the president of the Reconstruction Finance Corporation, and the Governor of the Federal Reserve Board be ex-officio directors with 9 directors to be selected from among the outstanding men of highest integrity in the United States, 3 from the insurance field, 3 from industry, and 3 from banking.

(3) The capital in the amount of $500,000,000 to be loaned by the Reconstruction Finance Corporation or the Federal Treasury, repayable with interest in from 5 to 10 years and reinvested in United States Government securities and deposited in trust under such joint control as is desirable.

(It should be remembered that an insurance company operates on premium income. It is the hope and intention of this plan to avoid gouging the United States Treasury of a single dollar.)

FIELD ORGANIZATION

The personnel for the field organization for accepting applications of banks and premium payments is existant by utilizing the present staffs of National and State bank examiners, and the Corporation should have the authority to employ existing insurance organizations in each State as soliciting agents or an outstanding insurance executive in each State equipped with general banking knowledge as supervisory or examining representatives.

SALVAGE OR LIQUIDATION RECOVERY

The records of the Comptroller of the Currency of the United States, covering 66 years from 1865 to 1931, inclusive, show that the recovery in behalf of depositors of closed national banks amounted to 88.4 percent. In other words, the depositors in all failures of national banks suffered a final loss of but 11.6 percent since the first failure of a national bank, in 1865. The average time for liquidation during that period required 14 months.

Exact statistics from all the 48 States of the Union are not available to show the definite salvage or recovery from liquidation of State banks, but the estimate is made that a recovery from this class of banks will probably average 70 percent or better. Illinois reports an average of 80 percent; Massachusetts, 84 percent; New York, 92 percent; Colorado, 70 percent; Michigan, 68 percent; Virginia, 76 percent. Ohio reports a recovery of 78 percent for a 10-year period, with varying figures from other scattered States. Instances of reduced recovery point to hurried liquidation as the cause. This is proven from the records of reorganized banks where more extended time permitted for liquidation resulted in recoveries of from 90 to 100 percent.

Mortality of banks of the United States

Years	Period of time (years)	Total failures	Average per year	Total deposits	Average annual loss after salvage
1865 to 1932	67	11,761	175	$4,347,956,000	$19,468,415
1900 to 1932	33	10,110	306	3,991,626,000	36,287,509
1921 to 1932	12	8,753	729	3,564,986,000	89,124,650
1929 to 1932	4	5,729	1,432	3,520,000,000	264,000,000

Accepting a figure of 70 percent as being the average recovery from closed banks we find that during the entire period from 1865 to 1932, there were 11,761 failures with an annual average loss to depositors of $19,468,415. Applying this salvage average to the post-war period from 1921 to 1932, inclusive, the period of heaviest mortality of banks in our entire banking history, we find the total failures to be 8,753, involving deposits of 3½ billion dollars and liquidated at an indicated annual net loss of $89,124,650.

Inasmuch as the 12-year period from 1921 to 1932, inclusive, embraces three bank panic periods—1924, 1926–27, and 1930 to 1932, that span of years presents maximums upon which to base mortality expectancy of sufficiently high losses to predicate rates for premium income amply fortifying the corporation to meet its obligations.

As the plan contemplates a definite insurance contract, the corporation is entitled to subrogation in the event it is called upon to pay losses of any bank whose deposits are so insured, and from the outset the corporation should be organized to handle and make effective this right.

PREMIUM RATES

The rates now prevailing in the United States as charged by surety and indemnity companies for the bonding and insuring of public and individual deposits, vary from $10 to $20 per $1,000 of deposits, depending upon the risk condition as determined in each case by the surety company. In other words, the prevailing rate ranges from 1 to 2 percent of the deposit.

The State of Wisconsin has recently enacted a State public deposit law, whereby a charge is made on the deposits of each bank at the rate of 1 percent, thereby creating a prospective fund for guaranteeing all public deposits.

A rate of 1 percent is not considered exorbitant inasmuch as it would correspond to the cost which most banks would gladly pay for the solicitation of new business. Under wide-spread conditions of public hoarding or hiding of money, the costs of a national or Government plan of insuring deposits would mean the development of new business for the banks of the country in recovering hidden money in addition to restoring confidence in banks and reestablishing the prestige and integrity of banks in the minds of the public. Furthermore, there are various proper ways in which the cost of deposit insurance could be passed on to the public through nominal charges that it is believed will be readily acceptable to the public for protection after the recent hectic period of worry and losses.

Bank suspensions 1921–31, inclusive, by size of capital stock

Capital stock of—	Number of suspensions	Percent of total number sus pensions
$25,000 and less	4,861	59.2
$25,001 to $49,000	737	9.0
$50,000 to $99,000	1,438	17.5
$100,000 to $199,000	677	8.2
$200,000 to $999,000	336	4.1
$1,000,000 and over	37	.4
Not available	135	1.6

In arriving at a schedule of premium rates for banks we find that the hazard varies in relation to the size of the banks. For instance, for the period of 1921 to 1931, inclusive, 85.7 percent of bank failures occurred among banks having less than $100,000 capital; 12.3 percent of failures occurred in banks having from $100,000 to $1,000,000 capital; and only 0.4 percent of the failures occurred in banks having $1,000,000 capital and over. It is interesting to note that 59 percent of failures occurred in banks having capital of $25,000 or less. Of the total failures during 1931, 55 percent, or 1,773, were not members of the Federal Reserve System; 18 percent of the total were national banks; and 4 percent were State banks of the Federal Reserve. Since 1865 the total bank failures in the United States numbered 11,761, practically 70 percent of which occurred in the 7 years from 1925 to 1932 and nearly 50 percent in the 4 years 1929 to 1932, inclusive.

By reason of the close relationship of capital to deposits we have classified all banks into three groups of clearly defined hazard probabilities. Class A banks comprise banks having 25 million and upward of deposits and, for purposes of demonstration and example, we have applied to them a premium rate of one half of 1 percent on total deposits. The class B banks consist of those having deposits ranging from 1 million to 25 million and to them a rate of three quarters of 1 percent is applied. The class C banks embrace all those having $1,000,000 and less of deposits and, for the reason that records show 85.7 percent of all failures in this field, a rate of 1 percent of deposits is calculated.

Classification of banks for basing premium rates

[From data supplied by Bankers Directory Blue Book of January 1933 with ratios approximated]

Deposit range	Number of banks	Total deposits	Class and premium rate
Less than $250,000	8,018	$1,403,150,000	Class C rate 1 percent on deposits.
$250,000 to $500,000	3,347	1,255,125,000	
$500,000 to $1,000,000	2,578	1,923,500,000	
$1,000,000 to $5,000,000	3,010	9,030,000,000	Class B rate three fourths of 1 percent.
$5,000,000 to $25,000,000	804	10,452,000,000	
$25,000,000 to $90,000,000	202	9,090,000,000	Class A rate one half of 1 percent.
$90,000,000 and over	50	12,415,016,000	
Total	18,009	45,568,791,000	

Premium income

NO. 1 RATE

Class A group, at 0.5 percent	$107,525,080
Class B group, at 0.75 percent	146,110,000
Class C group, at 1 percent	45,817,750
Total income	299,452,830

NO. 2 RATE

Class A group, at 0.25 percent	53,762,540
Class B group, at 0.5 percent	97,410,000
Class C group, at 0.75 percent	34,363,313
Total income	185,535,853

ANNUAL PREMIUM INCOME

On the basis of this grouping and classification, and at the rates stated, applied to total Nation-wide deposits of $45,568,791,000, the corporation would receive a gross annual premium income of $299,452,830.

This total premium income is considered more than ample to meet any probable insurance obligations. It is more than 2⅓ times the average annual net losses experienced during the high bank-mortality period from 1921 to 1932, inclusive.

The rates above-quoted could be reduced one fourth of 1 per cent for each class of banks, making the highest rate three fourths of 1 percent and the lowest rate one fourth of 1 percent, and give a gross premium income of $185,535,853 annually, more than twice the annual loss figure used.

In considering rates and income we should not lose the thought that this entire plan is not to pay losses but to prevent bank failures. The greatest value of an insurance plan is its psychological effect on the public. It will prevent bank runs—the greatest cause of bank suspensions.

OPERATING ANALYSIS

For the purpose of clearly proving the sufficiency of rates, and to demonstrate the financial strength which this corporation could develop under sound business methods and economy of operation, an analysis of "Income and Disbursements" is presented and carried through a period of 5 years.

By the investment of the capital and premium income, less assumed payment of normal losses of 89 million and administration expense of 10 million, together with interest payment on the capital loan, the corporation ends the first year with a surplus of 164 million.

At the close of the second year after payment of losses, expenses, and interest, together with a capital loan payment of 50 million, the corporation has a surplus of 175 million.

Continuing the analysis to the end of a 5-year period on the same schedule of rates and the same expenditure of losses and expenses, and with a final payment in full of the Government capital loan, we find the corporation with an earned reinsurance reserve of $149,726,415, a surplus of $398,456,655 and the accumulation of its own capital of $500,000,000 or a total financial strength in resources of $1,048,182,000, at the close of its fifth year.

Bear in mind that no calculation of increase in premium income has been taken into account in this analysis which will certainly take place by reason of (1) new banks being opened to supply banking facilities to over 4,000 towns and cities which today have no banks, and (2) the increase in deposits from the 45 billion used in this analysis to the normal amount of 55 to 60 billion which should be reached with the restoration of confidence in banks.

A mutual provision shall be incorporated in the charter of the corporation providing for refunds back to the banks, when conditions prove that the increasing surplus and reserves are accumulating to unnecessary volume. Rates may also be reduced. Banks must thereupon reduce charges to depositors.

The premiums stipulated will work no hardship on banks. A charge of $1 per year, payable semiannually, by all savings depositors and a charge of from 50 cents to $1 on balances of demand deposits will pay the premium. At the present time there is a resolution before the Senate Banking Committee to prohibit the payment of interest on demand deposits which cost reserve member banks alone $215,000,000 in 1932 and $350,000,000 in 1929. Right there is a saving of the entire national premium income.

POWERS OF THE CORPORATION

The corporation shall have the right to issue its insurance or indemnity policy to all banks in the United States now open by authority of the National and State banking authorities.

It shall have the right of examination of banks with authority to supervise banking practices and methods with the right to withdraw its insurance upon reasonable notice to the public of its decision so to do.

It shall have the authority to investigate all new applications for bank charters and have the option of accepting or rejecting the deposit insurance thereon on the grounds of the incompetency, reputation, or inexperience of those seeking to open the bank or upon the question of necessity for the bank in the community.

In event of any bank becoming distressed the corporation shall be immediately notified and it shall have the right and option to (1) loan funds to the bank to tide it over its embarrassment, or (2) to become temporary conservator of the bank until its solvency is reestablished, and (3) to assume charge of the liquidation of the bank for the recovery of the maximum proceeds from its assets for reimbursement of the corporation's payment of depositors.

Subrogation of all rights under the double liability imposed upon bank stockholders by law shall be vested in the corporation. This provision disposes of the objection often presented that deposit guarantees or insurance will place a premium on loose banking. There would be no removal of the double liability on all stockholders of a bank.

There, in brief, gentlemen, is a concrete program for the protection of American bank depositors—sound in insurance principles, practical in its purpose, efficient in operation, mutually beneficial to bank and depositors, and the most powerful agency for the restoration of confidence yet devised in the devastating crisis confronting us.

Let no one say it can't be done—for it can; let no one say, we have tried it—we haven't. Opponents will refer to six States who rushed into "guaranty plans" during the money panic of 1907. I was born and raised in the State which had the saddest experience of all of them—Nebraska. I know why the ill-advised scheme failed there. The State threw the guarantee blanket over all banks, good or bad, sound or unsound. The system was inherently weak, based on a wide-open guaranty fund, not administered by banks themselves but by transitory political appointees. All bars and restrictions of safety were let down. The capital necessary to start a bank was reduced to only $5,000. Everybody went into the banking business. Wildcat banks appeared like mushrooms. Liability was taken off of officials, banks were looted, and the State left to hold the sack.

But, regardless of the very obvious reasons why these State attempts failed, their failures only prove the underlying, fundamental principle of insurance, which is, that there must be wide diversification and distribution of the risks. Under a national program the conditions prevailing in one State causing bank failures would not affect those in the other 30, 40, or 47 States.

As against the wildcat schemes launched in Western States, I submit the experience of the State of New York. The Empire State years ago created by law a safety fund and during 12 years of its operation not a dollar was lost to any bank depositor in New York State. Political and financial forces caused its repeal because of its restrictions.

NOW IS THE TIME

Never were conditions so perfect and appropriate as now for the successful inauguration of this vitally needed reform. Eight weeks ago the President closed every bank in the United States. During the week they were closed the wheat was separated from the chaff, the sound from the unsound. It can be positively stated that every bank open today is absolutely safe and sound provided withdrawals of deposits are stopped.

The proposed corporation is now in position to place its indemnity on preferred risks. What a wonderful opportunity from an insurance man's viewpoint. That fact in itself guarantees the safety and success of this proposal.

But in the very near future new banks will be opened to supply the needs of 4,000 towns and cities which have no banks today. Who will start them? What restrictions have we under present laws to make sure they are opened by honest, competent, and experienced bankers? This proposed corporation furnishes the only restrictive features to insure these new banks being launched under sound conditions and by safe men.

This plan and proposed reform applies to 49,000,000 people, who are the backbone of this Nation and who normally have $56,000,000,000 of deposits. But it means more than protecting depositors of a bank.

Postal Savings deposits in the United States

[In millions of dollars]

	1929	1930	1931	1932	1933
January	154	165	278	666	943
March	155	170	303	705	1,006
May	154	171	325	743	1,125
July	158	181	373	829	----------
September	160	190	470	857	----------
December	164	245	605	900	----------

NOTE.—Feb. 28, 1933, $1,005,572,000. May 1, 1933, $1,125,000,000.

This tremendous accumulating deposit is not aiding commerce and trade. It is not building bank credit—but it proves where confidence still reposes.

It means protecting the national industrial life, stabilizing of business, of commodity values, of employment and wages; it means the revival and stabilization of the business of merchants, manufacturers, railroads, utilities, professional men, the farmers, and every line of human endeavor. It even means the stabilizing of the income of the National Government.

The two largest banks that ever failed in the United States—banks holding over $600,000,000 of deposits.

If you want to see what it will do—go to Detroit right now. Remember, two huge banks closed their doors there 10 weeks ago.

The United States Government through the Reconstruction Finance Corporation went to their rescue. They opened up one bank to take over the two failed banks. With Uncle Sam behind it the deposits rolled into the bank at the rate of 10 and 12 million dollars per day. And exactly 30 days after opening they offered back $175,000,000 to depositors. "Come and get your money" was the order.

Listen over the shoulder of newsboys, cab drivers, hotel clerk, merchant or business man in Detroit and everywhere you hear—"banks are all right; it all depends who is behind them."

Look at the rapidly climbing figures of Postal Savings deposits—from $150,000,000 in 1929 to $1,125,000,000 in May 1933. The people's faith in Uncle Sam. The one and only institution in which the public has not lost its confidence is the United States Government. But these millions are not benefiting business and industry.

In spite of all the logic and fundamental justice supporting the depositors' claim for protection; in spite of the vital need and crying urgency for this reform; in spite of its dominating importance as a remedy for present economic ills—it will not be won without a fight. The people must make a vigorous united demand for it.

The Glass banking bill now before the Senate of the United States carries a provision for insurance of bank deposits but postpones its operation until July 1934.

What does this mean? If such legislation is worthy of consideration and passage why not have it now? Isn't the economic patient sick enough now, or shall we wait until death appears, to give the medicine?

Postponement for a year means the death of the reform. It must be remembered that it was the united effort of the bankers of the country which defeated such a reform in 1908 and again in 1913. Remember also that a deposit guaranty was written into the first Federal Reserve Act. Through bitter opposition of the American Bankers Association and individual bankers, it was taken out, after solemn and sacred promises of cleaning their own house and correcting their practices.

At a convention of the American Bankers Association in Denver in 1908, resolutions were adopted opposing any plan of mutual guaranty of deposits by State or Nation. Some of the reasons were:

"It is a function outside of State or National Government."

But according to these same bankers it is a proper function of government to come to the rescue of banks with millions from the Reconstruction Finance Corporation. Just why should not the Government come to the assistance of depositors?

"It is impracticable and misleading."

Isn't it somewhat impracticable and misleading to take the depositor's money with the assurance it will be protected, and then mail him a slip from the banking examiners that the bank is closed and his deposits lost?

The resolution concludes with a statement which would be humorous if conditions were not so tragic:

"It discredits honesty, ability, and conservatism."

What banker in this year 1933 will repeat that statement?

The truth is that the one and big reason the banking fraternity opposes this reform so bitterly is that it will impose a more strict supervision on the handling of public money and bring more frequent visitations from the insurance inspector.

The wreckage in the banking field of the past few years is sufficient proof of the urgent necessity of such supervision.

There are two outstanding faults in the Glass bill plan. First, it erroneously assumes that the small depositor is to blame for the hidden money of the country, and the plan provides that the smaller deposits shall be fully insured but that larger deposits shall carry 50 and 75 percent coverage by insurance. In reality this is asking the larger depositors to gamble 25 to 50 percent on bank stability. A partial insurance in this instance is worse than none. It will not register with the American public. Why should the depositor be subjected to any gamble or hazard when he deposits his money for safe-keeping?

Secondly, the bill intends to extend the insurance protection only to Federal Reserve banks. The moment it is put in operation it will kill every nonmember bank in the United States. During the year of delay it is proposed to use this club to force all banks into the Federal Reserve System.

I hold no brief for or against the Federal Reserve System, but I do submit that when our economic ship is battling the storm, it is ruthless to club into submission those seeking aid in the lifeboat. Possibly we should have one centralized banking system, but unquestionably State banks and nonmember banks have their good reasons why they have not joined the Federal Reserve System. Let that question be settled by discussion and negotiation and not by strong-arm methods.

The bigger problem is to conquer the depression by the restoration of confidence.

Let us consider the human aspect of this question—not banking factions. Look at the stark tragedy of the past months and then think of the simple problem that confronts this Nation.

Fifty million depositors, controlling the lifeblood of the Nation, ask the assurance that when they put money in an American bank they can get it when they need it. And they will never call for it as long as they feel the bank is safe.

They will never ask for the cash while their checks are honored. Get that.

When we can put a sign on the front of every bank in America telling the public—

The deposits of this bank insured
by the
United States Deposit Insurance Corporation
(Backed by the United States Government)

then across the sky of America will appear a new rainbow of hope flashing the golden words, "Confidence restored—prosperity has returned."

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The Chair will suggest that two committee amendments were passed over by unanimous con-

sent. The clerk will state the first committee amendment passed over.

The CHIEF CLERK. The first committee amendment passed over is on page 53, where it is proposed to strike out lines 1 to 25, both inclusive, and on page 54, lines 1 and 2, as follows:

SEC. 6. Whenever it shall appear to the President in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. McKELLAR. Mr. President, this provision was inserted in the bill at the request of the President. It gives him power to modify or cancel what are known as the airways and ocean mail contracts. I think he ought to have the power. When the question came up for a vote in the Committee on Appropriations, as I remember it, the committee voted 8 to 7 to strike out the provision. I hope the amendment will be rejected. I quote the provision.

SEC. 6. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

Mr. President, we have reduced and are reducing tremendously the number and the salaries and the wages of employees; we have reduced the salaries of Congressmen and Senators and all other officials of the Government. We have inordinately reduced, and I believe too greatly reduced, the compensation of our ex-service men, many of whom are in dire want and distress; we have cut off appropriations all along the line; but, Mr. President, these enormous subsidies given to the shipping companies and the aircraft companies are left almost intact. We have made little reduction here. We must reduce these subsidies. Think of giving favored companies, like the aircraft companies and the shipping companies, many of them owned by large banking companies like the Chase National Bank and the National City Bank of New York which directly or indirectly receive a large part of these subsidies, the amounts aggregated between $50,000,000 and $60,000,000. We ought to have cut off all these subsidies before we reduced the compensation of our ex-service men a solitary cent. We ought to have cut off all these subsidies before we reduced the salaries of any of our employees a cent. Subsidies are wrong in principle and constitute a wicked perversion of Government. We have no right to take money from one class of our citizens and give the same to a wealthier class. We must give this right to our President to cut down these subsidies, and we ought to repeal all subsidy laws at the earliest possible moment.

Mr. COPELAND. Mr. President, we have at the present time a special committee giving consideration to the matter of the mail contracts. They are carrying on an extensive investigation. Undoubtedly as a result of their work there will be recommendations made to Congress.

In the next place the Postmaster General and the Shipping Board are now engaged in a study of the contracts in existence. Of necessity, if there are any fraudulent arrangements, the contracts will be canceled without any special authority of law. Likewise, there is a certain degree of elasticity in the contracts so that the amount of money spent can be controlled.

Further, in the Committee on Appropriations section 6 was stricken from the bill by a vote of 9 to 7. Immediately after that I discussed the matter with the President. Further, I saw the President 2 or 3 days ago to see if he was of the same mind. I wish to say to my colleagues that I am authorized by the President to say he does not desire the power which was given by this section and prefers to have it stricken from the bill.

Mr. McKELLAR. Mr. President, I have not talked with the President about it, but this was sent down as an administration measure. The authority was asked for. The House granted it. In the Committee on Appropriations of the Senate the vote was exceedingly close. It seems to me that the President ought to be given the power. He or those under him will certainly exercise it. We all know about these contracts. They have been discussed time and again. There is no reason why the President should not have the power that is authorized in section 6, and I hope the amendment will be voted down and the authority granted to the President to remedy this frightful travesty on justice.

The VICE PRESIDENT. The question is on agreeing to the committee amendment. [Putting the question.] The Chair is in doubt.

Mr. McKELLAR. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. What is the form of the question, so we may know how to vote?

The VICE PRESIDENT. The question is on agreeing to the committee amendment. A vote "yea" would be to strike out the section and a vote "nay" would be to retain it. The clerk will call the roll.

The Chief Clerk called the roll.

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

Mr. AUSTIN (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent from the Senate at this moment. I am informed that if he were present he would vote "nay." I have already voted "yea." I find that I can transfer my pair to the Senator from Maryland [Mr. GOLDSBOROUGH]. I do so, and will let my vote stand.

Mr. ROBINSON of Arkansas (after having voted in the negative). On this question I have a general pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Illinois [Mr. DIETERICH], and will let my vote stand.

Mr. PATTERSON (after having voted in the affirmative). I have a general pair with the Senator from New York [Mr. WAGNER]. I understand that he has not voted. Therefore I transfer my pair with him to the Senator from Oregon [Mr. STEIWER], and will let my vote stand.

Mr. McKELLAR (after having voted in the negative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from South Carolina [Mr. SMITH], and will allow my vote to stand.

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate in attendance on committee meetings:

The Senator from Colorado [Mr. ADAMS], the Senator from Washington [Mr. BONE], the Senator from Ohio [Mr. BULKLEY], the Senator from South Dakota [Mr. BULOW], the Senator from Virginia [Mr. BYRD], the Senator from Missouri [Mr. CLARK], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. GORE], the Senator from Mississippi [Mr. HARRISON], the Senator from Wyoming [Mr. KENDRICK], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG] and the Senator from North Carolina [Mr. REYNOLDS].

I also desire to announce that the Senator from New York [Mr. WAGNER] is necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from New Jersey [Mr. BARBOUR] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from Colorado [Mr. COSTIGAN].

I am not informed how these Senators, if present, would vote.

The result was announced—yeas 28, nays 35, as follows:

YEAS—28

Austin	Erickson	Kean	Robinson, Ind.
Borah	Fess	Keyes	Thomas, Utah
Capper	Hale	Lonergan	Thompson
Carey	Hastings	McCarran	Vandenberg
Coolidge	Hatfield	McNary	Van Nuys
Copeland	Hebert	Nye	Walcott
Dickinson	Johnson	Patterson	White

NAYS—35

Ashurst	Connally	Logan	Russell
Bachman	Cutting	McGill	Sheppard
Bankhead	Dill	McKellar	Shipstead
Barkley	Duffy	Murphy	Stephens
Black	Frazier	Neely	Thomas, Okla.
Bratton	George	Norris	Trammell
Brown	Hayden	Overton	Walsh
Byrnes	King	Pope	Wheeler
Caraway	La Follette	Robinson, Ark.	

NOT VOTING—33

Adams	Couzens	Kendrick	Schall
Bailey	Dale	Lewis	Smith
Barbour	Davis	Long	Steiwer
Bone	Dieterich	McAdoo	Townsend
Bulkley	Fletcher	Metcalf	Tydings
Bulow	Glass	Norbeck	Wagner
Byrd	Goldsborough	Pittman	
Clark	Gore	Reed	
Costigan	Harrison	Reynolds	

So the amendment of the committee was rejected.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. I have an amendment which in my judgment would be germane to the bill as it now is, but would not have been germane if the committee amendment had been adopted. I desire to know what would be the appropriate time to offer that amendment.

The VICE PRESIDENT. As the Chair understands, the Senate has agreed to consider the committee amendments first. After that, any Senator who secures recognition may offer whatever amendments he wishes to the bill.

Mr. BLACK. I was asking in order to ascertain if the fact that I did not offer this amendment until the Senate had voted upon the committee amendment would affect my right to move to amend the bill as it stands at present.

The VICE PRESIDENT. That section will be open to amendment after the Senate concludes the consideration of committee amendments. The clerk will state the next committee amendment passed over.

The CHIEF CLERK. The next amendment passed over is on page 55, where the committee proposes to strike out lines 17 to 19, inclusive, and to insert:

(b) Reductions of personnel shall be made with regard both to efficiency and to apportionment of appointments by States as now provided by law.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. BYRNES. Mr. President, I understand that the senior Senator from Alabama [Mr. BLACK] desires to discuss his amendment. I wish to offer an amendment to it.

The VICE PRESIDENT. Let the Chair call attention to the fact that the Senator from Alabama has offered an amendment to the committee amendment, which would be the pending question. The clerk will state the amendment offered by the Senator from Alabama to the committee amendment.

The CHIEF CLERK. On page 55, line 22, after the word "law", it is proposed to amend the committee amendment by inserting the following:

But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of the State containing the least percentage of its Civil Service quota.

Mr. BYRNES. Mr. President, I desire to ask the Senator from Alabama whether he will modify his amendment by striking out the last line and changing the wording, so that it would read—

Preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota—

instead of the language of the amendment as it is now, providing that preference shall be given to residents of the State containing the least percentage of its Civil Service quota. The only difference is that the language suggested would give the personnel officer of a department a little greater discretion. He would have to give preference to eligibles from States having less than their quota, but would not be confined to the State having the least percentage, as the Senator's amendment provides.

Mr. BLACK. Mr. President, may I ask the Senator from South Carolina if he believes that under that suggestion of his the Civil Service Commission would be compelled to give a preference to those States which are below their quota?

Mr. BYRNES. I have no doubt about that. The same requirement that is provided in the Senator's amendment would be made; but instead of appointments being confined to the State having the least percentage of its quota, the modified amendment would authorize the personnel officers to make appointments in such a way as to give preference to States with less than their quota. I think the Senator will agree that his language would require the appointments to be made from the State having the least percentage of its quota.

Mr. BLACK. Mr. President, I may state that I called up the Civil Service Commission and asked one in authority, not officially, if my amendment would require the preference stated, and I was told that it would absolutely require it. I do not want to agree to any modification which would leave the Civil Service Commission with the discretion to appoint from States already having their quota.

Mr. BYRNES. Mr. President, I agree with the Senator, and the language of his amendment would remain, that preference and selection in appointment shall be given to those eligible persons who are residents of States having less than their quotas.

Mr. LOGAN. Mr. President, as I understand, the only difference is that the Senator from Alabama would compel the Civil Service Commission to make the selection from the

State being furtherest below its quota, while the modification suggested by the Senator from South Carolina is that they may select from any State that is below its quota.

Mr. BYRNES. That is a correct statement.

Mr. BLACK. That is correct. If the Senator will accept the amendment, and it is satisfactory to the committee in that form——

Mr. BYRNES. It is certainly satisfactory to me.

Mr. BLACK. I desire to state that what I wanted to avoid was the continual employing of people from States which already have their quota, to the disadvantage of States which do not have their quota. I shall be willing to modify my amendment to that extent.

Mr. BYRNES. I have no objection to the amendment as modified.

The VICE PRESIDENT. The Senator from Alabama modifies his amendment, and the clerk will report the modified amendment.

The CHIEF CLERK. As modified, the amendment is as follows:

But when new appointments are made hereafter under Civil Service regulations, and there are persons on the eligible list who are residents of States which at the time are below the quota of Civil Service appointments allotted such States by law, preference in selection and appointment shall be given to those eligible persons who are residents of States having less than their Civil Service quota.

Mr. FESS. Mr. President, I would like to propound a question to the Senator from South Carolina, as well as the Senator from Alabama, whether they have looked into the possibility that persons on the eligible list from States which might be below their quota might not wish to be transferred to Washington at low salaries, whether that feature has been looked into?

Mr. BYRNES. Suppose a list of three eligibles is forwarded to the personnel officials, and one of the eligibles is from a State over quota and two are from a State below quota. One of those from the State below quota would have to be selected. If in the case cited by the Senator from Ohio a person on the eligible list did not desire to be appointed, and made known that desire, of course he would not be called.

Mr. FESS. That relieves it. I was under the impression that we might very greatly embarrass the departments here by requiring them, under the law, to bring someone from a distant point who might not want to come.

Mr. BYRNES. It would not have that effect.

Mr. NYE. Mr. President, the Civil Service Commission, under date of April 1 of this year, prepared figures showing the condition of the apportionments, which I think ought to be printed in the RECORD for the information of the Senate, and I ask unanimous consent that the table may be printed in connection with this amendment.

The VICE PRESIDENT. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Figures based on United States Civil Service Commission's report on condition of the apportionment Apr. 1, 1933

States	Entitled to—	Received	In excess appointments
Quotas in excess:			
District of Columbia	132	10,778	10,644
Virginia	659	2,273	1,614
Maryland	444	2,112	1,668
Iowa	672	745	73
Vermont	98	125	27
Quotas entirely filled:			
Delaware	74	74	
New Hampshire	145	145	

PAST HISTORY LEADING UP TO PRESENT CONDITIONS

In the 9 years from 1919 to 1928, when employees were being dropped from the Civil Service roll, the States lost 21,496, while the District of Columbia, Maryland, and Virginia (already having an excess of 10,440) added an additional 6,975, making an excess of 17,515 in apportionment in 1928.

	District of Columbia	Maryland	Virginia	Total	All other States
On roll in 1928	12,620	2,318	2,477	17,415	18,226
On roll in 1919	7,823	1,978	2,029	11,830	39,722
District of Columbia, Maryland, and Virginia gained				5,585	[1] 21,496

[1] Lost.

It is earnestly requested that in the event of the proposed furloughs or dismissals that the States' quotas be taken into consideration, as it would manifestly be unjust to reduce, furlough, or dismiss employees whose States have been deprived of their rightful representation, while whole families, from 3 to 9, are kept on the Federal pay roll. Many were blanketed in without having to take any examination.

Every employee should be required to reply to the enclosed questionnaire in order that Members of Congress may learn how many persons in one family (and their salaries) are actually employed.

Present condition of the apportionment detailed by States

States	Entitled to—	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	384	407	48
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	51
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	485	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	85	26	78
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	154	80
Nebraska	375	305	171	80
Missouri	987	780	70	79
South Dakota	188	160	207	85
Kansas	511	409	28	80
Utah	138	123	102	89
Rhode Island	187	173	15	92
Massachusetts	1,155	1,103	14	96
West Virginia	470	467	52	99
Maine	217	213	3	98

By the furlough of employees in all cases where two or more persons in one family are employed where one of them is earning $2,500 per annum, together with optional retirement after 25 or 30 years of service, there would be no necessity of any other furlough or cut in Government salaries.

The present efficiency rating system should be abolished, as it is unfair to employees and disrupts the service. The old system should be restored, i.e.:

Elements	*Averages*
Initiative	Below 70, poor.
Adaptability	From 70 to 80, fair.
Quality	From 80 to 90, good.
Quantity	From 90 to 100, excellent.
Punctuality.	
Neatness.	

Employees were rated by their immediate chief who was responsible and not able to shift the blame on someone else entirely unfamiliar with the work of the employee whom he rates as is done under the present system.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BYRNES. Mr. President, by direction of the committee I ask consideration of an amendment which is on the desk, to be inserted on page 61, after line 6.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 61, after line 6, the Senator from South Carolina proposes to insert the following:

SEC. 15. (a) There shall be in the Department of Justice an Assistant Solicitor General to assist the Solicitor General in the performance of his duties, who shall be appointed by the President, by and with the advice and consent of the Senate. Said Assistant Solicitor General shall be allocated to the same classification grade and be paid the same rate of compensation as apply to Assistant Attorneys General and shall perform such additional duties as may be required of him by the Attorney General. (b) One of the existing positions of Assistant Attorney General is hereby abolished.

Mr. BYRNES. Mr. President, in explanation of the amendment, I may say that one of the positions as Assistant Attorney General is abolished. A position is created for the appointment of someone as Assistant to the Solicitor General. The result of the transfer will be a saving of a thousand dollars a year, the salary of the Assistant to the Solicitor General being fixed at $8,000, instead of the $9,000 salary now paid to an Assistant Attorney General. In the reorganization of the Department the Attorney General requested that this amendment be submitted; and, by direction of the committee, I offer it.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment, on page 48, after line 24.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 48, after line 24, the Senator from South Carolina proposes to insert the following:

That the Attorney General of the United States is hereby authorized to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction of the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, upon such terms and for such sums within the amount claimed to be payable, in any suit pending on March 20, 1933, and on the date of the enactment of this act, brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly renewable term insurance, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments in accordance with any such judgment: *Provided*, That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers of the Veterans' Administration for all payments of insurance made in accordance with any such judgment: *Provided further*, That all such judgment shall constitute final settlement of the claim and no appeal therefrom shall be authorized.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I offer another amendment, on page 49, after line 19.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. The Senator from South Carolina proposes an amendment, on page 49, after line 19, to insert the following:

The unexpended balance of the appropriation "Fourteenth Annual Convention of French Veterans of the World War, Washington, D.C., 1933" is hereby made available for reimbursement to the Veterans' Administration for all expenses (including transportation to bona fide residence) incurred in connection with indigent veterans in attendance at the convention of the rank and file organization of World War veterans held in Washington, D.C., during the month of May 1933, and the decision of the Administrator of Veterans' Affairs in connection with such expenditures shall be final and conclusive.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BYRNES. Mr. President, by direction of the committee, I submit one more amendment, on page 61, to add a new section.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 61, after line 6, the Senator from South Carolina proposes to insert the following:

SEC. 16. That section 3 of the act of Congress approved May 28, 1928, entitled "An act to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled 'An act to provide for the classification of civilian positions within the District of Columbia and in the field services'", as amended by the act of July 3, 1930, be further amended by adding thereto the following: "*Provided*, That in all cases where, since December 6, 1924, in such adjustment the position occupied by an employee has been or shall be allocated to a grade with a maximum salary below the salary received by the incumbent, the rate of pay fixed for such position prior to such allocation may be continued so long as the position is held by the incumbent occupying it at the time of such allocation."

Mr. FESS. Mr. President, it seems to me we ought to have a little explanation of some of these amendments proposing new legislation.

Mr. BYRNES. Mr. President, I have offered the amendment by direction of the committee. If the Senator from Ohio wishes to have a statement as to its purpose, I would request the Senator from New York [Mr. COPELAND], who offered the amendment in the committee, to explain the purpose of the amendment.

Mr. COPELAND. Mr. President, this amendment was passed as a bill before the 4th of March.

Mr. FESS. What does it do?

Mr. COPELAND. There are 116 employees in the Customs Service in the field who were given the same pay intended by the act to be given to those who are employed here in the District of Columbia. They were paid for several months, and then the Comptroller General ruled that those in the field must be treated in a way different from the way those in the District are treated, and he made a demand upon the employees to return the money, and this is to rectify that injustice.

Mr. FESS. Mr. President, what I had in mind was that there has been considerable agitation about abolishing certain customs offices, and I was not sure whether this amendment had to do with that matter.

Mr. COPELAND. In connection with this amendment I should like to have printed in the RECORD a letter I have received regarding this matter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JANUARY 24, 1933.

Hon. ERNEST W. GIBSON,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: On March 4, 1923, an act of Congress entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services" was signed by the President. In accordance with the terms of that act and its amendments a Personnel Classification Board was set up which classified civilian positions in the District of Columbia.

After the positions in the District of Columbia had been graded it was found that there were many employees drawing salaries at rates in excess of the top salaries of the grades to which such employees had been allocated. In order to assure these employees that their salaries would not be reduced, an amendment to the Classification Act of March 4, 1923, was adopted on July 3, 1930, by adding to section 4 the following:

"* * * *Provided further*, That in all cases wehre the Board shall change the allocation of a position to a lower grade the rate of pay fixed for such position prior to such change may be continued so long as the position is held by the incumbent then occupying it."

A further amendment to the Classification Act approved May 28, 1928, directed that the compensation of civilian positions in the field be adjusted to correspond so far as may be practicable to the rates established in the departmental service in the District of Columbia. Such adjustments were made in the customs field service. The adjustments resulted, as they did in the District of Columbia, in certain employees being allocated to grades in which the pay they were receiving was in excess of the maximum pay of the grades to which these employees were assigned. The Treasury Department believing that it was justified by the amendment to section 4 made in the act of Congress approved July 3, 1930, continued to pay these men in the field service at the rates of pay they were receiving at the time their positions were adjusted.

Recently the Comptroller General ruled that the amendment to section 4, above referred to, applied only to positions within the

District of Columbia, and not to the field service. In his final decision, A-44245, approved January 6, 1933, he states that he will approve no such excess salary payments in the field service after March 31, 1932. This decision results in treating employees in the field service of the Government in a different way from those employed in the service within the District of Columbia and works an injustice to such employees in the field service. Practically all the employees affected are those drawing small salaries, such as messengers and minor clerks.

To remove this injustice Senator COPELAND has introduced into the Senate a bill (S. 5475), and I understand that a similar bill will be introduced into the House providing for an amendment to section 3 of the act of Congress approved May 28, 1928, which amendment is similar to the amendment to the act of March 4, 1923, as contained in section 4 of the act of July 3, 1930, exempting civilian employees in the District of Columbia from such salary reductions.

I am making this statement so that you will have before you the facts in connection with this bill when it comes up for consideration by your committee.

A copy of the bill, as introduced by Senator COPELAND, is enclosed herewith.

Very truly yours,

PHILIP ELTING, *Collector.*

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JOHNSON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 61, after the amendments heretofore agreed to, the Senator from California proposes to insert the following:

SEC. —. The Secretary of the Treasury is hereby authorized to effect a modification of the contract for the construction of the Long Beach, Calif., post office, so as to afford such relief as he deems to be proper for losses caused the contractor for restoration of damages to the building occasioned by the earthquake of March 10, 1933, and to make such structural and other changes in the building as may be necessary to minimize a recurrence of earthquake damage to the building: *Provided*, That the present appropriation for the Long Beach project shall be available for the purposes named, and that any additional cost incurred by reason of the above shall not exceed the present limit of cost.

Mr. JOHNSON. Mr. President——

Mr. BYRNES. Mr. President, I may say to the Senator from California that I know that that estimate has been submitted to the Committee on Appropriations, and, so far as I am concerned, I have no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I submit an amendment, and ask for its present consideration.

The VICE PRESIDENT. The Senator from Arkansas offers an amendment, which the clerk will report.

The CHIEF CLERK. The Senator from Arkansas offers the following amendment: Add a new section at the end of the bill to read as follows:

SEC. 36. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations, and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. BRATTON. Mr. President, will the Senator give us a brief explanation of the changes which the amendment proposes to make in existing law?

Mr. ROBINSON of Arkansas. Yes.

Mr. President, when this amendment was submitted on the 15th of May a brief statement was made indicating the purposes of the provision. In a general sense, the object is to comply with criticisms of the existing law which the counsel for the Reconstruction Finance Corporation, which body is charged with the administration of the act, asserts tend to make the provision unworkable or difficult of application. There are 14 textual changes in the language, most of which are of relative unimportance. Perhaps time may be conserved by stating, in a brief way, just what these changes are.

First, in line 3, page 20, of the act the words "or for the benefit of" have been inserted between the words "to" and "drainage." The purpose of this change is to permit refinancing in cases where the districts may not have the necessary statutory authority to enter directly into all desirable arrangements for the carrying out of the refinancing. In such cases the refinancing might be accomplished through trustees or other agents. The benefit of the refinancing will, of course, go to the district in any case.

The second change is in line 5, of page 20, of the pamphlet containing the act referred to, where the words "or for the benefit of" have been inserted between the words "to" and "political"; and the object of that change is the same as that just stated.

In line 7, page 21, the words "refunding bonds" have been replaced in this draft by the words "bonds, notes, or other obligations." In explanation, it may be said that in many cases it may become necessary to acquire outstanding bonds or other obligations of the applicant rather than refunding bonds. No reason suggests itself for restricting the security to refunding bonds when the loan may be just as adequately secured by the bonds originally issued or by other obligations.

The next change is in lines 7 and 8 of page 21, where the following language, "issued to the Corporation by the borrower" is stricken out. To effect the financing it may be necessary in some cases for the Corporation to purchase or make loans on the security of outstanding bonds which will not be issued directly to the Corporation by the borrower.

The fifth change is in lines 9 and 10, page 21, where it is proposed to substitute for the words "or on the amount of the assessments levied on such property", the words "or on the assessments, taxes, or other charges imposed." In explanation of that change, let me say that in some districts the projects are supported by ad valorem taxation or other charges rather than by assessments, and no reason exists for making the distinction which the language of the original act seems to make.

The sixth change is in line 12, page 21, where there is inserted, after the word "any", the word "other." This is to make it clear that the bonds referred to are bonds other than those acquired by the Corporation. This is not a change in the intent of the existing statute.

The seventh modification is as follows: In line 14, page 21, there is to be inserted between the words "shall" and "pay" the words "agree insofar as it lawfully may to." The effect of the provision contained in the act is to require the payment of some of the bonds acquired by the Corporation prior to their maturities in the event the amount collected by the district is more than sufficient to pay the other required annual charges. This may be prohibited by the laws under which some districts are organized, and the words inserted merely constitute a saving clause in situations of this kind.

The next change is in line 15, page 21, where it is proposed to insert for the word "held" the word "acquired." I think the change referred to implies so clearly the effect of the change that I will not discuss that further.

The ninth modification is in lines 16 and 17, page 21, where the words "assessments against the real property within the project" are changed to "assessments, taxes, and other charges collected by the borrower." The reason for this change has already been explained.

Another change is found in line 18, page 21, where there is substituted for the word "interest" the words "maturities of interest and principal", which appears to be an essential change.

In lines 19 to 24, inclusive, there is a proposed change of the words:

The borrower shall agree, to the satisfaction of the Corporation, to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis.

The language to be substituted is as follows:

The borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal or interest of its outstanding indebtedness by reason of the operation of this section.

The change is patently in the interest of clarity, and also takes care of those instances in which ad valorem taxes or other charges, rather than assessments, are levied.

The last portion of subsection 5, beginning with the words "to cancel", in line 24, page 21, has been stricken. The meaning of the language stricken is not clear; its purpose apparently is to prevent nonassenting bondholders from securing any advantage in the refinancing over assenting bondholders. It is not thought that this is a practicable plan or that any practicable plan can be devised which will deprive the bondholder of the right to receive payment fixed by a contract with the district in a statute under which the bond is issued. This is a substantial and important amendment.

In lines 37 and 38, page 21, after the word "bonds", appearing in each of such lines, there have been inserted the words "or other obligations." This change suggests the reason for the modification of the language.

In line 37, page 21, the word "the" has been stricken, appearing between the words "and" and "holders", and in line 38 there have been inserted between the word "refund" and the word "such" the words "all or a major portion of." The purpose of this is to make clear that the applicant is not required to make arrangements with the holders of 100 percent of its outstanding indebtedness, but only with such number as may result in a substantial reduction in the applicant's indebtedness.

In view of the considerable number of changes in the language, it has been deemed best and most effective to rewrite the entire section. I think I have nothing further to add.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arkansas.

Mr. McCARRAN. Mr. President, I wish to offer an amendment to the amendment if that is in order.

The VICE PRESIDENT. The Senator from Nevada offers an amendment to the amendment, which will be stated.

Mr. McCARRAN. Mr. President, may I be permitted to read it and offer it from the floor, as it is short, and I have not prepared it in written form?

After the figure "(2)", in line 10, page 2 of the amendment offered by the Senator from Arkansas, I move to insert the following:

To irrigation districts organized under the laws of any State and operating under contract with the United States, to aid in the payment of their operation and maintenance charges, and to provide funds for the installation and operation of necessary works, and to protect the rights of the United States in the project.

May I say in this respect, Mr. President, that this amendment was adopted by the Senate to the farm relief bill as it passed this body, but was omitted when the bill came from conference. It is simply designed to protect the rights of the Federal Government in Federal projects. In some of these projects the locators, the farmers, have been unable, by reason of existing conditions, to raise the money with which to pay their maintenance and operation charges, which charges have to be paid under the rules of the Reclamation Bureau to the Government for the protection of the Government's property. It is just another class of projects that is not included in the amendment.

I move the adoption of the amendment to the amendment.

Mr. ROBINSON of Arkansas. Mr. President, I am sorry not to be able to accept the amendment of the Senator from Nevada. I feel impelled to observe that his amendment proposes to provide funds for the operation of the districts. This amendment as drafted and as it was adopted in the original act is confined to the refinancing of obligations that already exist, and is intended to lighten the tax burden on the land embraced within the districts, so as to enable them to avail of the refinancing provisions under the farm-mortgage arrangement carried in the Farm Relief Act.

Mr. McCARRAN. Mr. President, I think the Senator from Arkansas fails to grasp the full significance of my amendment. I think he misconstrues its application. All that these project farmers desire to do is just what is set out in the amendment of the Senator from Arkansas and clarified in the Senator's amendment, which would permit them to borrow from the Reconstruction Finance Corporation on bonds issued by themselves and secured by the property of the project. They do not ask for any relief save and except the privilege of borrowing so that they may pay the charges of maintenance and operation that are imposed against them by the law under which they are operating.

It may be explained a little further that the districts have taken over and relieved the Government of the expense of maintaining the districts, but nevertheless are compelled by contract and by the law to maintain their canals and laterals and their overhead charges. They desire to borrow temporarily for the purpose of paying those expenses back to the Government.

Mr. President, I ask for a roll call on my amendment to the amendment of the Senator from Arkansas.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Arkansas if the proposal here is identical with a proposal that might be made to assist a city in its temporary troubles over taxation?

Mr. ROBINSON of Arkansas. "Is identical with a proposal that might be made"?

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. I could not tell whether this proposal is identical with any proposal that has not been made. I do not know how to make a comparison between this proposal and one that might be made.

Mr. COPELAND. The purpose of this is to lighten the present tax burden of drainage districts and irrigation districts by permitting them to borrow pending the receipt of assets which they have in the way of outstanding applications, and so forth.

Mr. ROBINSON of Arkansas. Mr. President, I will make a further explanation of the amendment. In many areas heavy improvement-district taxes were imposed under local statutes. The districts issued bonds in order to finance their projects. In numerous cases, with the decline that

has occurred in the prices of agricultural lands and the fall also in agricultural commodity prices, the present charges have not been met, many of the districts are in default, foreclosures are imminent, and land owners are being deprived of their homes. In numerous cases no refinancing arrangement as to existing farm mortgages may be effected within these areas for the reason that the taxes constitute a first charge on the land, and have either matured or are approaching maturity.

One of the primary objects of the amendment is to place agricultural home owners within these improvement districts in a situation under which they may be able to refinance their mortgages. As already stated, under present conditions they cannot do that. In my conception of it, it is an entirely distinct problem in its fundamental aspects from the financing of obligations or operations of municipalities or other governmental subdivisions. This is essentially a farm-relief measure touching some of the most productive lands in the United States. Without it, the refinancing arrangement to which I have referred respecting farm mortgages cannot be effected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada to the amendment of the Senator from Arkansas.

Mr. McCARRAN. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to the amendment.

The VICE PRESIDENT. The amendment to the amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 2 of the amendment of the Senator from Arkansas, line 1, after the word "projects", insert "or projects, a major portion of which has been completed."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the Senator from Arkansas.

Mr. TRAMMELL. Mr. President, in the general farm-relief bill which passed the Senate there was a provision substantially the same as this, but it was stricken out in conference. My reason for offering the amendment is that there are many drainage projects in the country that may not be entirely completed, but a major portion of which has been completed. These districts have bonded obligations and they are certainly as much in need of some financial assistance as a district that has been entirely completed. They need assistance toward refinancing, toward reducing their indebtedness, in order that the assessment which has been made by the taxpayers up to the present time may not be a total loss. Their position, in my opinion, is equally meritorious as the position of a district that may be said to be completed. If they do not get assistance, looking at it from the question of the value of the land and the contribution to agriculture, the entire project may fail.

I am in hopes we can adopt my amendment to the amendment of the Senator from Arkansas so that a district so situated may have access to the privilege of obtaining a loan. I have worded it "a major portion of which has been completed."

My State, so far as reclamation by drainage is concerned, has practically pioneered in that respect. We have some completed districts. We have some that are equally as worthy, and the lands equally as desirable, which are not completed. The people living in those sections have contributed large sums of money to bring the projects up to something like near completion, and a great deal of the land is being used at the present time. The entire project or the entire district is not yet in a finished state. I am in hopes we can make available to those districts the privileges and the benefits that are authorized by the bill for what may be called the completed districts.

Mr. COPELAND. Mr. President, it seems to me exactly the same argument that can be used with reference to this matter, which I have no doubt is a very worthy cause, could be made with reference to school districts. We have any number of school districts in this country which are unable to function because of the poverty of the taxpayers. I should like to see the matter given a broader interpretation to include other activities rather than simply a particular class. That is the reason why I ventured to ask the question a moment ago of the Senator from Arkansas [Mr. ROBINSON] if the same argument would not apply to municipalities.

We had here the other day a petition signed by 97 mayors of cities in the United States calling attention to their inability to collect taxes and the consequent interference with municipal activities such as health, fire, and police departments. There is no doubt that we have, not alone as regards irrigation districts but as regards every other activity of municipal government, the same burden that is brought out by this particular proposal. I have no disposition to oppose the proposal, but my plea is, if we are going to do something for this particular group, for this particular division of Government, that we ought to do it for other divisions of Government. That is the way I feel about it and I dare say other Senators will have the same feeling if they give the matter careful consideration.

Mr. ROBINSON of Arkansas. Mr. President, I realize there is much force in what has been said by the Senator from New York, but I again call attention to the fact that the object of the pending amendment is so to reform an existing statute as to make it workable in the opinion of those who have to enforce it. No one can state the approximate cost of financing schools and municipalities.

With respect to the amendment offered by the Senator from Florida [Mr. TRAMMELL], it would open up a new field. The pending amendment and the existing statute limit their application to projects that have been completed. The object is not to promote reclamation but it is to prevent foreclosures through a readjustment of the existing indebtedness which has matured or is about to mature and under which refinancing arrangements cannot be effected.

I am, therefore, unable to accept the amendment of the Senator from Florida.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Yes, sir.

Mr. DILL. I was not in the Chamber all the time the Senator was speaking, but I want to be clear about this matter. This is the provision that is in the farm bill providing for loans to drainage and irrigation districts which the Reconstruction Finance Corporation officials say is unworkable in its present form?

Mr. ROBINSON of Arkansas. Yes.

Mr. DILL. And the purpose of this amendment is to correct that language?

Mr. ROBINSON of Arkansas. That is exactly right. I had made that statement before the Senator came in.

Mr. GEORGE. Mr. President, I desire to ask the Senator from Arkansas why it would not be advisable to let this amendment go to the Finance Committee, which is now considering the bill which amends the Reconstruction Finance Corporation Act, the public works bill? It seems to me to be out of order to put an amendment like this on an appropriation bill, and I am surprised that those in charge of the bill do not raise a question of practice and procedure.

I am not hostile to the purposes of the amendment, but this matter ought to have some mature consideration. I merely wish to know why it would not be much better to let the matter go to the Finance Committee, which today is considering the public works bill.

Mr. ROBINSON of Arkansas. Mr. President, I have repeatedly explained, by implication, why I cannot concur in the proposal suggested by the Senator from Georgia.

In the first place, this is not a public construction bill, as I have already said. This is a part of the refinancing program that has already been adopted by the Congress. This amendment would not be here except that those who administer the act already in existence find that because of certain language in the law the act is not easily workable.

The original provision was presented by myself and sent to the Committee on Banking and Currency. That provision was studied, and an amendment in the nature of a substitute was reported by the Committee on Banking and Currency, and the provision was incorporated in the farm-mortgage-refinancing part of the bill, which carried three titles and is commonly known as the "Farm Relief Act." The subject has been studied at very great length, and, in all probability, it would be impossible to proceed to a complete revision of the measure during the present session if entirely new legislation should be undertaken. We are approaching, as we hope, the end of the session. I am very much disappointed, in view of the circumstances, that the Senator from Georgia should make the suggestion that he has made.

Mr. McNARY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I have just had a moment to read the amendment hastily, but it seems to me this language was contained in the farm relief bill, or very similar language.

Mr. ROBINSON of Arkansas. Yes.

Mr. McNARY. And was passed by the Senate, but went out in conference.

Mr. ROBINSON of Arkansas. No; that is not correct, if the Senator will pardon me. As I have already explained while the Senator was out of the Chamber, this is a provision that was incorporated in the Farm Relief Act; but the Reconstruction Finance Corporation, through its counsel, making a study of the act with a view to giving it application, and having already proceeded as far as it may, reached the conclusion that certain changes in the language are necessary in order to enable the Corporation to do what Congress intended it should do. I think I might say that there is a difference of opinion as to the necessity for these changes; but the argument seemed to me impressive with respect to some of them, and I have gone through every change that this language makes in the existing statute. Many of the changes are mere verbal ones, while others have relationship to the practicability of the methods of refinancing. The amendment does not alter the principle of the measure that passed Congress some weeks ago. It is merely a corrective amendment.

Mr. GEORGE. Mr. President, I merely wish to make a statement.

The public buildings bill, or the industrial recovery bill as it may be called, is before the Finance Committee at this moment. That bill expressly amends the Reconstruction Finance Corporation Act in more than one particular; and this amendment would be germane and proper if it were offered to that bill. I know—every Senator here knows—that if matters of this kind are to be tacked on to appropriation bills, we will get into trouble, and a lot of trouble. I shall feel no restraint whatever in voting to suspend the rules of the Senate in order to put anything which seems desirable on an appropriation bill if we are going to permit matters of this character to be injected into an appropriation bill; and I desire to make another statement. I do not know that there are very many members of the Banking and Currency Committee present, but I desire to make it.

The Banking and Currency Committee has not hesitated to amend the Reconstruction Finance Corporation Act in any way to serve particular purposes and to grant loans to particular interests, legitimate interests; but they have been strangely deaf and cold to many other worthy suggestions and many other worthy amendments that have been presented to the Banking and Currency Committee. Personally, I should like to have the opportunity to put into some amendment of this kind the authority to grant loans to many other worthy projects and many worthy enterprises not now eligible for loans. It seems to me that if we are to continue to extend the activities of the Reconstruction Finance Corporation we have very nearly reached the point where we cannot deny to any citizen who has adequate, ample, satisfactory security, and who will put more people to work, the privilege of going to that Corporation and getting a loan.

I do not want to make a point of order on the amendment, but during this session only those proposals with special friends at court, apparently, at least have received favorable consideration by the committee. I am stating what every Senator here knows who has undertaken to expand the activities of the Reconstruction Finance Corporation so as to afford more work for unemployed people. It is always objected that we cannot extend loans to private enterprise, and we are met with the other objection, that we cannot set the precedent of extending loans based wholly or in part upon the power of taxation; yet in this very amendment taxes, or tax levies, may constitute the security that may be offered to the Reconstruction Finance Corporation.

Mr. President, what I want to do, not in hostility to this amendment, is to see whether the Senate and the Congress are to continue to make fish of one and fowl of another, when one of the purposes of the Reconstruction Finance Corporation Act, as amended, is to give more people work, to put more people into some sort of constructive enterprise. I think that this amendment should not be offered, but those in charge of the bill may well be advised that if it is adopted no Senator will feel the slightest restraint in voting to suspend the rules of the Senate in order to offer anything on an appropriation bill, either this appropriation bill or any other appropriation bill that may be brought in.

Mr. DILL. Mr. President, I think the Senator from Georgia takes a mistaken view of this matter, because in effect this becomes a sort of bankruptcy proposition for these drainage and irrigation districts. It is not a case of loaning them money to go ahead with their work, but it is a kind of bankruptcy proposition whereby they can be put on their feet by loans from the Government, and continue to go forward.

I think it is highly important that the amendment should be adopted as quickly as possible.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the amendment of the Senator from Arkansas [Mr. ROBINSON].

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. OVERTON. Mr. President, the amendment offered by the Senator from Arkansas refers to levee districts. I should like to ascertain from him whether he thinks that its provisions cover a situation like this:

In the execution of the flood-control project on the lower Mississippi River and its tributaries the local authorities—namely, the levee boards—are required to make local contributions in the form of rights of way. They have been doing that; but they have reached the point where they cannot very well finance that obligation any further, and they require aid from the Reconstruction Finance Corporation, which is about the only place where they can obtain funds with which to go on with this work. In order to furnish those rights of way for the construction of the levees by the Federal Government it is necessary that the levee boards should refinance their present outstanding obligations for those rights of way; and I was wondering whether the Senator from Arkansas would accede to an amendment that would carry out that thought.

Mr. ROBINSON of Arkansas. Mr. President, for the very reason that I found myself unable to accept the amendments proposed by the distinguished Senator from Nevada [Mr. McCARRAN] and the able Senator from Florida [Mr. TRAMMELL], I am unable to agree to an arrangement which will expand the purposes of this amendment so as to provide for new construction, or to do anything more than to save from bankruptcy these various districts, and save the farmers owning lands within them the ruin that must follow from the sale of their lands if some such arrangement as this is not made.

I am sorry not to be able to accede to the request of the Senator.

Mr. COPELAND. Mr. President, exactly the same thing applies to school districts. There are lots of small school districts in my State which are unable to function because of the inability of the taxpayers to pay their taxes; and those taxpayers likewise are likely to lose their possessions because they cannot pay their taxes.

It seems to me that if we are to do something of this sort, it ought to be made general enough so that every part and section of the country would be benefited by it. This amendment is very restricted in its operation; and $50,000,000, a tremendous sum, is involved in it. I am not disposed to raise the point of order; but I am sure the amendment is subject to a point of order because it is legislation, and, as the Senator from Georgia has suggested, is entirely aside from the purposes of the appropriation bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas [Mr. ROBINSON]. [Putting the question.] The Chair is in doubt.

On a division, the amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I have two other amendments to offer. One of them I am offering at the request of the President.

Some weeks ago the Senate Committee on Foreign Relations authorized the report of a resolution making available $48,500 for the expenses of participation by the United States in the International Institute of Agriculture at Rome. There are rigid limitations imposed in the bill on the expense and salary items.

Yesterday there was published on the first page of the RECORD a letter from the President of the United States, addressed to the Vice President, a similar letter having been sent to me, and also, I believe, to the Senator from Nevada [Mr. PITTMAN], urging the participation of the United States in the conference, and asking the adoption of this amendment. If it is desired, the letter might be read, but it is available for the study of Senators, and I will not ask that it be read unless some Senator demands it.

I submit the following amendment.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The amendment will be reported.

The CHIEF CLERK. On page 50, after line 25, it is proposed to insert the following:

INTERNATIONAL INSTITUTE OF AGRICULTURE

The sum of $48,500, or so much thereof as may be necessary, is hereby appropriated for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State in the following manner:

(1) Not to exceed the equivalent in United States currency of 192,000 gold francs for the payment of the quota of the United States for the support of the Institute, including the shares of the Territory of Hawaii, and of the dependencies of the Philippine Islands, Puerto Rico, and the Virgin Islands.

(2) Not to exceed $5,000 for the salary of a United States member of the Permanent Committee of the International Institute of Agriculture.

(3) Not to exceed $5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and neccssary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the Permanent Committee of the International Institute of Agriculture.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I have one further amendment, which I send to the clerk's desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add at the proper place the following:

The Botanic Garden, together with all records, property, and personnel pertaining thereto, is transferred to the Department of Agriculture, effective the 1st day of the second month following the enactment of this act, and the appropriations for the support thereof are hereby made available to the Department of Agriculture.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. I yield.

Mr. COPELAND. I simply want to suggest that this is a change of law, is it not?

Mr. ROBINSON of Arkansas. I think it is. Will the Senator withhold his statement for a moment?

Mr. COPELAND. Yes.

Mr. ROBINSON of Arkansas. Mr. President, the Botanic Garden is now under the jurisdiction of the Joint Committee on the Library. It has seemed to a number of citizens who have studied the subject that the present arrangement is rather an inconsistent one, and that the best interests of the service to which the Botanic Garden is devoted may be advanced by transferring it to the Department of Agriculture and consolidating it with other similar activities.

Frankly, I have been prompted to submit this amendment by a distinguished lady, who has given thorough study to the subject and who finds it of great interest and importance. She has submitted a statement, which, I believe, gives the Senate important information. I quote from the statement made by Mrs. Frank Noyes, who for many years was chairman of the committee of the Garden Club of America having subjects similar to that now under discussion in their jurisdiction. I quote from the statement of Mrs. Noyes:

The transfer of the Botanic Garden to the Agriculture Department recommended recently by the Budget is of such outstanding importance that we wish to endorse it for many reasons.

Under the direction of the scientific men in the Agriculture Department already engaged in the importation and propagation of tropical and semitropical trees and shrubs (who for years have had no proper place to display their rare and ever-increasing specimens) this recently constructed conservatory of the Botanic Garden could be maintained at a much lower cost than the present proposed appropriation by Congress for this purpose, as the salaries of these experts are already provided for.

A truly magnificent display of national importance could be produced in time for those seeking such information at the Capital.

As a confirmation of this statement I wish to quote from a recent message received from the eminent scientist, Dr. David Fairchild, now residing in Florida. (He must be familiar to you all as he has been engaged for years in searching the world for material as a member of the Agricultural Department staff.)

"If what is proposed now had taken place 20 years ago we might have built something of national importance out of the then so-called 'Botanic Gardens' and, through its glass houses, introduced in the general house cultured new plants of beauty and importance."

The exhibitions of amaryllis and chrysanthemums which are being held in cramped quarters that may soon be razed could also be displayed on the grounds at the Botanic Garden and thus consolidate all such interests to the public.

It has never seemed to us that these expensive buildings for which an appropriation of $800,000 was recently made, could properly serve their purpose unless some such reformation could be effected. We have been told that much of the present stock is diseased and should be renewed and, of course, the cost of purchasing new material would be almost prohibitive. The maintenance would, of course, be greatly reduced by having stock which is constantly being renewed in the Agriculture Department and which would be available at all times for such purposes.

I submit also a statement by A. F. Woods, director of scientific work, and ask that it be incorporated in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BOTANIC GARDENS, CONGRESSIONAL CONSERVATORY

1. The Department of Agriculture maintained for many years a large conservatory of decorative and economic plants similar in nature and purpose to the Botanic Garden Conservatory. This was removed about 1905 to make way for the west wing of the new Agricultural Building. The plants were sent to various botanic gardens that possessed facilities to care for them. Some went to the Botanic Garden here.

It did not seem to us wise to rebuild that type of structure in view of the fact that the Congressional Botanic Garden occupied the field.

Such collections are valuable and useful for educational purposes and they are usual in educational centers, such as Washing-

ton. The Shaw Gardens, of St. Louis, the New York Botanic Garden at the Bronx, New York, are good examples of the more extensive efforts of this kind maintained largely by endowments. The horticultural departments of most universities maintain such collections for educational purposes.

In developing the National Arboretum, which has been authorized by Congress, and part of the land for which has already been purchased, there will eventually be need for greenhouse equipment similar to what has been constructed for the Botanic Garden. If these projects are combined now, duplication of effort can be prevented and the new development in both fields can take place in a unified way, both as to administration and planning.

Our plant explorers are bringing in from time to time tropical and subtropical plants that could be cared for and studied in such a place.

The gradual building up of such collections would be more economical than attempting to duplicate the usual type of educational collections and would be in the end probably of more educational and practical value.

In the development of such collections of plants great care has to be taken to see that they are free from dangerous or potentially dangerous insects, pests, and diseases. Only such plants of the present collections could be used as could be freed from such pests.

All new material brought in must be kept in quarantine for a sufficient time to assure freedom from such pests. Our Plant Introduction Service is the only agency now equipped or authorized to do this for plants introduced from foreign countries. While we have made no recommendations in this matter, and it has not come before the Department until Dr. Taylor was called before the House Committee on Appropriations, I may say that it is in line with the general plan to consolidate on a functional basis wherever such consolidation would lead to economy and efficiency.

A. F. WOODS.
Director of Scientific Work.

Mr. ROBINSON of Arkansas. Mr. President, this amendment was suggested by the Director of the Budget. The statement of Mrs. Noyes which I have read fairly and briefly presents the argument in favor of the amendment.

Mr. COPELAND. Mr. President, I doubt whether any Member of this body is more interested in flowers and plants than am I. I give practical evidence of that feeling every day.

The Botanic Garden to be the place where the amaryllis or Easter lilies are to be displayed! Does that appeal to us in these days?

The Botanic Garden has a fundamental scientific purpose to serve. It has been used by the scientific world for more than a hundred years, since 1820. It is a place where botanical specimens are displayed, to assist the teachers and teaching institutions. It is a place where there is given knowledge of the real appearance of the plants and flowers gathered from all parts of the earth, plants which are studied in the schools of America.

More than that, Mr. President, the materia medica, useful to the human family, and to all of the lower animals as well, is founded largely upon the use of medicinal plants. In this institution have been exhibits of such plants, and here it has been possible to find plants which have been used in making many of the remedies which have to do with the healing of the Nation.

Mr. President, I feel so strongly on the matter that I must raise a point of order against this amendment, since it is legislation seeking to do away with a law now in existence.

The PRESIDING OFFICER. The point of order seems to be well taken, and the Chair holds the amendment not in order.

Mr. McNARY. Mr. President, may I ask the Senator from New York whether he is going to persist in his objection under the rule?

Mr. COPELAND. I understand the Chair has already ruled that the point of order is well taken.

Mr. McNARY. I hope the Senator will withdraw his point of order.

Mr. BARKLEY. I may say to the Senator that if he does withdraw it I will renew it.

Mr. FESS. I also will renew it.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I wish to offer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. ROBINSON of Arkansas. It is my intention, Mr. President, to prepare and introduce for reference to the appropriate committee a bill which will provide for a transfer of the Botanic Garden to the Department of Agriculture, so as to assure that the matter may be disposed of on its merits whenever the Congress is in a position to act on it.

Mr. BLACK. Mr. President, I ask that the amendment which I have sent forward be reported.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. It is proposed to amend section 6 by adding the following:

SEC. 4. That after the enactment of this act the Postmaster General is directed to suspend payments upon any air mail or ocean mail contract, to any individuals, companies, or corporations, which singly or in combination with other individuals, companies, or corporations receiving a subsidy, pay any salary or salary combined with bonus, to any officer, agent, or employee in excess of a salary of $17,500. If such individual, companies, or corporations employ any officer, agent, or employee on a part-time basis, such salary, or salary combined with bonus, shall be reduced in proportion to such part-time employment.

Mr. BLACK obtained the floor.

Mr. BYRNES. Mr. President, I make the point of order that the amendment is not in order.

Mr. BLACK. Mr. President, I do not yield for that purpose at the present time; but I have no doubt that the amendment is in order, and I shall explain it now.

I am sure no point of order can be sustained. If there is any question of germaneness raised, it would have to be presented to the Senate for a vote, and for that reason I desire to make a few remarks on the proposed amendment before the Senate might be called upon to vote on it.

I might state that this amendment now offered is taken from a bill reported from the Committee on Post Offices and Post Roads a few days ago. I have used the exact language which was reported by the committee.

There is in this bill now—and I am adding this amendment to that particular section—a provision which gives the President the right to cancel these contracts if he desires to do so. Therefore, we have before us, in connection with this matter, the question of the ocean air mail contracts. No one can say that this is not germane to that point.

Mr. President, when I offered the bill originally, which went to the Committee on Post Offices and Post Roads, I provided for a lower limitation on the salaries. The Committee on Post Offices and Post Roads, however, saw fit to raise it to $17,500. That was done largely by reason of the fact that the Senate had adopted, a few weeks ago, a similar limitation of $17,500 as applied to those institutions borrowing money from the Reconstruction Finance Corporation.

I want to give the Senate one example of what is going on with the money of the people of America in connection with the payment of salaries to officers of these companies. I have before me a report of salaries paid to the officers of one steamship company. The steamship company happens to be owned by one man, except that 2 or 3 others own a nominal amount of shares in order to be directors.

In 1928 the grand total drawn by the president of the company for salary, dividends, and personal expenses was $77,480; in 1929 it was $183,936.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Will the Senator from Alabama yield to the Senator from Maryland?

Mr. BLACK. I yield.

Mr. TYDINGS. What part was salary and what part was dividends? I ask that question because we do not know how much stock the president of the company held.

Mr. BLACK. He owned all the stock.

Mr. TYDINGS. But we do not know what the investment was and whether the dividend was large or small, or how much of the payment was salary.

Mr. BLACK. I shall be glad to let the Senator from Maryland see the complete report. I will state that this man is really the owner of the business. I have not figured it out, but I think it will be found that he owns about 99.75 percent of the stock.

Mr. TYDINGS. How much was it worth?

Mr. BLACK. I shall be glad to give that figure. The salary of the president——

Mr. TYDINGS. That is it.

Mr. BLACK. I will have to get it for the Senator. I will state, however, that he draws salary from 2 or 3 different subsidiaries of the same company, all of them receiving a subsidy and all of them being supported by the subsidy.

Mr. TYDINGS. Mr. President——

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. If the Senator is going to mention the excessively high salaries, which I presume are the premise for his argument, if he includes dividends in the total amount, it is impossible for us to tell whether or not the salary is high or low. My interrogatory was asked merely in order that we might have a clear understanding of what the Senator is presenting.

Mr. BLACK. I will give that. His salary from one company for 1929 was $50,000; his personal expenses drawn were $34,000; his dividends for that year were $74,000. Of course in this case the dividends amount to a salary, because, as I have said, this man is the owner of the company.

The sum total for 1930 was $121,366; for 1931 it was $110,064; for 1932 the salary was $70,305. It might be interesting to note that in 1932 the company was drawing a subsidy of $1,200,000. It has had that increased to a little more than $2,000,000. At the same time they were borrowing money from the Government of the United States, and we find that on December 31, 1932, there was either an extension or a new loan of $1,638,750 at three eighths of 1-percent interest, while the Government at that time was paying about 4-percent interest or a little more than 4-percent interest, as the Senator from Maryland will remember. We find, however, that on the last day of last December—the last of the year—there is shown a loan of $1,638,750 from the Government at three eighths of 1-percent interest. During the 5 years from 1928 to 1933 this one individual drew out in salaries, expenses, and dividends $563,151, or almost enough to pay one half of the money which was borrowed at three eighths of 1-percent interest.

Mr. TYDINGS. Mr. President——

Mr. BLACK. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not want to divert the Senator from his line of argument, because I realize the force of what he is saying; but this situation often occurs in connection with our shipping projects: Down at Solomons Island, Md., there are 7 or 8 large ocean liners tied up. They have been tied up ever since the World War. We have a watchman or two on them to keep the machinery in shape. No visitors are allowed upon them, and the ships appear to be in excellent condition. I am wondering just what a sound Government policy should be in connection with those ships. Should we sink them; should we sell them for whatever we can get for them; or should we allow them to remain tied up, when they are worth hundreds of thousands of dollars and have been idle all these years tied up alongside the river bank? I do not want to divert the Senator from the course of his argument, but I know he has spent much time on the shipping phase of our governmental activities, and in connection with his remarks I should like to get his opinion upon that situation.

Mr. BLACK. I will say to the Senator that I should not, as the Senator suggests, want now to be diverted into a discussion of that situation. I will say that a committee of the Senate is making a study of the entire situation affecting mail contracts, air and ocean, and the question suggested by the Senator may come incidentally into the investigation, and probably will if the committee reports on what should be the policy of the Government.

Mr. TYDINGS. Is the Senator a member of the committee?

Mr. BLACK. I am chairman of that committee.

Mr. TYDINGS. If the Senator will yield for just a moment further, I shall not interrupt him again. I hope, as chairman of the committee, he will take into consideration the situation which I have outlined, and will make some recommendation in accordance with the facts. Those ships, I think, have been there now for about 10 or 12 years; they are worth hundreds of thousands of dollars; and to keep them there tied up, with only a watchman on board, when they are in splendid condition, seems to me to indicate that we lack a policy. We either ought to dispose of them or sink them or do something else with them.

Mr. BLACK. I will state to the Senator, with reference to that at this time, although I do not desire to discuss it, that from the investigation I have made thus far I am satisfied we could sink them cheaper than we could turn them over to the so-called "merchant marine."

Mr. TYDINGS. Or sell them for junk.

Mr. BLACK. Or we could hire all kinds of watchmen at high salaries and make money simply to keep them there with watchmen looking after them.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I understand the Senator's amendment, it prohibits the lending of money by the Reconstruction Finance Corporation to any shipping company drawing a subsidy from the Government which pays an annual salary to any officer in excess of $17,500?

Mr. BLACK. The amendment does not provide that. It provides that the Postmaster General shall cancel subsidy contracts if the ocean and air mail companies pay annual salaries in excess of $17,500.

Mr. McKELLAR. Mr. President, it seems to me the amendment of the Senator from Alabama ought certainly to be adopted. We have cut down the salaries and wages of all the employees of the Government; we have cut down, by 15 percent, the salaries of Representatives in Congress and Senators; we have cut down inordinately, and probably without justice, the compensation of all the ex-service men of the country; and surely, after making these great reductions to these others, we ought to insist upon reductions in the case of those who are receiving subsidies from our Government.

Take the shipping companies; take the aircraft companies; they are drawing altogether more than $50,000,000 a year, purely as subsidies; and certainly we ought to cut down those subsidies; they ought to have been among the first reductions made; and I am heartily and strongly for the Senator's amendment.

Mr. BLACK. Mr. President, before the Senator from Maryland leaves the floor—I am not going through all these figures—I should like to invite his attention to the list of salaries of another subsidized company. In 1929 the president of this subsidized company—and, by the way, before I state the salary I will say that in this particular company there are 200,000 shares, as I recall, and 193,936 of them are held in trust by the Chase National Bank of New York—was paid $75,000. I am not going through all the list; I am just giving a few of the items. In 1930, he received $35,000 from one company, $10,000 from another, and $20,000 from another. All those companies were receiving subsidies. In 1931 he received $14,375 from one, $14,375 from another, and $28,750 from another. In 1932, last year, at the time when we proceeded to cut salaries throughout the country, the president of that company drew $52,000. These salaries that I have given are just indications of what is going on with Government money.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator.

Mr. TYDINGS. I am interested in learning whether this particular line is engaged in intercoastal trade or trade with Central or South America or trade with Europe and the Orient.

Mr. BLACK. This particular line to which I have referred is the New York & Cuban Mail Steamship Co.

Mr. TYDINGS. I imagine it plies between the port of New York and Habana.

Mr. BLACK. That is correct, and it has various other lines.

Mr. TYDINGS. I understand that they cannot draw subsidies unless they carry the mail outside the territorial limits of the United States?

Mr. BLACK. That is the supposition.

Mr. TYDINGS. And the Senator is referring only to those lines that are going to outside ports?

Mr. BLACK. Those only that draw subsidies.

Mr. BYRNES. Mr. President——

Mr. BLACK. I yield to the Senator from South Carolina.

Mr. BYRNES. I wish to say to the Senator from Alabama that since this amendment has been offered—and I have had an opportunity to read it—I readily agree that it is not subject to a point of order. The only question at all is as to its germaneness. I do not intend to make the point as to its germaneness, and am entirely willing to have the Senate vote on the amendment.

Mr. BLACK. To have the Senate vote on it now?

Mr. BYRNES. Yes.

Mr. VANDENBERG. Mr. President, will the Senator yield before he takes his seat?

Mr. BLACK. I yield.

Mr. VANDENBERG. I was challenged by a figure which the Senator used a moment ago respecting loans. Did I hear him correctly when I understood him to say that a loan was made in 1932 at the rate of three eighths of 1 percent per annum?

Mr. BLACK. I have before me a report, submitted in answer to a questionnaire sent out by the committee of which I am chairman, which shows the loans obtained from the United States Shipping Board construction loan fund. The figures appear in this way regarding one of those loans:

$1,638,750; three eighths of 1 percent: 8/—

Which is August—

4/32—12/31/32.

Which would be December 31, 1932.

Mr. VANDENBERG. Does the Senator interpret that as indicating that the loan was made at that time?

Mr. BLACK. I interpret it as indicating either that the loan was made or renewed on December 31, 1932.

Mr. VANDENBERG. Of course, that date is subsequent to the passage of the law, which I sponsored, which prohibited any of these loans at a lower rate than 3 percent per annum; and I am challenged by the possibility that loans are still being made at three eighths of 1 percent when the law now clearly puts the floor at 3 percent.

Mr. BLACK. I will state to the Senator that we intend to go into all these matters fully and completely; but that in this instance, in my judgment, according to the way in which the notation is made, there is indicated a renewal on December 31, 1932, at three eighths of 1 percent.

Mr. VANDENBERG. I suggest to the Senator in connection with the survey that he compare these contracts with the law to which I have referred, which was enacted by the Congress 2 years ago.

Mr. BLACK. Mr. President, I should like to say, while I am discussing the proposal, that we have a committee investigating the matter, and the committee has an appropriation of $5,000. We want to make a thorough and complete investigation. I believe we can save the Government of the United States $20,000,000 next year by a thorough and complete investigation. That thorough and complete investigation, of course, can only be held if all of the figures can be analyzed as obtained from the various companies. Some of them have not yet reported. Whether they will report voluntarily or not, I do not know. Before the Senate adjourns it is my intention to ask for a sufficient appropriation to really and thoroughly, and for one time at least, make a complete investigation of every ocean and air mail subsidy that has been granted by the United States Government. I think we can guarantee that the Government will be repaid manyfold for the cost of the investigation when we shall have finished it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. WALCOTT. Mr. President, I have an amendment which I desire to offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to insert the following:

SEC. —. Enforcement of the black-bass law: To enable the Secretary of Commerce to carry into effect the act entitled "An act to amend the act entitled 'An act to regulate interstate transportation of black bass, and for other purposes,' approved May 20, 1926" (U.S.C., supp. V, title 16, secs. 851–856), approved July 2, 1930 (46 Stat., pp. 845–847), $13,950, of which not to exceed $1,800 may be expended for personal services in the District of Columbia.

Mr. WALCOTT. Mr. President, I desire to make a very brief statement about the amendment. The item was included in the Budget. It came from the Director of the Budget in exactly these words. It was approved by the Senate committee. I am authorized to say that the Secretary of Commerce, Mr. Roper, and the recently appointed Director of the Bureau of Fisheries, Mr. Frank Bell, are heartily in favor of this very small appropriation of $13,950.

The importance of it is that the Federal Government a few years ago spent about $25,000 in erecting a plant for cultural work on black bass. This is for continuation annually of the cultural work and the protection of the black bass. It is exceedingly important for the purpose of saving our black bass, which is perhaps our first game fish and is found in 41 or 42 of the 48 States. There is a large distribution, and it affords a great deal of sport and a large food value. As we have in the Department now a great expert on the culture of the black bass, it is very important that he be retained. This item will not only pay his small salary but will carry on the defensive and cultural work as it relates to black bass.

Mr. BYRNES. Mr. President, I make the point of order against the amendment that it is not germane. In this bill there is no appropriation for the Department of Commerce, under which Department the proposed appropriation would have to be expended.

I know of the interest of the Senator from Connecticut in the matter, but the facts are that at this session, or when the Department of Commerce appropriation bill was considered, the House refused to make an appropriation for this purpose. The Senate Committee on Appropriations inserted the item, which was adopted by the Senate and went to conference, and thus had its day in court. The House insisted that it should not be retained in the bill and the item was lost.

On the merits of the appropriation I do not care to have anything to say. The amendment is not germane to the bill and I think if it is to be offered and to have a second trial at this session, it should be offered to the deficiency appropriation bill and we should not be asked to make an appropriation for the Department of Commerce in the independent offices appropriation bill.

The PRESIDING OFFICER. The question of germaneness does not seem to be involved. The amendment is offered to carry out existing law. In the opinion of the Chair the question of germaneness is not involved.

Mr. BYRNES. Then I make the point of order that the item was not estimated for.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. In the opinion of the Chair the point of order is not well taken.

Mr. McNARY. I concur in the ruling of the Chair and inasmuch as the ruling was made overruling the point of order I have nothing further to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was agreed to.

Mr. BLACK. Mr. President, I send to the desk another amendment which I offer.

The PRESIDING OFFICER. The amendment will be reported.

The LEGISLATIVE CLERK. The Senator from Alabama proposes, on page 49, line 7, to strike out "$1,000,000" and

insert "$2,000,000"; and on page 49, line 8, strike out the period, insert a colon, and add the following: "*Provided*, That one half of $2,000,000 so appropriated shall be used for supplying hospital treatment for veterans, without regard to whether their disability was service connected or not."

Mr. McNARY. Mr. President, will the Senator permit me to suggest the absence of a quorum before he proceeds? Several Senators desire to be present when the amendment is considered.

Mr. BLACK. Very well.

Mr. McNARY. I suggest the absence of a quorum.

Mr. BYRNES. Mr. President, will not the Senator from Alabama permit us to dispose of several other amendments which are pending before this one is taken up?

Mr. BLACK. Very well; I will withdraw it temporarily in order that other amendments may first be disposed of.

Mr. McNARY. Then I withdraw the suggestion of the absence of a quorum.

Mr. BYRNES. Mr. President, there are several amendments on the desk as to which notice was given, and it is to those amendments I refer in expressing the hope that we may dispose of other amendments first. However, the Senators who offered those amendments are not here, and I have no further reason to ask the Senator from Alabama to withhold his amendment at this time.

Mr. BLACK. Very well. Then I renew the offer of my amendment.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ind.
Ashurst	Couzens	King	Russell
Austin	Cutting	La Follette	Schall
Bachman	Dickinson	Lewis	Sheppard
Bailey	Dill	Logan	Shipstead
Bankhead	Duffy	Lonergan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McGill	Thompson
Bratton	George	McKellar	Townsend
Brown	Glass	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Murphy	Vandenberg
Byrd	Hale	Neely	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pope	White
Connally	Johnson	Reed	
Coolidge	Kean	Reynolds	
Copeland	Kendrick	Robinson, Ark.	

Mr. LEWIS. Let me announce that my colleague [Mr. DIETERICH] is temporarily detained. He will return to the Chamber later in the day.

I beg to announce the absence of the senior Senator from Nevada [Mr. PITTMAN], he being on an international commission having to do with important affairs of the Government. I ask that this announcement stand for the day.

I also announce that the Senator from South Carolina [Mr. SMITH] is detained on official business.

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 4494) authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, and it was signed by the Vice President.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts and joint resolution:

On May 20, 1933:

S. 1410. An act to amend section 207 of the Bank Conservation Act with respect to bank reorganizations;

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; and

S.J.Res. 50. Joint resolution designating May 22 as National Maritime Day.

On May 25, 1933:

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BLACK. Mr. President, I desire to make a brief explanation of the amendment which I have offered, and the object of it.

When the economy bill, for which measure I voted, was up in the Senate, a question arose as to whether or not all veterans would be eligible for hospital treatment. I offered an amendment to the bill when it was in the Senate. As the bill came to the Senate, the President would have had no right and no discretion to utilize the beds in the hospitals for veterans whose disabilities were non-service-connected. I offered an amendment to the bill, which would leave in the President the discretion to utilize our Government hospitals for the use of all veterans, whether their disabilities were service-connected or non-service-connected. After some discussion, that amendment was unanimously adopted.

During the discussion, the statement was made by the Senator from Georgia [Mr. GEORGE], who now occupies the chair, that the administration estimated that some five to six thousand beds would be released, and those beds would be commanded by service-connected cases. The Senator from Georgia was a member of the Finance Committee, and, as I understand, a member of the subcommittee of that committee which particularly hears legislation with reference to veterans. In other words, those favoring the measure believed that the beds in the hospitals were needed for the service-connected cases, and therefore that if the law limited the use of the hospitals to service-connected cases, those whose cases were non-service-connected would be removed from the hospitals, and their beds would be filled by service-connected cases.

In presenting my amendment I took the viewpoint—and the Senate agreed with it—that the Government hospitals should be utilized to the fullest extent, particularly during these times of distress throughout the Nation; in other words, that if a sick soldier should be removed from a veterans' hospital, and he was an object of charity, it meant nothing but transferring the obligation from the Federal Government to the local community that had a free hospital. That is inevitable, because in this country there has grown up a system—not so broad and extensive as I hope it will be in the future—of providing hospital and medical treatment for every citizen of the Nation who is unable to provide it for himself.

I believed then—and I believe now—that the Government has a duty in this vast program of medical and hospital treatment. I believed then—and I believe now—that it is the Government's duty to take as its share of the national load those men who have served in its Army.

We had an experience at the beginning of the World War as to what good health means in our citizenship.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I do.

Mr. BORAH. As I understand, the Senator's amendment increases the appropriation a million dollars.

Mr. BLACK. It does.

Mr. BORAH. The Senator has devoted a great deal of thought to this matter. Does he think that will meet the situation as it is now presented to us?

Mr. BLACK. I will state to the Senator that according to information coming to me since I drew the amendment, the appropriation which is now carried would be adequate to fill every veterans' hospital in the Nation. If we desire to utilize the Government hospitals that are not veterans' hospitals, such as the naval or military hospitals, then I am not sure that the million dollars would be adequate to fill those hospitals. Not having information, I simply desire to raise the question here in this bill, and frankly get an expression from the Senate as to whether or not they believe that there should be 15,000 empty beds in Government hospitals in America while there are 15,000 sick American soldiers who need hospital treatment.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New York?

Mr. BLACK. I yield to the Senator.

Mr. COPELAND. Does not that mean also that in all probability thousands of those soldiers are so poor that they will be taken care of by the locality or the county or the town at public expense?

Mr. BLACK. The Senator is absolutely correct. As I stated in the beginning, it is merely a transfer of the load of the soldiers who are ill from the Federal Government to some local charitable hospital. It does not amount to any saving to the Nation. It amounts to a saving to the Federal Government of the expense to which it would be put in caring for a sick soldier; but it transfers that obligation to the county or the municipality or the State which does provide hospital treatment for its sick and indigent people.

Mr. COPELAND. That means that the cost of the care is on the taxpayer?

Mr. BLACK. The taxpayer, of course, will have to pay it in the end.

Mr. COPELAND. And the soldier is subjected to the loss of self-respect through being made an object of charity instead of being taken care of properly by the Government.

Mr. BLACK. The Senator is correct. I will give the Senate an illustration of what I mean, and why I am interested in this amendment.

Several years ago a soldier who had fought honorably in the World War went to a local charitable hospital in a city that I know very well. They were filled then, as most of them are filled now. That soldier had been to a number of places seeking relief. He froze to death in front of a local charitable hospital into which he could not enter. When his body was picked up, an honorable discharge from the American Army was found in his inside coat pocket.

I believe that so long as there is a single bed in a single Government hospital capable of being used by American soldiers it should be so used.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from West Virginia?

Mr. BLACK. I yield to the Senator.

Mr. HATFIELD. The Senator's amendment would underwrite better care and greater protection for the soldiers, would it not?

Mr. BLACK. That is my intention. I believe it would.

Mr. HATFIELD. I am quite sure it would.

Mr. BLACK. I believe it would.

In other words, Mr. President, the issue is very simple, and I desire to repeat here what I said a few days ago: If I am not mistaken as to the political philosophy of the President of the United States, he would be the last man in this Nation to stand against using 15,000 beds in American hospitals for American sick soldiers if he knew the facts.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BLACK. I yield to the Senator.

Mr. BORAH. I certainly have no desire to question the Senator's conception of the President's humanitarian philosophy, but he has certainly been unfortunate in the selection of some of his agents in the administration of the Economy Act.

Mr. BLACK. I am perfectly willing to agree with the Senator 100 percent in that statement.

Mr. BYRNES. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield to the Senator.

Mr. BYRNES. I desire to ask the Senator from Alabama if he would be willing to modify his amendment in a way that I think would appeal to him, by adding the words "not less than", so as to read:

Provided, That not less than one half of $2,000,000 so appropriated shall be used—

And so forth; the purpose being——

Mr. BLACK. I will state to the Senator now that I am perfectly willing to accept that amendment, by reason of the fact that I have been informed by those in the Veterans' Bureau that there is sufficient appropriation to take care of these soldiers.

Mr. BYRNES. If the Senator would do that, we would make it plain, as I know it is the object of the Senator, that non-service-connected but permanently and totally disabled soldiers shall be cared for in the hospitals. As the amendment is written, it might be construed as a limitation; but if the Senator will put in a provision that not less than one half of the amount shall be used for supplying hospital treatment for veterans, I shall be glad to accept the amendment.

Mr. BLACK. May I get clear on that? I do not want it to be understood that I would favor removing service-connected cases from the hospitals in order to replace them with non-service-connected cases. I am of the opinion, as most of us are, that the man who had his leg shot off in the Army or was otherwise seriously wounded, is the first, primary obligation of the Nation.

Mr. BYRNES. I think the Senator and I will agree that the inclusion of the words "not less than" will make it possible for the administration to do what he wants to have done.

Mr. BLACK. And the Senator believes that with that amendment there would be enough money to take care of all the service-connected cases?

Mr. BYRNES. Absolutely. That is my understanding.

Mr. BLACK. And that that would be the expression of the Senate that it wants these 15,000 beds filled up with soldiers?

Mr. BYRNES. The Senate, of course, would have to express its sentiments; but my information is that this would be adequate, and would carry out the Senator's purpose.

Mr. BLACK. Will the Senator accept the amendment?

Mr. BYRNES. I accept the amendment.

Mr. SHIPSTEAD and Mr. TRAMMELL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, if the Senator's amendment is adopted, that, of course, would make it possible to spend a million dollars for non-service-connected hospitalization, would it not?

Mr. BLACK. In the manner in which the amendment is to be rewritten, it would provide both for the service-connected and for the non-service-connected cases.

Mr. SHIPSTEAD. Yes; but the money to be spent for non-service-connected cases would be limited to a million dollars, as I understand.

Mr. BLACK. No; not under the amendment as suggested by the Senator from South Carolina.

Mr. SHIPSTEAD. What was the amendment?

Mr. BYRNES. That not less than one half should be spent for veterans, without regard to whether their disability was service connected or not; but, as a matter of fact, under the operation of it, since, of course, service-connected disabilities are hospitalized now, the amendment would

make it possible for the officials to pay more than one half if it were necessary to take care of the total number.

Mr. SHIPSTEAD. One half of what—$2,000,000?

Mr. BYRNES. One half of the total amount.

Mr. BLACK. In other words, may I state to the Senator, that since I drew this amendment I have found out that it contains enough appropriation to take care of both classes of cases.

Mr. SHIPSTEAD. The $2,000,000?

Mr. BLACK. No; the total appropriation for hospital purposes.

The amendment suggested by the Senator from South Carolina simply brings within its scope both service-connected and non-service-connected cases, with an adequate appropriation; and it would be an expression on the part of the Senate that we do not want to continue 15,000 empty beds in hospitals throughout the Nation.

Mr. SHIPSTEAD. Under that provision, does the Senator think it would be possible to take care of all the non-service-connected cases?

Mr. BLACK. I may state to the Senator from Minnesota that I doubt if all the non-service-connected cases could be taken care of with the facilities which we have. What I am trying to get is the use of the hospital facilities, as far as we have them, for soldiers.

Mr. BYRNES. That is the purpose of the Senator from Alabama. If there is a lawyer who wants to rest up in Walter Reed Hospital, he might not be cared for under this amendment; but every case that demands hospitalization would have a much better opportunity for hospitalization.

Mr. SHIPSTEAD. He cannot come in until the service-connected cases are taken care of.

Mr. BYRNES. Yes; under all the appropriations.

Mr. SHIPSTEAD. There will be some who will not be taken care of, undoubtedly.

Mr. BLACK. The Senator is correct. We could not take care of them with our present hospital facilities. It is a question for the future, of course, as to how far we will go in extending hospital facilities. I wish to put myself on record now, insofar as I am individually concerned, as believing that the Federal Government should adopt as its part of the national care of those who need medical and hospital treatment the supplying of hospital and medical treatment for the men who have served in its Army.

Mr. SHIPSTEAD. Mr. President, if the Senator will permit me, I wish to state again that I was opposed to the economy bill because of certain features of it, and I think my suspicions as to how it would work out have been verified. I think it is a monstrosity, so far as the veterans are concerned, the way rules and regulations have been put into practice.

Mr. BLACK. May I state before I take my seat—and I do not want to prolong the discussion, since the Senator has accepted the amendment—that I think there were many abuses of the system which ought to have been corrected. I think there were some that were outrageous. I think there were people drawing compensation who should not have had a dime.

Mr. SHIPSTEAD. Mr. President, will the Senator yield again?

Mr. BLACK. I yield.

Mr. SHIPSTEAD. If that is the fact, that is the fault of the administration of the law, and not of the law. If men got on the pay roll of the Government who were not entitled to be put on the pay roll, they certainly did not get there under a correct administration of the law. It was not necessary to have rules and regulations, if that is correct, to eliminate fraudulent cases from the Government pay roll.

Mr. BLACK. Of course, I am not going back into a discussion of the original economy measure. We were faced with a most difficult situation at the time that measure was under consideration, and there was room for honest difference of opinion on the part of those who had the same objective. I myself think there are a number of these regulations which are going to be modified.

Mr. SHIPSTEAD. I hope so.

Mr. BLACK. I have every confidence that the President of the United States, when the facts come to his attention, will make those modifications.

Mr. SHIPSTEAD. The Senator referred to an honest difference of opinion. I want to assure the Senator that I did not intend to cast any reflection on him at all.

Mr. BLACK. I understand that thoroughly, and the Senator would be the last person here who would ever do a thing like that.

Mr. LEWIS and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. BLACK. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, I have been surprised to hear the Senator from Alabama inform us that there are 15,000 empty beds under the control of the Government which could be used for needy soldiers, and that there are 15,000 individual suffering soldiers somewhere who could occupy those beds. I ask the able Senator from Alabama from what source come the figures by which the Senator relies upon the theory that there are 15,000 beds and 15,000 individuals, soldiers of America, without treatment, waiting the consolation of a charitable bed in some State hospital?

Mr. BLACK. I will state to the Senator that my information with reference to the number of beds, in round numbers, not with reference to the exact number, comes from the Veterans' Administration. It is impossible for me to have the exact number of soldiers who are occupying beds in charitable hospitals, but I do know, as does every other Senator, that there are thousands and thousands of soldiers all over this Nation who need and desire hospital treatment, and we do know that before the economy bill went into effect this 15,000 beds were fully occupied by sick soldiers. Conditions have certainly not grown appreciably better since the bill was passed with reference to the poverty-stricken condition of the people of this Nation. These beds having become empty, not through the voluntary action of the soldiers but by reason of the fact that they have been excluded from the hospitals by the regulations, I think one can naturally reach the assumption, and legitimately so, that if this regulation is modified the beds will immediately be filled up by sick soldiers.

Mr. LEWIS. Where these soldiers, in their condition, deserve places in these hospitals, what is the excuse, if any, offered by the Government for declining them these empty beds which belong to the Government, and which are being maintained and sustained today by the taxpayers?

Mr. BLACK. The regulations prohibit the use of those beds now for any cases except those that are service-connected, and the cases of those who are suffering from permanent incapacity. The hospitals, under the regulations, will not today receive veterans unless they are suffering in that manner.

Mr. LEWIS. Does the Senator feel that by enlarging the regulations, omitting the limitations, and prescribing only that the cases shall have been connected with the war we would remedy the present condition?

Mr. BLACK. I am frank to state to the Senator that, in addition to this amendment, a modification of the regulations will probably be required, and I am confident that our President will modify those regulations. I believe, as has been stated, that his entire conception of social justice is such that as soon as he becomes aware of this situation he will direct a change in the regulations.

Mr. LEWIS. Does the Senator believe that with the change automatically will operate the opportunity of those who are without the hospital treatment to enjoy these empty beds in the Government hospitals?

Mr. BLACK. There is no sort of doubt about that. As I stated awhile ago, I offered an amendment to the original economy bill, which was accepted, which left the discretion in the President to permit these soldiers to come in by regulation, but when the regulations were drawn, unfortunately,

from what I believe to be a misconception of the necessity of the service-connected cases, the regulations prohibited the use of the beds by the non-service-connected cases that were not permanent.

I might state to the Senator, in order that the record may be clear, that I believe a mistake was made on this assumption. The administration reported to the committee, when the original economy bill was before the committee, that a great many service-connected cases were deprived of present hospital facilities because the beds were filled by non-service-connected cases, and it was believed by the administration at that time that if we would prohibit the use of the beds by non-service-connected cases which were not permanent, the beds would immediately be filled up by service-connected cases of a necessitous character. But experience has shown that that did not develop. Experience has demonstrated that our hospital facilities are more than adequate to take care of the service-connected cases, and, therefore, today there are 15,000 empty beds in Government hospitals, while there are these soldiers who need hospital treatment who cannot receive it. I am absolutely sure, myself, that this amendment is not out of line with the administration's desire, or with the administration's conception of social justice and social right.

Mr. LEWIS. Mr. President, I am glad to have the explanation of the Senator but I deplore the situation, and I learn for the first time that such a condition of injustice to the soldier, where it is so apparent that there was relief at hand, has been allowed by this Government.

Mr. TRAMMELL. Mr. President, may I ask the Senator from Alabama a question?

Mr. BLACK. I yield.

Mr. TRAMMELL. I am thoroughly in agreement with the position taken by the Senator from Alabama, and I may say that I never dreamed that there was any intention to wholesale the sick soldiers out of these homes upon the enactment of the economy bill, as was done. The first I read of it was that about 360 sick soldiers were being put out of the hospital at Dayton, Ohio. The next I read was that they were discharging sixty-odd a day at the hospital at Leavenworth, Kans. The article which contained the latter information said that they were turning them out of the hospital without furnishing them transportation home. I do not think any Senator or any Representative ever contemplated that such a condition would ever exist.

The point I wish to raise is this: I want to remedy the situation, and remedy it effectively, just as does the Senator from Alabama, but can the Senator be sure that by adopting his amendment we would remedy the situation? We would still leave the law with the provision in it making it optional with the President and the Veterans' Administration as to whether or not they would give any accommodations to non-service-connected cases at the Government hospitals. If we could I would like to have put into this amendment a provision that hospitalization shall be given to both service-connected and non-service-connected cases, the service-connected cases being given preference where there are limited facilities.

Mr. BLACK. Mr. President, I desire to state to the Senator from Florida that the Senator from Georgia has now pending before the committee an amendment to the Economy Act which would make it mandatory to utilize the hospital facilities to the utmost. My judgment is that if we attempted to put that on this bill, it would be subject, justly, to a point of order. My judgment is, further, may I state to the Senator, that I have the fullest confidence that the President of the United States will within the next few days remedy an intolerable and an unjust situation.

Mr. TRAMMELL. Mr. President, I suggested this because a number of amendments have been allowed to go through which were clearly out of order, under our rules, and I know of no one I should prefer waiving the rule for quicker than these soldiers who have been mistreated, and mistreated through a wrong construction of the law, as I look at it. That is why I had hoped that we could make a closed issue of the matter at this particular time by writing into this amendment a provision that the soldiers should be entitled to this hospitalization, instead of allowing it to be in the discretion of the administration and the President.

I have every respect for the President. I had every respect for the President when I voted for the economy bill. But, as stated by the Senator from Idaho, in his selection of agents, the President has selected agents in many instances who have grossly and inhumanly treated the veterans of this country, and I do not care to intrust too much to those agents in the future, I am frank to say.

Mr. BLACK. Mr. President, let me add this one statement to the Senator. I thoroughly agree with him. It is my idea that every Government hospital ought to be used to the limit of its facilities. If the unexpected should occur, and the rules should not be changed, I think the Senator may rest assured that we have enough votes to change them before the end of this session of Congress.

Mr. TRAMMELL. Mr. President, I will be very much opposed to the Congress adjourning before the matter is absolutely and specifically settled, not leaving it to discretion, which may be vested, of course, in the President, but the President, we all know, cannot go over all these details. This matter has been entrusted to certain people in the Veterans' Administration and to the Director of the Budget, and in every possible instance they have construed the law against the soldier. They have not only construed it against the nonservice-connected case, but they have construed it against the service-connected case.

I have a letter here, just a form letter, which I think does not correctly state the law. This is addressed to me in regard to claims and states:

> In reply to your letter of date May 24, 1933, the Seventy-third Congress, in an act entitled "An act to maintain the credit of the United States Government", approved on March 20, 1933, directed that all awarded claims be immediately reviewed.

Mr. President, I have read the law time and time again and I find no such provision in it. This matter of attempting to review cases where the claims have already been established and are in the record, and reduce the amount of the compensation before they even obtain any further evidence, is not in accordance with the law, but it is a misconstruction of the law, and it is violative of the spirit of the law. So, when we have a law administered by people like that, I think the quicker we make the provision very specific and definite on these vital points the better it is, and it is our duty to do it.

Mr. McKELLAR. Mr. President, I am very heartily in favor of the amendment of the Senator from Alabama. The Federal Government has built these hospitals throughout the country at enormous expense. Not to use them now would be wholly uneconomical. These men have got to be cared for somewhere, somehow, by someone. They were soldiers under the flag of our Government, and the first duty, in my judgment, of the Federal Government is to provide adequate care for them. I believe that all these hospitals should be utilized and that all the beds in them should be made use of so long as there are soldiers who need the services of the hospitals and need the beds.

I believe that this amendment will cure the situation. I think our President as soon as there shall be provided, as there will be provided under this amendment, the money with which to conduct these hospitals and permit the use of the vacant beds, will have the regulations so changed that these hospital facilities may be advantageously employed.

Mr. President, I want to say further that while we may have made errors in the past in reference to granting compensation in some cases and providing hospitalization in some cases where it was not right and proper to do it, still we owe such a duty to our soldiers that, in my judgment, we should take care of them, and I believe it can be done more economically, more efficiently, by the use of the facilities already in existence, including the beds already available, than in any other way. I also believe that the President will carry out the provisions of this amendment if the Senate shall adopt it, and I hope there will be no votes against it.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Michigan?

Mr. McKELLAR. Yes; I yield.

Mr. VANDENBERG. The Senator has expressed confidence if the money shall be provided that the regulations will be adequate. How does the Senator explain the fact as brought out by the Senator from Oregon [Mr. STEIWER] yesterday that the existing appropriations are far in excess of the money necessary to administer the regulations as they now stand? In other words, phrasing the question differently, after the appropriations themselves were reduced those who drew the rules and regulations did not expend the appropriations allowed, but cut still further under them to the extent of another 50 percent.

Mr. McKELLAR. I do not know what the facts are about that, but I imagine those in charge of the administration of this relief felt that they were using all the appropriations that were allowed.

The Senator from Oregon very forcefully put the other side of the question; I cannot say, of my own knowledge, which is right; but I think that by adopting this amendment we shall so impress those who are now administering the act that they will change the regulations and make provision so that the beds in the various hospitals of the country may be utilized by the soldiers.

Mr. VANDENBERG. I am simply suggesting to the Senator, agreeing as I do with his fundamental philosophy, that it will take more amendments than this one in order to realize the minimum expectations of Congress when we passed the Economy Act.

Mr. McKELLAR. The Senator from Michigan may be right; but I say that this is a forward step, and in the right direction; and, if this step shall not be sufficient, I believe that this body will take the other necessary steps to bring about the end desired.

Mr. JOHNSON. Mr. President, we have now reached upon this bill the first of the amendments relating to the veterans of the World War, and because we have thus reached the first of these amendments and others are to follow which are equally as important as that presented by the Senator from Alabama [Mr. BLACK], I want to indulge in a few observations concerning the act in question and concerning what I conceive to be the duty of the Congress of the United States at this particular time.

At the outset of what I say, may I iterate and reiterate, so that hereafter I may not have to express it again, my very great admiration for the President of the United States, and my unstinted and unbounded confidence in what ultimately he may do; but I recognize, sir, that in the multiplicity of his duties, in all of that which now comes to him, it is an utter impossibility that every detail of every law shall be by him administered. He is dependent, of course, upon his ministers in order to do that which may be necessary respecting the statutes the Congress passes. The administration of the Economy Act he cannot himself in every aspect attend to; he has been dependent upon others; and the question of the administration of that act is what presents itself to us today in the amendments that have been offered and upon which I trust there will be votes in this body during the afternoon. I listened with interest and approbation to the greater part of the excellent speech of the Senator from Oregon and with the utmost sympathy to what has been said of the Spanish War veterans.

I recall the amendment, I think, which the Senator from Florida [Mr. TRAMMELL] has presented and the one which the Senator from New Mexico [Mr. CUTTING] has presented, both of like character but both dealing with a particular class of veterans. Each of them if I am accurate in my statement seeks now to do tardy justice to those who went "over the top," those who have been shot to pieces, those who have lost their legs and their arms and their eyes, and who, either because of ignorance or for some other reason which we are unable to fathom have been treated with a harshness, aye, with a cruelty under the Economy Act that no man upon this floor contemplated when that act was passed.

Every one of us, all those who are interested in the Economy Act, from the members of the Economy League itself to the least and lowest and the smallest of us in this body, had one thought and one only. It was impressed upon the country again and again and again and again that these men who had been injured directly in the service, who had received wounds and who had been permanently or semipermanently disabled, would be treated, to use the language that was used upon this floor and used all over this country, not only justly but generously. Quite the reverse has been the fact under the economy law. I voted for that law, and I have no apologies to make for it. I will shortly read what transpired upon the Walsh amendment, not in justification of that vote but only in mitigation of it. Then it was asserted upon this floor that these men, constituting the class of those who had been injured, who were disabled, and who were suffering, were to be treated absolutely with the generosity with which we thought we had treated them in the past, and that there was to be no change by reason of what we were doing respecting their status.

I have before me the CONGRESSIONAL RECORD of March 14, 1933. It was a day of hysteria with us all, a time when we had not yet become numbed by reason of the celerity with which we were working and adopting a new philosophy of government; a time when the revolution that has occurred in this country—a revolution that we little understand at the present moment, and which we did not then understand at all, a revolution that we did not foresee and of which today we have no adequate comprehension—was only in the making and had not reached the consummation that it is now reaching in the last few days of the session.

There is an old trite expression of inability to see the forest for the trees; and we, sitting here engrossed with our duties, with measure after measure shot at us in bewildering fashion, with little understanding of much that we did but ready to do what ought to be done, so far as we could see the light, had little conception of the economic revolution that has occurred in the United States of America. Ye who believe in individual initiative and in the old slogans that have been a part of the game with the conservatives of both parties in the years gone by will never again witness in the United States the old system. The old system has passed with the economic revolution that has occurred during these short 3 months; it has passed into oblivion, and never again will be resuscitated or revived in this land.

At that time, when we were beginning our work and had little conception of what was in store and what was intended, there came to us the economy bill. Everyone of us sought to aid the President in his arduous and his difficult task; everyone of us here was anxious—and no partisanship was in it to the slightest degree—to lend him a helping hand in the perilous crisis that confronted the Nation. All of us did it, and so the economy bill was passed here overwhelmingly, and passed with the idea concerning the veterans of this land that there were certain things that would not, under any circumstances, be disturbed by that economy bill.

On the 14th day of March, when the Walsh amendment came before the Senate, certain things occurred. Now, follow me, Senators, if you will. I grant you, in fairness, that the Walsh amendment contained a clause or a phrase or two words which might have perverted it to a different use; but, as we adopted it, as we understood it, as every man so stated upon this floor, its design was to protect the men who had been shot to pieces in the defense of this Nation, to permit no authority to interfere with those who had been incapacitated in defense of the old Stars and Stripes, whose disability arose directly from their service. Here is what transpired on that day:

Mr. WALSH. Mr. President, this amendment I discussed this afternoon. Briefly stated, it obviates the possibility of removal from the compensation rolls of all veterans whose disabilities are actually traceable to direct service. It does give the President

discretion in regard to readjusting rates in particular cases, and also discretion in regard to fixing the time of war service, and the beginning and the end of the World War for the purpose of these rates.

After consultation with the Senator in charge of the bill and discussing the matter at length, he has accepted the amendment, and is of the opinion that the amendment has merit and that we should lift out of this bill any possibility of removal from the compensation rolls of any veteran whose disability is directly connected with service.

I ought to add—

Said the distinguished Senator from Massachusetts—

that this amendment still leaves to the discretion of the President the power and right to deal differently with that class of service-connected cases that have been established through presumptive laws adopted by Congress. It does assure—

He said—

the directly disabled veteran who incurred disease or injury in line of duty that his compensation shall be secure.

Upon that promise, upon that declaration, acquiesced in by the committee which presented the economy bill, on that promise, on that declaration of the Senator who presented the amendment, and who stands today, I think, in the same position in which I stand in reference to the pending amendment, we adopted the Walsh amendment. Then proceeded a colloquy that makes it even plainer just exactly what was the purpose of the Senate and just what was our purpose in adopting that amendment.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WALSH. I yield.

Mr. HARRISON. This was one of the propositions that were advanced by the Senator from Oklahoma in the Committee on Finance, that those who were injured in actual combat should not be excluded. Some of us did not believe that the President, after the passage of this law, would ever exclude that group of soldiers.

Mr. WALSH. I am of the same opinion.

Mr. HARRISON. So, personally, I shall be very glad to accept the amendment and get this controversial proposition out of the way.

Mr. BYRNES. Mr. President, will the Senator from Mississippi yield? The amendment does not confine its provisions, as I understand the Senator, to one injured in actual combat, but to service origin.

Mr. WALSH. That is true.

Mr. HARRISON. That is true.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH].

Mr. DICKINSON. Mr. President, I would like to know what the estimated saving is.

Mr. WALSH. Mr. President, there has been practically no estimate made of the saving in connection with this item. It has been assumed that the President would make no cut and no reduction of any appreciable amount in connection with the veteran whose compensation is based upon disability as the result of direct service. Therefore, what we are doing is merely to remove any possibility of discretionary action by the President. If he had it, he has practically said he would not disturb the rates, anyway. We are simply incorporating in the bill the provision that this group of veterans shall not be removed from the rolls.

Mr. DICKINSON. It is my understanding that there was a certain rating table made and a certain percentage of the reductions shown in that table was taken for disability allowances. What reason has the Senator for assuming that in making up the estimate of $101,000,000 of saving there would not be some of the savings in the very item of $100,000,000 that he says is being taken out from under the provisions of the bill?

Mr. WALSH. I have the assurance of representatives of the President that he never intended to disturb this group of veterans.

Thereupon the Walsh amendment was adopted. Upon that record I rest. I do not believe the President ever had any intention of disturbing the man whose leg had been shot off, the man whose arm had been shot away, the man who had been blinded in battle, or the man whose body was filled with shrapnel. I do not believe that he ever had any intention whatever of dealing with those men otherwise than as was stated at that time, justly and generously, and I am sure that whatever the fault has been, it has been in the bureaucracy, a bureaucracy that has endeavored to do what it deemed appropriate in the premises but which has done some things that reek with cruelty which never before have I seen exemplified in this Government of ours.

So it is that I speak concerning the amendments that do not touch the economy bill in its essence at all, but after all do something of mercy and of kindness and of generosity to those who may require it. Oh, yes; a statute is of so many words and so many sentences. A law consists of phrases and clauses that one may read coldly if he will, but back of every statute that deals with human beings there should be a human heart. The trouble with this situation is that the men who administer this law are back of it reading the words of the law and there is no heart in either the reading or their administration of the law.

Now, sir, I have on my desk, but I do not intend to bore the Senate or take its time in reading them, some letters out of some hundreds or thousands that have come to me upon this subject. In all my life I never want again to receive communications such as I have received in the last month and a half. I never want to read the appeals of misery and of want, of anticipation of hardship and horror, that I have read in letters of good people, people just as good as you and I, just as good as the Director of the Budget, people whose appealing words not only get under one's skin, but get into the heart. I never want to read in all my life again stories such as have been written to me during this period.

All I can say to the writers of those letters is that I was wrong when I voted for a bill that permitted such things. I voted for it with a definite understanding, it is true; but, as I said a moment ago, that is not in justification of what I did; it is only in mitigation. I take the responsibility that comes from my action upon a measure of this sort, and I make no excuse so far as that is concerned; but these tales that have come to me, just as they have come to other Senators in this Chamber, these appeals that will rock any man to his very core who has not lost every sense of sympathy and who has not forgotten that he is still a human being with a heart beating in his body like other human beings—these stories make it necessary, if we can, to do what can be done and what ought to be done in behalf of those who are suffering and those who are hurt and those who are injured. The amendments that have been presented by the Senator from New Mexico [Mr. CUTTING], and, I believe, by the Senator from Florida [Mr. TRAMMELL] as well, take out of the injuries that might be inflicted under the economy bill the particular class of those injured in combat and disabled in actual service. There may be a deduction, and the deduction, in my opinion, ought to be only the deduction that is made for civil employees, 15 percent at the outside; but whatever it may be, and I would not make any if I had my way—whatever it is, for the love of humanity and with the full sympathy that man should have for his brother because a wrong has been done to these men, as you know, from your letters, just as I have the proof here from my letters, let us undo if we can the wrong we have done and let us undo it without delay.

We have only 8 or 9 days more of this session. There are only 8 or 9 days more remaining, and we have to act now or we cannot act at all. In addition to that these people who have been treated thus harshly, on the 1st day of July 1933 are utterly and absolutely remediless. There is no way in which they can appeal thereafter; no way in which the wrong done them can be righted; no way in which we can pick them off the street after that time and pump blood into them and give them the breath of life again. After the 1st of July we simply want the people that need it to have the sum that was given them because they were injured in our defense and fought our battles, and we have got to correct that if we have the feeling we ought to have. The President cannot object to it, and will not, I am sure. He does not understand and he does not know, and he has to deal through those who are subordinate and those who represented him in the administration of the law.

I hold in my hand an excerpt from a very powerful Scripps-Howard paper of the city of San Francisco, describing some of the scenes that occurred when they began to make the new ratings in that city. I have taken these from

a paper which, like myself, is strongly administration and believes in the President of the United States. But these descriptions of what transpired in San Francisco are the descriptions of what transpired in other parts of our country. They beg relief. They are beyond anything of which we have ever read in our lives, and they must be, and will be, corrected, for if we do not correct them here, they will be corrected in some other fashion. Men, women, and children cannot be dealt with in the fashion that these people who are a part of the veterans of the World War and were injured and disabled in it have been treated for the last couple of months.

From this article I read as follows:

Somewhere between the White House and the man who sacrificed health and limb for his country the new deal has been perverted into a cruel and ruthless drive on the rights of veterans disabled in active service by gunshot, shell, and gas.

Eighty-four hundred veterans in central and northern California, disabled in active service, face total loss or drastic reduction in their compensation on top of the blanket 20-percent cut already decreed.

Four boards are at work at the Veterans' Bureau headquarters, 814 Mission Street, reviewing and rerating wounded veterans according to a ruthless cut-and-dried table that requires arbitrary reductions in practically 99 cases in 100.

Tidings that mean despair and pauperization for hundreds of wounded veterans began going into the San Francisco mails last week, to the number of 400. This week they are going out at the rate of 125 a day.

Off the record, Veterans' Bureau officials in San Francisco are appalled and sickened as they helplessly carry out orders that originated, not at the White House, but with some unnamed group at the Veterans' Administration in Washington that has carried the day for a policy as extreme in the direction of economy as earlier policies were extreme in liberality and extravagance.

Then follow descriptions of conditions, and I ask leave that I may insert in the RECORD these excerpts concerning the scenes in San Francisco.

The PRESIDING OFFICER (Mr. STEIWER in the chair). Without objection, it is so ordered.

The excerpts are as follows:

[From the San Francisco News, Thursday, May 11, 1933]

CRIPPLED VETS LEFT HELPLESS BY PAY SLASHES—NEW DEAL HAS BEEN PERVERTED INTO CRUEL DRIVE ON RIGHTS OF MEN INJURED IN FIGHTING OVERSEAS

By George West

Somewhere between the White House and the man who sacrificed health and limb for his country the new deal has been perverted into a cruel and ruthless drive on the rights of veterans disabled in active service by gunshot, shell, and gas.

Eighty-four hundred veterans in central and northern California, disabled in active service, face total loss or drastic reduction in their compensation on top of the blanket 20-percent cut already decreed.

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WRECK OF PLAN SEEN

Thoughtful officials see the whole economy program wrecked unless the facts can be brought speedily to President Roosevelt's attention before public indignation creates a reaction that will scrap even those economies that justice and common sense demand.

Consider the case of a man so ruined by a gunshot wound in the groin that not only his occupation and livelihood are gone but also his ability to function as a husband and father, reduced without reexamination or hearing from $125 a month to $60.

Consider the case of a gifted professional man in San Francisco, his lungs burned out by gas, so that life or death is a chance of the moment, just out of hospital again after 5 months on his back, arbitrarily reduced from a rating of 100 percent total and permanent disability to a rating of 50 percent and cut from $100 to $40 a month.

ADDITIONAL CUT

He not only loses $60 in deserved compensation, but is automatically deprived of an additional monthly payment of $57.50 on his $10,000 soldier's insurance policy, paid for by himself, but allowed only to veterans with a rating of 100-percent disability.

At the Veterans' Bureau on Mission Street they can relate these individual cases of tragedy and injustice by the score.

Of the first 120 cases of service-connected disability reviewed by a local board, 65 were removed from the rolls entirely on the ground that the service connection was presumptive. And of the 55 who stayed on, not one escaped a reduction of from 40 to 65 percent. Not one had a hearing or reexamination.

A veteran totally and permanently disabled, by a gunshot wound in the head that produced epilepsy, is arbitrarily reduced without hearing or examination from $100 to $40 a month. Another, a manual laborer with one leg off and suffering from ulcerations in the stump, was cut from $93 to $40.

NOT THE NEW DEAL

This is not the new deal, say spokesmen for the veterans. It is contrary to the promises and assurances made by every spokesman for economy from the President down that elimination of unearned benefits would result in even better and more generous care for those disabled in active service.

Suffering among veterans caused by justified economies are serious enough, they point out, without extending it to those who are entitled to Government care.

For instance:

Six thousand veterans in central and northern California drawing monthly allowances for non-service-connected disabilities will be cut off the rolls entirely. Only 875 of this class will remain on the rolls. These are men permanently and totally disabled and they will be cut from $40 to $20 a month.

BEDS ARE CLOSED

Nine hundred beds in the bay district that have been filled with sick veterans have been closed to them. These are the contract facilities provided by Letterman General Hospital, 400 beds; the Marine Hospital in San Francisco, 50 beds; and the Mare Island Navy Hospital, 450 beds.

Veterans ill of non-service-connected diseases will get no aid whatever, unless they are totally and permanently disabled. These include about 500 out-patients in San Francisco, as well as those who have been hospitalized.

Veterans ill of wounds or service-connected disease must take their chances in the already crowded hospitals at Livermore, Palo Alto, San Fernando, or West Los Angeles. Insane patients at Palo Alto, whose mental condition is not the result of war service, must be transferred to State hospitals.

San Francisco's public-health facilities will be swamped, and a heavy additional load will be thrown on the city relief organization.

Even veterans disabled in active service must hereafter apply direct to the bureau hospitals and prove their cases with medical evidence. Physicians' statements are proving inadequate under the rigid new regulations and this means frustration and delay. A veteran with a bursted appendix can no longer get prompt aid through the bureau. He must take his chances.

SYMPATHY ONLY

For veterans deprived of allowances and medical care because their ills are not service-connected, there will be sympathy plus a demand for a more gradual and humane transition to their new status. But nothing more.

For men actually disabled in service who, with their families, are being pauperized and rendered helpless, there will be much more. A wave of anger is swelling and will break on the bureaucrats at Washington who have perverted the legitimate and necessary economy program of the kindly President.

There remains to be told the hardships inflicted on scores of older men who have been deprived of pensions won in the Spanish-American War. In many instances their health was wrecked by yellow fever or typhoid, but unlike World War veterans they were slow in demanding pensions and have no records to prove the service-connected character of their disability.

This and other facts about the veterans' situation will be told in another article.

ORDERS FROM UNITED STATES

Agent for the American Legion at the Veterans' Bureau, a sort of liaison man, is June W. Valiant, field secretary in this area for the Legion's rehabilitation committee. Mr. Valiant says that no criticism can be justly made against the officials and personnel of the local Veterans' Bureau, who are carrying out orders from Washington about which they have no choice and little or no discretion.

Each review board consists of 1 surgeon, 1 examiner, and 1 vocational expert. But their decisions are guided by a hard-and-fast book of tables and rules issued from Washington. These rules and tables have not been published and were not included in the President's order.

[From the San Francisco News, Friday, May 12, 1933]

RUTHLESS CUTS IN PAY OF VETS ARE PROTESTED—PROMISED REVISION OF CUT-AND-DRIED RULES TO SLASH COMPENSATION MAY PROTECT MEN INJURED IN WAR

By George P. West

Released by the News publication of the facts Thursday, a wave of indignation and protest swept San Francisco today against the drastic and ruthless cutting of compensation for veterans disabled in active service. Cheered by a White House statement promising a revision of the cut-and-dried rules requiring arbitrary reductions without examination or hearing, veterans hoped for an Executive

order that would cancel cuts already ordered and protect men whose disabilities are the direct result of war service.

"The Veterans' Administration has violated a promise made to us by the President and congressional spokesmen for economy", said John A. Sinclair, San Francisco lawyer and vice chairman of the national rehabilitation committee of the American Legion.

CUTS TERMED UNFAIR

"Men injured in active service have already taken a blanket cut of 20 percent, as against a 15-percent cut for civilian employees of the Federal Government. In all conscience, that is enough. To reduce them by another 40 or 50 percent, without hearing or reexamination is unfair on the face of it, and I do not believe that the President or the people will stand for it when they know the facts."

Those war-disabled veterans who have already received notification of their cuts, effective July 1, are stunned and incredulous. Many will not believe it until they get a reduced check or no check at all on August 1. As the rerating proceeds by four boards working at San Francisco headquarters of the Veterans' Bureau, the News' estimate of cuts for 99 percent of veterans disabled in active service is being confirmed, and the percentage is running even higher than that.

No discretion is left to local boards under the rigid rules sent out from Washington and which President Roosevelt now promises to modify.

Veterans' organizations continued to cite cases of men incapacitated from earning a livelihood by battle wounds who have been cut from a bare minimum subsistence to $40, and even as low as $8 a month.

PREFERS JOB TO PITTANCE

One veteran, suffering from a gunshot wound, arthritis, arteriosclerosis, and heart trouble, and reduced from $50 to $8 a month without hearing or examination, wrote that if he was that well he was entitled to earn a living, and ironically demanded a job in which his disabilities would not count against him.

"Give me that", he said, "and I shall proudly surrender my $8, and with no thanks to the Veterans' Administration."

A San Franciscan with five children, a manual worker, with his left leg amputated high above the knee, has been cut from $79 a month to $60. Another, suffering from multiple gunshot wounds in the abdomen, thigh, and leg, with injury to the bladder and stiffened joints and an index finger amputated, was cut from $90 a month to $40. He is married and has two children. Wounded on the Marne front in July 1918, he was in a hospital in France until May 1919 and has never recovered.

A sergeant of marines, in the service for 15 years, had a foot shot off at Chateau Thierry. He has been supporting his family on $102 a month received in compensation. He has now been cut to $60. These are only a few among thousands of cases.

Dr. J. C. Geiger and Charles M. Wollenberg, city health officer and city relief director, respectively, announced special preparations to care for the hundreds of helpless veterans expected to be thrown on public charity and hospital rolls.

Even sponsors of Federal economy seemed aghast at the unexpected extremes to which their policy had been carried.

"It was never our intention that the rightful compensation of actually deserving veterans should be cut", local headquarters of the National Economy League said.

CITY FORCED TO AID

"We don't think a program of that kind has been authorized. We doubt whether the Veterans' Administration yet knows where it stands. We're waiting for the results of survey by our headquarters at Washington."

Dr. Geiger revealed that the local veterans' council, anticipating the situation, conferred with him and Chief Administrator Alfred J. Cleary last week. As a result $120,000 of the $300,000 contingent emergency fund in the city budget was tentatively set aside for care of disabled veterans expected to be diverted to city hospitals.

Meanwhile disabled veterans purchasing homes on the installment plan through the State Veterans' Welfare Board declared they faced ruin.

Statements of veterans' leaders and city officials, with executive interest in the situation, follow:

Charles M. Wollenberg, relief director: "Undoubtedly many disabled veterans, hitherto able to care for their families with their small pensions, will be added to the city relief rolls. I will conduct a special survey in June to determine the probable number. Because of the many families that have gone off relief in the last few months, I am sure we'll have adequate funds for the newcomers."

Dr. J. C. Geiger, health director: "This will add to the city hospital burden. Even disabled veterans—except emergency cases—will have to answer the social-service requirements demanded of all our patients. There can be no discrimination. I would point out that clearing of Government hospitals will leave many unoccupied beds, many unemployed physicians and nurses. Conditions may be chaotic for a while before we readjust ourselves."

RATINGS HELD UNJUST

A. L. McCormick, secretary, Disabled American Veterans of the World War: "Every day we see flesh-and-blood evidence of the injustice caused by the economy revisions in veterans' compensation. Many of the evils are traceable to the elimination of the so-called 'intermediate ratings.' Formerly veterans were paid on a flexible disability scale ranging anywhere from 1 to 100 percent. Now there are arbitrary ratings of 10, 25, 50, and 75 percent. Thus, if a man rates 48 percent disability he gets not 50 percent rating, but 25 percent, or $20 a month. Many men, desperate, are writing daily to Mrs. Roosevelt to intercede with the President. I don't think even the National Economy League expected such results. If this keeps up $650,000,000 will be lopped off disability expenditures instead of the $400,000,000 aimed at."

EXPECTS F. R. TO ACT

Ralph J. A. Stern, county commander, American Legion: "I believe firmly that President Roosevelt never intended his economy program should result in these terrible hardships, many of which verge on downright cruelty. And I also believe that as soon as he becomes conversant with the facts he will move to remedy the evils according to his humanitarian principles."

Richard A. Barry, national rehabilitation officer, Disabled American Veterans: "This program, first conceived as an attempt at reasonable economy, has run wild. Even its sponsors will be astounded by its far-reaching effects, especially among disabled veterans who are paying for small homes with little income other than their pensions.

DELAYS ARE FEARED

"It is a return to the old short-sighted centralization. The area boards of appeal, which formerly heard cases of veterans wishing to have their ratings revised, have been abolished. The sick veteran appealing his case will now have to communicate with Washington. From experience we know that this will occasion a delay of from 6 months to 2 years. About 25 percent of appeals formerly were confirmed. What is to become of these deserving veterans and their families while their cases drag through the overworked bureau at Washington?"

Mr. JOHNSON. I ask as well—and I shall not read it—that I may place in the RECORD the views of the San Diego County Board of Supervisors in relation to these veterans.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

SAN DIEGO, CALIF., *May 11, 1933.*

The Honorable HIRAM JOHNSON,
United States Senate, Washington, D.C.

DEAR SIR: The board of supervisors and the people of San Diego County do not believe that you are acquainted with our particular situation with reference to the veteran population in this part of the country, and the effect that the recently enacted legislation known as "Public, No. 2, Seventy-third Congress", is having on our community.

A request was made by the executive secretary of the San Diego County Welfare Commission to the regional manager of the Veterans' Administration in Los Angeles for statistical data that might be used as a basis in preparing our budget for the coming fiscal year, but was informed that the Administrator of Veterans' Affairs has forbidden the releasing of such data. Therefore we are forced to make an approximate estimate as to the increased burden this will throw on the local taxpayers and our resources.

This estimate is based on the report issued by the Administrator of Veterans' Affairs showing the number of beneficiaries under his jurisdiction residing in California, which totals some 113,000, and a further check shows that 60 percent of this veteran population resides in southern California, principally under the jurisdiction of the Los Angeles regional office, or an approximate total of some 68,000 veterans and their families. It is further shown that of this load San Diego County has 25 percent of the aforementioned figure, or approximately 17,000, and from the number of cases reported through our veterans' claims office as having received notification of the effect of the automatic review called for under this legislation, that one third are being removed from the Federal rolls entirely, the remaining two thirds being reduced in the amount of pension by more than 60 percent. Also please bear in mind that this group was considered under the preexisting laws to have received their injury or disability in line of duty, or directly service connected. If such is the action on this type of case, it is quite easy to see what will happen to remaining classifications as set up under this automatic review. Using this group as a basis, it is estimated that approximately 8,000 additional families will become public charges at an average monthly budget of $20 per family, or a total of $1,920,000 will be needed in addition to our already tremendous relief budget.

As a further comparison we call your attention to the fact that San Diego County carries 25 percent of the veteran population for southern California, while Los Angeles County, which is approximately 10 times its size, carries but 50 percent of the veteran population, with the other 25 percent being distributed over nine other counties coming under the jurisdiction of the Los Angeles regional office.

This additional $1,920,000 does not include provisions which must be made for increased cost of operating our county medical institutions, due primarily to the loss of use of the class A United States naval hospital situated in San Diego, with its up-to-date equipment and adequate room to care for veteran patients. Since Federal orders were issued to no longer use this facility, our county hospital load has increased an average of 10 percent daily.

While it is realized that strict economy must be effected throughout all Government departments and agencies, we feel that such drastic and sudden change without warning is throwing an undue burden and hardship on the local communities and taxpayers as well as the veterans, and unless immediate liberali-

zation and amendments are enacted it will be necessary for San Diego County to make further and increased demands upon the Federal Government for assistance to carry us through this period of readjustment.

Feeling assured that you realize the gravity of the situation, we urge your immediate attention to this problem which confronts us, and ask that you do everything in your power to remove this burden, which we honestly feel to be a Federal obligation.

Yours very sincerely,

SAN DIEGO COUNTY BOARD OF SUPERVISORS,
By TOM HURLEY, *Chairman.*

Mr. JOHNSON. I present communications from two Legion posts presided over by men whom I happen to know, men whose word I can accept, and accept wholly. Here is one from the little city of Chico, in northern California:

THE AMERICAN LEGION,
CHICO POST, No. 17, INC.,
Chico, Calif., May 27, 1933.

Senator HIRAM JOHNSON,
United States Senate, Washington, D.C.

Hon. HIRAM JOHNSON: Something must be done to stop the drastic cuts in compensation for service-connected disabilities. We believe in economy but not this kind of economy. Surely the President had no intention of cutting veterans with service-connected disabilities beyond the meaning of the new schedule of ratings which is part of the act "to maintain the credit of the United States Government." And it is not the will of the general public that those veterans with disabilities due to war service should be affected.

Many, many veterans with service-connected disabilities come to my office daily complaining of drastic cuts received in compensation. The average cut here is approximately 65 percent.

To date I have had the pleasure of being instrumental in the settlement of more than 1,000 claims for veterans. In the name of these worthy veterans with service-connected disabilities, we beg of you, as our United States Senator, to give us your wholehearted support. We heartily support the new deal. We only ask in return a fair deal.

Thanking you for your kindness, I remain,

Yours very sincerely,

JOSEPH FOLLETTIE, *Service Officer.*

Another one of like character comes from the commander of the American Legion in Glendale, which I ask may be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

GLENDALE POST, No. 127,
AMERICAN LEGION, LTD.,
Glendale, Calif., May 26, 1933.

Hon. HIRAM H. JOHNSON,
United States Senate, Washington, D.C.

DEAR SENATOR JOHNSON: I would like to call your attention to a very serious matter, a condition arising from the application of the Economy Act as it will apply to disabled veterans. In the first place, there is a far greater percentage of disabled veterans in this locality than the average throughout the United States. In Glendale it is estimated that approximately one third of all World War veterans come under this classification. This, of course, is due to the fact that so many disabled men, particularly those with pulmonary diseases, have come to this section for the sake of their health.

I will confine myself to a discussion of service-connected cases only, of which it is estimated there are approximately 750 in Glendale. The percentage of cut in the compensation of these service-connected cases, as shown by the result of the application of the law to the first 2,100 cases in the county, show an average cut in compensation of 66 percent.

These 750 cases formerly received about $51,000 a month. Under the changed regulations they will receive one third of that. Needless to say these men did not receive any more than was necessary for them to support themselves and their families, and the proposed cut will throw a large majority of them directly on the community and county welfare agencies for support. Of course, undoubtedly some of these men received compensation who had other means of income, but those men in the final analysis comprise a comparatively small percentage of the total. Practically all the total and permanently disabled men relied solely upon their Government compensation. Under the new regulations and reratings, many of these men, formerly rated as service-connected, will now be entirely cut off, which means that the city and county will have to support them.

After the 1st of July, when this law takes effect, it will be our duty to our disabled men to submit these cases to the charitable institutions of the city of Glendale for that care which they are certainly entitled to if any citizen is. This means a direct shift of the burden to the local taxpayer, and there is no question in my mind but that when this occurs all over the country the public will realize that this certainly is a false economy measure.

Many of these men require special medical attention and specialized treatment, particularly for the pulmonary and psychoneurosis cases. The local work-providing agencies such as afforded by the Reconstruction Finance Corporation fund, require certain physical examinations before the work orders are issued. Of course, the majority of these men cannot pass any such examination, therefore cannot receive this type of employment which brings them under the classification of purely relief cases. Bear in mind I am referring to service-connected cases only, and I think when those men have to subsist on public charity that it is time something were done.

We are not necessarily criticizing the action of President Roosevelt in the Economy Act as it relates to veterans, but do certainly criticize the application of the law as put into effect by the Director of the Veterans' Administration which is unduly harsh and far more severe than the Executive order ever indicated. We think that when the taxpaying public realizes that the directly service-connected disabled veterans are being treated in a most unjust and heartless way, and that this burden will fall directly on the local taxpayer, that perhaps a change in those regulations may be effected. We will furnish you details regarding the individual cases at a later date when they are available.

We would appreciate your attention to this matter. I think that the subject, if brought up and openly aired, will bring a change quicker than by any other manner.

Yours very truly,

D. G. COWLIN, *Commander.*

Mr. JOHNSON. Mr. President, the question is, What do we want to do? We have been told in the name of economy by certain understrappers in various departments that they will cut the men who have been shot to pieces in the war. I deny that it was ever the intention of Congress or that it is the intention of the President, or anybody else who has a heart in his body, to do any such thing.

You know, we have 8 days more only of a session such as this. Within that period, if the Congress does not act, it cannot act at all. You know that the 1st day of July is the last time that these men, bewildered by the wrong that is done them, have to appeal, and that their appeal is fruitless at best. So it is up to us.

We have made a blunder, perhaps, in dealing with certain classes of these veterans. I am appealing, for the moment now, for just one class—the class that everybody sympathizes with and everybody loves. I do not want to go back to my home and see the legless man, the man without sight in his eyes, compelled to become an object of charity upon my city or upon my friends. It is wrong, wrong, cruel, cruel, and we ought not to do it; and if the opportunity is presented in amendments here today we ought to pass them—pass them not alone in recognition of the services of the men who bore the wounds and stood in the front of battle, pass them not alone for the glory of the flag and the generosity that we all owe to those who thus suffered, but pass them so that we may hold our heads high and feel that our hearts are right, not made of stone, and that we are dealing with our fellow beings and our fellow creatures, the men who fought at the front for us, and that we are doing them now, finally, simply tardy justice.

Mr. McADOO. Mr. President, I have refrained from saying much upon the floor of the Senate. I have the feeling that as a new Member I should like to say little and be instructed by what I hear upon this floor; and I have been instructed and informed by the discussions here, notwithstanding the fact that we have had to conduct them under great pressure—the insistent pressure of the needs of emergency legislation to deal with a grave crisis in the history of our country.

I cannot refrain, however, from expressing my hearty commendation of and my cordial agreement with my distinguished colleague from California [Mr. JOHNSON] in what he has just said about the pending amendments to the bill concerning the veterans, particularly those who have been disabled in the service of their country.

The administration of the economy bill, as my distinguished colleague has said, is perpetrating wrongs that are cruel and heartless in the extreme upon men who have suffered for their country, and I may say that if I had not myself had assurances that in the administration of that law the very kind of injustices that have already been decreed would not be decreed I would not have supported the measure.

The able senior Senator from California has referred to those who have service-connected disabilities, and who under the new regulations and the new ratings will suffer cruel and indefensible hardships; but there is still another class, not so large a class, the Spanish War veterans, who have been

treated by the new regulations and ratings with such disregard that grave injustices and cruelties will result. Unjustified reductions in the compensation which they are now receiving and which, in my humble opinion, they should continue to receive are in contemplation.

The Spanish War veterans, 35 years after that great conflict, have no means whatever by which they can establish service-connected disabilities. They went into that war at the munificent compensation of $15 per month. They endured all the trials of "embalmed" beef and of diseases in the camps, which resulted in more deaths than were actually incurred upon the battlefield. The compensation which they received today will be cut, under the new regulations, by 66⅔ percent or more, and the appeals which I have received are as numerous, perhaps, as those that my colleague from California has received. Men and women alike are threatened with the destruction of their only means of living. The cold fact faces them that employment cannot be had in any possible line, because they are all beyond the age limit. No one could be deaf to these appeals without being recreant to every instinct of humanity and to his trust as a Senator of the United States.

I feel strongly about this matter. Corrective legislation must be enacted immediately if we are to prevent the grave wrongs and injustices which will be inflicted upon these men and women on the 1st day of July next.

For my part, I am willing to stay here until corrective legislation is enacted; and I think it can be enacted in such a way that we may at least mitigate in large measure, if we do not correct altogether, the wrongs with which these people are threatened.

Mr. President, one of the reasons why I voted for the amendment presented by the distinguished Senator from Indiana [Mr. ROBINSON] to pay the soldiers' bonus by an issue of Treasury notes, was in some measure to correct the injustices which I thought might be perpetrated under the Economy Act. I felt that if the payment of the adjusted-service certificates was anticipated by 12 years through an issue of Treasury notes, which would not bear interest, and with a sinking-fund provision adequate to retire them within a reasonable time, so that undue inflation would not occur, we would, in part, compensate for the injury that might be done to the veterans under the Economy Act, and give them necessary assistance at a time when they would sorely need it. For my part, I believe that one of the best things we could do now would be to get this adjusted-compensation question behind us forever, so that it will not continue to be a political football.

I am not afraid to issue Treasury notes for this purpose. They would be just as sound as the bonds of the United States. The only difference between them and United States bonds or certificates of indebtedness is that the notes would have a circulating quality and bear no interest. By the provision of a sinking fund of not more than 3 percent per annum they could all be retired in 33 years. In that way we would get the question behind us.

I should like to see something of that sort done; but I suppose it is useless to argue in that behalf at this time. The fundamental thing is, however, as the senior Senator from California has said, that this is a question of humanity. We cannot deal with it in cold terms of concrete and steel and mortar. Here are human beings who are threatened with a great catastrophe—a catastrophe with which I am sure our great President of the United States is not in sympathy.

I earnestly hope that the Congress will remain in session until the necessary corrective measures have been enacted to save that great class of our fellow citizens who have jeopardized their lives in defense of their country from the irremediable injustices with which they are now threatened.

Mr. VANDENBERG and Mr. TRAMMELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. TRAMMELL. Mr. President, will the Senator from Michigan yield to me?

Mr. VANDENBERG. I do not care to yield for a moment. I shall speak only briefly.

Mr. President, I desire to associate myself with the observations that have been submitted by the senior and the junior Senators from California, and I want to bulwark the thesis they have presented.

On yesterday, when the senior Senator from Massachusetts [Mr. WALSH], rightly or wrongly, identified the Director of the Bureau of the Budget as the primary author of these new rules and regulations and the chief source of this injustice, the able senior Senator from Arizona [Mr. ASHURST] with his usual fine sportsmanship and fidelity to a fellow Arizonian, undertook to say that the responsibility should not be placed at the door of the Director of the Bureau of the Budget, but that it should be accepted by Congress itself; that it should be accepted by every Senator who voted for the power that now is being used with such inhumane result that even the Economy League has protested a portion of it.

Mr. President, I think the senior Senator from Arizona, from one point of view, was entirely and completely justified in what he said. I mean that any time the Senate votes away its own powers and its own prerogatives and sublets its own responsibilities to somebody else to administer for it the Senate must take all the responsibility for anything that happens, no matter how malignant, as a result of its own surrender of its own powers. On that basis I agree with the Senator from Arizona that every Senator who voted for the economy bill must take his full share of any responsibility for any untoward results. It is a bitter warning against these easy trends which are too frequently permitting bureaucracy to supersede representative democracy.

From another point of view, however—and it is the point of view to which the Senators from California have alluded—I most emphatically dissent from the philosophy submitted by the Senator from Arizona, because I insist that our votes were procured upon that measure under false pretenses. I insist that my vote was procured under promises that have not been fulfilled—on the contrary, under promises that have been specifically violated and nullified. I still stand for the economy program, in the presence of dire fiscal exigency, as that program was understood by Congress and the country and as it was specifically interpreted by administration leaders on the floor. But I believe that the country, as well as Congress, will repudiate some of the cruel excesses which have been perpetrated upon veterans of admittedly deserving status under the bureaucracy which administers the presidential powers.

There were two classes of veterans for whom I had to see some reasonable protection before I would entertain the economy bill, even under the dire pressure of that early moment in this administration when it seemed to be absolutely imperative that we should sustain the hands of the President of the United States in the first economy appeal that he made to us in behalf of his Budget and the credit of the Republic. In spite of the pressure of that crisis, there were two classes of veterans who, it seemed to me, were entitled to a particular insurance before this legislation should take this far-flung power out of the hands of Congress and transfer it to the White House to rule or ruin the lives of four or five million ex-soldiers of the United States. One class was the Spanish-American War veteran who is 35 years removed from the scene of his conflict and the time of it, and who cannot possibly go back to the original scene to relate himself specifically and in technical detail to the particular injury or disease which may have been there rooted; and we were given to understand that when we adopted the Dill amendment, submitted by the senior Senator from Washington, we were putting a fundamental and legitimate protection under the status of those particular veterans.

Then came the service-connected disability cases of the World War. The able senior Senator from California [Mr. JOHNSON] has submitted the factual proof out of the CONGRESSIONAL RECORD that we were given the specific understanding—why, you can almost interpret it as having been a

warranty—that the service-connected disability allowances would not be seriously reduced, if they were touched at all. At any rate, we certainly were given the assurance—we were given the direct promise and pledge—that no veteran with a direct service-connected disability—no battle-front casualty—would be entirely eliminated from the rolls; and yet here are case after case upon my desk of direct service-connected-disability cases that are entirely removed from the rolls; and others that are ruthlessly cut to a point beyond sufferance.

I do not propose to supplement what has been said by way of specific exhibit and detail in this behalf. I gave the Senate one case yesterday—the case of a soldier with four admitted service-connected disabilities, admitted this moment by the Veterans' Bureau to be service-connected, who is desperately incapacitated, to whom this Government has paid $90 a month for a long time by way of liquidation of the debt—who, under these new rules and regulations and brutal calculations that nullify every promise that was made to us, is now reduced to $8 a month! I beg to believe that no citizen asks, expects, or condones any such tragic economy. It is a plague upon the word.

Here is case after case—and every Senator can produce a kindred file—of veterans with direct service-connected disabilities, with records that run straight down to the front line of battle, who are reduced 50 or 75 or 80 percent in their allowances, absolutely contrary—and this is the point I insist upon making—absolutely contrary to every assurance and guaranty that was presented to the Senate when our votes were sought to clothe the President with this power against the exercise of which we now complain.

We will take our share of the responsibility, Mr. President, as the senior Senator from Arizona proposes, but we will have a share of further responsibility to answer for which by no possible rhetorical trick can be shifted to anybody else's shoulders, whether those of the Director of the Bureau of the Budget, or those of the President, or anybody else, if we allow today's session to pass without affirmative, definitive legislative action which recaptures for ourselves at least one phase of the administration of justice to these veterans, as we were promised and as we intended justice should have been administered in the first place.

Mr. President, it is a poor contribution to economy to go to extremes in economy, just as, on the other hand, it was a poor contribution to the best welfare of the veterans in the heydey of things to go to extremes at that end of the equation by way of seeking extraordinary veterans' allowances. Extremes beget reciprocal extremes. The pendulum swings back. The worst service that could be rendered to permanent, sound, rational economy in behalf of the Treasury of the United States at this moment would be to allow contemporary indefensible outrages to stand without correction, because if we do not correct them we will find an outraged public opinion in this country which will sweep all the economy program off the statute books the next time the issue arises. I plead for a rule of reason, in the name of real and permanent economy, in the name of social and patriotic justice.

I want to associate myself also with the observation of the junior Senator from California respecting the present status of adjusted-service-compensation certificates. I was not one of those who believed in putting this country upon a basis of inflated paper money. I was not one of those, and I am not now, who believe inherently in returning to the greenback law of 1862, but I submit that if we are going back to the greenback basis to the extent of $3,000,000,000 for the purpose of paying obligations of this Government, if we are committed to that course, then there is every logic in this world for choosing the adjusted-service-compensation certificates as the particular obligations to be retired, regardless of their maturity.

First, because there is a more direct advantage to the Public Treasury in retiring them, inasmuch as the 4 percent sinking fund provided in the greenback law is less per annum than the annual contribution to the bonus maturity fund.

Second, because the use of the greenbacks for that particular retirement of maturities will take every veteran off every welfare relief roll in the United States, and thus carry relief and assistance to all the harassed communities of this land where they are now struggling with the relief problem.

There are other cogent reasons. I will not take the time to enlarge upon them. But they persuade me that if the question of greenbacks to pay Government obligations is settled, there is largest advantage for all concerned in paying the bonus obligation first.

I associate myself with the proposition that if we are to retire Government obligations, $3,000,000,000 worth of them, with greenbacks, it is of primary advantage to the Government itself, as a matter of simple mathematics, to retire adjusted-service-compensation certificates first.

The primary thing at this moment in this matter, however, is the other problem, related to the crimes which have been committed in the name of Presidential authority and in the name of rules and regulations under the United States Veterans' Administration supplemental to the legislation passed in the Congress.

I submit, in conclusion, as I began, Mr. President, that, so far as I am concerned, my vote upon the economy bill was procured under false pretenses if the rules and regulations are to stand as they now stand in respect to unquestionably deserving cases, and, so far as I am concerned, I want Congress to reclaim enough of its power in respect to this proposition this afternoon at least to legislate a modicum of justice in respect to these cases which every man, woman, and child under the flag wants handled with fair play.

Mr. TRAMMELL. Mr. President, I desire to send to the desk an amendment, and I give notice that I shall ask for a suspension of the rules that I may offer it.

The PRESIDING OFFICER (Mr. POPE in the chair). An amendment is pending.

Mr. TRAMMELL. I understood there was no amendment pending.

The PRESIDING OFFICER. There is an amendment pending, an amendment offered by the Senator from Alabama [Mr. BLACK].

Mr. GOLDSBOROUGH. Mr. President, I should like to ask the Senator from Michigan a question. It is my understanding that 68 or 70 American soldiers lost the sight of both eyes in the World War. Is it the Senator's understanding that the compensation of those men will be lessened, will be cut down?

Mr. VANDENBERG. I am unable to answer the Senator, because I would not undertake to prophesy what will happen under the administration of the rules and regulations as now administered. I have seen things just as horrible happen, and I would not undertake to assure the Senator that such a thing will not happen in the case even of the blind.

Mr. REED. Mr. President, will the Senator permit me to make an observation at that point?

Mr. GOLDSBOROUGH. I shall be glad to have the Senator do so.

Mr. REED. This morning, within an hour of this moment, I saw at this center door of the Senate a veteran from my State who had had one leg shot off in the Argonne and the other so badly hurt that he has permanently lost the use of it. He has been classified since his discharge from the Army as permanently totally disabled. There is no room for discretion in the Veterans' Administration; the buck cannot be passed to them, because the service connection is as plain as can be. It was an enemy shell that took his leg off. The degree of the injury is plain for anyone to see, so that what happened cannot be blamed on the discretion of the Veterans' Administration. Yet that man, under the regulations recently issued, has been reduced from $100 a month to $40 a month, and he has a letter in his pocket to prove it.

Mr. GOLDSBOROUGH. Mr. President, I may say, for the information of the Senate, that I have in my correspondence two letters from totally blind soldiers in my own State, in

which the information is given me that their compensation is reduced, and that they were among the few members of the United States Army who suffered the loss of the sight of both eyes in the World War.

Mr. TRAMMELL. Mr. President, I may say, in that connection, that I have two communications from war veterans who are totally blind, and the records show their service connection, but their compensation has been reduced from $90 a month to $20 a month.

Mr. GOLDSBOROUGH. I thank the Senator.

Mr. REED. Mr. President, this morning the Senator from California, with his usual eloquence, tried to fasten the blame for all this condition solely upon the Veterans' Administration. I think it is important to remember that in cases such as the one I mentioned a little while ago, or in cases such as those mentioned by the Senator from Florida, the Veterans' Administration used no discretion whatever. It was the regulations promulgated by President Roosevelt which forced those reductions. When we are looking for responsibility it is well to remember that the Veterans' Administration cannot be blamed for all that has been done under the Economy Act.

Mr. HASTINGS. Mr. President, on March 14 last, when this matter was before the Senate, I made what was for me a rather lengthy speech criticizing the legislation. I was pretty severely criticized by some Members of the Senate for voting in favor of it upon its final passage. In order that I may have the Senate understand my position and my prediction at the time, I desire to read briefly from a portion of that speech, appearing on pages 326 and 327 of the RECORD, where I stated:

> With this criticism of this legislation, I appreciate that my vote in favor of it will not be particularly welcomed by those sponsoring it, and I want to say that I am supporting it solely because the administration is demanding it as an essential part of a successful program. I have endeavored to make clear that as I understand the position of the President, notwithstanding the fact that he has an overwhelming majority of his party in the House and an overwhelming majority of his party in the Senate, his hands are tied. He is absolutely powerless, if not hopeless, unless this dictatorial power shall be given to him, and given to him promptly. It is difficult for me to understand, if he be the leader that his partisans believe him to be and if his party in the House and in the Senate has the efficient leaders that we know it to have, why he should not be able to put through any such important legislation promptly and effectively, without depriving the Congress of its power and relieving them of any of their responsibilities. But it is not for me to undertake to find the reasons that motivate his request. My loyalty to my country demands that I take him at his word and trust that his judgment in administrating this law will be equal to his sense of justice. If his judgment and his sense of justice both be accurate, my prediction is that the saving will not amount to more than 50 percent of that which he has estimated, and I am afraid that the time will not be far distant when I shall regret that I supported this bill at all; indeed, I am wondering as I am about to cast my vote whether I am influenced by patriotism or whether, after all, I am influenced by cowardice.

Mr. President, I heard yesterday the senior Senator from Arizona [Mr. ASHURST] state that no Member of the Congress ought to complain about the present situation because he acted within his own powers, he joined in giving these powers to the President, and, having given them to the President, he has no right to complain.

I respectfully submit that that is not an accurate statement of what many of us believe. It is true that I doubted whether or not the President might act with that justice which the Members of the Congress believed to be justice, but we did act with the assurance of the President that it was necessary, in order for him to balance the Budget, that he be given this specific authority, and we were assured at the time that if given this authority he would see that no injustice was done to any of the veterans of the World War.

While I cast my vote in favor of the bill, I did it with a great deal of doubt, realizing that it was the Congress itself which ought to decide what was justice and what was an injustice, and that we ought not to leave that to any Veterans' Administration, or to the President himself. But, being assured by the President that it was necessary for him to have this power in order to carry out his program, with the greatest reluctance I voted for the measure, saying at the same time that, in my judgment, if the President did justice, he would not save more than 50 percent of that which he estimated he would be able to save.

I repeat now that if he does justice to the soldiers, he will be able to save not more than 50 percent of that which he estimated, through the committees which were approached upon the subject, and listening to the testimony given by the Director of the Budget. I say now that not more than 50 percent could he save and do justice to these soldiers. I do not know what ought to be done; I think, as many other Senators think, that we probably made a mistake in giving this authority to any single individual. We ought to have kept it within our own power; we ought to have held the authority where it was, and we ought to have had courage enough to have cut these appropriations where they ought to have been cut; but it is a good deal better to trust a majority of the Congress, that has the responsibility of raising the taxes to meet these various obligations as they become due, to do justice than it is to trust it to a single individual.

Mr. BORAH. Mr. President, I have listened to this discussion with much interest. It has been most instructive. It recalls incidents of my boyhood days down in southern Illinois. We used to have each year what was called a revival meeting. It was a season of deep and moving repentance. At such revival meetings there was a "mourners' bench." To that place people came regularly from all quarters and confessed their sins, their mistakes, and promised their God that they would do better in the future. My observation led me to note that the professions seem to carry them along for about 3 or 4 months and that then many were back at the same practices. I have little doubt that, notwithstanding the confessions this day, notwithstanding the deep contrition, it will not be long until we are back at our old practices of granting power to others when our clear duty is to assume responsibility ourselves.

Mr. LONG. Mr. President, I could not distinctly hear the Senator from Idaho. Did he say "professions" or "confessions"?

Mr. BORAH. I said "confessions."

Mr. President, there can be little doubt that great injustices have been done under the economy law, due to the rules and regulations which were established; but it seems to me that we must admit that we authorized those things to be done. We were told that there would be a saving under the proposed law of some $400,000,000, and we must have known that there was no possible way to accomplish that except through the drastic methods which have been employed. They seem to me to have been entirely too severe. I know in some instances they have resulted in what has literally been cruelty. The only clear-cut remedy I can see for this situation is to modify or change the terms of the law. If we are not willing to recall this power, after we have observed the manner in which it operates, it will be a second confession upon our part that we are perfectly willing for someone else to assume the responsibility.

I myself am in favor, Mr. President, of radical changes in the Economy Act, and I doubt if we shall be able to accomplish anything in the way of real relief where it ought to be had unless we take hold of the law itself and remodel it and remedy it. I know that there are some proposals now pending or which will be pending in a short time with that end in view, and I trust, Mr. President, instead of leaving this power where it may be misused and abused, we shall assume the responsibility which is ours and which was reposed in us by those who sent us here. If there shall be abuses in the future, it will be because of the fact that we are unwilling to change the measure. The supreme question here is whether we are willing to retrace our steps and rewrite the measure and assume the responsibility which is ours. I see no other way, Mr. President, to correct the evil of which we complain; I myself am ready to make the change, and I trust that the measures which are to be proposed will be effectual to that end. We should assume our full responsibility, do our duty, and do it in full; cease granting powers we ought not to grant, and then complain because these powers are not exercised according to our

views. All this trouble arises out of our failure to meet our obligations as legislators.

Mr. ASHURST. Mr. President, the addresses delivered today in the Senate will compare favorably with those of any day's proceedings in the history of the Senate. I repeat what I said yesterday, as follows:

> I assume my share of the blame, if any. I hide behind no President. I hide behind no Budget Director. I take the blame for any wrong that was done and shall employ my time in trying to correct the injustice, if any, rather than in finding someone to blame for my own acts.
>
> The excuse of blaming someone else for our wrongs, if any, is so stale that it avails nothing.

Mr. President, I believe there is sufficient statesmanship in this Senate frankly to admit an error and then to try vigorously to correct the same. As a boy, I was amazed to learn that many of the men who were Members of Congress in 1873 when silver was demonetized, spent some years thereafter complaining that they "did not know what they were doing" when they voted to demonetize silver. Many men who were in Congress in 1873, when asked to explain their votes for demonetization, said to their constituents, "I did not know what I was doing." Others said, "John Sherman tricked me. I did not know that we were demonetizing silver." Still others said, "I did not know the effect of the bill."

Such excuses do not impress me.

Therefore, Mr. President, I agree with the speeches of the Senators from California [Mr. JOHNSON and Mr. MCADOO] and I practically always agree with the speeches of the Senator from Idaho [Mr. BORAH]. I am gratified to perceive that Senators are willing to assume the blame for injustices on the economy bill. Senators, one by one, are beginning to see that the manly, frank, upstanding thing to do is to say that the Congress was to blame for the wrongs committed.

Mr. President, it may sometime occur to us that it is of doubtful wisdom to grant to others powers which the Constitution reposed in us. I recall in my early days of service here the Secretary of the Interior had the power, under Presidential order, to create reservations, and that vast tracts of public land were being withdrawn from the people into unnecessary preserves. Time after time Senators would say, "Yes; I voted to give the Secretary of the Interior the power to create reserves, but I never imagined that he would withdraw such vast tracts of land." Senators have read history upside down or have not read history at all who fail to perceive that whenever power is granted to another you may anticipate that such power may, at times, be employed differently from your views.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield.

Mr. BORAH. I hope the sound doctrine which the Senator is now announcing will be recalled by all Senators when they come to study and consider and pass upon the industrial control bill.

Mr. ASHURST. I have not studied that bill sufficiently to know just what I ought to do, but I will lay a wager that if I do vote for the bill and it then turns out to be unsatisfactory I shall not blame the President.

Mr. HASTINGS. Mr. President——

Mr. ASHURST. I yield to the Senator from Delaware.

Mr. HASTINGS. Does not the Senator think that the Members of the Senate were entitled to rely upon the assurances of the President that if we gave him this power he would deal justly with the soldiers? Is it not true that Senators at the time they gave the authority had a right to assume that after the authority was given the President would not do differently from that which he had promised the Senate to do?

Mr. ASHURST. I did not hear the Senator.

Mr. HASTINGS. The question I ask is whether or not the Members of the Senate were not entitled, partially at least, to rely upon the President's assurance that if we gave him this authority he would act justly with the soldiers?

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield.

Mr. BORAH. May I say that I have not any doubt that the President thinks he is acting justly? Has the Senator from Delaware such doubt?

Mr. HASTINGS. Yes; I have.

Mr. BORAH. I cannot conceive that the President, however mistaken he may be in judgment, is conscious of acting unjustly in this matter.

Mr. HASTINGS. I think that he must be conscious of it if he is as intelligent as I know him to be. He must be conscious, if these matters have been brought to his attention, that a great injustice has been done the soldiers.

Mr. BORAH. He is doing exactly what we knew he would do. We know perfectly well when we delegate these innumerable powers that the President of the United States cannot personally execute them. We know perfectly well that he is going to delegate them to others, and that is exactly what the President has done, and will continue to do; and if the Congress shall continue to grant powers, so multitudinous that no single individual in the world can encompass them and utilize them, we know that we are not going to have the judgment of the President, and cannot have. That is the reason why we ought not to grant them.

Mr. BYRNES. Mr. President, will the Senator from Arizona yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. BYRNES. Mr. President, because of the statement made by several Members of the Senate as to the action of the President and the statement that the rates of compensation fixed would on July 1 go into effect, I assume that they did not know of the statement I made yesterday to the Senate, and I ask permission to repeat it.

Mr. ASHURST. I yield for that purpose.

Mr. BYRNES. The President of the United States, having had called to his attention by many ex-service men the effect of the regulations, has called the officials of the administration into conference, and has stated that the regulations, insofar as they provide the rates of compensation originally announced, will not be put into effect on July 1, but that certainly, on the contrary, as to men suffering disabilities of service origin, those rates of compensation are to be increased. A final determination as to the increase has not been reached so that it could be published today, but within the next few days it will be published, and the rates which have aroused the antagonism of Senators will never be put into effect insofar as the ex-service men suffering service-connected disabilities are concerned.

The President has appointed a committee, several members of which have been selected, which committee is to visit every hospital in the country and to investigate such charges as have been made today upon the floor of the Senate as to the treatment of men and as to the facilities available in the hospitals of the country. His instructions to the committee will be to report to him so that if any injustice is done to any man by any of those who are in charge of the hospitals of the Nation, that injustice will be remedied and the facilities of the hospitals will be made available and used.

Furthermore, by direction of the President, a review is now being made of all those cases wherein the Veterans' Administration has held that the cases came within the class of presumptively service-connected, in order that no injustice may be done to any man who was removed from the rolls because he was only service-connected by presumption.

In addition to that, in this appropriation bill there is carried sufficient money to pay for the increased compensation that will be paid as the result of the action of the President, and when the Congress meets in January next any deficiency that is necessary in order to pay the expenses of the Veterans' Administration for the balance of the fiscal

year can be provided. Until there has been a review of these presumptive cases, until there has been an investigation of the hospital facilities and of conditions prevailing in those hospitals, it would be idle and futile for us to seek to provide any amount of money in this bill.

If any man wants to say that he was deceived by any statements made on the floor of the Senate and if the Economy Act should be modified or repealed, it should be done by a proper legislative commitee and it should not be attempted here as a rider to an appropriation bill. We cannot possibly give the proper consideration to amendments offered here upon the floor of the Senate for such a purpose. Whenever we have attempted any such thing the result has been disastrous. We cannot possibly do justice when an amendment is offered to provide that there shall be no cut exceeding 25 percent for service-origin cases, because under the rates tentatively agreed upon service-origin cases will be reduced not more than 18 or 20 percent on the average, which is less than the prevailing rate. That ought to afford ample opportunity for doing justice.

There has been a rearrangement of the basis of these cases. Under the old law if a man lost a leg, for instance, he was paid in accordance with his ability to earn an income prior to his entrance into the World War, and one man who had lost a leg would receive more for that injury than his neighbor would receive. Under the existing regulations an effort has been made to put all men on the same basis and treat them alike, just as the Federal Employees' Compensation Act does. There will be not more than an 18 to 20 percent cut, according to the information I have, in the service-origin cases upon the average.

I make this statement only because some Members of the Senate are under the impression evidently that the rates heretofore published by the Veterans' Administration are to go into effect on July 1.

May I say further, and I think it should be said, that reference has been made to men who are disabled by reason of wounds received in battle. If I understood the statement upon the floor of the Senate, such a man has been removed from the rolls. If so, it was directly in contradiction of regulations and of the law, and could occur only by the misconduct of some man in the Veterans' Administration. Such a case certainly ought to be reported and the Veterans' Administration given an opportunity to correct it. No one for a moment would agree that there was any excuse for such action.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Florida?

Mr. ASHURST. I yield.

Mr. TRAMMELL. I wish to ask the Senator from South Carolina if his understanding is that the order heretofore made reducing the amount paid in compensation in service-connected cases is going to be revoked?

Mr. BYRNES. That is exactly correct.

Mr. TRAMMELL. I have communications from probably 30 or 40 service-connected cases where as a rule the reduction has been from $90 to $20 a month.

Mr. BYRNES. May I say to the Senator that since the passage of the Economy Act there is a different basis in that the effort has been made, and the regulations provide, that all men be placed on an equality in the case, for instance, of the loss of a leg. Prior to that time there was a difference. We will find many cases where a man whose ability to earn money was greater than that of his neighbor received as a result of that fact a larger amount of money for the same loss. Some men would receive more as a result of the regulations and some less, but the compensation for injury to the ex-service man will be placed on an equality.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I yield.

Mr. BONE. I should like to ask the Senator from South Carolina with reference to the matter he has just mentioned. On page 43 of the bill there is a reference to the expense for maintenance and operation, medical, hospital, and domiciliary services, Veterans' Administration, for which an appropriation of $85,000,000 is provided. On page 48 is a general appropriation of $231,730,000 for pensions, gratuities, and allowances now authorized under any act of Congress.

What objection could there be to an increase in the appropriations in line with what the Senator has stated, if the Government is going to undertake a greater measure of justice? The Senator has said it can be made up by deficiency appropriations. I do not want to leave here with this thing hanging fire and haunting us like Banquo's ghost. In my State are hundreds of veterans who suffered most grievous wounds, and I do not want to be compelled to say to them that we will have to rely first upon some generous impulse of somebody in some department and, secondly, upon some deficiency appropriation which I shall be compelled to vote for later. I want to be very, very certain that we now do justice.

Yesterday I adverted to ship subsidies, none of which we are touching, under which millions and millions of dollars are being paid for hauling a few pounds of mail. But it seems that those things are sacrosanct, and we are assured upon the most respectable authority that we do not dare touch them because they involve some sacred contract. But this contract, sacred or otherwise, privileged or otherwise, that we have made with these soldiers, it seems we do not hesitate to touch.

Mr. BYRNES. I agree with the Senator in his position with reference to the subsidies and have voted that way. As to the first question he asks, the only reason is that until there is a definite revision of the schedules it is impossible to estimate the amount of money that would be needed. It would not be wise for a committee to act before we have the certain knowledge that we will have to provide sufficient amounts of money to take care of all the disbursements that will be made. Whenever an estimate is sent up in regular form, estimating the amount necessary for us to appropriate, I know there will be no hesitation on the part of Congress to make the appropriation.

Mr. BONE. I do not want to prolong the discussion unduly or occupy the floor to the disadvantage of the Senator from Arizona, but I was very much interested yesterday in the statement of the Senator from Oregon [Mr. STEIWER] who said that, in his judgment, the cut for Spanish War veterans would amount to 67 percent, for World War veterans 72 percent, for Civil War veterans 10 percent, and for peace-time injuries, and so on, 15 percent. If that is true, it becomes vitally important before we leave here that we make at least some honest effort to correct that condition.

I recognize the force of what the Senator from South Carolina has said, but on the other hand the Veterans' Administration is now making these drastic cuts. Certainly the charges made on the floor of the Senate cannot all be untrue and false, and I do not want to leave here while this is hanging over us.

Mr. BYRNES. The information furnished the committee is that these cuts were based upon regulations that were adopted to go into effect July 1. They were presented to the President and he has undertaken to revise them in the manner I have stated. He has stated, and with authority from him I can state, that they have been revised and those cuts will not go into effect.

Mr. BONE. I find myself in harmony with the position taken by both Senators from California, who have very largely expressed my own views.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Alabama?

Mr. ASHURST. I yield.

Mr. BLACK. I desire to suggest to the Senator from South Carolina that my amendment has not yet been voted upon and I would not want the Senate to be left under the impression, and I am sure the Senator did not intend to have it so left, that it is necessary for us to wait until the hospitals have been visited in order to begin to use the facilities

of the hospitals. I received my information directly from the Veterans' Bureau that there are 15,000 beds not being used.

Mr. BYRNES. There are 9,000 in veterans' hospitals and 6,000 in Army and Navy hospitals. I am in favor of the Senator's amendment and should like to have that one amendment voted upon and see if we cannot make a little headway. There is no opposition to it.

Mr. ASHURST. Mr. President, I, for one, am willing and anxious to vote to remain in session as long as may be necessary to correct the evils and injustices of the Economy Act.

Mr. GEORGE. Mr. President, I want to ask a question of the Senator from South Carolina, but before doing so I want to invite attention to one fact, and that is that while the rerating of veterans is now going on, to become effective, of course, on the date fixed in the act, to wit, July 1, and not before, the veterans are actually being turned away from the hospitals—that is, those veterans who, under Executive order, are not entitled to enter.

There are other features of the Economy Act as expressed in the Executive order that are also presently effective. It is true that where compensation has been awarded or allowed, the veteran is now rerated and is merely notified that under the rerating he is entitled to a lesser amount or is taken off the roll, but that order does not become effective until July 1. That is not true in the case of veterans, however, who have been discharged from the hospital or who were refused admittance into the hospital; nor is it true with respect to other benefits which the veterans, it seems to me, are entitled to receive.

For instance, under the Executive order an award granted before the passage of the Economy Act but not paid is actually being withheld from the veteran and he cannot receive it. What I wanted to ask of the Senator from South Carolina, however, is whether the President proposes to amend his Executive order only with respect to the cuts made in the compensation paid in the direct service-connected disability cases, or does he also propose to amend it and is an investigation to be pursued for the purpose of ascertaining other injustices that may be made apparent in the administration of his Executive order?

Mr. BYRNES. Mr. President, my understanding is that the latter statement is correct; that as to Veterans' Regulation No. 1, with reference to the treatment of ex-service men in hospitals, which, according to the information I have, has caused the complaint of which the Senator has heard and all of us have heard, an investigation is to be made, and is to be made according to my information by a committee outside of the Veterans' Administration—certainly some members are to serve on that committee who are not within the Administration—to do what the Senator has in mind, ascertain whether or not these injustices have been done, and if so, to remedy them. In response to the rest of the Senator's questions, as to other benefits under the act, an investigation is to be made as to such compensation, not confined solely to those ex-service men suffering from disability.

Mr. GEORGE. May I ask if I correctly understood the Senator to say that the President would extend the period in which his Executive order should go into effect until further investigation could be made?

Mr. BYRNES. I do not know that. If that is true, I have not so understood. The only information I had from the President was as to the statement I have heretofore made as to the ex-service men suffering from disabilities of service origin, having been already determined tentatively, and that a further investigation will be made as to all other features of the act, and a committee appointed from without the Veterans' Administration to investigate the charges that have been made, referred to by the Senator, as to the hospital situation.

Mr. GEORGE. I thank the Senator, and desire to say that I agree that it is not wise to undertake to rewrite the veterans' act in a bill of this character. There may be some things and there are some things like hospitalization benefits, or some specific matter with which Senators are entirely familiar, that may be corrected in the consideration of an appropriation bill, but we probably will get into difficulties if we undertake to write the entire legislation over. If, however, there is to be a further study of veterans' legislation by the President, I desire to take this occasion to suggest that not only is the cut too severe in the case of all veterans suffering from a direct service-connected disability or the dependents of such veterans, but it seems to me also that in that class of cases in which most of the widows of veterans of the World War find themselves—that is to say, where the veteran himself has established service connection for his disability by the presumptions that were allowed under the law prior to the passage of the Economy Act—the widows and dependents of such veterans should be permitted to continue to receive the pension or allowance or award that heretofore has been payable to such widows and such dependents.

In other words, the Economy Act and the Executive orders thereunder having taken away the benefits of all presumptions as written into the law prior to the passage of the Economy Act, the widow whose husband had established his right to compensation by virtue of the presumptions existing in the law now finds that she is deprived, or will be deprived after July 1, of all pension or of all award for herself and her children, if she have dependents. That certainly is a feature of the law that ought to be modified.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator.

Mr. WHEELER. There are cases, likewise, where if a veteran had been alive it might not have been necessary to depend upon the presumptions, where he could have furnished the actual proof.

Mr. GEORGE. Undoubtedly.

Mr. WHEELER. Now, when the veteran has passed away, the widow is absolutely unable to furnish the necessary proof and must depend upon the record that has already been made.

Mr. GEORGE. I was about to make the observation that at the time the veteran filed his claim for compensation it was suggested to him—indeed, the law invited him—to make out his case under existing law. He was content to establish his right to receive compensation under the law as then written, with all of the presumptions that we had seen fit to put into the law. Now, since he is dead, and since his compensation was awarded on the presumption of service connection, his widow finds herself stripped of the small pension that she was entitled to receive and is yet entitled to receive, under existing law, up until July 1. That certainly is a feature of the Executive order and the Economy Act that ought to be dealt with by the President in his amendments to his Executive order.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to say to the Senator from Georgia that having occasion to go to the White House this morning in connection with another matter, the question of veterans' legislation was brought up by the President. He told me, and authorized me to say, that he realized there were many injustices in the regulations as written; that he had been in contact with many of the outstanding men in the American Legion, and that he was proposing to select some of the outstanding men of the Legion to go about the country—probably in the vicinity in which they were located, perhaps on a wider scale—and to ascertain these injustices as rapidly as possible; and as rapidly as they came to his desk, where there were cases of injustice, he would immediately promulgate the necessary regulations to offset them.

He brought up particularly the Spanish-American War veterans, who in most cases have reached an age where compensation has more basis than perhaps for younger men. He expressed his solicitude and desire to deal with these men as fairly as it could be done. I feel myself, at least after having had that talk, that these regulations are in no wise final; that the President is aware of the fact that they

bristle with injustices; and that as rapidly as these injustices are called to his attention they will be corrected, insofar as they can be corrected by regulation.

Mr. CUTTING. Mr. President, may I ask the Senator from Maryland what in the meantime will happen to these veterans who have already been deprived of their compensation by previous regulations?

Mr. TYDINGS. Let me say to the Senator from New Mexico that I have not any doubt that there will be some injustices done no matter how diligent the President is; and may I say that if we were to stay here for 6 months and devote each and every hour to the rewriting of the veterans' provisions, even after we had spent 6 months on the matter, we would find that there would still be injustices.

The way I see the matter is that we should have made these corrections in Congress. I for one tried to have a bill of that character written in the last Congress, but Congress would not do it. There were certain injustices done to the Government, and in an attempt to get rid of those injustices we perhaps gave more authority than was wise. I am convinced, nevertheless, that as fast as injustices are brought to light, the President will correct them; and certainly I see nothing more that anybody can do in the circumstances which confront us at this time.

I should like to add that I believe, though I am speaking without any authority on this point, that where an injustice has been done a veteran, in correcting it the correction will be made retroactive, so that even though there would be a period of time elapsing before the injustice could be corrected, certainly the policy has been heretofore, and no doubt will be in the future, to make it retroactive in that respect.

Mr. CUTTING. That will do a great deal of good to the veteran when he is already dead.

Mr. LONG. Yes; that will help him some—to give him a tombstone!

Mr. TYDINGS. What would the Senator from New Mexico suggest as a better way to do it than the policy we now have?

Mr. CUTTING. By passing legislation this afternoon we can save hundreds of thousands of cases of hardship and injustice to veterans. We may not make the Economy Act into a perfect bill; I do not pretend that we can; but we can enormously improve it.

Mr. TYDINGS. What legislation, may I ask the Senator?

Mr. CUTTING. I have an amendment myself, which I propose, limiting the President to 25 percent reduction on direct combat-connected cases.

Mr. TYDINGS. I am not denying that there can be some amendments made here on the floor that may be sound and just; but after having been through at least two Congresses where an attempt was made to cut off those who were not rightly on the rolls, and having seen nothing come of it, I somewhat despair of any sound action being taken by Congress at this time.

Mr. CUTTING. Well, let us do the best we can this afternoon; and if there is something that we fail to do, let the President's committee attend to it later on.

Mr. CONNALLY. Mr. President, the utterances of Senators this afternoon make it entirely clear to everybody that the regulations which have been promulgated by the Veterans' Bureau are about to work very harsh and cruel injustices upon many thousands of veterans.

The Senator from Maryland [Mr. TYDINGS], in his statement, says that when individual injustices appear, and they are ascertained by this committee which is to be appointed, of course, the President will rectify them when they come to his desk. Well, Mr. President, we all know—and we knew when we passed the act—that it is a physical impossibility for the President of the United States to pass upon individual cases of injustice.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. Why, the head of the Veterans' Bureau himself, General Hines, can not do that. He never has done it. He has had a board which passes upon individual cases, and they reach him only by a process of appeal; and even when they get to him very, very few of them ever come under his personal supervision.

I now yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I just wanted to make more explicit a statement upon which the Senator has assumed my position.

The President said that he was asking several men—one of the men he named was the former president of the American Legion, Mr. Owsley, from the Senator's own State—to go around to these various veterans' centers or hospitals, and there ascertain, in the application of the new regulations, where injustices would occur, and advise him, so that he could act immediately upon them. I did use the expression "individual cases"; but I used it in an illustrative sense rather than in the sense of the actual treating of one individual case.

Mr. CONNALLY. Mr. President, what the Senator from Maryland now says illustrates exactly what I was undertaking to say. The fault is not with individual cases, but the chief fault is in the regulations which, by their universality of application, cannot help but work injustices in thousands of cases.

I know that the President is a kind-hearted, generous man. I know that the distinguished board of legionnaires which may be appointed, according to the statements of the Senator from Maryland, is a good one. But the generality of the rule cannot be determined by one or two isolated cases. These regulations are fundamentally so drastic in their changes that they are going to operate upon thousands of deserving war-scarred and war-torn veterans, and we do not need to visit any hospital to find that out. We can read the regulations, and compare them with the law theretofore in effect, in the office of the Veterans' Administration, or in our own offices, and we can find out that they are too drastic and too harsh, and were never intended by the Congress when it passed the Economy Act.

Mr. President, I happen to be a member of the Committee on Finance of the Senate. When the economy bill came before the Finance Committee it was brought in hurriedly; it was acted upon under pressure, and I voted against reporting the bill at that time because it had not had and did not receive proper consideration in the Committee on Finance. We could not, within the time which the committee gave to the bill, anticipate, we could not even survey, the consequences which were apt to flow from a drastic and arbitrary promulgation of rules not by the President in person but by those of his subordinates who necessarily had to be entrusted with the details of drafting these regulations.

When the bill reached the floor of the Senate some 25 or 30 amendments were adopted, as Senators will recall. On the final passage of the measure I voted for it. I voted for it, as other Senators did, on the solemn assurance of those high in authority that it would be administered in a liberal and in a generous spirit.

If the President could physically pass upon all these cases, if he could pass upon all these regulations in detail, in the light of the experience of the Veterans' Administration, that would be one thing; but it is wholly another thing for some subordinate to undertake to cut the compensation not according to the necessities of the veterans, nor in accordance with justice, but to cut the compensation according to some arbitrary rule of apportioning a lump-sum amount of money which is proposed to be appropriated.

I understand, Mr. President, that in some cases these cuts were made—upon what basis I do not know—simply by allocating a lump sum of so many million dollars for a certain kind of disability, and then going down the list and figuring up the number of men eligible, and reducing their compensation according to the dollar standard, rather than apportioning the appropriation according to the necessity of the cases.

Mr. FESS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. FESS. I think the Senator has put his finger directly on the point of error. I was one who voted for the economy bill, and I would vote against its repeal now. I want to have an opportunity to have it worked out. But evidently there was a mistake in estimating the amount of reduction, and then going ahead and reducing the compensation of veterans without taking into account whether it would affect injuriously and unfairly certain individuals or not. I think the error is in our effort to reduce, rather than to correct errors. I think that is the source of the difficulty. On the other hand, I think it can be adjusted. It will not be an easy problem, but I think it can be adjusted by leaving the power with the President to handle it. He can do it if he sees fit to, not under his regulations, but under the freedom we have given to him. I am inclined to leave the power where it is for the time being.

Mr. CONNALLY. Mr. President, I thank the Senator from Ohio for his suggestion that we are now discussing the real point of weakness in what has been done. But let me suggest to the Senator from Ohio further that, in the matter of reducing the compensation of civilian employees of the Government, we did not undertake it by any such standard as was applied to the veterans. We said they should be reduced not more than a certain percentage. In the case of the veterans, I believe it is sound for us to adopt a statute, or an amendment to the pending bill, providing that compensation for service-connected disabilities should not be reduced more than a certain percentage. It would still be up to the President and the Veterans' Administration to determine whether or not a veteran's disabilities were service connected. It would still be within the power of the Administration to say whether or not his classification was proper. But when it is once established that the disability is service connected, when it is once shown that the veteran's compensation, according to the old rates of pay, is a just and fair one, I believe we ought to adopt the same rule and say that in that kind of case the compensation should not be reduced more than a certain percentage.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LA FOLLETTE. In connection with the suggestion made by the Senator from Ohio, it is difficult for me to understand why Senators are now surprised to find that the regulations promulgated under the Economy Act are harsh, and are creating widespread injustice. We were told very frankly, when the bill was under consideration, that it was proposed that $400,000,000 be taken out of the hides of the veterans under the Economy Act, and how any Senator could figure at that time that $400,000,000 could be cut from the compensation and allowances and benefits paid to veterans and not produce injustices and widespread hardship I cannot understand.

Mr. CONNALLY. Mr. President, the Senator from Wisconsin in his remarks agrees with what I was trying to express a little while ago, when I said that the only proper standard for the Congress to follow is, first, to find out the worthy and deserving cases, and then fix the amount of money that we shall spend, not in a lump sum, but in accordance with what we regard each classification of the cases is entitled to, taking into consideration a proper reduction in the former amount allowed. It is cruel and unjust simply to say we are going to save so many hundred million dollars, or so many million dollars, with respect to any particular activity, without considering the merits of the claims of those whom we are undertaking to relieve.

Mr. FESS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. FESS. The Senator from Wisconsin has said that we were told over and over that $400,000,000 would be saved. I do not think that impressed anybody in the Senate when that sort of talk was being indulged in at the time the economy bill was under consideration, because none of us could see where that amount of money could be saved. I take it for granted that every Member of the Senate who voted for the economy bill voted to give authority to the President to correct certain things which had crept into the legislation which we here were not able to correct. We confessed our inability to do it, and the argument yesterday and today demonstrates absolutely that there is no possibility of economizing on the floor of the Senate, for we are now ready to undo all that was done.

The Senator from Texas, the Senator from Ohio, and other Senators, who voted for the economy bill, voted with the purpose of correcting what ought to be corrected, and what obviously ought to be corrected without any particular regard to how much was going to be saved, but with the idea only that there would be certain savings. So far as the $400,000,000 goes, the talk about that saving never got anywhere with anyone here who was intelligent.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Ohio that I do not think any Senator has said that he wants to entirely undo everything that was done through the enactment of the Economy Act. No Senator here now is proposing to do that. What Senators are suggesting is that, under that act, on the 1st day of July the regulations which have already been promulgated will become effective in all cases, and many individual cases which have already been cut off the rolls will have been separated entirely from the Government rolls.

Can the Congress sit here without paying some attention to that situation? Can we ignore entirely the realities? Every one knows that between now and the 1st of July the President cannot physically correct this situation. It is physically impossible for him to do it. But the Senate may lay down a rule of action; it may prescribe certain standards by which the President can be guided, which will aid the President and not put upon him the tremendous responsibility of all features of the legislation and the administration of it.

Mr. President, when the economy bill was before the Senate, on the 15th of March, the Senator from Texas, who now has the floor, offered an amendment, as appears on page 449 of the CONGRESSIONAL RECORD, substantially like that now offered by the Senator from New Mexico [Mr. CUTTING]. In the amendment which I proposed it was provided, let me say to the Senator from Ohio, that service-connected cases of the World War and Spanish-American War should not be cut more than 25 percent. It left the matter of the rating to the Veterans' Administration. It left the question of fact, the determination of whether or not the veterans' disabilities were service connected or not, to the Veterans' Administration, under the law, but it provided that service-connected cases, including those of Spanish-American War veterans, should not be cut more than 25 percent.

Just here let me suggest to the Senate that the cases of the Spanish-American War veterans, as was pointed out by the Senator from Maryland [Mr. TYDINGS] a moment ago, present a particularly appealing aspect of this situation. The average age of the Spanish-American War veteran is 59 years, I understand, and yet, under the terms of the economy law, more than half of them will be cut entirely off the roll, with no compensation whatever. There is a provision in the economy law that a Spanish-American War veteran 62 years of age could not be cut entirely off, and what happened? The Director of the Budget, or the Veterans' Administration, or somebody, provided that those soldiers, while they should not be cut off the roll, should receive only $6 per month, though the statute required that they be allowed to stay on the roll, but that was all; they just left their names on the roll and cut off all compensation except $6.

Under the present regulations the disabilities of Spanish-American War veterans are presumed to be service-connected, and yet that is a myth, it is a mere pretext, because most of them applied after the act of 1920, and in the questionnaire which they filled out they were asked when they were first taken sick, when their disability first arose.

In practically all cases, of course, they state a date subsequent to the ending of the Spanish-American War. Their ailments may have had their seeds back in the Spanish-

American War, but they did not develop until after the war. Under rules and regulations all the Veterans' Bureau has to do is to pull out the application for pension, and when it discloses on its face that the disability arose after the Spanish-American War, that overcomes the presumption, and off that veteran goes from the rolls. So the regulations as promulgated have resulted in a wholesale slaughter of veterans of the Spanish-American War.

I presume the Senator from Illinois [Mr. LEWIS] will bear witness to that fact. He is in touch, I know, with the situation.

Mr. RUSSELL. Mr. President, I am interested in the remarks of the Senator from Texas, and I should like to say that, as he doubtless knows, despite the presumption in favor of the Spanish-American War veterans, which was agreed to by the proponents of the Economy Act, they are now being called upon to furnish evidence to establish that their disabilities were of service origin.

Mr. CONNALLY. The Senator from Georgia is eminently correct. In many cases they are now required to submit proof to show the connection of their disabilities with their service in the Spanish-American War. Everybody knows of the inadequate hospital facilities and of the poor medical facilities during the Spanish-American War. No records were kept in many cases. At the morning sick call at regimental headquarters when probably 50 men responded, it was simply registered in a little book that they came there. Those records, in many cases, have been destroyed, and in most cases of Spanish-American War veterans it is absolutely impossible to prove service connection of disabilities because of the lapse of years, the inadequacy of the records, and the poor quality of the hospital services.

The other day I received a letter from an old veteran of the Spanish-American War who happened to be a member of the same regiment in which I served. He asked me to send him an affidavit, and if I did not remember when he was sick in the hospital at Miami. Of course, I know that many of those soldiers were sick, but I could not make the affidavit he referred to because I had no personal recollection of that particular man's illness.

Mr. LEWIS rose.

Mr. CONNALLY. I yield to the Senator from Illinois if he desires.

Mr. LEWIS. No; I will not interrupt the Senator.

Mr. CONNALLY. I shall be glad to yield.

Mr. LEWIS. I will not disturb the Senator now.

Mr. CONNALLY. The Senator from Illinois cannot disturb the Senator from Texas except to arouse very pleasant emotions.

Mr. LEWIS. I am gratified at that gracious expression on the part of the Senator from Texas, but I shall not disturb the Senator, whose speech, cogent and powerful, addresses itself to my approval.

Mr. CONNALLY. I am very grateful to the distinguished Senator from Illinois, than whom there is in the Senate no more eminent judge of diction and delivery, of both of which he is a master.

Mr. President, I am perfectly willing to trust the President of the United States, when he has information, when it is physically possible for him to review these individual cases I should be willing to trust his judgment and his action in any individual case before the Veterans' Bureau, but I believe, in view of the situation that has arisen, that Congress is justified in placing some limitation upon the power of those who are to administer the Economy Act.

For myself I expect to support the amendment of the Senator from New Mexico [Mr. CUTTING] which places a 25 percent limitation upon the reduction of compensation in service-connected cases.

Mr. COPELAND obtained the floor.

Mr. BYRNES. Mr. President, would the Senator from New York have any objection to disposing of the so-called "Black amendment", as to which there is no controversy, so that one of the other amendments to the bill may be offered?

Mr. COPELAND. I have no objection to that being done.

Mr. BYRNES. It would facilitate matters. The amendment of the Senator from Alabama has been pending for about 3 hours, and I ask for a vote on it.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama [Mr. BLACK].

The amendment was agreed to.

Mr. TRAMMELL. May I propose my amendment now so that it may be pending? Will the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. TRAMMELL. I now offer the proposal for a suspension of the rule so that I may offer the amendment referred to.

The PRESIDING OFFICER. The clerk will state the notice and amendment of the Senator from Florida. The Senator from New York [Mr. COPELAND] in the meantime will retain the floor.

The legislative clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 5389), the independent offices appriation bill, the following amendment, viz:

On page 61, between lines 6 and 7, add a new section, as follows:

"That title I of Public, No. 2, is hereby amended by adding thereto the following:

"'SEC. 21. That regardless of any provisions embraced in title I, of an act to maintain the credit of the United States Government, being Public, No. 2, Seventy-third Congress, the compensation of those veterans who on March 20, 1933, were drawing compensation on account of service-connected disability shall not be reduced more than 10 percent. In any review of a veteran's case by the Veterans' Administration with a view to reducing the rating of or change the cause of his disability the burden of proof shall rest upon the Government.'"

Mr. COPELAND. Mr. President, in theory, at least, the purpose of debate in this body is to elucidate and clarify the problems presented. So far as I am concerned, I confess I grow more and more confused regarding the status of the payment to the veterans. Yesterday we heard a very well-organized, logical, and convincing address by the Senator from Oregon [Mr. STEIWER]. He stated repeatedly in his address and in reply to questions of Senators that the law is clear; that all our troubles come from the regulations which have been formulated to carry out the law.

It is our duty to find the truth. I think the Senator from Idaho [Mr. BORAH] intimated, if he did not say in so many words, that the trouble is with the law. He suggested facetiously that the "mourners' bench" is now very popular, and I confess that I am a candidate for a place on that bench.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. I am speaking for two Senators on this side who voted against the Economy Act when I say that the application of the Senator from New York is accepted for a seat on that bench.

Mr. COPELAND. I thank the Senator. I have had many regrets about the way I voted, and I want to know now, as soon as I can, whether or not we were misled into voting for that law. I never thought when I voted as I did, in accord with the party caucus, that such cruelty would be perpetrated as has followed the operation of the law—or, at least, the manner of its application.

I referred yesterday to a Spanish War veteran who came to my office day before yesterday. He had served for years in the National Guard of my State, and at the beginning of the Spanish-American War enlisted. He was almost immediately commissioned a major in the Army and served throughout the war and in skirmishes after the war. He was wounded. From the time of discharge from the Army that man suffered from the effects of the fever he con-

tracted during his service and from the wounds which he had received.

He is now an old man, past 70 years of age. He has a dilated heart and all the asthmatic symptoms that go with it. Actually, I was afraid he would die in my office. For professional reasons, as well as for humanitarian reasons, I did not want him to die there.

That man, who had received a pension of $50 a month, received notice from the Veterans' Bureau last Saturday, less than 1 week ago, that his pension had been reduced to $8. I saw the letter.

In his physically debilitated condition this gallant soldier, cited for bravery, was not prepared for such a shock. The emotional strain was too great for a weakened heart.

Mr. President, no one need tell me that I thought when I voted that such outrageous action as that could possibly be taken under the operation of the law. It is time that we found out the true facts. If the trouble is with the law, the law must be amended; if the trouble lies in the regulations, those regulations must be changed at once.

I have spoken about the Spanish-American War veteran. We tried to preserve, and by voting for various amendments offered thought we did preserve, the rights of those veterans. We did not dream of the cruelties which have since been perpetrated upon them.

We have to think also about the veterans of the World War. What is happening to them?

Let me say to Senators that when August rolls around there will not be a Member of the Congress who will have any doubt as to the wickedness of the course of action which we made possible by the enactment of this law—the cruel regulations that have resulted from the law.

Senators, we will need to give thought to the payment of the bonus. I voted against the bonus last year when the slender Treasury could not stand paying it. But now we do not hesitate to vote millions, hundreds of millions, and, indeed, billions of dollars to this, that, and the other thing. I cannot see that many of these appropriations have been such that there will be money placed in the hands of the people. Certainly there can be no relief of our economic distress until money shall be in circulation.

I am hoping that the public works bill which is pending may place several billion dollars in circulation. I know that the payment of the bonus, amounting to two and a quarter billion dollars, would put that much money into circulation, and might well be the means of stimulating business activity throughout the country so that the economic distress would be relieved.

Let it be borne in mind that in a dozen years from now we shall be obligated to pay that bonus. It is already the law. To anticipate its payment might save the country from disaster.

I think the Senator from Michigan [Mr. VANDENBERG] was right this morning when he intimated that we were trapped into voting on the bill as we did. No just person would willfully and voluntarily participate in an act which could possibly result in such cruelties as we daily observed. It is time we found out the exact cause of the situation against which so much complaint is made. As I have said, if the law is at fault, it must be changed; if the regulations are at fault, the matter must be brought to the attention of the President so forcefully that there shall be no doubt of such changes in the regulations as will humanize the law.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, may I suggest to the Senator that one of the moving factors of this situation to me is the manner and the spirit in which the veterans have accepted this situation. We are not overwhelmed with tremendous political propaganda at all; we are not under pressure to repeal the Economy Act. In every instance, the appeals that are made to me are individual appeals, based upon the sheer justice of the situation; they are simple appeals for fair play. I think the spirit in which the veterans are asking for justice is particularly impressive.

Mr. COPELAND. The Senator is right about that. Every veteran with whom I have had contact has said, "I want to share with the Government, and I am willing to take a fair reduction." But when we learn of case after case of men who were wounded in the service, directly service connected, and find that they have been cut off the rolls or so radically reduced that they might as well be cut off the rolls, it is time for us to rise in our might and make the correction which is necessary. So far as I am concerned, I want to do all I can to correct the evils which confront us.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri?

Mr. COPELAND. I yield.

Mr. CLARK. Many examples have been brought to the attention of individual Senators as to the cruelty of the regulations. I simply want to add another one from the many which have come to my attention, the case of a man in my own outfit who had 6 bayonet wounds and 2 bullet wounds and was totally disabled to the extent of requiring an attendant. He had been receiving $175 a month and this has been reduced to $20. I do not think there is any justification or defense for that kind of a regulation.

Mr. COPELAND. The Senator is certainly right about that. Does the Senator think it was ever intended by the Congress that a thing like that should happen?

Mr. CLARK. Of course, so far as I am concerned, I did not vote to tie my own hands and vote the power into the hands of an administrative officer and give him discretion to make such regulations.

Mr. COPELAND. But the Senator does not believe that the law itself was ever intended to treat that veteran in that way, does he?

Mr. CLARK. I am perfectly frank to say to the Senator that I do not believe the Senate of the United States or the House of Representatives, if they had dreamed of the kind of regulations that would be promulgated, could have mustered a corporal's guard to vote for such a measure.

Mr. COPELAND. The Senator is 100 percent correct. The Congress never would have consented to the enactment of the law if there had been a realizing sense of such regulations as we are discussing.

In the debate last spring we all spoke about the kindheartedness of the man in the White House. We continue to have that feeling now. These things of which we complain do not come to his personal attention. He does not know, because of the multitude of his duties, just what is being done. But we cannot afford to adjourn, and the Senator from Washington [Mr. BONE] is right when he says we cannot afford to adjourn, until we have made certain that these cruelties shall be wiped out of existence and that justice shall be done to the veterans to whom we owe protection and tender care. We must deal generously with the widows and orphans of those who served us when our need was great.

To do anything less is to bring us shame. We must not fail those who are truly entitled to our most serious consideration.

Mr. LEWIS. Mr. President, it will be recalled that in closing the debate upon that act which has been defined as the Economy Act, when reaching that phase as it touched the soldier and what appeared to be the inevitable reduction of compensation and allowance, I made bold to say to the Senate that I was clearly of the conviction that the President of the United States, in the situation in which the country had found itself and to which he was addressing himself, only sought at the hands of the soldier that he would lend the Government for a while that particular portion of his allowance which was now being taken from him to be temporarily supplied to the debts of the Nation. I said that so soon as appropriate and expedient, and when the conditions of the country justified a change by which the soldier could be restored to the normal state of the law from which we were temporarily removing him, such would be done by the President and by those who would have charge of the ad-

ministration of the measure. I said that were such assurance not given me, I would not give the measure my support on that feature.

Mr. President, there seems at times a disposition to assume that these soldiers who bring to the attention of the Nation the injustice which has been done them are intruding upon the privileges of the Government and are assuming to make complaint where they have no authority. My mind relates for the moment to recall the instance that after the battle of Platea, as reported by the Roman historian, the senate of Rome was in session. It was seeking to ascertain what could be done to meet demands for the soldier. There was much protest on the part of that eminence which we find all around us in government called the "business man" against paying soldiers. A man was seen approaching the gate of the session house.

The body was posted near the doorway when there were watchmen who approached him, asking why he was standing near the portal apparently in violation of some regulation. One of the officers wearing the insignia of a Roman guardsman approached this individual and said to him, "By what authority do you come here and who speaks for you?" The individual addressed was seen to turn and, presenting his right side, disclosed his arm off his body. Lifting what little quivering flesh that could be controlled in his moments of anguish, he—pointing to his armless sleeve—to the patrolman replied, "Will not this speak for me?"

I ask, Mr. President, may we not in this moment then summon those soldiers who are in such conditions of misfortune and whose maimed bodies, whose ceaseless miseries, draw the moan from their agonizing lips, and ask if these alone are not sufficient to speak for them?

Mr. President, let us ask what is the grievance to which these eminent Senators allude?

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I want to state to the Senator, in begging his pardon for the audible conversation that occurred here a moment ago, that the Senator from Kansas [Mr. McGILL] was trying to find a carpenter in the Senate so that we might enlarge the mourners' bench. The applicants have exceeded its present capacity. [Laughter.]

Mr. LEWIS. Mr. President, I am rather unfortunate that I am unable to quite gather the purpose of my eminent friend nor to what particular point of my address his interruption is addressed. But if it is to indicate to me that something has arisen by which there are those who seek some penance to do some offering in the form, first, of confession in the hope that they may reform, I would have the eminent Senator understand that there is no manner in which they could reform so completely as to find these errors, wherever they have occurred, addressing themselves to correcting them wherever they might, and courageously standing to that correction, that they may see justice administered. I know the eminent Senator from Idaho [Mr. BORAH] made an allusion, somewhat facetiously, calling attention to the earlier days of his life. He had detailed what we call the revival ceremonies in a church and had seen those depart from the mourners' bench and there give confession, but alas, as he said, and as no doubt my friend from Louisiana gathered and which is now puncturing the conscience of the eminent Senator from Louisiana, that was only for a little while, when it was seen the offender returned again to his offense and repeated it wherever he could, or was perfectly indifferent to his previous confession and reformation. I heard the able Senator from Louisiana inform the Senate a few days past upon a case that was appropriate, that there was in connection with the Christian ceremonies generally a line to be gathered from the ancient song which ran—

> As long as the lamp holds out to burn
> The vilest sinner may return.

I do not know to whom that might apply now, but I call my distinguished friend from Louisiana to behold the looking glass in order to see what particular sinner is now meant. [Laughter.]

Mr. President, I trust I may now return to where I was diverted. I want to ask Senators, in a spirit more serious than the levity to which we have been incidentally reduced, what is the grievance the Senate is now expressing? What is the particular evil we have discovered? What is the thing we have noticed that requires a change? If there be those things acted on that produce some regret of conscience, what is that?

Are you seriously, Senators, confessing before the country a grievance and wrong which it is said you by inadvertence have committed or by any other person in the exercise of his legislative powers you gave them, and at the same time do you confess your unwillingness to correct it? Do you profess to the country that you are powerless to remedy it? Do you sit here hour after hour admitting a wrong to your fellow man through your actions, designating in detail where it has cut into his blood and robbed him of a portion of his life, leaving him hopeless through your own action, and do you confess your unwillingness or your inability to remedy it? Why sit you here at all? If there has been this wrong, as has been indicated, whether the wrong flows from the passage of the law or whether through the execution of the regulations becomes a purely administrative matter.

Time and time again since I have had the honor to sit here with my colleagues, either in this particular portion of the history of the Senate or in previous service during the Wilson administration when I was honored with a chair here, and in many cases I have seen Senators correct their own errors promptly by a resolution which is tendered to the floor and then, sir, to the Chair and a motion made to suspend the rules for the immediate consideration of the resolution that it might be passed and its effect promptly enjoyed. Where has that power been taken from you? Wherein does it not exist now? What has become of you and of the power in the United States Senate that you certify to the world at large, who hears your utterance, that a great wrong has been done your countrymen who were brave and gave their limbs and offered to give their lives for the salvation of their country, and that in the injuries they suffered, the bleeding of their wounds, you stand and behold, but confess you are palsied and paralyzed in its presence to remedy it, to give succor to the wounded and relief to the distressed soldier who sacrificed all for his country? This unhappy confession of your impotence will lose you the respect that heretofore has ever been vouchsafed to you as the great, powerful legislative body of the English-speaking realm.

Then, Senators, to the point:

Let there be at once framed such a proposition as will be appropriate, and tendered by the Senate now, which shall itself express what should be the regulation executing the law. If the law provides, sir, that it is to be executed through some form of regulation, keep ever in mind this body, the Senate, makes them. Are these regulations made by a body of gentlemen who are called a commission who have been appointed under your law? Then they take their life from you. They are enjoying power by your consent. They are acting under your directions. It is, after all, your service. It is altogether and wholly your deed.

This being true, let there be framed and shaped by the Senate such a measure as in itself is a regulation that defines the method of the execution of the law; and let it be passed as the action of Congress, and done at once. Otherwise a recommendation for change in regulation may meet such a busy life on the part of the officials who are to execute it, or be so obstructed by the encumbering matters that intrude themselves in the form of legislation, as never to be acted upon and never realized.

Therefore, if sincerity is the mark of your profession of interest, as you seek to relieve the distress, then, instead of by words, do it by deeds, and do it at once. Let the resolution from the appropriate committee be presented here. Let it recite specifically the wrongs. Let it then repair the

wrongs by reciting what should be and what is the meaning of the law, and pass it, and defy those who have enswollen themselves into greatness by little authority and who have dared to violate your directions.

Therefore, Mr. President, I rose merely as one of those who had helped construe the law in speech, pointing out at the time that it would be remedied wherein a hardship would arise; and if I may be pardoned by those who have been eminent soldiers who sit around me, with splendid records of service, let me say that as one of those who served with them in the wars that have existed during my lifetime, I rejoice that these Senators have come to the point of that independence of action, that courage of conduct, that nobility of service, that will now commend them to the respect of their countrymen and to the thanks of these poor, hapless individuals who look upon the United States Senate as their legislators, and to them look for their refuge and their rescue. We will rise to duty and perform it nobly.

I thank the Senate.

CORRECT THE INJUSTICE DONE TO THE DISABLED

Mr. LONG. Mr. President, the Senator from Illinois suggests that we take immediate legislative action to correct the injustice that has been done through the Economy Act.

It is beyond any question that many of the Senators here were misled. I was not one of those who were misled. I saw the consequences of this act at the time. There are only six Senators on this side of the Chamber who voted or were paired against it. There were 4 votes and 2 pairs against the bill; and it is very apparent to my mind that an overwhelming majority of those on this side of the Chamber wish to undo this injustice.

It is no particular source of pride to the few of us who stood against the bill that we have been vindicated in our judgment. That has happened so often in the past several months that we do not seek to make any claim about that. But, regardless of that point, Mr. President, the speeches that have been made here today, particularly from the distinguished whip on this side of the Chamber, express what I think is the unanimous thought, that this whole economy gesture was a big mistake. Out of the hides of the soldiers we cannot take $400,000,000 from veterans' compensation alone without throwing them out of the hospitals, and without taking away the compensation they are getting, and without throwing on the charity of the world the wives and children of these wounded and dead veterans.

It was the most horrible thing that was done through this act. I believe the President is kind-hearted. I believed so then. Fortunately, however, he was able to find an executioner who was willing to go to the limit of the law, and to stretch every syllable of authority to the ridiculous point, such as giving those whose names could not be dropped from the rolls insignificant pittances of 4 and 6 dollars a month, and call that a pension to men who were from 59 to 65 years old, who had served in the Spanish-American War!

Mr. President, in the few words that I undertook to impose on the Senate when the economy bill was passed, I said:

> I can see the disastrous consequences of the bill we are now about to pass.

I said that on the 13th day of March. We had had a caucus on this side of the Chamber, and it had been the decision of most of us to vote for the bill before we really had considered all its features. From that standpoint many of our friends on this side of the Chamber are to be to some extent understood—I do not say excused—in their position in having more or less received information upon which they relied before giving this bill the independent study that we usually give such bills. But now, Mr. President, it is up to us to remedy the injustices of this bill.

Now, I want to read what the Chairman of the Judiciary Committee of the Senate, the distinguished Senator from Arizona [Mr. ASHURST], said here yesterday. It is in line with what the Senator from Idaho [Mr. BORAH] said today, and it is in line with what the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from New York [Mr. COPELAND] said this morning. Here is what the senior Senator from Arizona said. I am reading from the CONGRESSIONAL RECORD of yesterday:

> If we are subjected to odium and public criticism over the Economy Act, let us not be so cowardly as to blame the President. Let us not be so cowardly as to blame the Budget Director. We did it ourselves. Why be mice instead of men?
>
> If the Economy Act is cruel, we did it. How shameful to see Senators, if they do so, hide behind their desks and hide behind a screen, if they do so, and say, "The Budget Director did it! The President did it!"
>
> One Senator says, "I did not know what I was doing." "If I had known what was going to happen, I would not have done it", says another Senator.
>
> Such alibis will not avail us if condemnation falls upon Senators. Do not blame the President. Do not blame the Budget Director. Let us stand up and take it on the chin. Let us assume responsibility for our own acts. Why not, as men, take whatever blame there is and make effort to repair whatever damage there is?

Mr. President, that is my sentiment on this bill. Why not admit that we made this mistake right here in the United States Senate, and be men enough, like the upstanding Senators from Arizona and Illinois, to say, "We will stay here and correct what injustice we have done by this bill, through this hurried action that necessity seemed to require; and we will not be talking about going home on June 10, or July 10, if we are going to throw out upon charity hundreds of thousands of penniless orphans and widows and wounded, disabled soldiers, and people who are suffering, who volunteered their lives for the defense of this country"? We will stay here, as the Senator from Arizona says and as the Senator from Illinois says, and be men instead of mice; and we will enlarge the mourners' bench with all the carpenter's skill required to take in several Members to correct this injustice that was done here on the 13th day of March.

That is the action for us to take. Let us follow the example set by the Senator from Arizona and the Senator from Illinois. Let us remedy this thing here, and quit talking about going home, and sending these poor people the fine speeches that have been made here today. They were almost tearful; they are very encouraging; but let us not send them the fine speeches that have been made here today. Let us send them some grub. Let us send them some medicine. Let us put them back in the hospitals. Let us put the clothes on their backs. Let us let the little widow, whose husband lost his life in the defense of his country, know that in this hour we are going to be men, as the Senator from Arizona says we should, and that we will not take our mistakes out of their hides, but that we will stay here and rectify this thing in the speediest way possible.

I am sure that is the duty of the Senate; and that is what we ought to do here, as the Senator from Illinois says.

Mr. DICKINSON. Mr. President, what I have to say is not going to be a plea in confession and avoidance. I was one of the 13 who voted against the economy bill. I have never regretted that vote. I think it was right; and we are now suffering under the results of the first delegation of power by Congress to someone else. We are going, in my judgment, to suffer the same kind of reaction every time we shirk our responsibility, and turn around and ask someone else to assume it in our stead.

The reason why this readjustment of veterans' compensation is not practical is because at present it is a 1-man job; and no one man can get the reaction from over this country and feel the pulse of the people as the Representatives from the 435 districts and the Senators from the 48 States of the Union receive that reaction and feel that pulse.

In other words, when I opposed this bill at the time it was passed, I suggested the following:

> If the law is definite in its terms, there is nothing that the Bureau can do except make one decision; but the situation is different when an adjustment may be made according to some yardstick to be specified by rules and regulations promulgated by the President and imposed upon the Veterans' Bureau.
>
> Under those circumstances when a Senator goes down to the Veterans' Bureau he will say, "This man is being wrongfully deprived of some of his compensation." What will then happen? When the Veterans' Bureau replies, "Well, the rules and regula-

tions promulgated by the President say so-and-so", that Senator will not lose more than the time necessary for him to get a taxicab and to go from the Veterans' Bureau to the White House in the effort to have those rules and regulations changed. So a thousand and one kinds of complications will grow out of this legislation if in its present form it is put through the Congress and becomes a law.

We are now suffering that very reaction. Why? Because in this law we say that a veterans' compensation can be placed anywhere between $6 and $275. Now, it is said that there was no suggestion that we might save $400,000,000. Why, it was discussed on the floor of the Senate here time and time again. The estimate was made by the committee having the bill in charge that it would save $450,000,000.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. CLARK. I should like to invite the Senator's attention to the fact that when I offered an amendment to scale down all veterans' compensation a flat 25 percent, it was represented by the committee that that was not a sufficient reduction; that that saved only about $220,000,000, whereas it was the intention of the Veterans' Administration to save approximately $400,000,000.

Mr. DICKINSON. I remember that. That is correct.

Mr. CLARK. I also call the Senator's attention to the fact that I was not even able to get a roll call on the amendment which I offered.

Mr. DICKINSON. I had a similar experience.

I desire to make a suggestion. I came in here with four amendments that were prepared by the Economy Committee that saved about $200,000,000. I was not able to get a roll call on my amendments. They were all legislative corrections of abuses that everyone admitted had grown up, and the estimate there was not enough. The whole theory of the Senate was, "We want $400,000,000 saved"; and in order to show that that is what was in the mind of the administration, I remind Senators that at the time the bill was here I said, "What is going to be the estimate for the independent offices appropriation bill when you come up here and ask us to make appropriations for the fiscal year ending July 1, 1934?" They said, "We do not know what it will be"; but they had made their estimates, and what were they? Their estimates were that they were going to run the Veterans' Bureau with $506,000,000.

Let me read from the report of the Appropriations Committee of the House:

VETERANS' ADMINISTRATION

The bill that failed carried a total of $966,836,634 for the Veterans' Administration, including $20,850,000 for the Civil Service retirement and disability fund. For the same purposes the revised estimates and the accompanying bill provide $506,838,000, which is a reduction of $460,000,634.

That is what they were going to save. Why should we say here that there was no intention that there were to be these drastic cuts in the compensation of the soldiers? As a matter of fact, the only way we can save $400,000,000 to $460,000,000 out of an item of $900,000,000 is by cutting everybody's compensation on an average 50 percent, and that is what the Senators are complaining about now; but it was in the minds of the Senate when they voted for the economy bill. It was what was in the minds of the administration when they sent that estimate to the Congress, and it is what was in their minds when they formulated the rules and regulations which have been prescribed whereby these various cuts are to be made.

On top of this the Senator from Indiana has had some suggestion to make with reference to hospitalization. The same report of the House committee says:

Administration, medical, hospital, and domiciliary services: The appropriation under this heading has been reduced from $111,273,634 to $77,273,000, a cut of $34,000,634.

The Senator from Indiana can see why it is necessary, in anticipation of these cuts, that some of these men are going to be compelled to leave the hospitals. That is one of the things which I think is regrettable in this whole administration.

The combined total for pensions and compensation carried in the bill that failed is $592,730,000, while, for the same purposes, the revised estimates and the accompanying bill provide $231,730,000. This is a cut of $361,000,000, attributable entirely to the reduction in rate of compensation and pensions effected by the President's Executive order.

Who can say that the responsibility is not fixed here?

I want to suggest two things. In the first place, this was the plan of the administration. This delegation of power was not initiated by the Senate. It was suggested by President Roosevelt when he made his inaugural address here in front of the Capitol. He said at that time that unless Congress did so and so he would ask for a delegation of power to deal with some of these questions, and he never asked the Congress for a revision of the pension law, but came to Congress and said, "Delegate to me this power and let me do this job"; and this is the job he has done. I am convinced that if we should have a vote on the floor of the Senate now a majority here would vote for the repeal of the economy law if they could vote their own consciences.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Indiana. I invite the Senator's attention also to the fact that not only was it suggested by the President, but it was sent here with a false label, namely, "to maintain the credit of the United States." God save the mark, to balance the Budget! The Senator from Iowa knows, as, of course, we all know, that the credit of the United States was as sound then as it is now.

Mr. DICKINSON. It was sounder.

Mr. ROBINSON of Indiana. Even sounder; yes. Furthermore, that the Budget was not balanced by the Economy Act, that there never was a chance in the world of balancing the Budget by that act, even charging the $450,000,000 to the veterans. The Budget is not balanced now; it will not be balanced next year or the year after; and the Senator from Iowa knows that perfectly well, and I think everybody else knows it. So why resort to deceit, to suggest to this body and to the country that the Economy Act, which a cowardly Congress passed, was "to maintain the credit of the United States"?

Mr. DICKINSON. It has been suggested——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Iowa yield to me?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Arkansas. A good deal of language has been employed, a good deal of denunciation has been resorted to, directed at the President, first, for asking the authority conferred in the Economy Act, and, second, for the manner of employing that authority.

Everyone here—everyone who has a reasonable measure of intelligence—knows that, with the revenues of the Government constantly shrinking, Congress was continuing to pile up additional expenditures and governmental costs, and that at the time the economy measure was presented to the Congress there was such a difference between the amount of the annual revenues received and the amount of the annual expenses of the Government as to seriously threaten the national credit. Everyone knows that Congress had failed to take steps for the reduction of governmental expenditures. Everyone knows that we were glad of an opportunity to have some plan devised by which Government costs would be reduced.

Before changes have gone into effect, Senators find peculiar gratification in condemning the President for a fearless discharge of his duty, for an attempt to perform the functions of his office consistently with the laws enacted by the Congress. The President is working now, doing his best sincerely and conscientiously, to give effect to the will of the Congress; and instead of wasting time in denouncing him, we who did not have the courage to perform the legislative functions necessary to bring the expenses of the Government within the revenues ought to stand by, give the President support, and assist him in working out the defects in the rules and regulations which have been adopted.

Mr. President, that was the spirit demonstrated by the Senator from Oregon [Mr. STEIWER] in his address yesterday,

but it is not the spirit displayed by some who have spoken today.

I thank the Senator from Iowa for yielding.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. DICKINSON. I want to make just one or two suggestions. With the senior Senator from Tennessee [Mr. MCKELLAR], I was on the Economy Committee. We brought in proposed legislation covering the very question involved in the transfer of the power which I have been criticizing this afternoon. We got 3 votes on the other side of the aisle.

Mr. ROBINSON of Arkansas. How many did you get on your side of the aisle?

Mr. DICKINSON. We got 11, which is an average of 3 to 1, pretty nearly 4 to 1.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me again?

Mr. DICKINSON. I yield.

Mr. ROBINSON of Indiana. In connection with what has been said by the senior Senator from Arkansas that the Congress could not be trusted, that the Congress was constantly piling up obligations for the Government, permit me to say that the Congress never began to think of piling up obligations for the Government to anywhere near the extent to which the President of the United States has piled them up during the past 3 months he has been in office, and God knows how much he will pile up in another 3 years and 9 months.

Not only that, but as soon as the so-called "economy bill" was passed, which was falsely labeled a bill to maintain the credit of the United States, he sent another bill to the Congress insisting that we divert $148,000,000 from the building program, which would take that much money from the building trades, where decent wages were paid, that we should divert it from that purpose and turn it over to able-bodied men for planting trees at a dollar a day; and the reforestation plan, so called, before the end of this calendar year, will have cost more than the entire amount that was squeezed out of the veterans who had worn the uniform in defense of the country. It will run to six or seven hundred million dollars, and everybody knows it, before this calendar year shall have ended.

Another measure was passed providing for the expenditure of $500,000,000 for general relief. Furthermore, there were vast schemes for the appropriation of money and the selling of bonds involving billions of dollars. Of course, it was not a bill to maintain the credit of the United States. That was a false label, and it has been proven to be false.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Iowa yield to the Senator from Illinois?

Mr. DICKINSON. I yield, but I hope the Senator does not intend to make a long talk, because I understand we are to go into executive session at 4 o'clock, and I desire to say one concluding thing.

Mr. LEWIS. I will occupy but a second, and I trust to be able to correct an error into which the eminent Senator from Iowa has fallen.

The position taken here that some great wrong was committed by the President, or by the Congress, in the passing of the bill known as the Economy Act, is not an issue, nor is it justified at this time. The issue, I may say to the eminent Senator from Iowa, is whether the regulations which are authorized under the law, which themselves have been shaped and framed by officials of the administration, are just, and wherein they are wrong and oppressive. To the extent to which they are such, here in the Senate they may be disclosed in their separate instances and, by a resolution of this body, corrected at once, or, biding the time for a little while, when the President may do so, but to take advantage of these instances where injustices have occurred in the administering of the regulations as an excuse for condemning the action of the President partakes of a partisanship a little beneath the eminent Senator from Iowa.

Mr. DICKINSON. Mr. President, let me suggest to the Senator from Illinois that the fault in this whole thing was in ever putting it in the power of one man to make these regulations, to do the things which Senators admit are being done and which are being confessed on the floor of the Senate here by the score by Senators, and are shown by the various records they are bringing here.

The delegation of the power I think is wrong. A little while ago we delegated to the President the right to devalue the gold dollar. What happened? Someone has discovered that there is a Constitution somewhere, and they are afraid to base any action on that law, and so they are coming now and asking for the enactment of a statute which will debase the gold dollar and take us off the gold standard. How much further are we going in the delegation of power? How much longer is it going to take us to learn the lesson that we ought to do the things which we were sent here to do legislatively, and that we ought not to transfer the power to anybody; that we ought to be able to assume that responsibility and carry it out? That is one reason why I am making these few remarks this afternoon.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. LONG. While the mistake as to the gold dollar mentioned by the Senator might be corrected through action in the courts, the mistakes made in regard to these four disabled soldiers were buried. They have no such recourse.

Mr. DICKINSON. Let me suggest this: That the mistakes made in the devaluation of the gold dollar might be corrected by the courts, but it might be in 10 months or 18 months after someone having a contract payable in gold had refused to make payment in gold on the theory that he did not have to pay in gold on account of the legislation passed by the Congress. It might correct the matter so far as the future is concerned, but it might deprive a party to such a contract of his remedy under his contract. We cannot correct the abuses which are now being inflicted on the veterans by reason of the fact that the soldier who has to bear the brunt of the abuse may pass to the Great Beyond, so that the remedy, when it comes, may be too late.

Mr. President, let me suggest just one more thing. When we vote to delegate a power, the act of the one to whom the power is delegated is our act if we voted for the bill. We may think we can escape the responsibility, but I believe that the voters in every State of the Union are going to fix that responsibility where it belongs, and that in the end they will say, "If you voted to delegate a power which you should have exercised, you are responsible for the results which come from that delegation of power."

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT (S.DOC. NO. 66)

Mr. HARRISON. Mr. President, I desire to submit a conference report on House bill 5040, the bill providing for an electrical-energy tax and a gasoline tax. I ask that the report may be printed and lie on the table. I will seek to have it taken up tomorrow.

I may say, in the moment left before 4 o'clock, when we must go into executive session, that the Senate conferees were forced to recede and agree to the House provision that a 3-percent tax on commercial and domestic energy be placed on the producers, and the date for its effective enactment was fixed at September the first.

The PRESIDING OFFICER. The report will be printed and lie on the table.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"'SEC. 616. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION.

"'(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.'

"(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

And the Senate agree to the same.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,
Managers on the part of the Senate.

R. L. DOUGHTON,
SAM. B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

EXECUTIVE SESSION

The PRESIDING OFFICER (Mr. BRATTON in the chair). The hour of 4 o'clock having arrived, in accordance with the unanimous-consent agreement previously entered, the Senate will proceed to the consideration of executive business.

The Senate thereupon proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of James R. Fleming, of Indiana, to be United States attorney for the northern district of Indiana.

He also, from the same committee, reported favorably the nomination of Val Nolan, of Indiana, to be United States attorney for the southern district of Indiana.

THE CALENDAR—THE ADJUTANT GENERAL

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

The legislative clerk read the nomination of James Fuller McKinley to be The Adjutant General.

Mr. LONG. Mr. President, I ask that that nomination go over and come up after action on the Helvering nomination.

Mr. REED. Mr. President, the nomination ought to be taken up in its order; it ought not to take very long.

The PRESIDING OFFICER. Is there objection? Without objection——

Mr. REED. Mr. President, I object to the nominations' going over. I ask that it take the regular course.

The PRESIDING OFFICER. The Chair misunderstood the Senator. The question is, Will the Senate advise and consent to the nomination of James Fuller McKinley to be The Adjutant General?

Mr. LONG. Mr. President, the Senator from Maryland [Mr. TYDINGS] wanted a yea-and-nay vote on this nomination. I do not see him here. I can think of no reason why we should not have a yea-and-nay vote. I was one of those opposing this nomination, but the Senator from Maryland was apparently leading in the matter. I should not like to see it voted on in his absence.

Mr. MCNARY. Mr. President, when this nomination came before the Senate on yesterday or the day before, it went over at my suggestion. The Senator from Maryland then expressed a desire for a record vote, and I ask, therefore, for the yeas and nays.

The PRESIDING OFFICER. The Senator from Oregon demands the yeas and nays on the question of confirming the nomination of The Adjutant General. Is the demand seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. I understand if present he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. LEWIS. I wish to announce the absence of my colleague [Mr. DIETERICH] on official business. If present, he would vote "yea."

I am requested to state by the Senator from Kentucky [Mr. LOGAN] that he is paired with the Senator from Pennsylvania [Mr. DAVIS]. Not knowing how the Senator from Pennsylvania would vote, if present, the Senator from Kentucky would withhold his vote, but wished it to be stated that if permitted to vote he would vote "yea."

Mr. NYE. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent for the afternoon on official business.

Mr. AUSTIN. I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent from the Senate. I understand that, if present, he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from South Carolina [Mr. SMITH];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO]; and

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Colorado [Mr. COSTIGAN].

I also wish to announce that the Senator from Minnesota [Mr. SHIPSTEAD] and the Senator from Rhode Island [Mr. HEBERT] are detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I wish to announce that the following Senators are absent in attendance upon a meeting of the Committee on Banking and Currency:

The Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the senior Senator from Colo-

rado [Mr. COSTIGAN], the junior Senator from Colorado [Mr. ADAMS], the Senator from California [Mr. MCADOO], and the Senator from North Carolina [Mr. REYNOLDS].

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Washington [Mr. DILL], the Senator from Kentucky [Mr. LOGAN], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS].

The result was announced—yeas 67, nays 5, as follows:

YEAS—67

Ashurst	Copeland	Kendrick	Robinson, Ind.
Austin	Cutting	Keyes	Russell
Bachman	Dickinson	Lewis	Schall
Bailey	Duffy	Lonergan	Sheppard
Bankhead	Erickson	McCarran	Steiwer
Barkley	Fess	McGill	Stephens
Black	Frazier	McKellar	Thomas, Okla.
Bone	George	McNary	Thomas, Utah
Bratton	Goldsborough	Murphy	Thompson
Bulkley	Gore	Neely	Townsend
Bulow	Hale	Norris	Vandenberg
Byrd	Harrison	Nye	Van Nuys
Byrnes	Hastings	Overton	Wagner
Capper	Hatfield	Patterson	Walcott
Carey	Hayden	Pope	Walsh
Connally	Johnson	Reed	White
Coolidge	Kean	Robinson, Ark.	

NAYS—5

Brown	King	Long	Trammell
Clark			

NOT VOTING—24

Adams	Dale	Hebert	Pittman
Barbour	Davis	La Follette	Reynolds
Borah	Dieterich	Logan	Shipstead
Caraway	Dill	McAdoo	Smith
Costigan	Fletcher	Metcalf	Tydings
Couzens	Glass	Norbeck	Wheeler

So the Senate advised and consented to the nomination of James Fuller McKinley to be The Adjutant General.

Mr. BULKLEY. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of General McKinley's nomination, in order that there may be avoided any complication which might arise from the notification of the confirmation of the Assistant Adjutant General before the notification of the confirmation of the Adjutant General.

Mr. LONG. I object; let it take the regular course.

The PRESIDING OFFICER. Objection is made.

Mr. BULKLEY. Then I ask unanimous consent that the notification of the confirmation of General Conley be withheld until notification shall be sent to the President of the confirmation of the nomination of General McKinley.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I believe I shall withdraw my objection to the President's being notified. I presume we might as well let it go ahead.

Mr. BULKLEY. Then, Mr. President, I renew my request for unanimous consent that the President be notified of the confirmation of the nomination of General McKinley.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio?

Mr. MCNARY. Mr. President, uniformly I have objected to such requests, but I think there is an emergency in this case, and for that reason I shall not make objection at this time, but I want it to be made clear why the exception is made.

Mr. LONG. I withdrew my objection as a courtesy to the Republican Party.

The PRESIDING OFFICER. Without objection, the President will be notified of the confirmation of the nomination.

DEPARTMENT OF THE TREASURY

The PRESIDING OFFICER. The clerk will state the next nomination on the calendar.

The legislative clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. HARRISON. Mr. President, I told the Senator from Michigan [Mr. COUZENS] that that nomination would be passed over for the present.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

COMMISSIONER OF INTERNAL REVENUE

The legislative clerk read the nomination of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue.

Mr. HASTINGS. Mr. President, I presented to the Senate the views of the minority upon this nomination. My recollection is that there was a substantial vote in the committee against the confirmation of Mr. Helvering's nomination; but, in view of the fact that I had conducted most of the examination of the witnesses who were heard, I submitted the report for myself only, without submitting it to the other members of the committee who voted against the nominee.

Mr. President, the position of Commissioner of Internal Revenue is one of the most important positions in the Government. To my mind, it is almost as important, if not quite so important, as the positions occupied by several members of the President's Cabinet. Indeed, the opportunities offered to a person holding that particular office to grant favors are very much greater, in my judgment, than to any particular member of the President's Cabinet.

At the time this nomination was sent to the Senate I had never heard of Mr. Helvering. I did not know anything about the kind of man he was. So far as I knew, he was a suitable person for this particular office. My attention, however, was called to the fact by some person I did not know that in the office of the Treasury Department there would be found reports relative to Mr. Helvering which, if brought to the attention of the Senate, would warrant the Senate in refusing to confirm him. I was informed that a Mr. Irey, head of the Intelligence Division of the Bureau of Internal Revenue, was the man who would be likely to have those reports. I thereupon telephoned him and he told me that the reports had been sent to Mr. Gibbons, of the Treasury Department, and it would be necessary for me to call Mr. Gibbons in order that he might get the authority to turn the reports over to me. He stated, however, that he had recently gone over the reports and had written a synopsis of what was in them, and that he would be very glad to submit that to me. I told him I was anxious to get the original reports and I would, therefore, call Mr. Gibbons. I did call Mr. Gibbons and he promptly replied that he would have Mr. Irey bring the reports to me, and that was done.

Either that day or the day before, when the Finance Committee was considering some bill before it, the matter of the confirmation of Mr. Helvering was brought up by the chairman, and I told the committee that I was making this inquiry of the Treasury Department and requested that the matter go over until the next day so that I might have an opportunity to look at the reports. At my request, that procedure was followed, and the next day I took with me to the committee meeting those reports. I discussed generally with the committee some of the things occurring in the reports. I desire to call attention to a statement of the chairman, found on page 6 of the hearings, where he said:

> As I understand it from Mr. Helvering, what happened in that case is that he knew nothing about the facts that the figures were padded. He was acting in good faith. Then a motion was made to reopen the case; the Government lost out. There, then, came again the same people who had employed him and who told him this motion had been made. They wanted him to represent them, but he found out they had padded it, and he told them he would have absolutely nothing to do with the case and withdrew from it.

After some discussion in the committee, Mr. Helvering was called before the committee. I desire to quote from what he said with respect to this case. It was commonly known as the "*Slim Jim Oil & Gas Co. case*". Mr. Helvering was asked with respect to it this question by me:

> What was the controversy in that case as you remember it?

Mr. Helvering replied:

> I do not recall what the controversy was about the tax.

Then again on page 27 he was asked—

Senator HASTINGS. What are the facts in that case?

Mr. HELVERING. We had a hearing on the basis of an audit made by this company.

Senator HASTINGS. The firm of Washington, Henry & Co.?

Mr. HELVERING. Yes, sir; that audit revealed a tax liability of $450,000. We fought that through the department, through the advisory committee and it was fixed at a certain amount along about that figure. A year or so afterward they called me and wanted me to go back to fight that case over.

The CHAIRMAN. Who called you?

Mr. HELVERING. Washington, Henry & Co. They said there had been a reaudit down there. They came up, and, of course, I intended to continue to fight the case out for them, but they came up and admitted to me that the original audit which they had set up, and on which I had depended to make this settlement, had, with the cooperation of certain officers of the company, been padded, and I refused to have anything more to do with the case from that time on.

Mr. President, I desire to call attention to the fact, in order that the Senate may understand what the controversy was about, that Mr. Helvering was elected to Congress from the Fifth Congressional District of the State of Kansas in the year 1912 and was reelected in 1914 and 1916, making three terms that he served. He was defeated in 1918 and retired from office on the 4th of March 1919. According to his own testimony, he left here at that time and went to Kansas, where he organized and became the president of a bank. He had practiced law until he came to Congress, but had no intention as he left the Congress to engage in the practice of law in Kansas or in the city of Washington.

Some time in the fall of 1919 he was asked some question by some drygoods concern about a tax return and he became interested in it, because, as a member of the Ways and Means Committee of the House, he had helped prepare the laws. He advised the drygoods concern that they were entitled to make a consolidated return. He thereupon took that case for Henry, who was the auditor for that concern, and was successful in having the tax reduced. For that he charged a fee of $1,250.

Shortly after that he was approached by one Harry Washington with respect to the Slim Jim Oil & Gas Co. case. May I say in that connection that the record shows that the firm of Washington, Henry & Co., with offices at Wichita, Kans., and Kansas City, were engaged in the business of auditing tax returns. The records show that in that business they had representatives going about that part of the country soliciting business and saying to the persons whose business they solicited that Mr. Helvering represented them in Washington, that he had influence with the department, and that if they desired to have their taxes speedily and effectively reduced it was quite important that they employ that firm, who in turn would employ Mr. Helvering to get the tax reduced.

There is no evidence anywhere in the record to show that at the time Mr. Helvering knew these representations were being made and he distinctly and positively denied that he knew they were being made. But in that business the very second case that he had was the Slim Jim Oil & Gas Co. case in which the tax had been fixed by the Government at $1,211,000. The record shows, by the president of the company, Mr. Titus, that for more than 2 years a reputable firm of lawyers in Kansas had been working with the department in an effort to have that tax reduced, he believing at the time that the company owed no such tax as this. After spending some 2 years in that effort it was suggested to Mr. Titus, the president of the company, that if he wanted to get the job done it was advisable for him to get some person in Washington who knew the way about the departments and knew how to approach this subject with the Department. He said he had two names suggested to him, one Mr. Jouett Shouse, who was practicing in Washington, and the other, Mr. Guy T. Helvering. He does not remember who suggested Mr. Helvering's name, but he finally selected Mr. Helvering and put this matter in his hands. He made a contract with Mr. Helvering whereby he was to be paid the sum of $25,000 for handling the case.

In due time Mr. Titus, the president of the company, Mr. Taylor, the treasurer, and Mr. Washington, the head of the auditing concern, were requested by Mr. Helvering to come to Washington with reference to this matter, where it would be taken up with the Department. Mr. Titus said that Mr. Helvering talked to him, and took him and Mr. Taylor to see the Commissioner; that Mr. Helvering explained to the Commissioner that they had been trying for some 2 years to adjust the taxes and had not been able to make any adjustment; that the Commissioner replied to him that the taxes ought to be adjusted, that the Government needed the money, and that he would turn them over to a man who would have full authority to settle that particular tax; that either that day or shortly thereafter he and Mr. Taylor—he does not recollect whether Mr. Helvering went with him or not, as I recall the testimony, but at any rate the interested parties appeared before Mr. Darnell, with all the papers in his possession and in front of him at his desk. Mr. Darnell stated to all of them that he had been given full authority to settle the case and he was prepared to settle it.

They discussed it back and forth, and Mr. Titus, the president, said that he told him that, while they did not believe they owed any tax, the company had half a million dollars which they were willing to turn over to the Government in settlement of the case if it could be finally settled; that after some days' talking back and forth they reached the basis of an agreement, and Titus was requested to make an amended return upon that basis. He did make an amended return at the Washington Hotel, where Mr. Helvering was living at the time and where Washington was stopping at the time. It appears in the testimony that Titus was alone with the Department at the time he made the agreement; that he was requested to come there by Mr. Darnell and went there; that when he did go there and made the settlement with him, Darnell told him to make an amended return. He thereupon returned to the hotel where Washington was. He does not remember that Mr. Helvering was there, but he does remember distinctly that Washington was ill. Washington prepared the amended return in lead pencil, and he copied it, and he and Taylor signed it, and it was notarized by a clerk of the hotel on December 3, 1919. He took that return back to the Department, and the agreement had been reached; and, according to his own testimony and according to the testimony of Mr. Helvering, from the time the parties arrived here until they left was a period of about 10 days. While Mr. Titus had been more than 2 years endeavoring to settle this case, Mr. Helvering, by taking these parties to the Commissioner and having the thing referred to Mr. Darnell with full authority to act, had the whole matter disposed of within a period of 10 days, whereby the tax for the year 1917 had been fixed at $451,000 and the tax for the year 1916 at $8,000, making a total of $459,000 instead of $1,211,000.

That is the history of that case up to that point. There is not any positive evidence—I am not even certain that there can be found more than the mere suspicion of circumstantial evidence—that there was something wrong. It does seem a strange thing that competent lawyers in Kansas had spent more than 2 years in coming to Washington time and time again in an effort to adjust these taxes, and then the right man was found who could go to the Commissioner, who turned the matter over to a certain person, and settled the whole business within a period of 10 days; but that of itself, Mr. President, in my judgment, is not enough to warrant the Senate in refusing to confirm this appointment.

I desire, however, to call your attention to that which I read to you from page 27, in which Mr. Helvering, after having talked with the chairman, as I read to you from page 6 of the record, and after he had given to the chairman his excuse and his reason for not taking his case after readjustment and reaudit of the case had been started by the Government, explained the matter to the committee. I think, for the purpose of clarity, I ought to explain that some year and a half or two years afterward there were some stories printed about this case in the State of Kansas, and

thereupon the Government began a reaudit of this case; and Mr. Helvering, according to his own testimony, was requested to take the case again and to fight it through for this Slim Jim Oil & Gas Co.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. As a matter of fact, as the record shows, this case was reopened at the instance of Mr. Curtis, at that time Senator Curtis, of Kansas, on an anonymous letter—at least, anonymous so far as the Department was concerned—which he sent to the Department, cutting off the name of his informant; and when the president of the Slim Jim Oil Co. came to Washington he was advised by a Republican Congressman from Kansas that if he wished to have the case settled the best way to do it was to employ the brother-in-law of the then Senator from Kansas. Is not that shown by the record?

Mr. HASTINGS. That is true.

Mr. President, in that connection Mr. Titus, the president of the company, states that when this reaudit was about to be made by the Government, he wrote Mr. Helvering a letter asking Mr. Helvering with respect to the matter of representing him in that new case. Mr. Helvering says that he replied to him that he did not care to represent him any further.

The point I desire to make is that when Mr. Helvering was explaining this situation to the chairman of the committee privately, and not in the presence of the committee, he gave exactly the same explanation that he gave the next day when he was called before the committee; and here is his explanation:

The CHAIRMAN. Who called you?

Mr. HELVERING. Washington, Henry & Co. They said there had been a reaudit down there. They came up, and of course I intended to continue to fight the case out for them, but they came up and admitted to me that the original audit which they had set up, and on which I had depended to make this settlement, had, with the cooperation of certain officers of the company, been padded, and I refused to have anything more to do with the case from that time on.

I submit, Mr. President, that at that point, both to the chairman of the committee and to the full committee, Mr. Helvering deliberately intended to leave the impression that the Government had been defrauded out of large sums of money because this firm of Washington, Henry & Co., together with the cooperation of certain officials of the corporation, had succeeded in padding the books and deceiving him, and that is the way the reduction of $400,000 to $459,000 was obtained.

On page 28 of the record, Mr. Helvering was asked this question: I had referred to some of the reports of the investigators of this case, and I asked him about it. This was the question:

Do you know anything about a dispute with some persons who claimed they had a right to examine the books of the Slim Jim Oil & Gas Co. and have an accounting? This statement says:

"A few months ago Judge F. C. Wilson, attorney at law, Wichita, as counsel for a client who had brought suit against the Slim Jim Oil Co. for an accounting, reached an oral agreement with James Titus for an audit of the company's books for the year 1917, by Clinton, Montgomery & Co., certified accountants."

Do you know anything about that?

Mr. HELVERING. No, sir; I never heard of it. There was a good deal of complication about that case, down among them there. The officers were trying to get away with everything, as I understand it.

The CHAIRMAN. This concern out there that was doing this auditing, you had confidence in them?

Mr. HELVERING. Oh, absolutely, at first, until this matter came up.

The CHAIRMAN. But when it was revealed they had padded it, you refused to have anything more to do with them?

Mr. HELVERING. I refused even to go to the Department to try to get them reinstated.

Senator HASTINGS. That was after they had admitted to you they had made false statements?

Mr. HELVERING. Yes. They both came to me and wanted me to go over to the Department and make a plea for them to be reinstated, or have the right to appear before the Department.

Subsequently to that a subcommittee was appointed; and when Mr. Helvering appeared before the committee he read a prepared statement in which he made the following explanation about the *Slim Jim Oil Co. case:* I read from the record, pages 36 and 37. Here is his explanation on May 9, the other being on May 5. He had had time to think about the matter, and this was his prepared statement:

I want to say in connection with the settlement of the case of the *Slim Jim Oil Co.*, the complete record is in the file. That case was settled under what was known as section 210 of the revenue act of that year. I will say that after I presented the case the whole matter was conducted in the Bureau and adjustments made exactly under that section of the law which was in effect at that time.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. COUZENS. I think the Senate would be enlightened if the Senator would tell them at this time what section 210 is.

Mr. HASTINGS. I will give Mr. Helvering's explanation of it in just a moment, because I asked him that question.

The Senator from Kentucky [Mr. BARKLEY] asked Mr. Helvering:

Is that the case where the first claim for taxes was $1,211,000, and which they finally settled for $449,000?

Mr. HELVERING. Yes. If you will look in your files there—you told me you had the Slim Jim Oil Co. here—you will see the settlement of that case.

Senator BYRD. What was your compensation?

Mr. HELVERING. My compensation in that case was $25,000, $14,500 to me after I paid all my expenses. My income-tax return for that year shows $14,500. The whole complete file is in the case. The people in charge of the Department made all the orders and settled it under that particular provision of the law which was in existence at that time, which provided that arbitrary amounts, percentages, could be fixed for unusual profits in that year as the result of sales. That was the regular practice.

Then I asked Mr. Helvering a few questions with respect to the matter. On page 43 of the record I asked him this question:

I understood you to say the other day when you were testifying that that case was based upon false statements made by Washington and some of the officials of the company.

Mr. HELVERING. No. Well, I may have said that, but what happened, as developed in the rehearing of that case, is that Mr. Washington and the auditor for the Department, in order to reach this sum which the committee had said in that case should be the tax, had changed back into 1916 part of the income and 1917 part of the income, in order to make the total tax what that figure should be under the provisions of the committee.

Again, on page 47:

When did you first learn that there was about to be a reinvestigation of this *Slim Jim Oil Co. case,* or when did he—

Referring to Washington—

approach you asking you to take the case?

Mr. HELVERING. As I recall, it was in 1921, or along about that time. They didn't ask me—what they said was that there was to be a rehearing of that case. I fully intended to have a rehearing until I found out that Washington and Titus had indulged in a juggling of this income.

Senator HASTINGS. What do you mean by juggling this income?

Mr. HELVERING. Well, just what I said awhile ago, that over in the Department, instead of settling it under the order of Mr. Darnell, the head of that section, under section 210 of the law, they went further, and with the men in the Department put some of this income back in 1916 and some in 1917, so as to cut this tax down.

Senator HASTINGS. Wasn't that perfectly open and aboveboard, and didn't everybody know that was what was being done?

Mr. HELVERING. I didn't know it.

Senator HASTINGS. Wasn't it known in the Department?

Mr. HELVERING. I don't know whether it was known or not. You have in the records of the Department the order of Mr. Darnell, the head of that section—I read it just the other day—ordering the case settled under section 210, and after that order was received, I appeared no more in that case.

Mr. President, Mr. Helvering had an opportunity to examine that record thoroughly, and I examined it thoroughly to find out where that order of Mr. Darnell's was which he says was in the record. I could not find it; but I did find in the record this very significant affidavit made by Darnell when this matter was being reheard:

STATE OF GEORGIA,
County of Fulton:

James L. Darnell, being duly sworn, deposes and says that in the year 1919 he was head of the Natural Resources Subdivision of the Income Tax Unit of the Bureau of Internal Revenue. That as head of such subdivision in the latter part of the year of 1919 there came before him in the regular order of business for settlement the tax case of the Slim Jim Oil & Gas Co. of Wichita, Kans.

That he personally examined the records in the case, and called before him Mr. James C. Titus, president of said oil company, Mr. Charles H. Taylor, one of the directors thereof, and examined them fully in regard to the sale of the properties of said company.

That with all the facts before him as shown by the records, and as stated by Messrs. Titus and Taylor, and after full consideration in the matter, both on the facts and the law, in his official capacity he determined that the sale of the lease owned by the Slim Jim Oil & Gas Co. was made in 1916, and that the sale of the crude oil and storage, and the steel tanks in which said oil was stored, both owned by said oil and gas company, was made in 1917, and that under his direction the case was audited and the income and excess-profits taxes assessed in accordance with his findings.

He believed at that time, and he believes now, that the facts and the law and regulations in relation to the case were fully and fairly considered, and that the action taken was the correct one to be taken in the premises.

This affidavit is dated July 24, 1924.

In other words, instead of finding what Mr. Helvering says was in the record—namely, that Darnell ordered this matter to be settled under section 210—there was no such order made; and Darnell says that was not the proper way to settle this case, but that the way it was settled was the proper way to settle it. When I had the letter of the Department dated December 9, 1919, showing how they arrived at this amount for the year, $451,000, and presented it to Mr. Helvering, and asked him the question whether that settlement was under section 210, he admitted that it was not; but, notwithstanding that fact, he insisted that although he had received his fee of $25,000 in this case, he never saw the final settlement of that particular case.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. I should like to invite the Senator's attention to a memorandum of the auditor of the Treasury Department on a review of this case dated November 28, 1921.

Mr. HASTINGS. May I inquire the page?

Mr. CLARK. Page 200. It was "blue pencil 35", which the Senator had in his possession throughout this hearing, and which he was not fair enough to put in the RECORD, which was introduced into the record by counsel for Mr. Helvering, and which now appears on pages 206 and 207 of the record. This memorandum in the last paragraph reads as follows. It is a memorandum of the auditor of the Treasury Department on a review of the *Slim Jim Oil Co. case*. I quote from the memorandum:

As the taxpayer's income has been abnormally increased by the sale of its capital assets and in consequence appears to be disproportionate to its invested capital, the taxpayer is evidently entitled to relief under section 210.

Precisely the section mentioned by Mr. Helvering.

Providing adequate relief cannot be granted under article 63, regulations 41, of a paid-in surplus at time of organization based upon a proven field, or a discovery.

Then follows the tabulation, which shows the basis upon which the settlement was arrived at.

Mr. HASTINGS. I shall let the Senator answer in his own time. My own understanding of that paper is that it does not say at all that it was settled under section 210, but it goes on and gives the details as to how it was settled. But assume, if you please, that it was settled under section 210, the thing Mr. Helvering undertook to convince the committee of toward the last was that he had been deceived because it was not settled under section 210, and that is what he meant when he was complaining about the books having been padded, and about his having been deceived by this auditor of the corporation. So that whatever way you look at it, whether it was under section 210 or whether it was not, I insist that we are entitled to believe that Mr. Helvering deliberately intended to deceive this committee by what he suggested with respect to these books.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator from Delaware will admit, I presume, that the testimony on the part of Mr. Helvering which the Senator is now criticizing was answers given by him in response to questions propounded by the Senator himself, based upon a report 14 years old which Mr. Helvering had never seen, had never known was in the Treasury Department, and which was turned over to the Senator by some underling in the Treasury Department and used by him as the basis for his attack upon Mr. Helvering, without even giving Mr. Helvering the right or the courtesy of looking at that report, or being advised of its contents before he was cross-examined upon it.

Mr. HASTINGS. I do not know whether the Senator from Kentucky would call Mr. Gibbons, of the Treasury Department, an underling or not. My recollection is that he is one of the Assistant Secretaries of the Treasury, and the Senator may call him an underling if he cares to. In further reply to what the Senator says, I want to say that Mr. Helvering, before he gave this testimony about which I am complaining, spent nearly the whole day in my office; and I gave him a private office, with the full record before him, so that he might take out of it whatever he pleased and use it in any way in which he saw fit to use it.

Mr. BARKLEY. The Senator does not claim that he showed this report to Mr. Helvering before the first day's hearing before the full committee?

Mr. HASTINGS. That is quite true; but what I am now talking about is the testimony that was given by Mr. Helvering after he had a full opportunity to fully examine the report.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. HASTINGS. I yield.

Mr. BARKLEY. Both in the beginning and in the later hearing of Mr. Helvering, did he not contend, from the very start, and does he not now contend, that the basis of the settlement of the *Slim Jim Oil case*, was section 210? Has he ever in any way, directly or indirectly, stated any other contention than that it was settled under section 210, and that he did not know what the calculation would result in, so far as taxes were concerned; that he was fighting for a principle before the Treasury Department; that he was contending that they had a right to settle it under section 210, and they agreed to settle it under section 210, and after they agreed to do that it was a matter of calculation as to how much the tax was, and he left, and paid no more attention to it; that after they had made the calculation they wrote a letter to the Slim Jim Oil Co. fixing $449,000 as the tax, and they sent a letter to Mr. Helvering, calling his attention to the fact that that was the tax calculated, and that they intended to pay it, and that they did pay it, and afterward, when the Treasury reopened the case and the Slim Jim people appealed to Mr. Helvering to represent them again, in the reopening he discovered that they had not made their return upon what he understood was their agreement under section 210, and because of that he refused to have anything more to do with it?

Mr. HASTINGS. Mr. President, in reply to the Senator I will say that I read the explanation given by the chairman of the committee, which was the explanation which had been given to him by Mr. Helvering about this case, in which nothing was said about section 210. I have read verbatim from the report as to what he said when he first came before the committee, when he was asked with respect to this case, and he distinctly stated that this company, which had been discredited by the Internal Revenue Department because of its action—he distinctly stated that that company, with the cooperation of the officers of the company, had padded the books of the corporation, which permitted him to make this settlement of $459,000. He said nothing in that instance with respect to section 210, and when he did mention section 210, he undertook to give the impression to the committee that the settlement was absolutely correct, that there was nothing to complain about, because they had settled under section 210. That was his prepared statement. Then when I asked what he meant when he said that these books had been padded by this firm, and what he meant by saying that the firm had juggled the account—he had said it was settled under section 210—he undertook to say that after he left the case these people, together with somebody in the department, had settled it in an entirely different way.

Further along in the same testimony Senators will find this very significant fact. They will find him saying that the reason why he refused to take this case when it was offered to him the second time was that he had gone to the Department and found that instead of it being settled under section 210, it was settled in some other way. He says that is the way he found it, but in his prepared statement he makes no such statement as that. He insists, in his prepared statement, that it was properly settled under section 210, and calls our attention to the fact that Darnell gave an order that it should be settled under section 210 as further evidence that he was correct in saying that it was settled under such section.

Mr. President, I desire to call attention to another matter. On page 202 of the record I find this:

Senator BARKLEY. And later the company sent you a letter which they received from the Treasury?

Mr. HELVERING. No; they did not send me the letter. They wrote me it was satisfactory and they were going to settle it. I might say that we had a long fight to try to make this on the basis of a 1916 sale.

A long fight of 10 days, bearing in mind what he said in this record in more than one instance, that it was only 10 days from the time they arrived until he got a settlement. That was a long fight he had.

This man Titus agreed if they could settle for the amount of money they had on hand they would settle it.

Mr. President, in his statement in the first instance he said:

They came up, and of course I intended to continue to fight the case out for them.

But before that he said:

We fought that through the Department, through the advisory committee, and it was fixed at a certain amount along about that figure.

That was his first talk. I want to call attention to the fact that in the second examination he had been sworn, and I want Senators to bear in mind this testimony of a man who is intelligent enough and honest enough to occupy the position to which he has been nominated. I want them to listen to this particular testimony, found on page 203 of the record:

Senator HASTINGS. You say here that you fought that through the Department through the income tax or advisory committee. Who were they?

Mr. HELVERING. I do not know, sir.

Senator HASTINGS. Was not there an advisory committee?

Mr. HELVERING. It was set up as a kind of appeals committee, I think. I think this case went to the Solicitor, if I recall correctly.

Senator HASTINGS. Mr. Titus, Mr. Darnell said he had authority to settle it, and Darnell settled it.

Mr. HELVERING. Yes, sir.

Senator HASTINGS. What do you mean by advisory committee?

Mr. HELVERING. It was a committee that had these special cases.

Senator HASTINGS. Can you name a single member of that committee?

Mr. HELVERING. No, sir.

Senator HASTINGS. You cannot remember a single one?

Mr. HELVERING. No, sir.

Senator HASTINGS. How many were on the committee?

Mr. HELVERING. I do not recall about that.

Senator HASTINGS. Were there as many as half a dozen?

Mr. HELVERING. I do not remember.

Senator HASTINGS. Were there as many as a dozen?

Mr. HELVERING. I don't know.

Senator HASTINGS. Were there as many as 25?

This man, on his oath, this man whom we are asked to confirm as the Commissioner of Internal Revenue, intelligent enough and honest enough to be in that position, gave this kind of answers:

Were there as many as a dozen?
I don't know.
Were there as many as 25?
I don't know.
Were there as many as 50?

Then the Senator from Kentucky [Mr. BARKLEY] broke in with this question.

"You do not think there were over a thousand, do you?"

And we got a definite answer, "No."

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. JOHNSON. Simply that I may understand the reason, will the Senator explain the difference between a settlement under section 210 and a settlement under section 216½, or any other numbered section of the particular act? I cannot quite follow why a grave difference exists between a settlement under one section and a settlement under another section.

Mr. HASTINGS. I promised the Senator from Michigan to try to explain that, and if I can find it, I will let Mr. Helvering, the tax expert, explain it.

Mr. McNARY. Mr. Helvering, the tax expert?

Mr. HASTINGS. Yes; he posed as an expert. However, I know enough to explain in a general way what the difference was.

Under section 210 it was possible, in extraordinary cases, to compare the income of a particular company with incomes of companies doing a like business, and in that way, as I understand it, the Government was given authority to fix a lump sum for that particular year instead of figuring the tax upon the income that was actually received by the company.

Mr. President, when Mr. Helvering was testifying before the committee he was asked with respect to the amount of fees in the *Slim Jim Oil Co. case*, and he stated that his record showed—he was quite well satisfied—that there was a fee of $25,000; that his record showed that he got $14,500, and that the other $10,500 must have been paid to Washington, Henry & Co. His attention later was called to the fact, however, that Washington, Henry & Co.'s books showed that they received in that case only $2,500. So that on the last day Mr. Helvering brought his income tax for the next year, 1920, which showed that he received an additional fee of $8,000, which, together with the $2,500 Washington, Henry & Co. had received, and that which he had previously reported, made up the difference of $25,000.

I merely mention that to show that, although this was the second case which this lawyer had after he had retired from Congress, a case in which there was involved $25,000, and in which he got $22,500, he could not remember without going back to his books how much of that fee he received for himself, and he left the committee with the distinct impression, in the first place, that there was only one $14,500 received by him. It makes no difference at all, of course, from my point of view, whether he received $14,500 or whether he received $22,500; but it does make a tremendous difference as to whether or not this nominee, who is seeking confirmation at the hands of the Senate, was deliberately and intentionally deceiving the Senate with respect to this important question or any other question about which we were inquiring.

Another thing. It will be found in the record that he said that he had heard some Senator had stated that he received during a few months the sum of $200,000 in the way of fees, and he laughed that off by saying that was absurd. He proceeded to give for the record what his actual fees were for a period of 5 years, and the junior Senator from Virginia [Mr. BYRD] promptly added that up and said, "For a period of 5 years you received $123,000." Mr. Helvering said, "That is correct." There is no particular point about it, except when he was urged to bring his books here we found that in 1 year he received, according to his tax returns, $119,000, and then he excused what he had said to the Senator from Virginia by saying that he was referring to the net tax that he paid to the Government and not to the net fees he received, because he admitted that in one of those years he had deducted more than $30,000 as a loss upon some other transaction. I merely call attention to that to inquire whether or not when he was before the committee he was fair with the committee; whether he was giving to the committee his honest and best judgment as to what happened.

This man is a trained lawyer. He ought to know that unless he remembered and could tell now what happened some 12 or 13 years ago he ought in some way to have quali-

fied his answer. In many instances he did not qualify his answers at all, but spoke as positively as though the event happened yesterday. Then, when he came before the committee the next time, and was presented with some other complicated situations, from his point of view, he immediately changed front and modified his previous statement and told an entirely different story.

Mr. LONG. Mr. President——

Mr. HASTINGS. I yield to the Senator from Louisiana.

Mr. LONG. If I understood the Senator, he stated that Mr. Helvering, when asked if he had made $200,000 in 1 year, said that was absurd. Then, the books later showed he had made a net sum of $119,000. Is that what the Senator said?

Mr. HASTINGS. Yes; in 1 year.

Mr. LONG. With a gross of $200,000 and a net of $119,000, it appears that his answer was somewhere about right, does it not?

Mr. HASTINGS. If the Senator will look at the record, page 213, he cannot possibly come to the conclusion that at the time he made this statement to the committee he did not intend to give the impression that $123,000 was the total sum he had collected from his professional practice during that period of 5 years. One cannot possibly read the record and reach any other conclusion. Later, when he was confronted with his tax statement, which showed that in 1 year he received as much as $119,000, then he modified his previous statement and said he was talking about the net that he paid to the Government.

Mr. President, I must not take any longer on that particular case. I want to say to the Senate that so far as I am concerned I should not have been able to have found in the *Slim Jim Oil Co. case* sufficient evidence against Mr. Helvering to complain at all, except for his own explanations and his own contradictory statements every time he came before the committee. My own theory is that when he told the chairman that this arose out of a padded book account by the firm that he was repudiating, at that time he believed that that would be the end of it. When he came before the committee and made the same statement to the committee that he was imposed upon by the auditing firm and by the officers of the corporation he again expected that to be the end of it, but when we attempted to examine witnesses and to call witnesses here it was entirely a different story and he found a different way to excuse himself, namely, under section 210.

What happened, Mr. President, with respect to this man Washington whom he had repudiated and who, he stated, had imposed upon him so that the Government had lost nearly $800,000 by the settlement? What happened? When Washington was subpenaed to come to the city of Washington on a Tuesday he got here on Monday morning, and the first thing he did was to go to the Washington Hotel, to Mr. Helvering's room, where all the testimony was gone over in which he was interested or about which he was to testify. I asked Mr. Washington why he did that, and this man whom Mr. Helvering had undertaken to brand as the man who had been responsible for the Government losing thousands of dollars, and who went to Mr. Helvering, the man by whom he had been branded, he said, "I was a friend of his, and I saw by a Kansas newspaper where he was in trouble about his nomination, and I was anxious to go to see what I could do to help him."

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. In just a moment. And what does Mr. Helvering say with respect to it? Helvering says he came; that is true. "I telegraphed him or telephoned him and tried to find him; I tried to find somebody else, the president of the company, and could not do it, so I got in touch with Washington. I did not ask him to come to my hotel, but he did come." What happened when he came? "He hopped on to me," he said, "for making the statement that he, Washington, had padded the books and the Government had thereby lost large sums of money." I now yield to the Senator from Missouri.

Mr. CLARK. Mr. President, the Senator certainly does not intend to leave the Senate under the impression that Mr. Helvering was trying to get in touch with Mr. Washington for the purpose of having him come before the committee and testify in accordance with that conversation, when Helvering specifically explained in the record that his purpose in trying to get in touch with Mr. Washington was to find certain records that he thought might be in his possession; and Mr. Washington did not testify before the committee that he had seen in the newspapers about Mr. Helvering being in trouble, and was anxious to come here and help him. He testified that he went to see Mr. Helvering because he had read in the newspapers certain statements that Mr. Helvering had made about him, at which he was indignant. The impression the Senator is seeking to leave with the Senate of a conference between Mr. Helvering and Mr. Washington for the purpose of fixing up the testimony is not only unwarranted by the record, but is deliberately in the face of the record.

Mr. HASTINGS. All right. I will tell the Senator the impression I want to leave with the Senate. I want to leave with the Senate the impression that this kind of testimony left on me. I obtained the distinct impression that all this stuff that he was saying about Washington padding the books was pure bunk, and that is shown by the fact that when Washington, whom he had condemned before the committee, reached the city of Washington, he not only was not unfriendly with him, but he went to Helvering's room at the Washington Hotel as soon as he could, for the purpose of seeing whether or not he could do anything to help Mr. Helvering in this situation. That is the impression I desire to leave with the Senate; and if that impression be true, if I am correct in my interpretation of the incident, I respectfully submit that this man is wholly unfit for this important office.

Mr. HATFIELD. Mr. President, what happened on the reopening of the case?

Mr. HASTINGS. As to the reopening of the case, Mr. Titus said that when he found this case was to be reopened he was living in the State of California. He also stated that at the time he settled it he had a definite, fixed understanding with Mr. Darnell that, under no circumstances, should it be reopened. When he found the case was to be reopened, he sought Mr. Helvering's advice as to what he should do, and Mr. Helvering suggested to him that he secure additional counsel. Following that advice, he came here and saw a Member of Congress, a friend of his father. That Member of Congress, whose name he gave, and whose name I do not now recall, said that he would think it over until the next day. The next day he suggested that he get Mr. Colladay and Mr. Gann, because he believed this was a political case, and he suggested that those lawyers be employed, to see if they could readjust the case. That course was followed; there were some such adjustments whereby a compromise was reached, and they paid, as I recall, something like $200,000 or $250,000.

Mr. HATFIELD. That was in addition to the other amount?

Mr. HASTINGS. That was in addition to the $459,000 which had been paid.

Mr. BARKLEY. Mr. President——

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator could not remember the name of the Congressman to whom Mr. Titus went. I think it was the Honorable J. M. Tincher, ordinarily known as "Poley" Tincher, of Kansas, and it was suggested, I believe, by Mr. Tincher, that Mr. Gann, who was the brother-in-law of the Vice President, or of the Senator from Kansas at that time, and Mr. Colladay, who was the Republican national committeeman from the District of Columbia, should be employed as attorneys.

Mr. HASTINGS. Mr. President, I desire now to go to the one case that attracted my attention when I read this report. It is known as the "*Trapshooters Oil & Gas Co. case.*" I desire first to read from the report of Mr. Partridge,

on page 8 of the record, one of the old employees of the Department. I read from this report because it gives some of the history of that case. After reciting the facts, he says:

The foregoing is another fishy transaction, comment upon which would seem to be superfluous. The taxpayer corporation at the time of dissolution set aside $25,000 to pay the income and excess-profits tax believed to be due, and after the lapse of months urged the Department to take the entire amount and close the case. An examination had been made by an internal-revenue agent who recommended $160,365.35 tax, but the result of his examination was not made known to the taxpayer at the time. Presumably the field agent's report was audited and carefully reviewed in the Bureau by men qualified to pass upon cases of the character. Some time after the corporation offered the Government the $25,000 it received notice that the tax due from it was something over $152,000. The officers of the corporation then retained Harry Washington and Guy Helvering, who, after getting the secretary-treasurer to come to Washington for the purpose of a hearing, brazenly attempted to hold him up for $10,000 in addition to the retainer agreed upon. Failing in this purpose, and with full knowledge that the Bureau had fixed the tax at more than $152,000, Helvering drew up a contract which he and Mr. Edgecomb, the secretary-treasurer of the corporation, signed, under the terms of which Helvering was to receive "an amount equal to the amount by which the tax finally assessed against the said Trapshooters Oil & Gas Co. is less than the sum of $25,817.50", and then had a hearing before Mr. Powell, natural resources section, as the result of which the tax was reduced to $7,258.27. That is what the Government ultimately received out of an original claim of $160,000. Counting their retainer, the "tax experts", Washington and Helvering, received about $19,000.

Mr. CLARK. Mr. President——

Mr. HASTINGS. I yield to the Senator.

Mr. CLARK. Does the Senator make any contention that that settlement was not a proper one?

Mr. HASTINGS. I do not know that I do. I do not think there is any evidence of it.

Mr. CLARK. I will ask the Senator if it is not a fact, as shown by the record, that that case has been three times reviewed by the Treasury Department and the settlement found to be correct?

Mr. HASTINGS. I do not remember the number of times; but it is not what was actually done that I complain about; it is what Helvering tried to do that I complain about.

Mr. CLARK. As a matter of fact, what the Senator really complains about is the fact that Mr. Helvering has been chairman of the Democratic State committee in Kansas?

Mr. HASTINGS. That is not true at all. I do not care what his political position was; I have no prejudice against him because he is a Democrat; the present administration is entitled to have a Democrat in that position; but I insist that, with all the good Democrats there are in the country, who are capable and honest, no effort should be made to try to impose this man upon the Senate and the country.

Mr. CLARK. The Senator, having been one of the instruments in imposing Mr. Robert Lucas on the country as Internal Revenue Commissioner, would doubtless be very much concerned about the character of man at the head of the Internal Revenue Bureau.

Mr. REED. Mr. President——

Mr. HASTINGS. I yield to the Senator from Pennsylvania.

Mr. REED. The thing that struck me about the *Trapshooters case* was that with an assessed tax of $153,000 these people came down to Washington on a Sunday, and at the very first meeting with Helvering he agreed to go ahead with the case, and made a written contract with them by which his fee was to be the difference between the final tax and $25,000. In other words, he had to reduce that tax from $153,000 down to $25,000 before he began to get a cent.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. I call the attention of the Senator from Pennsylvania to the fact that there was subsequent testimony with reference to that matter to the effect that there was a good deal of parley back and forth between those parties as to the fee. At first he demanded a straight fee of $10,000. There is no dispute about that. Whether the first conversation occurred in Washington or in Wichita, Kans., I think, is of no consequence, but after parleying back and forth and disputing about the amount of the taxes assessed and the amount of money they had set aside to pay the tax, and after Mr. Helvering had demanded a straight fee of $10,000, they finally agreed to pay him $2,500 as a retainer, which they did, and compromised the rest by agreeing to pay him whatever he might save out of the $25,000 they had set aside for the tax.

Mr. REED. Let me start again, because the way that was done formed an impression in my mind that Mr. Helvering had some sort of inside track at the Bureau of Internal Revenue which we could not discover but which was not creditable.

Here is what he did. He did get the $2,500 retainer; that is true. When these people came from Kansas to Washington on a Sunday, the first thing Helvering said was, "You have got to have an expert appraiser to make an affidavit as to the value of this oil property at the time of the discovery of oil. I know a man in New York who will make that affidavit, only you will have to pay him $10,000 for doing it." The client said, "I am not such a sucker as that. I will not do anything of the sort." They had a little wrangle about it there on Sunday morning.

Mind you, Helvering knew nothing about the case. He said the facts would have to be developed through an expert, but that being so, on that same Sunday he made a written contract by which his compensation, over and above the small retainer, depended entirely on his cutting down the tax to one sixth of the assessed amount. He must have known that it was possible for him to accomplish that in the Bureau. He could not have known the facts, because he said himself that he had to hire $10,000 worth of experts to get the facts. Then he told us, when his client would not agree to that, that he had a sort of tame expert in his office who was paid a monthly salary and that he sent him to Kansas to make the appraisal.

Mr. CLARK. Mr. President, will the Senator from Delaware yield for the purpose of making a correction? The Senator from Pennsylvania evidently was not at the hearing.

Mr. REED. I was at a good many of the hearings. That is the story he told at a hearing at which I was present.

Mr. CLARK. I should like to call the Senator's attention to the fact that when this man Edgecomb appeared before the committee in his own proper person, three times he testified, until his memory was finally refreshed by the Senator from Delaware that Helvering sent this man from Washington to make the investigation, which perfectly corroborated Helvering's own testimony; that he first charged a fee of $10,000 which would include the services of an engineer that Helvering had permanently retained in his own office.

Mr. REED. I do not care where the expert was or what fee it was Helvering demanded. What I say is that there is something very "fishy" about a lawyer who says he needs an expert to find the facts and, without waiting for anybody to find the facts, makes an agreement that will give him next to nothing unless he cuts the tax down below $25.000.

Mr. CLARK. I should like to call the Senator's attention further to the fact that he is in error, as shown by later testimony before the committee, in his statement that Mr. Helvering at the time of the Washington conference at the Washington Hotel knew nothing about the case, because the record shows, corroborated by Mr. Edgecomb, that in that conference at the Washington Hotel Mr. Helvering was with them and there was advised of the whole case and there tried to make a contract.

Mr. HASTINGS. I want to say to the Senator from Pennsylvania that what the Senator from Missouri says is correct, but I want to say also that any person could find in this record, with respect to what Helvering said about the *Trapshooters case*, anything that he desires. In other words, he made so many statements that were false, so many statements that were contradictory, that anyone can find anything he wants in the record with respect to it.

When he first came before the committee he was advised of this affidavit from Edgecomb. Edgecomb gave the his-

tory of the company, that it had been sold out for $50,000, and that they had set aside $25,817.50 to pay the taxes; that he had written to Washington to know why the tax had not been settled, and within 2 weeks after he wrote the letter offering the Department $25,817.50 he got a letter from the Department saying the tax had been fixed at $152,000, and shortly after that Harry Washington was approached with respect to settling the matter.

The directors of the corporation, the corporation itself having been dissolved, got together and borrowed $2,500 to pay a retainer to Harry Washington & Co. Edgecomb was not present, but they communicated with him by telephone, and he agreed to send his share of that particular $2,500. The next he knew he was requested to come to Washington. He declined to come unless his associates in that company agreed to pay their shares of the expenses of the trip. He did come. He came with Harry Washington and they met Helvering at the hotel.

There is in the testimony, in opposition to what the Senator from Missouri has just said, a statement by Helvering himself that at that time he did not know anything about the case and had never been consulted about the case. Later he said, when his recollection was refreshed about it, that he had entered into a written contract in Kansas and that what this man Edgecomb said is not true.

In addition to what impressed the Senator from Pennsylvania, I was particularly impressed with this fact. I was impressed with the fact that, having made a contract in Washington with Helvering, this corporation that was in trouble and had this money ready to turn over to the Government, had raised $2,500 of its own, the secretary-treasurer of the company being the one man, according to the testimony, who had the right to give a check, whose name was required on the check to deliver the amount in the bank. These two tax experts got him in this room, one of them a skilled lawyer, and the other a former employee of the Government—and by the way, he was the same man who adjusted the Slim Jim Oil Co. tax and who, when he was in the Government, had fixed it at $1,211,000.

Then they said what? They said, "We cannot operate under the contract made in Kansas. It will be necessary for you to pay us $10,000 more money in order that we may employ an engineer in New York who will sign the necessary affidavit." According to his own testimony he said, "I may look like a hayseed, but you cannot put that over on me."

The Senator from Pennsylvania attended the hearings and will remember that in the record there is a copy of the letter written by this man Edgecomb to his associates in which he set forth the original contract. He set forth the original contract to be a payment of $2,500 in cash and a further agreement to pay another $2,500 and in addition to that they would have 50 percent of what they could save out of the amount of money that had been set aside and deposited in the banks for this purpose. It was that kind of a contract under which Helvering said they could not operate.

Having that in mind and having this demand before him to pay the $10,000, what did he do? He made a new contract and took a chance on getting his associates to agree with him. The record shows that they asked him what authority he had, and he explained that the corporation was dissolved and that he had drawn the contract so that every member of the board of directors would be compelled to sign it. That was the contract agreed to on Sunday morning.

Now, what happened on Monday? Washington took Edgecomb to the Department and they had a little hearing and they went on to New York. According to his own testimony, by the time he got back to Kansas the $152,000 tax had been reduced to something like seven thousand and odd dollars.

What does Mr. Helvering say when confronted with that? When he was asked the question about the engineer what did he say? Senators ought to read the record to see what he said. He said, "That was not my policy at all." Then he went on to say why it was necessary to employ an engineer, and he gave as the reason that it was not true that he had his own engineer, employed by him, and paying him a monthly salary. On page 17 of the hearings he gives a history of the case, showing why it was necessary to have an engineer examine the property. He said:

> The Trapshooters Oil Co. was a company that brought in the biggest gusher that was produced in Kansas. It was a surprise to them, as everybody else, and they had no pipe-line connections. They made temporary receptacles out of earthwork for the oil, ran the well for some 40 days, and then had to shut it down. After shutting it down the oil well went to salt water, and that was the end of this big gusher. There was an adjustment of taxes on the matter of what they had actually taken out of the well and what they had paid for expenses.

Then I asked him the specific question, "As a matter of fact, was there any physical examination made?" He said positively there was. The Senator from Mississippi [Mr. HARRISON], the chairman of the Finance Committee, was impressed with the fact that it did not make very much difference whether it was a New York engineer or whether it was a Washington engineer, because on the last day he asked Edgecomb the question. But he had not read the testimony given before the subcommittee in which Helvering said no engineer was employed at all, not his own engineer, not a New York engineer, but no engineer was employed at all. He said it was not an engineer's job. That is his own testimony in this record. That is what he said about it. The Senator from Mississippi was impressed with the idea that it did not make much difference, that he might very well have gotten mixed; that whether it was an engineer in New York or an engineer in Washington did not make any difference. He asked the question, and I had to call his attention to the fact that at a meeting of the subcommittee he denied that he employed an engineer on this job at all, or that the job required an engineer in any of its aspects.

Mr. REED. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Pennsylvania?

Mr. HASTINGS. I yield.

Mr. REED. Is it not correct that in the hearing before the full committee he testified that he sent his Washington engineer to Kansas to make an examination?

Mr. HASTINGS. That is true.

Mr. REED. And then before the subcommittee he testified, also under oath, that he did not have anybody go to Kansas or have any examination made.

Mr. HASTINGS. That is exactly true. When he testified before the full committee when the Senator from Pennsylvania was present, he stated definitely that he received as his fee in the case $10,000 for himself and his engineer. When he came before the subcommittee he admitted the amount that he received was more than $18,000 and that he was mistaken with respect to the fee, mistaken with respect to employing an engineer, and that it was not an engineering job.

Mr. REED. I can understand that a man could forget a good many incidents after a dozen years; but one thing in his testimony stuck tight in my craw, and that was his testimony about his fee arrangement in this case with Washington, Henry & Co. He told us in my hearing that his relations with them were substantially like those with any other client. Sometimes he got a straight-out lump-sum fee; sometimes he worked on a contingent basis.

Mr. HASTINGS. And, just there, did not the Senator get the distinct impression that he paid Washington, Henry & Co. for the auditing work that they did in all the cases they sent to him?

Mr. REED. I got that impression; yes; but I do not remember his words. Then subsequently it was brought out that he had a contract with Washington, Henry & Co. by which he split his fees on a fixed percentage basis with them, all in writing. First the contract was that 33⅓ percent of all that came from the clients went to Helvering, and 66⅔ percent to Washington, Henry & Co. Later, that was changed so that Helvering got 40 percent. Throughout his long dealings with that firm, however, all these cases

were governed by that written contract for splitting the fees with them. He could not have forgotten that; and when he told us the contrary, as he did in his first testimony, he must have been consciously trying to deceive the committee.

Mr. HASTINGS. Mr. President, there are numerous instances like that in this record, where he said one thing at one time and said another thing at another time. I respectfully submit that you cannot get out of this record a story made by him solely upon his testimony, and ascertain from it what the true facts are.

Clark R. Edgecomb was brought here from California. He was put upon the stand without any inquiry at all being made of him, so far as I know, with respect to this case. In order that his recollection might be refreshed, I read to him this affidavit that he was supposed to have made. His recollection was that he did not make an affidavit, but that he did make a statement a year or two afterward.

I read Mr. Edgecomb a copy of the letter that he wrote his associate, and I asked him specific questions. He went into detail then. He spoke about this contract that was made in the hotel, and said Washington wrote it by hand; and he did not remember having taken a copy of it himself, but he remembered distinctly that on that Sunday morning it was written by hand. I asked him about the question of the engineer and the $10,000. He said, "I could not forget that. It made a lasting impression upon me. The question of the $10,000 and the engineer from New York made a great impression upon me and I could not be mistaken with respect to that"; and you cannot point out anywhere in it where Edgecomb could possibly be prejudiced. Toward the end of his testimony he said he had no complaint to make; that he was not complaining now. He said, "They charged me a fee. We paid the fee. We got results, and I have no complaint to make about it."

Mind you, Helvering never went to the Department at all on this case, according to the testimony, except Helvering's testimony, and he says he cannot give any details. He said he may have gone a half dozen times; but there is in the record a statement made by Powell, directed to Mr. King, and a memorandum written, saying, "I have concluded to settle this case upon the figures submitted by Mr. Washington." That substantiates Edgecomb's statement that Washington went to the Department with him to see Powell, and that they settled the case then and there, and that, as the Senator from Pennsylvania points out, they must have known at the time they made this contract that this $152,000 could be reduced, or they would not have made the kind of contract they did and would not have got the thing over as quickly as they did.

Mr. President, it is necessary to read this testimony carefully if we are to get out of it all there is in it that is objectionable. I submit that, if we were sitting as a jury and could hear the testimony given by this man, we would be bound to reach the conclusion that we would have to decide the case without considering the testimony given by him. I repeat that, so far as the *Slim Jim Oil Co. case* is concerned, I would have had no particular complaint against him if I did not have almost a half dozen contradictory explanations made by him as to his conduct in that particular case.

Mr. President, the committee decided that we should not go into the question of other objections that have been made, and are in the record, relative to this appointment. We had letters complaining that as chairman of the Democratic State Committee of Kansas Mr. Helvering was guilty of compelling 5 percent to be contributed by the officeholders for the benefit of the Democratic Party; that no accounting was ever made of that sum; that he was guilty of selling post offices while he was in the Congress; and that he was guilty of various other things that ought to make him unfit for this place; namely, that as president of the road commission he was now being investigated, and the result of that investigation would thoroughly disqualify him for this place.

Mr. HATFIELD. Mr. President——

Mr. HASTINGS. I yield to the Senator from West Virginia.

Mr. HATFIELD. Who makes these charges?

Mr. HASTINGS. One of the allegations is made by a former treasurer of the Democratic committee, and the others are made by people that I did not know anything about; but the committee reached the conclusion that these complaints grew out of his political activities, and that it was not necessary to spend the time of the Senate in investigating those charges.

However, after that decision was reached, after I had submitted to the committee the names of the persons I desired to interrogate regarding these transactions in connection with the settlement of these tax cases, I received from Kansas an old file relative to the sale of post offices in the State of Kansas when Mr. Helvering was in the Congress. It was of such a serious character that I deemed it important that the committee investigate it. I went to the chairman of the committee and told him that I desired to have these witnesses subpenaed, and he consented that they be included in the list.

The one complaint made was by Frederick D. Lamb, of Manhattan, Kans. Frederick D. Lamb was appointed postmaster in Kansas April 1, 1919. At the time he was appointed postmaster he was the head of the chamber of commerce of that town, composed of about 10,000 people. He was a director of the Rotary Club. He was the owner of a Democratic newspaper published semiweekly. It seemed to me, therefore, that the statements made by Mr. Lamb might be of some importance.

In this letter of Mr. Lamb's were the names of certain people that I thought it desirable to subpena. I desire to read to the Senate a part of the letters written by Lamb to the Post Office Department. This particular one was to the post-office inspector, and was dated October 13, 1919. Here is what he says:

> On August 13, 1918, examination papers were filed in Washington in the matter of post-office appointments at Manhattan, Kans. There were 14 candidates. In May 1919 I received my grading. I later learned that my markings were the highest of the candidates. I was later informed that I had been appointed postmaster. Owing to the failure of Congress to confirm appointments before adjournment of the last Congress, I received a recess appointment effective April 1, 1919. Before I received notice that I had been appointed, William Castle, of Manhattan, came to me in my office (the Riley County Chronicle) and stated that I would have to put up $1,000 before I would receive this appointment. He did not state from whom he came or to whom the money would be paid. He came to see me to the same general effect four times and was told emphatically that there was nothing doing.

Later on he says:

> He came to see me to the same general effect four times and was told that "I do not know whom you represent, but if Mr. Helvering is sending you to me, you may tell him that I said to say to him that 'he could go to hell', that there would be nothing doing."

In a statement to the First Assistant Postmaster General under date of October 13, 1919, Mr. Lamb had certain things to say which I desire to read. I will say, in this connection, that he explained why this statement was written to the First Assistant Postmaster General. He says that he received this appointment, and he received these communications from Castle and from the president of the Citizens' State Bank of Manhattan, Mr. Pratt, and he had made up his mind that he would not pay this amount and that Helvering had thereupon said to his friends that he was going to "get him", or words to that effect.

Having that in mind, he came to Washington and laid the whole matter before the Post Office Department. Subsequently he received his appointment in February 1920 and was confirmed.

In this statement he says that Mr. Pratt, the president of the Citizens' State Bank of Manhattan, informed him that Helvering wanted a certain amount of money. He continues as follows:

My recollection is that the amount named was $1,000, although I am not absolutely sure. According to Mr. Pratt's statement to me it was intimated that the money was to be used to pay a member of the Commission for placing me at the top of the list. I refused to pay a cent, and Mr. Helvering was told I had no money. Mr. Pratt further reported to me that Mr. Helvering then asked that I make the payment monthly. I refused to do this but did offer to release Mr. Helvering from the payment of a bill for advertising, incurred during his previous campaign. Mr. Pratt reported back that Mr. Helvering stated he would not accept this, and, on the other hand, he was not through with me.

In that connection, William Castle was subpenaed and denied that he ever had this conversation with Lamb. Pratt also appeared; but before he appeared on the stand, by cross-examination of some members of the committee it was ascertained that while he was president of the bank he was convicted of embezzlement and had served a certain length of time in prison. In his testimony he says that he did approach Lamb at Helvering's request, but, as he recollected the matter, it was for campaign purposes, and not because it was necessary to have Lamb pay that money in order to keep the post office.

There appears in this correspondence to the post-office inspector, however—I tried to find the original papers in the Post Office Department but was told they had been destroyed—a letter which Helvering wrote Mr. AYRES, a Member of Congress from the adjoining district. Lamb explains this letter by saying that Helvering had recommended some other person, a man by the name of Frank, for the post office, and had requested Frank to write a letter to the Civil Service Commission and to AYRES, requesting that he be appointed. Frank, who was at that time friendly with Lamb, instead of mailing the letters, as he had been requested to do by Helvering, Helvering not wanting them to go through Lamb's post office, took a copy of the letter which Helvering had written to AYRES, the Congressman from the adjoining district. In this letter he called attention to the fact that Frank "is the salt of the earth, and would make an A-1 postmaster, while the man at the head of the list is a double-crosser and has handed me several packages." He admitted writing the letter, and insisted that he had had no trouble with Lamb. Of course, he denied that he had ever directly or indirectly requested Lamb to give him any money because of the favor of this appointment, but he insisted that he could not explain what he had meant in this letter by saying that he was a double-crosser, and that he had handed him several packages.

Mr. President, in that connection there was another letter in this file which, to my mind, was of the greatest importance, a letter written by one W. D. Vincent. W. D. Vincent was described as the president of the W. D. Vincent Hardware Co. at Clay Center, Kans. I had had a subpena issued for him, but the witnesses who appeared here said that Mr. Vincent had died. This letter was written to Lamb. I asked that it be put into the record, but the committee would not permit it to be put into the record because he was dead. To my mind, this letter speaks a great deal stronger and more emphatically than letters which have been written since this appointment was made and have been permitted to be put into the record. Here was a man who had nothing to gain, who was not trying to hurt anybody, who was writing a friendly letter to Lamb, telling Lamb how he might be certain to secure this post office. He was replying to a letter which Lamb had written to him.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. CLARK. Does the Senator say that Mr. Lamb, after he learned of Mr. Helvering's opposition to his reappointment, deliberately entered into correspondence, on his own admission, with every sorehead he heard of in the State of Kansas who had been refused an appointment by Mr. Helvering for the purpose of finding out and getting any abuse of Mr. Helvering that he could get from any of these soreheads?

Mr. HASTINGS. Yes; but what has that to do with the matter?

Mr. CLARK. It is certainly a fine reflection on the character of letters the Senator from Delaware insists on putting into the RECORD.

Mr. HASTINGS. Let me read this letter, and see what the Senate thinks of it.

Mr. CLARK. I have heard it several times. I know what is in it.

Mr. HASTINGS. It reads:

Mr. F. D. LAMB,
Manhattan, Kans.

MY DEAR SIR: I have your letter of the 27th inst. You will find me in Clay Center all this week and next, and would be pleased to talk matters over with you any time. Will also be glad to do anything in my power to help you. However, I do not know of anything I could do. I appreciate your position and think I understand where the difficulty is. I know the man you have to deal with. If he still aspires to political honors, you may bring such pressure to bear that he will hardly dare to go back on you. Otherwise there is only one thing that will count: Money. I have not the slightest doubt that if you should promise to divide the salary, the matter would be favorably settled immediately. I know by actual experience that he is that kind of a man. Purely mercenary. The dollar is the only thing he can see in politics. He is no doubt looking for a man who will divide up with him.

It is humiliating to realize that the Democrats of this district have been represented (or misrepresented) in Congress 6 years by this kind of a person. He is positively the crookedest man I ever had any dealings with. If you can convince him that he cannot afford to turn you down, you may come out all right yet.

Sorry I can offer so little encouragement. If you think of anything I can do, let me know and I shall gladly do it.

Trusting that you may be successful, I am,

Very truly yours,

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator is reading now from a letter which the committee refused to allow to go into the record, because the man who is alleged to have written it has been dead for 15 years, and nobody proved that it was his letter, nobody who read it ever saw his handwriting, there is not a word of evidence in the record to show that this man wrote the letter, and the Senator himself does not know that he wrote it.

Mr. LONG. Mr. President, suppose he did write the letter; is that the kind of a case the Senator is going to try out here? This man Helvering has been in politics out in Kansas and probably had to do with hiring and firing 10,000 men. Every time he hired and fired a man, every one of them he had fired would be willing to write a letter that he was a scoundrel for firing him. I was impressed with the kind of a showing the Senator was making on the other testimony, but I do not understand that a case should be hinged on letters that people write.

Mr. HASTINGS. Mr. President, I may say that I am not certain that what the Senator says would not be correct if the whole case hung upon that single letter, or upon any other one thing that had been proved in the case, but I say that it is impossible for an unprejudiced Senate to take the combination of circumstances and the combination of cases without reaching the conclusion that this man is wholly unfit for this position.

Mr. LONG. I think that is the weakest argument the Senator can make, and I had that thought the other day during the Louderback case, where it was said, "Charge no. 1: There is nothing in it. Charge no. 2: There is nothing in it. Charge no. 3 and charge no. 4: There is nothing in them." But on the combination of "not guilties" find him "guilty." I think that is the slimmest case one can make out.

Mr. McNARY. Mr. President, will the Senator from Delaware yield to me?

Mr. HASTINGS. I yield.

Mr. McNARY. I should like to address an inquiry to the Senator from Mississippi. May we not enter into some form of agreement so that the Senate may recess at 6 o'clock and convene tomorrow morning at 10?

Mr. HARRISON. I understand there are several Senators on the other side who might desire to speak. So far

as I am concerned, I should be very glad if we could fix a time definitely for a vote tomorrow on the nomination.

Mr. McNARY. Let me suggest to the Senator that we recess at this time until 11 o'clock tomorrow, in executive session, and vote upon the confirmation of the nominee tomorrow at 3 o'clock.

Mr. BARKLEY. Mr. President, I am anxious to have this case disposed of; but if several Senators on the other side are to speak, as indicated by the Senator from Mississippi, and they are to take all the time until 3 o'clock, and then we are to vote, I could not enter into any such agreement. I want at least time enough to reply to this stuff being dumped into the RECORD.

Mr. CLARK. I desire to make a few remarks myself.

Mr. HARRISON. Mr. President, would the Senator from Oregon be willing that we recess until 11 o'clock, and that the time tomorrow be equally divided between the proponents and the opponents of the nomination?

Mr. McNARY. That is very fair. That would give each side 2 hours.

Mr. President, I propose that we recess in executive session, after we conclude the session today, until 11 o'clock tomorrow, and that we vote upon the pending nomination at 3 o'clock, the time to be divided equally between those opposing and those supporting the nomination.

Mr. BARKLEY. Does that take into account the 2 hours which have already been occupied by one opponent of the nomination?

Mr. McNARY. Certainly not. There would be 4 hours tomorrow. I thought 2 hours would be an abundance of time for the Senator and his associates.

Mr. BARKLEY. I myself think 2 hours will be all that is necessary to answer 4 hours of argument on the other side.

Mr. HARRISON. I think that arrangement will be satisfactory.

Mr. REED. Mr. President, may I suggest that in the unanimous-consent agreement the Senator from Oregon indicate by whom the time is to be allotted on each side?

Mr. McNARY. I did not indicate any individuals. I specified that it should be equally divided between those supporting and those opposing the nomination.

Mr. REED. I suppose we can agree, when the time comes, as to whether a Senator is speaking on one side or the other. Sometimes it is hard to tell. [Laughter.]

Mr. ROBINSON of Arkansas. No one ever has any difficulty in determining on which side the Senator from Pennsylvania speaks.

Mr. REED. I thank the Senator.

Mr. McNARY. I submit the request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the unanimous-consent proposal offered by the Senator from Oregon? There being no objection, the unanimous-consent agreement is entered into.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the clerk proceed with the call of the calendar.

The PRESIDING OFFICER. The clerk will call the next order of business on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Alexander W. Weddell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary to Argentina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess, in pursuance of the order heretofore agreed to, until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock p.m.) the Senate, in executive session, under the order previously entered, took a recess until tomorrow, Thursday, June 1, 1933, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 31 (legislative day of May 29), 1933

SECRETARIES IN THE DIPLOMATIC SERVICE

William F. Cavenaugh, of California, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Bernard Gufler, of Washington, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Louis G. Dreyfus, Jr., of California, now a Foreign Service officer of class 1 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

UNITED STATES ATTORNEY

William A. Holzheimer, of Alaska, to be United States attorney, division no. 1, District of Alaska, to succeed Howard D. Stabler, term expired.

UNITED STATES MARSHALS

Paul E. Ruppel, of Illinois, to be United States marshal, southern district of Illinois, to succeed Charles W. Cushing, term expired.

Bertrand Money Bates, Jr., of Tennessee, to be United States Marshal, western district of Tennessee, to succeed Arthur Rogers, resigned.

PROMOTIONS IN THE NAVY

Rear Admiral William D. Leahy, United States Navy, to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of Rear Admiral, for a term of 4 years, from the 1st day of July, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 31 (legislative day of May 29), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Alexander W. Weddell to be Ambassador Extraordinary and Plenipotentiary to Argentina.

APPOINTMENT IN THE REGULAR ARMY

James Fuller McKinley to be The Adjutant General.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 31, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, our Heavenly Father, maker of all things, judge of all men, we beseech Thee to heal our infirmities; grant that we may love, fear, and serve Thee with all faithfulness; direct the tides of our affections, and may they rule our daily conduct. Blessed Father, accept us and, in the performance of public service, crown us with courageous perseverance. By pure motives and sincere convictions, couched in understanding, may we seek the everlasting good of our Republic and merit the esteem of our fellow countrymen. In the holy name of Jesus. Amen.

The Journal of the proceedings of Monday, May 29, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.;

S. 317. An act authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund;

S. 324. An act to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes;

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes;

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau;

S. 1103. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla.;

S. 1104. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola (Corry Field), Fla.;

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land;

S. 1536. An act giving credit for water charges paid on damaged land;

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations;

S. 1738. An act authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; and

S.J.Res. 54. Joint resolution limiting the operation of sections 109 and 113 of the Criminal Code.

FANNIE E. WRIGHT

Mr. WARREN. Mr. Speaker, I present the following privileged report from the Committee on Accounts, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 139

Resolved, That there shall be paid out of the contingent fund of the House to Fannie E. Wright, daughter of J. W. Wright, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not exceeding $250, to defray funeral expenses of the said J. W. Wright.

The resolution was agreed to.

MEMORIAL DAY

Mr. BEITER. Mr. Speaker, in the past, when practical, on Decoration Day the House has paused for a moment to pay tribute to the memory of our soldiers in past wars. Owing to pressing duties before the various committees, this year it was impossible to do that. I ask unanimous consent to address the House for 3 minutes in connection with revived memories of war and sorrow.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I think it is eminently fitting and proper that the Congress in special session should set aside a few moments of its crowded program and in this public manner return to the men who served her so valiantly and so victoriously in the most stupendous war in the entire history of the human race; but American men, women, and children have already demonstrated their gratitude and pride in every way which human ingenuity could devise. We are only doing in solemn and official manner what the great, proud, pulsing, loving heart of America has expressed in enthusiastic and impromptu fashion. What we say will matter little, but what our soldiers did will never fade from human memory so long as the world endures. They demonstrated American prowess in arms to all the nations of the earth and raised our country's fame to a pinnacle of exceeding glory.

America is proud of her soldiers, but not because they constitute a part of a military machine. The pride of Rome in her legions, the pride of France in the disciplined troops that followed Napoleon, the pride of Germany in her vast military machine has never been hers. The pride of America in her soldiers has ever been that they were citizen soldiers, called from the peaceful pursuits to serve and sacrifice for the preservation of their liberty, the safety of their country, and the security of their homes. They served not for military distinction, not for fame or glory, not for place or power, but in fulfillment of their obligations as a citizen, because they believed that any sacrifice was better than the surrender of all they held dear. It is this that has ever lent distinction to their service. It is this that has ever made their supreme sacrifice so solemn and so sacred.

Sixty-eight years ago this month, after the close of the great Civil War, this city witnessed the greatest parade that has ever passed down historic Pennsylvania Avenue, when our victorious soldiers of the Armies of the Tennessee and of Georgia, 200,000 strong, marched down the Avenue in the great review before President Johnson and General Grant and other famous men of the Nation. The victory had been won; the Union had been maintained; rebellion had been crushed; but in the flush of victory there was grief profound that so many of the comrades of the marchers had made the supreme sacrifice and yielded up their lives on the battlefields of the South and that the great emancipator, Abraham Lincoln, had passed over to the other shore only a little while before that historic and victorious parade. On that occasion a great banner was hung across the front of this Capitol Building, and on it was this inscription:

"The only national debt we can never pay is the debt we owe the victorious Union soldiers."

Today I repeat that the only national debt we can never pay is the debt we owe to the gallant soldiers, sailors, and marines of past wars, as well as those of the World War; the young heroes who have added new luster to the American flag. And may I turn aside to say just here, Mr. Speaker, that I know but one thing more beautiful in all the world than the American flag; that is the American boy in uniform, who was willing to die to keep that flag floating over your home and mine.

But my time has expired, and I think perhaps I have suggested quite enough for the time being, and will only say in closing that today we have for our heroic soldiers, sailors, and marines of all wars but one sentiment: "Cheers for the living, tears for the dead."

Mr. Speaker, I ask that the House now stand at attention for one half minute out of respect to the memory of our dead soldiers.

The SPEAKER. Is there objection?

There was no objection.

The Members of the House stood in silence for half a minute.

JUDICIARY COMMITTEE—LEAVE TO SIT DURING SESSIONS OF HOUSE

Mr. MAJOR. Mr. Speaker, on behalf of the Chairman of the Committee on the Judiciary, I ask unanimous consent that the Committee on the Judiciary be permitted to sit today and tomorrow during the sessions of the House.

The SPEAKER. Is there objection?

There was no objection.

NEWSPAPER CENSORSHIP IN WISCONSIN

Mr. PEAVEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PEAVEY. Mr. Speaker, since the publication of my speech on newspaper censorship in Wisconsin under date of March 29, 1933, in which I answered the carping criticism of the reactionary Milwaukee Journal, Superior Telegram, Ashland Press, and Merrill Daily Herald of my absence on leave due to illness during the first 10 days of the present

session of Congress, the following significant events have taken place.

First, the Superior Telegram published a 4-column editorial defending itself against the charges I made. It published part of my speech, leaving out the two most pertinent sections; the one defending the soldiers against the Economy Act and the program I suggested that they adopt for the good of the people of Wisconsin.

The Superior Telegram used more space in an effort to answer some of the charges made in my speech than they have given me or my office since I was first elected to Congress. They made a specious plea for fairness when everyone knows that under cover the Telegram is the most bitter, partisan, reactionary influence in Superior.

That is why they fight me. That is why they always foster a second progressive association to split labor, the farmers, and the progressives generally that the representatives of "special privilege" may be elected.

In its editorial the Telegram said I was an inveterate publicity hunter. What a lie! The Telegram convicts itself; either it has suppressed publicity regarding me and my office or else very little has been issued because it has never been published. The Telegram's own files prove this. Does the Telegram think its flat statement is going to be accepted as a fact when the Telegram's own files prove beyond argument that either I send out very little publicity or that the Telegram and other daily newspapers suppress it. The files of the Telegram prove to anyone interested enough to look that the county coroner and his office have received more publicity than the Congressman of the Tenth District since I was elected to office.

The Telegram's files show that every reactionary assemblyman from Superior has been given double and triple the space allowed the Congressman. As for State senator, every occupant of that office since I was elected to Congress has been publicized by the Telegram until many people have been led to believe that the State senator's office is much the more important of the two. As for actual publicity, the Telegram's own files prove that their present State senator receives more publicity than the President of the United States.

Here are some things the Telegram has not told the people of Douglas County, and they have all the facts. The Telegram should tell its readers why the Telegram's State senator started the investigation of the Wisconsin Grain Commission. He knows and so does the Telegram that W. R. McCabe and Charles W. Peacock are honorable men; that they have conducted the affairs of the commission efficiently and in the public's interest. They all know that McCabe and Peacock are conducting the commission as well or even better than it has ever been run since it was established in 1911. Why did the Telegram and its State senator want them investigated? Would this investigation have been called if the State senator had not refused to appear in court and testify as to his connection with J. W. Leverich and the small-loans lobby investigation begun by the district attorney of Dane County? Does the Telegram think that bribery and political corruption already disclosed about the small-loans lobby should not be investigated? Does the Telegram approve of such bribery and corruption in legislative affairs? I am impelled to ask these questions because nowhere have I seen or read the Telegram's attitude on these matters. As a daily newspaper, I am sure the Telegram must have an opinion. I am not like some critics of the Telegram who believe the Telegram fostered the recent investigation of the Wisconsin Grain Commission because McCabe and Peacock had found it necessary in the interests of economy to cut off the two or three thousand dollars a year formerly paid the Telegram for advertising, when the State had nothing to sell which the readers of the Telegram would buy.

The Telegram would like to have its readers believe that they are fair in publishing the news. Let us see. Will the Telegram deny that there was any purpose in the action of their State senator's private examination of J. W. Connor, a biased, political enemy of mine, held after the other committee members had returned to Madison than to elicit malicious slander against me under the color of a quasi-legal proceeding? A more flagrant case of manufactured political slander to suit the purposes of a prejudice-interested publisher has never come to my attention. Does the Telegram think the people of Superior are dumb, devoid of a sense of justice, that they will believe such a falsehood? The Telegram knows that there is not a store in Superior, Ashland, or Washburn but that welcomes any charge account that I give them. The Telegram knows that I have paid every just debt contracted in the 25 years I have lived in northern Wisconsin. They know my credit is good wherever I am known. Then why publish these villainous falsehoods?

What a reflection on the State of Wisconsin, under whose authority this political bushwhacking was conducted, all to direct attention from the State senator who had become contaminated with the notorious small-loans lobby at Madison!

Some Superior citizen might like to know how much "paid advertising" the Telegram received from those loaning money to the unemployed citizens of Superior at the munificent interest rate of 42 percent permitted by the present small-loans law?

ASHLAND PRESS

The Ashland Press has suppressed all news pertaining to me and my office ever since the last campaign, when I refused to support Hoover or to support Chapple's candidacy for the United States Senate. The Press denies this and vents its spleen in some vicious editorial criticism of me personally. The Press has convicted itself of every charge I made in my recent speech in the CONGRESSIONAL RECORD. I refer to the manner in which the Press has handled the news pertaining to the Ashland bank failures and all the negotiations toward a reorganization or starting a new bank.

Practically all these negotiations between the citizens' committees on reorganization, the depositors' committees and the comptroller's office were carried on through me and my office; the telegrams, long-distance calls, and letters show this. Everyone connected with the reorganization knows it, but the Press would not publish it. Why? They made vociferous denials that they suppressed the news when attacking me editorially. What do they say now?

The Press calls itself a daily newspaper. They enjoy their share of a subsidy (second-class mail) that cost the taxpayers of the United States $102,000,000 last year. It seems to me the people of Ashland are entitled to some other answer than just another tirade of personal abuse against me.

MERRILL HERALD

Editor Chilsen, in a recent Herald editorial tirade against me, made the bald assertion, quoting from the Herald of March 29, 1933: "The Congressman is noted for his absenteeism." Mr. Chilsen and the Merrill Herald have aided and abetted the Superior Telegram and the Ashland Press for years past in spreading this falsehood to the public. The Herald, the Telegram, and the Press are afraid to face the issues, they do not dare attack my record votes in Congress, so they lie about the number of my votes. Why do they not print the roll calls? The CONGRESSIONAL RECORD is reliable. It is accurate. I challenge these protectors of "special privilege" to print the record roll calls as they are made. I challenge them to print the roll-call records not only of Congress but of the State legislature.

Why do not these daily newspapers give the people the facts and show who is absent on important roll calls and how the people's representatives vote? I challenge them to do it. I will put my record for voting and for being present to vote on important measures against that of any reactionary Mr. Chilsen or these other "privilege-protecting" daily newspapers can name.

That the people may have the facts, I have compiled a table of the list of votes for the last two sessions of Congress to this date, May 24. Here it is: Last session, December 5, 1932, to March 4, 1933, 37 yea-and-nay votes, 12 quorum calls, total 49. Of this number I was present and

answered 41; of the 8 that I missed, 2 were quorum calls, 4 were unimportant, and the other 2 came while I was at home for the Christmas holidays. During this special session from March 9 to May 24 there have been 35 yea-and-nay votes and 8 quorum calls; total 43. Of this number I was present and answered 35; of the remaining 8 that I missed, 2 were quorum calls and the remaining 6 were made during the first 10 days of the session when I was home on leave of absence because of illness.

No man can represent his constituents faithfully and well and take up their hundreds of different cases with the several departments at Washington and not miss an occasional roll call. I challenge these daily newspapers to name a single reactionary member of the State legislature or Congress who has a better record. These are the facts as shown by the CONGRESSIONAL RECORD. It is my record. I am proud of it, and I resent this deliberate attempt on the part of unscrupulous daily newspapers like the Herald, the Milwaukee Journal, the Superior Telegram, and the Ashland Press in not only suppressing the actual facts as to my voting record, but also by deliberate falsehoods and insinuations try to make the people believe that I am derelict in the performance of my official duties.

The CONGRESSIONAL RECORD shows just who is present and absent and how they vote on every roll call. So does the journal of the State legislature. Why does not the Herald and its "privilege-protecting" associates publish these roll calls? I will tell you why, because they do not dare do so. If they published the roll-call records, they would have to show how the reactionary supporters of privilege vote, and that would make it difficult, if not impossible, for these reactionary representatives to be reelected. Why not give the people the whole truth about the roll-call records of all the Members of Congress? Ours is a representative form of Government. How can the people govern themselves when they are unable to know how their Representatives vote? For years the daily newspapers have suppressed this vital information. Why? It is suppressed at all times and on all occasions, except when some newspaper wants to attack or injure some Member of the House or Senate. Why this censorship of the most vital information necessary to carry out the functions of representative government?

Not every citizen can buy the daily CONGRESSIONAL RECORD, but he can and does subscribe to the newspapers privileged under the law to circulate free within the county where published. Why protect the privileged few in Government at its source? Why not publish the whole record as to those absent and how those present vote on important roll calls. Are the daily newspapers afraid to tell the people how their representatives vote at Washington and Madison? Do the daily newspapers thus protect the friends of "privilege and graft" in the public business? Why permit free looting and political racketeering in this vital function of representative government? If daily newspapers will not publish the facts pertaining to roll-call records of their representatives, they should be made to surrender their franking privilege of "free postage" within the county where published.

ECONOMY BILL

Wisconsin newspapers for weeks past have carried on a propaganda campaign for the program of the National Economy League—the big Federal income-tax payers—to cut Government expenses, cut wages, slash pensions and benefits paid disabled soldiers. "Balance the Budget" is the burden of their cry. Why do not the daily newspapers do something themselves to this end? They unbalanced the budget to the extent of $102,144,290.83 last year. That is the exact amount of the Government's deficit on second-class mail—newspapers and magazines—last year.

Income-tax payers, like the four newspapers mentioned, are for the national economy bill, of course; it balances the National Budget, keeps their tax-exempt securities at par, and the poorly paid Government employees and disabled soldiers drawing from $12 to $24 per month can carry the burden.

There are 13,000,000 able-bodied men out of employment now. What chance have the ex-soldiers, many of them the most loyal, the most patriotic men to wear the uniform during the World War, to get a job? None. The passage of the Roosevelt economy bill as it pertains to the disabled World War veterans is economically unsound and patriotically unjust. These men, because of their loyalty to duty, their officers and their country's cause, carried on in the trenches and on the field, sacrificing their lives and health without regard to preservation of their Army records, now find themselves penalized for their patriotism.

Everyone familiar with soldier claims knows that most of those men now drawing disability allowances are doing so because they did not press their claims in time. Most of them have service-connected disabilities in fact, but they either sacrificed their soldier records for the good of the service or they, through a sense of patriotism, refused to press their claims until the economic necessities, 1929–32, to get a living for themselves and their families forced them to seek justice.

It is my earnest hope that President Roosevelt will be more lenient and generous in administering the law as it pertains to slashing the soldiers' pay in the economy bill than the harsh terms of the measure itself warrant.

The economic effect of this is that these disabled veterans, unable to work and turned adrift by the Federal Government, will become a direct charge on the communities where they live, and this means increase of local property taxes, both real and personal.

Had I been present the first 10 days of the special session, I would have voted "aye" on the beer bill, which passed by a vote of 316 to 97, and I would have voted "nay" on the economy bill slashing the soldiers. This measure passed by a vote of 266 for to 138 against.

Through the cooperation of the postmasters for the whole district I have secured the total number of soldiers drawing Government benefits who will be affected by the administration of the Economy Act. There are 2,063 disabled veterans in the Tenth District now drawing $653,462.40 annually. More than one half of these soldiers will be cut off entirely on July 1. Of the remaining half, their compensation and pension will be reduced 25 percent or more, making approximately a reduction of 75 percent or $490,096.80 annually. That is what the passage of the economy bill means to northern Wisconsin. The people of the Tenth District will lose $490,096.80 annually.

THE DYNAMITE SITUATION

When I succeeded in securing the passage of my dynamite bill at the last session of Congress, I supposed the farmers of my district would have Government explosives at low cost early this summer. The biggest obstacle in securing the passage of a bill of that nature usually comes from the executive department concerned with its administration after it becomes a law. The War Department, the holder of the deteriorated surplus explosives to be reconditioned for use in land clearing, cooperated with me through the Committee on Military Affairs, the committee to which my bill was referred, when the measure was being considered by the committee. The Department of Agriculture, the Department responsible for the administration of the law, once the bill was enacted, offered no objection during the time the bill was before the committee and Congress, finally becoming a law on March 3, 1933.

A few days after March 3 the Agriculture Department informed me that a memorandum was being prepared to be submitted to the Director of the Budget for a reimbursable fund of $15,000 for the administration of the law, to be returned to the Treasury as the explosives were sold to the farmers. After waiting 3 weeks for further word, I consulted the Department and was then informed that they were unable to administer the law because these surplus explosives in the possession of the War Department were so badly deteriorated it would be extremely dangerous to rework them for stump-blasting purposes. They said that at the present time explosives for land clearing can be purchased at $10 per hundred pounds in carload lots. Few farmers want to buy more than 500 or 1,000 pounds at a time. Buying retail in small quantities, the farmers pay

from $18 to $20 per hundred pounds. The Department of Agriculture further advised me that the passage of the production-credits bank bill would, in their opinion, meet the situation and make the administration of my bill unnecessary.

Under the terms of this bill the farmers of any community can organize a local association and secure money and credit with which to buy dynamite in car lots for distribution. Those without the cash can in this manner secure funds for dynamite on time at 5- or 6-percent interest. The production-credits bank bill passed the House this week, and I hope it will work as recommended by the Department of Agriculture and that the cut-over land farmers of northern Wisconsin will be enabled thereby to secure cheap explosives on credit.

Should conditions change and the price of dynamite become excessive, my bill for the distribution of Government explosives can then be invoked.

I have advised the Department of Agriculture that I will oppose the repeal of my bill until such time as it is demonstrated that the cut-over land farmers are being supplied with cheap dynamite with which to clear land.

ALCOHOL-GASOLINE

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an announcement.

The SPEAKER. Is there objection?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, Members of the House are familiar with the agitation that has been carried on for some time with reference to the blending of alcohol manufactured from domestic-grown grain with gasoline as a motor fuel, as a measure of agricultural relief. Much attention has been given to this subject on both sides, and response thereto has come from various organizations. I have arranged, tentatively, that on the 7th of June in Washington, D.C., under the auspices of the Bureau of Standards, the American Motorists Association, the American Automobile Association, and various agricultural agencies and interested people in my State, to have a public demonstration of the merits or contended demerits of alcohol-gasoline as a motor fuel. All those Members representing agricultural States I know are vitally interested, because some 4 or 5 bills on that subject are pending now in the House. Anyone wanting any more detailed information can receive the same by keeping in touch with my office. I hope that a substantial delegation of Members may be in attendance at this demonstration.

FARM CREDIT ACT OF 1933

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5790, with Mr. SHALLENBERGER in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. JONES. Mr. Chairman, this measure for the most part merely provides for implementing the Executive order which combined all of the agencies engaged in lending money for agricultural purposes under one head. It will be recalled that there are some 5 or 6 agencies in the different departments of the Government which were engaged in different forms of lending. Some 60 days ago the Chief Executive issued an order consolidating all of these agencies and placing them under one head, to be known as "the Farm Credit Administration." This measure provides for the necessary regional and local banks, corporations, and associations for proper functioning under that Executive order.

The measure provides for taking the unexpended balances and collections under the crop-production and seed loans, consisting of a fund estimated to be around $80,000,000 or a little more, and undertaking to have a system of production credit based on a sounder system than has heretofore existed. In addition to this $80,000,000 there is an appropriation authorized of some $40,000,000, which will create a revolving fund of $120,000,000. It is hoped that the system provided for under this portion of the bill will take the place of the present crop-production method which has been necessary in the great emergency and which, in its essence, cannot be on a very sound basis. This $120,000,000 is used as a revolving fund for establishing a production corporation in each Federal land-bank city, with a capital stock of not less than $7,500,000.

Mr. SNELL. Will the gentleman yield right there?

Mr. JONES. I yield.

Mr. SNELL. As I understand, you are going to establish some new production associations in each land-bank district in the United States?

Mr. JONES. Yes, sir.

Mr. SNELL. I thought as a result of the Executive order we were going to contract all of those loaning agencies instead of establishing new ones?

Mr. JONES. Well, it is not establishing new agencies centrally. They will all be under one head; but there are different forms of credit, and this will provide for the necessary harness or agency to carry out the activities that have been placed under the central head. It is estimated by those in charge that they will save at least $2,000,000 annually in administrative costs.

Mr. SNELL. Was there evidence to that effect placed before the gentleman's committee?

Mr. JONES. Yes. They assured us that with this set-up they would save at least $2,000,000 every year in administrative costs.

Mr. SNELL. As I read the report, to a certain extent this takes the place of the seed-loan organization?

Mr. JONES. Yes. As I had just stated to the Committee, it is hoped that this will substitute a sound basis of credit for the emergency credit that has been arranged heretofore from year to year in the distress period.

Mr. SNELL. Does the gentleman really believe that if we have another emergent situation this will take the place of those seed loans?

Mr. JONES. That is a very difficult question to answer. That would depend upon how desperate the emergency might be. I have every hope that this measure will make unnecessary the future so-called "crop-production loans", at least, of a general nature.

Mr. SNELL. Well, there are a great many modifications in the gentleman's statement.

Mr. JONES. Of course the gentleman understands that in great emergencies like an earthquake or a storm there might be local situations which would require emergent attention, but as far as concerns the general demands of agriculture, country wide in scope, I hope that that will be unnecessary.

Mr. SNELL. Now, how many different organizations will there be in the Government to loan money to the farmers when you pass this bill?

Mr. JONES. There will be just one, with different branches. Of course, we have the land-bank system.

Mr. SNELL. That is one.

Mr. JONES. They are all under one head in Washington.

Mr. SNELL. They may be under one head, but I am wondering how many different organizations are going to loan money to different individuals connected with farms?

Mr. JONES. Then we will have the cooperative credit. They will not loan to individuals. They will loan to associations of individuals, and the gentleman understands that is an entirely different type of credit from the land-bank credit. Then we will have this production credit corporation, which will, through the local associations, loan to individuals. The production credit banks themselves will not loan to indi-

viduals, but the production credit corporation will furnish the major portion of the stock for the local associations, which will enable them to secure credit through the intermediate credit bank, which is the functioning agency.

Mr. SNELL. In my hasty examination of the report this morning it seems to me this sets up two different organizations in each of the 12 land-banks divisions of the country.

Mr. JONES. In each of those regions they will have the same directors and the same officers. It is a fact that they would probably put them all under one name in this region, but if you put the production credit and the cooperative credit as a part of the land-bank credit, it would probably make it much more difficult for the land bank to borrow its funds and dispose of its obligations.

Mr. SNELL. You appropriate $120,000,000 to start this?

Mr. JONES. We appropriate $40,000,000 and utilize the unexpended balances and collections.

Mr. SNELL. Well, it is practically an appropriation of $120,000,000.

Mr. JONES. It utilizes $120,000,000 but authorizes an appropriation of $40,000,000.

Mr. SNELL. But it all comes out of the Treasury just the same. Can the gentleman give the House any information as to the number of additional employees necessary to carry out the provisions of this bill?

Mr. JONES. They assure us that not only will it not be necessary to provide additional employees, but that they will be able to very materially reduce the present number of employees. As a matter of fact, under this head, instead of several members of the Farm Loan Board, for instance, they will only have one, the Farm Loan Commissioner. Then these different lending agencies in each region are to have the same directors, and really, instead of being separate organizations in the regions, they are directed by the same people, but for the purpose of financing; that is, endeavoring, for the most part, to finance themselves through the regular credit structure of the country rather than through the Government, but they keep them separate so that one will not handicap the other in the process of financing.

Mr. SNELL. Does the gentleman know whether or not they have taken on a great number of additional employees in connection with this new financing in the Agricultural Department at the present time?

Mr. JONES. I regret that I am not able to furnish the gentleman full information on that. It is my understanding that so far they have not taken on a great many new employees because they have not fully developed their plans. How many may be necessary when their plans are fully made and in operation I am not in position to tell the gentleman.

Mr. SNELL. If the gentleman and his committee really understand this measure, I am sure the House does not.

Mr. JONES. The gentleman is asking a question clearly outside the purview of this bill now.

Mr. SNELL. Perhaps so far as the last question was concerned, but not my original question.

Mr. JONES. Yes. The last question of the gentleman was far removed from the situation.

Mr. SNELL. I appreciate that, but the other questions were directly connected with the bill.

Mr. JONES. I have tried to give the gentleman information.

Mr. CLARKE of New York. If the gentleman from Texas will permit, as I understand the testimony before our committee the net result of this bill, in the first place, means that you will resolve back into the different district units, agencies that are now in effect, that you will reduce the number of employees, that you will make these local agencies contact local conditions instead of having them come down here and working from here back to the agencies, and that the net result of it will be a saving in the administrative end of the proposition of about $2,000,000. Is this right?

Mr. JONES. The gentleman is correct, and I thank him for his contribution.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. CHRISTIANSON. Do I understand if this bill is passed that a farmer who wants a seed-grain loan will have to join an association in which he will associate himself with other farmers who have the same need?

Mr. JONES. He will be compelled, in order to secure advantage of the production loans, to purchase stock in a local association, whether it is technically called membership or not, to the extent of 5 percent of the amount of his loans. This bill provides that there shall be no double liability, and it also does away with double liability on stock under the national farm-loan association system. So that the man simply is given this additional interest in the success of the local association.

Now, these local associations are not just banded together for the purpose of securing these particular loans. With this $120,000,000 the Government will furnish four fifths of the stock of the local association and the man who secures the loan will put up 5 percent. If he borrows $100, he will leave $5 there in the form of stock subscription. If there are dividends after the payment of certain expenses provided for, certain reserves, then he will get a dividend on his stock. If the associations are successful, as it is hoped they will be, he may get his money back, but in any event he would only be out the additional $5.

Now, I wish to state that we had before the committee evidence that in some of the small lending agencies borrowers paid as high as 30 or 40 percent on some of the small loans through a combination of expenses.

The method provided in this bill will put the credit system on a more sound and cheaper basis than at present.

Mr. CHRISTIANSON. I do not want the gentleman to believe that my questions imply opposition to the bill, because I intend to vote for it, but I do want some information.

Does the gentleman not believe that in times of emergency when speed is highly essential this will slow up the operation by which a farmer may get such relief? For instance, if a farmer has to find other people who have the same need and associate himself with them in order to get a seed loan is it not possible that the harvest will be on before money is provided with which to buy the seed?

Mr. JONES. It is hoped that in practically all the communities if proper interest is taken the system will furnish a continuing type of credit so that they will be able to meet any emergency. This same plan, or a very similar plan, has been in operation for some 2 years in 1 or 2 of the States of the Union, notably Arkansas, I believe, where it has been very successful and has worked out very satisfactorily, and in certain parts of my own State it has done so and has proven a very worthy type of credit.

If a continuing agency is established emergencies probably will not ever get quite so great. It is because of an accumulating condition frequently that the emergency becomes very intense and severe.

Mr. CHRISTIANSON. On the other hand, is it not possible that farmers not anticipating such an emergency will fail to organize themselves into a loan association and then, finally finding such an emergency thrust upon them, will be unprepared to avail themselves of the facilities which the Government is offering through this legislation?

Mr. JONES. I know that in 1 or 2 places the people have been able to organize and receive assistance in from 2 to 4 days. It all depends, of course, on how necessary it is to make haste. Under normal conditions it will probably take longer than that.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. COCHRAN of Missouri. Since 1921 we have loaned hundreds of millions of dollars to the farmers in the form of seed loans and crop-production loans. I do not think we have collected 50 percent of these loans. Will this new organization continue to collect the outstanding loans?

Mr. JONES. This organization is authorized under Executive order and under this legislation to continue to make collections; yes.

Mr. COCHRAN of Missouri. Will the money they collect go into this fund or into the Treasury?

Mr. JONES. The money they collect up to $80,000,000 will go into this fund. After that it will go into the Treasury.

Mr. COCHRAN of Missouri. I notice that loans are to be made to cooperatives or associations. Is this going to get us into the same position as the Farm Loan Act got us into?

Mr. JONES. No. As a matter of fact, this measure repeals several features of the Farm Board and it continues only the lending features. It avoids all the difficulties that arose in the lending features of the Farm Board Act in that instead of being able to make loans for practically nothing there is a maximum and minimum margin of from 3 to 6 percent that must be paid as interest, and no stabilization activities can be engaged in.

Mr. COCHRAN of Missouri. If the gentleman will permit one further question: The farm relief bill had as one of its purposes a reduction in crop acreages, did it not?

Mr. JONES. Yes; that was one of the hopes of it, anyway.

Mr. COCHRAN of Missouri. Now, the purpose of this bill is to increase production, is it not?

Mr. JONES. No. The gentleman realizes that however desirable it may be to have the country on a cash basis, but there is practically no line of industry that is on a strictly cash basis. The effort of this measure is to try to get the loans and the credit activities on a sound basis. I believe that as a rule you do not favor a man by lending him money that he is not entitled to, and so far as it is practicable to do so I should like to get the credit structure of this country along all lines on a sound basis and get the interest rates lowered.

Mr. COCHRAN of Misssouri. I fully agree with the gentleman.

Mr. JONES. High interest rates have been the curse of agriculture, and without being joined to the commercial system they have not had a method of obtaining credit, and I hope this will be a long step toward securing a credit system, dissociated and independent of the regular commercial banking system of the country.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HILL of Alabama. I am very much interested in the agricultural credit corporations. We have one in my State and it has rendered excellent service. As I read the language of this bill, there is nothing in the bill that would, per se, abolish or interfere with the functions of these corporations.

Mr. JONES. Nothing whatever. They may continue those corporations for a time or as long as they see fit. It may not be necessary to continue them indefinitely if the other types of credit furnished by this measure work out satisfactorily; but there is nothing in the bill which directly interferes with the functioning of them, and I understand it is their purpose to at least continue some of them.

Mr. HILL of Alabama. Certainly those corporations ought never to be abolished until this act has been in operation long enough to prove it is feasible and completely satisfactory to the farmer.

Mr. JONES. Of course, that is a question of administration; but I am sure that is correct.

Mr. HILL of Alabama. I hope the gentleman can assure the House to that effect.

Mr. JONES. That is my understanding.

Mr. HILL of Alabama. That is the gentleman's understanding?

Mr. JONES. It is my understanding that for the present it will at least be necessary to continue some of them. . How long it will be necessary I do not know, but this bill does not directly forbid the exercise of those functions.

Mr. HILL of Alabama. In other words, the corporations can go along in spite of this bill.

Mr. JONES. If the Governor of the Farm Credit Administration sees fit to continue them, yes.

Mr. ARENS. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Minnesota.

Mr. ARENS. The gentleman from Texas is aware of the fact that up to the present time local cooperatives, such as elevators and creameries and oil stations and shipping associations, have not been able to receive any Government credits. The Federal Farm Board up until now has lent to regional cooperatives or Nation-wide cooperatives but not to locals.

Mr. JONES. Yes.

Mr. ARENS. Under this bill, will a local creamery or elevator be able to get credit direct from this new agency?

Mr. JONES. Yes; one of the purposes is to enable local credit to be had for local institutions of this character. As a matter of fact, in my judgment, that, perhaps, is more important than the other type of production credit.

Mr. ARENS. In order to make perfectly clear what I mean, under the present Federal Farm Board——

Mr. JONES. The Federal Farm Board could make such loans, but they had tied their money up so much in stabilization and other activities that they did not have the funds.

Mr. ARENS. I was just going to explain to the gentleman that it was not able to do it. The organization of which I am a member, Land O'Lakes Creameries, had set aside by the Federal Farm Board $300,000, and, as the gentleman knows, Land O'Lakes is an organization of 480 cooperative creameries.

Mr. JONES. Yes.

Mr. ARENS. This $300,000 they were instructed to relend to cooperative creameries, but they would not lend to them direct. However, conditions were such that Land O'Lakes could not make a single loan to a cooperative creamery.

Mr. JONES. Perhaps, they were cases of refinancing, and we make a change here in that regard. They are not only able to make original loans, but refinancing loans also.

Mr. ARENS. The condition was that they could make no loans for refinancing, but could make original loans.

Mr. JONES. We have provisions in this measure whereby they can refinance loans because refinancing loans are, of course, just as important as original loans in some cases.

Mr. ARENS. More so.

Mr. JONES. The Farm Board, however, could, prior to this act, make original loans, but they could not make refinancing loans.

Mr. ARENS. As I understand, this organization can lend direct to a cooperative creamery, but it will have to join the central bank by taking 5 percent of the loan as an interest in the bank.

Mr. JONES. They will have to make that contribution.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. Yes.

Mr. KVALE. The gentleman from New York [Mr. CLARKE] a few minutes ago referred to the real purpose of setting up this parallel agency throughout the United States or a practical duplication of the Federal farm-loan system, and I hope if the gentleman is allowed to make a continuous statement, his remarks may include an explanation of why it is necessary to set up this thoroughgoing duplication of the Federal farm-loan system for the purpose of making production loans and loans to cooperatives.

Mr. JONES. I may state to the gentleman it is not a duplication of the farm-loan system. The Federal land banks are already located in each of the 12 districts. The Federal land banks finance themselves through the medium of their obligations.

The intermediate credit banks sell their debentures and obligations. Then we have the production credit feature and the cooperative bank feature. They are really for all practical purposes simply a part of the other activities, but if they were tied together integrally they would complicate and confuse and hamper the financing and functioning. These will have the same directors in each region as the Federal land-bank system. So for administrative purposes they will have the same directors.

Because of the fact that production credit is entirely different from mortgage land credit, it is felt that one should not be tied to the other in financing, so that if there was little call for production credit it would not entirely defeat the other types of credit. So they are kept essentially different, although practically under the same management.

Mr. MAY. Will the gentleman yield?

Mr. JONES. I yield.

Mr. MAY. Does the gentleman mean a liquidation of the Federal land banks, or is it an absorption into the farm credit?

Mr. JONES. It means placing of the entire credit system under one central head, the Farm Credit Administration.

Mr. BANKHEAD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Does this bill in any respect make any material change in the Federal land-bank system?

Mr. JONES. It makes some minor changes in the Federal Land Bank Act. It provides that there shall not be double liability on stocks, but it makes no essential change in the Federal land-bank structure.

Mr. BANKHEAD. I should like to understand the gentleman clearly. This bill in nowise makes any fundamental change for the liquidation of debts?

Mr. JONES. No; it makes no essential change in the set-up or the law on this point.

Mr. DARDEN. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Virginia.

Mr. DARDEN. This bill is confined to production credit.

Mr. JONES. No. It also provides for utilizing the balance of the old Farm Board for the purpose of establishing cooperative agencies and credit. There is a central agency and then an agency in each Federal land-bank district.

Mr. DARDEN. Perhaps I did not make myself clear. Does this bill finance land under its provisions?

Mr. JONES. This bill does not make any stipulation as to that. That is provided for in other ways. This is to breathe life into the Executive order to enable it to function.

Mr. SANDLIN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SANDLIN. In the gentleman's opinion, if this law is passed, and the operation of it becomes well known to farmers, will it encourage or discourage them in making applications for loans?

Mr. JONES. I do not know that I get the full purport of the gentleman's question, but I think it would enable them to get a type of loan if they can offer the proper security, and that the law will be liberally administered.

Mr. SANDLIN. I have discussed this subject with the gentleman from Texas before. Of course, we all realize that under the conditions that existed, the breaking down of the banking system, the inability of the merchants to furnish credit to the farmers, nothing could be done except what has been done. The Government had to step in. But does not the gentleman believe that as soon as possible the Federal Government should get out of this kind of business, and does not the gentleman believe that if the prices of commodities increase, as we hope they will—cotton and wheat and other commodities—it will be possible for the farmers of this country to finance their affairs without having to come to the Federal Government to set up these agencies?

Mr. JONES. Yes; and this bill makes it possible for them to do so. It is hoped that that result will be achieved.

Mr. LANHAM. Then the committee does not assume that it is going to be permanently necessary for the Government to make these loans?

Mr. JONES. The Government under this measure is not making production loans, but furnishes a part of the capital to make them. It provides for a system whereby through rediscount with the intermediate credit banks they may provide the essential funds for carrying on lending by the association, and it is hoped that it will work out so that the system will be self-operating.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. SWICK. What percentage of these seed loans have been repaid?

Mr. JONES. There are varying percentages. The gentleman will find that in the RECORD—and I have them over at my office—when we had the matter up for discussion through the short session. It varies in different localities, and in different years. I think the highest amount that has been paid back was perhaps 92 percent, and the lowest average outside of the last two was 56 percent. They are continuing collections even on the old ones. I do not recall the amount on these last two, and up to the time those figures were furnished there had been so small an amount collected, because cost-collection time had not passed, that one could not get any idea. Outside of the last two, it has probably averaged 60 or 70 percent.

Mr. SWICK. As I understand, there are now some seven agencies to which farmers may go to get help, and the greatest difficulty seems to be to know to which agency they should go. In response to a question asked by the gentleman from Louisiana, I should say that this will facilitate, if this should become a law.

Mr. JONES. This will help in securing the essential credit.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MARTIN of Colorado. Will it be possible to get a chart that would show the entire settlement of all these agencies under the Federal Farm Loan Act and this act? As far as I am concerned, it looks as if it would take a Philadelphia lawyer to get even an inadequate picture of it.

Mr. JONES. The gentleman will understand that this is a very big country, and there are a great many different types of activity in the country calling for different kinds of credit. It may be clear to the gentleman, but I have had to do a great deal of study to understand the Federal Reserve System and how the finances of this country work generally.

Mr. MARTIN of Colorado. I would be willing to pay for a copy of a chart if I could get one.

Mr. JONES. I have here a chart of the set-up which I think will furnish the gentleman some information along that line.

Mr. GILLETTE. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. GILLETTE. Section 2 provides that the Governor is directed to organize one of these organizations and one bank in every city where there is a Federal loan bank.

Mr. JONES. Yes.

Mr. GILLETTE. Does that dispose definitely of the set-ups, the regional credit banks and seed-loan offices, where now located?

Mr. JONES. No; the present seed-loan offices have been taken over by the Farm Credit Administration, and they will probably continue those seed-loan offices. That is, of course, in the hands of the Farm Credit Administration, just as it has been heretofore in the hands of the Department of Agriculture. They can do as they see fit. It is my understanding that they will function until they finish their present loan.

Mr. GILLETTE. And the same remarks apply with reference to the R.A.C.C.

Mr. JONES. Probably, unless some of them are not able to function. There is nothing in the bill which would do away with those things necessarily.

Mr. McFARLANE. Do we understand that this is a part of the administration program?

Mr. JONES. Yes.

Mr. ROBERTSON. The chairman of the committee has prepared a very succinct report for the purposes of this bill. Would he mind extending his remarks in the RECORD by incorporating that report?

Mr. JONES. I should be happy to do so, but it is already available in the document room to Members, and if that is not sufficient we could do the other later.

Mr. JOHNSON of Texas. I want to ask a question about the rate of interest. I am in sympathy with the necessity of having a low rate of interest to the farmer on loans obtained. I read the bill very hurriedly but I did not discover any limitation relative to the rate of interest. Does the chairman of the committee not think that the bill should provide some limitation as to the maximum amount of interest that should be charged upon these loans?

Mr. JONES. I really think that can be done if it is found necessary. There is a limitation in the present acts that they cannot get more than a certain percent above the rediscount rates.

Mr. JOHNSON of Texas. I do not understand what act the gentleman is referring to.

Mr. JONES. The Intermediate Credit Act provides that not more than 1 percent above the rediscount rate shall be charged. They hope to keep the interest rates low.

Mr. JOHNSON of Texas. I know that; but the farmer who obtains a loan for $100 must subscribe 5 percent of that for stock. Of course, he may get that back, and he may get dividends, but he may lose it. If he loses it, he loses 5 percent of the amount of the loan.

Mr. JONES. A great many of the crop-production loans will be small; and if he can get the longer-type credit, even though he should lose that 5 percent, he will be getting a lower rate of interest than he gets now on loans made by commercial banks and other agencies.

Mr. JOHNSON of Texas. I think that it true, provided their rate is not too high.

Mr. JONES. They assured us that they hoped to keep this low, and the present restrictions, I feel, are all that should be put on at the present time; but if there is any abuse, I shall be glad to join the gentleman in having a limitation placed.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SHOEMAKER. These loans do not apply to private dealers in farm products, do they?

Mr. JONES. No, sir; they do not.

Mr. WHITTINGTON. Will the gentleman yield briefly?

Mr. JONES. I yield.

Mr. WHITTINGTON. Under the set-up there will be no direct applications for loans, and all applications will have to be made through the local crop-production associations. Will it be necessary for the prospective borrowers to subscribe to any stock other than the 5 percent?

Mr. JONES. No other stock.

Mr. Chairman, I reserve the balance of my time. [Applause.]

The CHAIRMAN. The gentleman has consumed 38 minutes.

Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, this bill is not as intricate and complicated as may appear from a casual reading of it. You will all recall that shortly after the beginning of the present administration a consolidation was effected, by order of the President, of the Federal land banks, the intermediate-credit banks, the Federal Farm Board, the regional agricultural credit corporations, and the division in the Federal Department of Agriculture which was engaged in making crop-production loans. This measure is simply putting into effect and reorganizing the powers that were given the farm-credit administration under that consolidation order. It is true it does set up different machinery, but the purpose and effect is really to continue the loans that have been made by the various agencies that were consolidated.

The Federal land banks, of course, will continue to make loans just as they have, and under the additional authority which they have been given by the act which was recently passed by Congress as a part of the general farm bill. Heretofore loans to cooperatives have been made by the Federal Farm Board. They have all been made from a central agency in Washington. Under this bill that agency is, to a certain extent, decentralized. There will still be a central cooperative bank, which will make loans to national and regional cooperatives. In addition, there are set up 12 regional cooperative banks, one in each Federal land-bank district, and the directors of the Federal land bank for that district will, ex officio, be directors for the cooperative bank in that district, thus necessitating no new set-up as far as the directors of the banks are concerned.

The regional cooperative bank will make loans to local cooperatives within the territory served by the Federal land bank in that district.

Now, there has been taken, for the purpose of creating a revolving fund for these banks, the funds which are now in the hands of the Federal Farm Board, or which have been loaned by that board and which will, of course, be repaid from time to time. That revolving fund will constitute the fund from which loans will be made to cooperatives by the central cooperative bank in Washington and the regional cooperative banks throughout the country.

Now, to take the place of the loans which have been made in the past through the regional agricultural credit corporations, which, as you know, were set up by the Reconstruction Finance Corporation, one in each Federal land-bank district, and to a certain extent to take the place of the crop-production loans, there has been set up an organization of 12 banks known as the "Production Credit Corporations", one in each Federal land-bank district. Those banks will not make direct loans to farmers, but they will be used to furnish the capital for local production credit associations. The local production credit associations will be organized in any community where 10 or more farmers get together and decide they want to take advantage of the provisions of this act. When they do so, the initial capital of the association will, upon request, be contributed by the regional production credit corporation. The local organizations will be organized, as already indicated, in exactly the same way as the local farm-loan associations. That is, they will be under local management and control, the only difference being that in this case the central production credit bank will furnish the initial capital. Each farmer who gets a loan from the corporation will be required to leave 5 percent of that loan for the purchase of capital stock in the local association, just as the farmer who now secures a loan from the Federal land bank must leave 5 percent of that loan for the purchase of stock in the local farm-loan association.

Mr. WHITE. Will the gentleman yield?

Mr. HOPE. Briefly, yes.

Mr. WHITE. Will the gentleman explain what collateral those loans will be secured by?

Mr. HOPE. I will go into that in just a moment.

Mr. HILL of Alabama. Will the gentleman yield briefly?

Mr. HOPE. I yield.

Mr. HILL of Alabama. Will this regional credit corporation have any State agency in the several States, or will it all be concentrated at this one corporation?

Mr. HOPE. The bill does not provide for State agencies. That question was asked the Governor of the Farm Credit Administration when the committee was considering the bill, and I think his answer was that it was something that had not been worked out, yet it might be advisable and advantageous to have a State agency.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. WHITTINGTON. How is it contemplated that the cotton, corn, wheat, and other agricultural products will be marketed after the loan is obtained through these local associations?

Mr. HOPE. I do not understand that this will have any connection whatever with marketing.

Mr. WHITTINGTON. Is there any connection now between these loans and the cooperative associations? Will it be necessary to have a cooperative association to market the products after it has been raised as a result of the money borrowed?

Mr. HOPE. There is no such connection. There is a provision in the bill to the effect that cooperative associations

may organize production-credit associations for the purpose of obtaining credit for their individual members, but there is no connection between the production-credit associations and the marketing organizations.

Mr. WHITTINGTON. They can market their crops just as they see fit?

Mr. HOPE. Yes; there is no connection whatever between the two.

Now, your local production-credit association will finance the loans which it makes for its members through the intermediate-credit banks. We have had the intermediate-credit bank system for a number of years, and I have always felt that it was not rendering the service which it ought to render to the farmers of this country. I think this has partly been due to a lack of interest on the part of the farmers themselves, because under the system as set up it is necessary for the farmers to organize their local associations to make the loans which are rediscounted by the intermediate-credit banks, and that has not been done to a very large extent.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. BLANCHARD. Will the gentleman say just exactly what new machinery is necessitated by this act?

Mr. HOPE. I am trying to do that as I go along. I would rather not depart from the continuity of my remarks just at this time to do that, but I will endeavor to do it before I conclude.

The intermediate-credit banks raise the money which they loan to these organizations by selling their debentures. Now, at the present time intermediate-credit debentures carry an interest rate of about 2½ percent. They have to get about 1 percent more in order to pay the expense of operation when they make the loans. That means that today at the rate of interest that the intermediate-credit bank debentures are bearing it would be possible for them to make loans to local production-credit associations for from 3 to 3½ percent.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. HOPE. It is provided that the local organization borrowing from the banks shall not charge more than 3 percent additional rate of interest. In other words, if money can be borrowed today from the intermediate-credit bank by a local credit association, the maximum rate which could be charged to the members of that association would be 6½ percent. Whether it is necessary to charge this maximum or not will depend largely upon the size of the association. I understand that the Producers Livestock Association, which fianances itself through the intermediate-credit bank, makes a charge of only 1½ percent above the rate at which the money is borrowed from the intermediate-credit bank, whereas small associations, which have a large overhead compared with the amount of business they do, must necessarily charge the full 3 percent in many cases. This will answer the inquiry which was made a while ago as to what the interest rate will be on these individual loans. On the basis of present interest charges by the intermediate-credit bank, it could not be more than 6½ percent and might perhaps be as low as 5 percent.

I am not sure how far the farmers of this country will avail themselves of this method for production loans. They have not done so in the past, and one reason is that in many cases they have been able to get local credit for this purpose. I think the necessity of setting up local associations and going through that machinery has deterred many farmers in the past from getting this type of loan. Probably it will be something which will have a discouraging effect upon the progress of this program in the future, but I do think that we are perhaps approaching a time when a method like this is going to be the only avenue of credit which will be left to the farmers in many sections of this country.

If we are going to go ahead and centralize our banking system and drive out our little banks in the rural districts throughout the country through legislation which is now in process of being enacted, it may be that there will be no avenue left to the farmers of this country to secure production credit except through the medium of these local associations and the intermediary-credit banks. If this should be the situation, as I hope it will not, then I would expect that these facilities would be used to an extensive degree.

Now, as to this set-up and organization taking the place of the present crop-loan facilities, I can only say that I have my doubts as to whether it will take the place of the crop loan as we know it today, for the reason that our present crop loans are distress loans. In order to get a crop loan a man has to prove that he has no money, that he has no credit, and no way of getting any money or credit. If this system is going to work, if it is going to be a success, if the stockholders, the farmers themselves, are not going to lose the money they put into it, then it must, of necessity, confine itself to good loans. It cannot therefore take the place of the type of crop loan which the Government has been making for the past 5 years.

Mr. WHITE. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. WHITE. Under this system, when a great cooperative organization is organized and the men subscribe for the stock, the secretary and president are endorsers on every loan and this makes each individual liable to the extent of his stock for the loans to the other individuals, does it not?

Mr. HOPE. That is true, in exactly the same manner that the local farm-loan association is now liable for the loans made by its members.

Mr. WHITE. And this would tend to discourage operations under the act, because such a man has to be good for all the loans to the members of the organization.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOPE. The gentleman understands there is no double liability. He simply loses the 5 percent he has put in the stock.

Mr. WHITE. If the fund becomes impaired, he is liable for just that much.

Mr. HOPE. Yes; but there is no double liability. The bill takes care of that specifically and also does away with the double liability of members of Federal farm-loan associations as to future transactions.

Mr. WHITE. And by the endorsement of the officers of his organization, they are security for each loan up to the amount of the 5 percent of stock to which he has subscribed.

Mr. HOPE. Up to the amount of his stock; yes.

Mr. FOCHT. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. FOCHT. Do I understand the gentleman to say that in the last analysis the farmer will have to pay 6½ percent for the money borrowed?

Mr. HOPE. That would be the maximum.

Mr. FOCHT. And we are framing a bill here to relieve the farmers at 6½ percent.

Mr. HOPE. The gentleman understands there are a good many farmers in the country paying a good deal more than 6½ percent.

Mr. FOCHT. That is what has ruined them, and that is why we want to relieve them. I should like to ask the gentleman another question. A while ago we gave the national banks the right to issue notes. Why cannot this whole thing be done through the national banks of the country instead of involving us in setting up machinery like this, where the farmer in the last analysis will have to pay the bill? Why do you want 3 or 4 different kinds of machinery, when you have already experimented and found that they have all failed? You are setting up here another piece of the same kind of machinery.

Mr. HOPE. I may say this is not a new piece of machinery. It is taking the place of two agencies which we now have—the Regional Agricultural Credit Corporations and the Crop Production Loan System.

Mr. FOCHT. And they have all failed, have they not?

Mr. HOPE. No; I would not say that; but we hope the new plan will work better and be of greater assistance to the farmer.

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, the gentleman from Texas [Mr. JONES] and the gentleman from Kansas [Mr. HOPE] have explained to the Committee the general provisions of this bill, the gentleman from Texas stressing the individual loans to the borrower for production purposes and the gentleman from Kansas going more into detail with reference to the set-up in regard to the banks that are for the purpose of lending to the cooperatives. Both of these gentlemen have explained the situation in such a way that I may say to the Committee that I shall not attempt to add anything of general information with respect to what they have said. However, as a member of the Committee on Agriculture, speaking frankly, we have given this proposed bill, even though it is highly technical and complicated, a great deal of thought, and in the brief time I have I want to take up with you and give you, as I see it, a picture of the set-up and discuss it in a practical way.

Mr. BLANCHARD. Will the gentleman yield for a question at this point?

Mr. DOXEY. I shall be pleased to yield; but I have noticed from some of the questions of the speakers who have preceded me that they have talked about the chart or the picture, and if you will just go along with me I think I can tell you what this bill proposes in a practical way and we will consider title I and title II in the beginning, which has reference to the individual loan to the farmer, and this seems to be what you are interested in.

We all agree that distressed agriculture must be financed. Knowing conditions as we do, we readily understand that this Government must do a major portion of this financing, either directly or indirectly. It has for the past few years, and it will be necessary in the order of events for it to continue to do so for some time. Just how long this must of necessity continue is purely a matter of speculation. It depends upon the future developments of our economic life.

The methods employed and the system used by this Government in the past to a great degree have been, to say the least of it, unsatisfactory and resulted in loss to the Government and in many instances disaster to the farmers, individually and collectively.

It is a gigantic undertaking, which of necessity must result in many mistakes, both as to the provisions of the law and the administration thereof.

But, my friends, we have reached the stage in "the new order" of things brought about by this present administration where we are going to correct some of these mistakes which experience has shown and taught us. We can do it, and we will do it to a marked degree, by this proposed legislation.

Those in authority in our present Department of Agriculture, together with your Committee on Agriculture, have labored long and hard to bring to this Congress a real, constructive piece of legislation designed to extend relief to agriculture and at the same time be a protection to the Government if properly administered.

We know the Federal farm board is dead. It passed away on the night of Friday, May 26, 1933. We are informed on good authority that there will be no more direct crop-production or seed loans under the present system after 1933.

Most of the credit banks and regional agricultural credit corporations set up during this emergency to extend credit to the farmer for production purposes are insolvent. They will through necessity cease to function unless most of them are reorganized, resystematized, or revitalized through governmental activity.

However, I want to say to you, my friends, that the Regional Agricultural Credit Corporation in my State, located at Jackson, Miss., and handling loans for Alabama, Louisiana, and Mississippi, has given very satisfactory service indeed, as has the one at Montgomery, Ala., in which my friend from Alabama [Mr. HILL] has shown such an interest. The business of the Jackson office has been handled in a most efficient manner and from the reports I get most of the loans that they have made will in all likelihood be paid in full. Therefore, I trust that the very excellent showing this Regional Agricultural Credit Corporation has made will cause my friend, Mr. Henry Morgenthau, Jr., Governor of the Farm Credit Administration, to continue this institution at Jackson, Miss., and use its facilities there in furthering his plans for extending financial relief to the farmers, as it has at all times rendered conscientious, common-sense service to both the borrowers and the Government.

I hold in my hand a short application and loan report of the Regional Agricultural Credit Corporation at Jackson, Miss., as of May 12, 1933, which to my mind is a most creditable showing. I feel it gives valuable information with reference to the work of this Corporation in our section. Therefore, I ask unanimous consent that this short report be inserted in the RECORD at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The report is as follows:

Regional Agricultural Credit Corporation of Jackson, Miss.—Application and loan report, May 12, 1933

	Combined total		Alabama		Louisiana		Mississippi	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
APPLICATIONS								
Received to date	14,425	$10,144,958.27	4,406	$1,984,780.25	3,544	$3,608,490.01	6,475	$4,551,688.01
Withdrawn	550	299,282.94	334	149,365.49	116	71,187.50	100	78,729.95
Rejected:								
Partial		1,285,906.73		216,559.65		482,186.10		587,160.98
Total	3,194	1,204,620.45	931	273,789.19	598	390,615.39	1,665	540,215.87
Pending	370	203,496.00	282	113,856.50	39	64,196.00	49	25,443.50
LOANS								
Authorized	10,311	7,151,652.15	2,859	1,231,209.42	2,791	2,600,305.02	4,661	3,320,137.71
Withdrawn	3,032	833,778.08	172	52,141.00	1,103	325,692.80	1,757	455,944.28
Rejected	16	32,752.75	4	3,035.00	1	13,775.75	11	15,942.00
Authorized (proceeds not disbursed)	1,912	3,056,432.56	1,170	468,355.49	384	1,330,898.47	358	1,257,178.60
Disbursed	5,351	3,228,688.76	1,513	707,677.93	1,303	929,938.00	2,535	1,591,072.83
Repayments	188	86,231.47	5	14,549.50	173	44,643.40	10	27,038.57
Loans outstanding	5,163	3,142,457.29	1,508	693,128.43	1,130	885,294.60	2,525	1,564,034.26
Repayments (items in suspense)	10	7,040.02	9	3,459.31			1	3,580.71

Mr. DOXEY. This historic and extraordinary session of Congress is now driving to complete its program, finish its labors, and adjourn within the next 10 days. Unless an unexpected emergency arises and our great President again calls us into a special session, we will not meet after adjournment of this special session until January 3, 1934. No one at this time can visualize what pressing and momentous problems will await us when we again convene here. We all know it takes time to prepare and enact legislation and that agricultural-relief measures should be enacted and the set-up perfected and the machinery put into operation by early spring in order for the farmer to obtain the full benefits and the

operation of the law to accomplish the purpose prompting its enactment.

A practical illustration and striking example of this fact is evidenced by the recent omnibus farm bill just passed by this Congress. In order for it to have had a fair chance in bringing the hoped-for relief to the farmer for the crop year 1933, it should have been enacted so the machinery would have been ready and functioning before crop-planting time.

Before that law was finally passed, most all the spring crops were planted, were up, and worked out.

The thought I am trying to impress upon you is, in order to obtain the best results, do not let us put off doing for agriculture until next year what we should do now. Let us look at the situation in a practical and businesslike way and do the job now and not put it off. Do not make the mistake of waiting until the patient is dead and then trying to revive him. It is too late to send for the doctor after your friend has passed away. All of us realize that agriculture is desperately ill and needs relief now and will need it next year.

With that thought in mind, this administration through our Committee on Agriculture has brought to you for your consideration this measure known as the "Farm Credit Act of 1933", H.R. 5790, which provides—

For organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes.

The limited time in which I have to speak to you will not permit me to give you facts and figures in detail or present to you the picture as it really exists. However, briefly, I want to analyze this bill and explain some of its major provisions in your presence and answer questions as best I can.

It is within the knowledge of all that this bill is exceedingly complicated and extremely technical. Yet the foundation and groundwork upon which it is based is sound business, economical administration, good banking, and mutual helpfulness and benefits to both the lender and the borrower through cooperative efforts of the Government and the farmer. The theory of it is, by extending to the producer financial aid so essential in the production and marketing of crops, the Government as a unit will be repaid and the taxpayers generally protected through a safe, sound, and economical administration of the law.

To say the least of it, surely it will be an improvement over the present system under which we are operating.

Generally speaking this Farm Credit Act provides as follows:

The Governor of the Farm Credit Administration is invested with broad powers and is a most important factor in the administration of this law.

The Federal land banks in each of the 12 Federal land-bank districts as they now exist are the parent banks. As subsidiaries, other necessary banks, corporations, and credit associations are to be set up and operated within the districts and as circumstances demand spread out until almost each county within the various districts will be organized into associations to extend credit to the farmers for production and marketing purposes.

A revolving fund not to exceed $120,000,000 is to be used to finance these various institutions. It is estimated that about $80,000,000—represented by collections and unexpended appropriations—will be salvaged from the present set-up. The additional $40,000,000 necessary to supply the total $120,000,000 will be appropriated out of the Treasury.

The sum of $2,000,000 is also appropriated which shall be available for administrative expenses and purposes in establishing the 12 corporations to be known as "production-credit corporations" and also 12 banks, known as "banks for cooperatives."

This sum compared with the $9,000,000 that was testified to, as shown by the hearings before our Committee on Agriculture as the sum spent in the administration alone of the present seed-loan set-up shows quite a saving and a resolve on the part of the present efficient Governor of the Farm Credit Administration to administer this law on a business basis and at a great saving to the Government in cost of operation alone.

Each of the 12 production-credit corporations is to have initial capital of $7,500,000. The farmers are to organize themselves into what is known as "local production-credit associations" and secure loans for general agricultural purposes from intermediate-credit banks, all associations to be incorporated under a Federal charter, approved by the Governor of the Farm Credit Administration.

The farmers do not obtain their loans direct from the production-credit corporations, but said corporations provide each local production-credit association with not less than $5,000 capital and up to 20 percent of volume of loans.

These local production-credit associations are formed by the farmers themselves. When 10 or more farmers each desire a loan, they can organize a local association and the capital is represented by two classes of stock—A and B. Class A stock is a nonvoting stock preferred as to assets and sharing equally with class B stock in dividends. Class A stock is originally purchased by the production-credit corporation serving that respective district out of the corporation funds provided by this act.

I judge this class A stock will be sold and held mostly by investors and people who want to help their community and have money to spare and invest.

B stock is to be absorbed and held by the borrowers who are the only class privileged to vote in matters pertaining to their local organization. This class B stock is acquired by each borrower taking 5 percent of the amount of his loan and purchasing that amount in stock class B.

For every dollar the borrower puts up, the Government matches it with four, and $1 capital makes possible about $5 of sound production credit.

These local production-credit associations can rediscount notes of farmers up to about 4 to 8 times its capital.

These local production credit associations are to run their own business subject to the approval of the production-credit corporation as long as the production-credit corporation holds stock in the local production credit association. The local production credit associations are required to build up a guaranty fund to at least 25 percent of the paid-in capital before the payment of any dividends. A limitation of dividend payments is placed at "not to exceed 7 percent."

These local production credit associations deal with the production credit corporations through the established intermediate credit banks. It is prescribed that no loan can be made by a local production credit association for less than $50 nor more than 20 percent of the capital and guaranty fund of the production credit association unless approved by the production credit corporation. A loan can be made in excess of 50 percent of the capital and guaranty fund by the local production credit association if secured by collateral and approved by the credit commissioner of the Farm Credit Administration.

No definite rate of interest has been provided in the bill, but we are assured by those who are going to have charge of the administration of this act that the farmers are going to be given as low a rate of interest as it is possible under prevailing circumstances.

My friends, I see that my time has about expired. I have in a general way been discussing with you only titles I and II of this act. This bill, as you know, contains eight separate and distinct titles, some more important than others, yet each of them embracing important legislation bearing on the general subject of extending credit and amendments to existing laws.

I have been mainly dealing with and endeavoring to explain the set-up and machinery provided in this act relating to loans to individual farmers for production purposes.

Time will not permit me to dwell upon title III of this act which relates to the establishment, powers, and purposes of the "Central Bank for Cooperatives."

These banks as the name suggests are created to make loans to cooperative associations, as defined in the Agricul-

tural Marketing Act, as amended. They deal with the cooperatives as a unified borrowing association much like the production-credit corporations through the local production-credit associations deal with the individual farmer. The ultimate purposes are the same—financial relief to the farmer—but the type of banks and their respective set-ups and methods employed in extending loans operate in somewhat different fields.

Title V repeals and amends certain provisions of the Agricultural Marketing Act.

Title VI relates to "provisions common to corporations created under the act."

Title VII amends the Federal Farm Loan Act.

Title VIII is "Miscellaneous" and relates mainly to details of organization of Farm Credit Administration.

Now, my friends, as we are to consider this bill and read it under the 5-minute rule of the House, I trust that whatever amendments are adopted will be helpful and will strengthen the bill instead of hurting it and hampering the administration of it.

I believe if we pass the bill substantially as it is written and it is administered by those in authority in the manner they indicated to our committee they planned to administer it the act will be a saving to the Government and the means of rendering most beneficial service to the borrowing class of our farmers and prove a great help to agriculture in general. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. Yes; I shall be glad to.

Mr. WHITTINGTON. I think it is generally conceded that the weakness of the Federal land bank system has been the local associations. What has the gentleman to say about the cost of overhead of these local associations, with just 10 members?

Mr. DOXEY. That is a matter that your local associations have to work out. Necessarily they are going to look after it in a businesslike way, because the members of your local association are responsible and they will have to meet all losses entailed. In other words, this set-up protects the Government and is intended to be a saving to the Government over the present set-up and an improvement over the method they are now using in financing agriculture for crop production and marketing purposes.

Mr. WHITTINGTON. There is no comparable arrangement suggested in this bill whereby a borrower can go direct to a crop production regional loan office for a direct loan.

Mr. DOXEY. The gentleman means a central office as in New Orleans?

Mr. WHITTINGTON. Yes.

Mr. DOXEY. None at all. He has to go through the association or not at all.

Mr. WHITTINGTON. The overhead of the local associations bothers me a good deal. These associations must be efficiently managed or the system will fail.

Mr. DOXEY. My friend must realize that we cannot regulate overhead and administration expenses by legislation, because that is a matter that has to be handled in the administration of it.

Mr. WHITTINGTON. I submit that we might, if we thought it desirable, require at least 100 borrowers instead of 10 borrowers, because you would get a better local management if you paid a man for his services than you would from somebody who works for nothing.

Mr. DOXEY. This bill is wide open for amendment. Your Committee on Agriculture has brought you a bill here that we hope each one of you will not only feel an interest in, but will contribute something worth while to it and assist us by adding anything that is constructive in making this as good a piece of legislation as possible. This is the bill of the committee, but I do ask you before you seek to amend to let it be an amendment that will strengthen and help the bill to carry out its original purpose and not hamper it in the administration of the measure.

Let us pass this bill today and not wait until the next session. It means much to agriculture. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, after sitting here for weeks listening to the different proposals, one's good American citizenship rises to a fever heat. We continuously hear legislators advocate different measures, but the great majority of the time they seem to lose that which is fundamental, namely, the true representation of the greatest American industry, agriculture.

It has been the practice, for many years, of politicians to extol the greatness of the farming industry, but we have seen no results, except the deliberate exploitation of our many good farmers. Those in power for sessions past have apparently done nothing except to bow down in humble submission to the plunderbund of Wall Street headed by the gentleman who is now paying a Senate committee an indefinite visit.

It is disheartening indeed to be a participant of some of the actions of this present Congress when Members will rise and take the floor denouncing some of the parts of these farm bills, and pleading the cause of the farmer and the desire to once again see the farmer get better prices for his products and then watch these same Members when the roll is called and have them vote against the farmer's interest. I often think that if the RECORD were not a part of the daily actions of Congress, we would not hear so many of the Members tell how they are so desirous of wanting to do something for the farmer.

I believe that the legislation today is meritorious, and although I do not want Congress to take up so much time in establishing a machinery for farmers to borrow money, I believe that this bill will offer some real relief for immediate loans, and I am going to vote for this bill.

Congress should concern themselves with establishing a fair price for farm products and then the great majority of the obstacles will be removed. The farmer does not want to continue to borrow, and pay interest and principal all the days of his life. Give him a cost of production, such as John Simpson has advocated and he will make a profit and will be able to maintain his home, farm, and family.

If the farmer is going to get a real benefit out of this legislation he must have a lower rate of interest so that whatever little he makes from the sale of his products will not be eaten up in paying interest rates on his loan. We have been fighting for years for a decent rate of interest and I am happy indeed that there is a general trend toward lowering the discount on loans for the farmers.

Reasonable interest rates and fair prices for the farmer will bring him out of the chaotic condition that thousands of them are now in. Without reasonable prices on farm commodities it is hard to say whether this so-called "breathing spell" the administration spoke of in the last farm-relief measure will do much good. The interest will possibly be paid but the principal will still hang as a rope around their neck, and there will be no escape.

Many bills have passed this House and I have not been insisting on taking up very much time, but I remember 19 years ago I was sent here by the farmers of the State of Minnesota to work on a committee asking for farm legislation, for something that was going to better the condition of the farmers in the great agricultural Northwest. I remember we asked for Federal grain grades. Pardon me for detouring for a moment from the bill under consideration.

But after some fight we finally got Federal grain grades, but I say to you, we got it in the neck [applause], and ever since that time we have been coming to Washington and most of the time we have been getting the same kind of treatment. I am satisfied that most of the legislation that

has been enacted in this special session of Congress is going to be beneficial. I have not tried, nor have the other members of the Farmer-Labor Party tried to put any obstacles in the way. I have confidence in the Membership of this Congress and I know that you have passed legislation that will certainly help us. However, in connection with it, let me say to you, you are trying to create one organization after another to loan us money. The trouble with the American farmer today is that he has been borrowing too much money. Therefore, we got it in the neck right there again. [Applause.] There are thousands of bankers and other organizations that have been loaning money to the farmers. Our great trouble is that we have not got the cost of production and have not had an honest price with which to pay our obligations. That is everything in a nutshell.

I am not against this bill. I have confidence in the gentleman from Texas [Mr. JONES], chairman of the committee. The gentleman means well and I know that you all have good intentions. Now, to create a local cooperative organization may be all right as far as it goes, because there are some farmers who need assistance, especially in the communities where we do not have a local bank. I know several of those communities in the State of Minnesota today, and this would help considerably in those places. I would like to see the farmer who goes there to obtain a loan get all of it; but there may be another side of the story. Probably if these organizations are formed, they can look up the farmer who wants a crop loan of $100 or $200 and see that he does not take that money to pay some other obligation, or that he does not need that much money to plant a crop. We have new farmers starting all the time.

A young man and his wife who want to start farming, and they need a little money, and they can go there and get it. That is all well and good.

In conclusion, Mr. Chairman, I say to you that we farmers know how to raise grain and other commodities on our farms. We know how to raise it if you will give us the price. There is no question about that at all. But if you let the cooperative organizations or individuals be forced on the market to sell their products below the cost of production, you will never get out of this difficulty in which you are today. Here are the great chain stores in this country with cash, and they offer cash, and they get the products because they have the medium of exchange. They have the consumers in their mind and not the producers of the products.

During the last few years I have tried to assist the farmers in getting a fair, honest price. Therefore the Congress of this country ought not to take up so much time about loaning us money, to create the machinery through which we can borrow money, but to see to it that we can have an honest, fair price for the things that we produce on the farms. Therefore we fought to have a certain amendment put into the bill that passed a few weeks ago, the cost-of-production amendment, but were defeated. This would have gone far to help the farmers stay in business.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. JOHNSON of Minnesota. Mr. Chairman, we realize full well that farming is the basic industry of this country. You have tried to help us by loaning money, as I stated before, but how are we going to pay our obligations unless we have the cost of production?

Most of you statesmen are lawyers and bankers, and you mean well. There is no question about that at all. I have sat here and listened to your discussions and listened to one who made a speech this morning, for yesterday was Memorial Day. I am pleased to know that the gentleman voted against the economy bill. Those are some of the things which we should take into consideration because we vote on these measures and put them into law, but maybe after a few weeks or months we will find that it was an error. Of course, we cannot expect to be right at all times. I have made mistakes, but I have voted against gag rules because it has always been my principle to look into those bills. I am willing to vote for this bill because I have confidence in the chairman, and I hope it will do considerable to help agriculture, and by helping this industry you will help the rest of the people in this great country of ours. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. JOHNSON] has again expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am very glad this bill is thrown open for every Member to offer such amendments as he thinks will help perfect it and make it a good bill.

I agree with the gentleman from Minnesota [Mr. JOHNSON], who has just spoken, that we should have a high commodity price that will soon prevent the borrowing of money by our people. I agree with the gentleman from Minnesota that too much borrowing may have been some of our troubles, but without borrowing we could not have existed at all. In my opinion, no money has been used by the Federal Government in the past 3 years that has borne better fruit than that loaned to the people engaged in agriculture.

This bill simply creates a manner of loaning that is perpetuated from year to year with a $120,000,000 revolving fund and the responsibility of loaning and collecting this money placed upon one head. I believe that with the set-up provided in this bill money will be loaned and it will be collected and the Government will not lose any of it.

Necessity sometimes is the mother of invention. When great trouble came on us a few years ago in the form of the drought it forced us to look to our own doors for relief. In my State in that year we set up a loan agency with a million dollar capital to be expanded to 10 times that amount and to be loaned in addition to what we borrowed from the Federal Government, which was $9,000,000. A set-up similar to this was adopted in that State, and the report at the end of the years was that most of the entire amount in that set-up had been paid. Why? Because it was loaned in a careful way.

If 10 of your neighbors, or 20 of them, organize into a group to loan money, they know everything connected with a man applying for a loan, his ability to pay, his disposition to pay; and they are careful about taking people into their organization when they are partly responsible for the paying back of the loan. This is the reason that no losses are going to be had through this character of loan. The farmer has only 5 percent withheld for this purpose; and if he pays, he takes credit for that on the amount that he has borrowed. Then, too, the next year he does not have to wait, like he did this year, until March or April to know whether or not Congress will pass another bill so he may do any borrowing. With this set-up he knows just where to go and when to go to get his crop-production loan. Money loaned in this way is placed on a safe and sane basis. As expressed by one of the Members this morning, there has been considerable difficulty in the past, due to the character of loans that have been made; they were in many instances unsafe and unsound. Yet the emergency has been on us, and we have had liberal loaning of that kind, because it was necessary.

Now we are about to pass a law, as stated by a speaker who preceded me a little while ago, that will further put us on the road toward a stable prosperity. We have already seen the fruits of legislation passed by this Congress. We have seen corn go to three times the price it was when we began our agitation for farm-relief legislation. We have seen wheat go to three times its price. We have seen cotton nearly double in price. We have seen rice go up three times in price. We have seen beef double in price. We have seen the fruits and effect of legislation passed by this Congress before these acts got into full force and effect. I believe that after this law we are now considering and others we have passed get into full operation, and since we have gotten off the iniquitous gold standard, we are going to have prices that will make the farmer independent

and put him in a position where he can finance his own farm without going to any organization or to any bank to borrow money to make a future crop. This is what we hope to do—to put the farmer in a condition where he will not have to borrow at all. That is the day to which I am looking forward, and which I believe is here, or soon will be here.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, as I interpret this act it provides the machinery for the administration of farm credits, and perhaps ought to have been called "the farm credit administration act" instead of what it is now called, namely, Farm Credit Act. This is because it does not really involve new credits except in a small way and it does not involve or require any new methods of extending credits to farmers. It simply provides a new set-up, a new deal, a new administration; and I like to think of it, therefore, as being a farm credit administration act.

In this connection there happens to be going on at the present time in my part of the country, an agitation designed to change the method or machinery by which the Federal farm-land banks are set up.

Now, the Federal farm-land bank set-up is not involved directly by the bill, but it is involved indirectly because section 2 of the bill provides that directors of the Federal farm-land banks shall be ex-officio directors of these new banks that we are incorporating under this act. Therefore, since the directors of the Federal land bank are ex-officio directors of the new banks under the present bill we find ourselves interested in the method of their appointment. At the present time, or at least up until the 28th of the month when the Farm Board went out of existence, three of these directors were selected by the local farm associations, three by the Federal Farm Loan Board, and the seventh by the Farm Loan Board from a list of three nominations made by the several farm-loan associations. The seven so selected make up the directorate of each Federal farm-land bank. In this way neither side had a preponderance because the seventh and deciding man was selected from a list of three men who would be satisfactory to each of the groups. Now, we are perpetuating this system in substance in this bill although, of course, the governor of the Farm Credit Administration, Governor Morganthau, will under this new set-up have the selection of these three members. I think none of us are objecting to this, but there is just now going on a propaganda or agitation whereby it is hoped in some quarters to give the entire control of this board to the governor by allowing him to select four members of this board. I think if this were done it would be a serious mistake.

I have in my hand a dispatch that went to the New York Times, Sunday, May 28, and I should like to revise and extend my remarks by putting into the RECORD certain excerpts from it and ask unanimous consent to do so, Mr. Chairman.

The CHAIRMAN. Without objection the request is granted.

There was no objection.

Mr. GILCHRIST. This dispatch states that certain influential gentlemen in the dominant party out in the district where I live hope to be able to control this Board by causing a change to be made in the law under which the members of the Federal Farm Loan Board out there at Omaha will be appointed.

It will be a very serious thing if the farm credits of this country are allowed to degenerate down to the level of ward politics. The directorate of a great bank should not be selected on the basis of pie-counter politics. It may be all right to pass around the fleshpots but the spoils of office in a farm banking institution or in any other banking institution should not be put into the pot and the efforts of any partisan leaders in this direction ought to be noted, observed, and curbed.

Republicans and Democrats alike certainly ought not to allow this thing to degenerate into partisan politics. [Applause.] This is all I am asking. When farm credits become a football to be kicked around as a party or political matter, it will be a sad day for the farmers affected by the bill or any other bill.

The dispatch referred to is from the New York Times of May 28, 1933, and is as follows:

[From the New York Times May 28, 1933]

LAND BANK CHANGE LAID TO POLITICS—SPOILS SYSTEM SEEN IN PROPOSAL TO ALTER RULES FOR OMAHA INSTITUTION—AIMED TO OUST PRESIDENT—DEMOCRATIC NATIONAL COMMITTEEMAN SEEKS TO SUPPLANT REPUBLICAN OFFICIAL—TO CONTROL PERSONNEL—NEW WAY TO SELECT DIRECTORS WOULD BE APPLICABLE TO OTHER UNITS OF THE SYSTEM

(By Roland M. Jones, editorial correspondence, the New York Times)

OMAHA, NEBR., May 24.—When the patronage activities of Arthur F. Mullen, Democratic national committeeman for Nebraska, reached out for the Federal land bank at Omaha they stirred up a hornet's nest and the buzzing can be heard all over the eight land banks districts which includes Iowa, Nebraska, South Dakota, and Wyoming. Doubtless it will extend much farther, for the Omaha bank is only one of 12 such institutions and the method by which he seeks to accomplish his purpose involves them all.

Specifically the national committeeman proposes a fundamental change in the rules governing the selection of land-bank directors. At the present time 3 are chosen by the local farm-loan associations which hold stock in the parent bank, 3 by the Federal Farm Loan Board, and a seventh by the Board from a list of 3 nominated by the local associations. The change contemplated would vest the appointment of this seventh man unreservedly with the Board, giving it an absolute preponderance of power and the ability to dictate the personnel of the banks.

Mr. Mullen makes no attempt to conceal the fact that one of his purposes is to effect the removal of Dennis P. Hogan, president of the Omaha bank, and to restaff the institution to a large extent with Democrats and Progressives who supported the Roosevelt ticket in the last campaign. He justifies it, however, on the ground that it is in line with the President's policy to consolidate all the Government's farm-loan activities under the new Farm Credit Administration, administered by Henry Morgenthau, Jr. It is necessary, he says, that all the local units of this organization be in perfect harmony with the President's aims and purposes.

SPOILS PLAN RESENTED

While he is supported by Senator BULOW, of South Dakota, and some of the Nebraska Congressman, there is a wide-spread feeling back where the mortgages are made that it is not necessary to apply the spoils system to the land banks in order to secure this sympathy and cooperation. It is believed that so far as the local bank at least is concerned it has been excellently managed free from political influence. Protests have gone forward from individuals and from the local loan associations, one group of 14 in South Dakota having joined in a strongly worded resolution.

The most noteworthy, perhaps, and certainly the one which has stirred up greatest interest, is the personal protest of former Senator Gilbert M. Hitchcock objecting to the "attempt to drag the bank into partisan politics after the splendid record made under the present management." The Senator was an active participant in framing the law which brought the land banks into existence. He feels it to be one of the outstanding achievements of the Wilson administration, and he has watched the progress and growth of the local institution with pride and satisfaction. How deeply he feels on the subject is apparent from the fact that this protest against Mr. Mullen's activity represents the first serious disagreement between the two in a political and personal friendship of a quarter of a century.

HOGAN'S POLICY SUCCEEDED

Mr. Hogan, the subject of this controversy, is a soft-spoken Iowa banker and farm landowner, who has been president of the bank ever since it was organized in 1917. His present term will expire January 1, 1935. Under his management the Omaha bank has become the largest of the 12 institutions, although that perhaps is attributable primarily to the territory in which it does business. Politically he is a Republican, but the matter of his politics did not enter into his appointment during a Democratic administration, nor had it been raised until now. Mr. Mullen charges that a majority of the 150 employees of the bank are also Republicans. That, however, is not strange, in view of the fact that until last November the territory in which the bank operates was overwhelmingly Republican.

The bank is considered to have weathered the deflation of land values in its territory exceptionally well. Its percentage of delinquencies has not been alarming, with its foreclosures comparatively few considering the state of the farm debt in the Middle West. It has been President Hogan's policy to encourage the farmer to make every effort to hold his land rather than to surrender it. To that end the bank has accepted chattle mortgages in lieu of interest and principal installments in many cases. This practice has given rise to the chief criticism which has been made against him.

In spite of Mr. Mullen's justification of his course as in harmony with the administration's plans, it does not square entirely with Mr. Morgenthau's explanation of the purposes of the refinancing portion of the farm relief bill. In his radio speech on the subject he pointed out that one purpose was to provide a better means, on a permanent basis, for meeting the farmers' land-loan needs, and the policy adopted for accomplishing this purpose was to put land credit so far as possible on a cooperative basis. Shifting the balance of land-bank directorate power from the borrowers to the Government would destroy the keystone of the cooperative feature of the whole land-bank set-up

Now, I do not pretend to know the truth concerning the statements made in this article. But the matter is certainly of interest to us in connection with this bill, and I submit it to you with the hope that any financial institution which is to preserve the farmer from impending ruin shall be kept free from partisanship.

Wholly aside from this question, may I speak of another thing that seems to me to be of importance? There has been a controversy over the jurisdiction of State and Federal courts in the set-up of this bill. Under the language of the first three lines on page 26 full jurisdiction is given to Federal courts to handle litigation that may arise as between the corporations which we are now chartering and farmers or other litigants. This question is one that is coming more and more into public observation and consideration. Litigation in the Federal courts is very expensive and is very unsatisfactory to many citizens who are compelled to attend upon those and defend in them. A feeling has arisen that the common man is further forgotten there. I hope at the proper time to present an amendment which will preserve the right of the local organizations and the local citizens to have redress in State courts and not be compelled to go into the Federal courts, as the last three lines of section 60 of the bill would force them to do. It seems to me that neither a farmer nor any other citizen should be compelled to go away a great distance and at great expense in order to defend himself in Federal courts. The effect of these three lines would be to compel him to do that very thing. I am preparing an amendment to correct this, and it is now under discussion, and I hope it can be agreed upon. There was something said about it in committee and the principle of the proposed amendment was favored there, although the language has not yet been agreed upon exactly. I will present it when section 60 of the bill is reached.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I hope when this bill goes into effect, we will not be confronted by the extremely hard-boiled tactics that have been used with respect to seed and feed loans under Secretary Hyde. I hope a number of these extremely embarrassing questions, as well as the third-degree methods that have been used in the past, will be set aside and that this bill will be of some real value to the farmers who are compelled to negotiate small loans for short periods of time.

Another thing I like about the bill is that the committee has estimated approximately $80,000,000 of the $120,000,000 will come from payment of loans that have already been extended.

The best feature of this bill is that it has a tendency to encourage cooperative organizations by lending to cooperative organizations, whereas the Federal Farm Board of the past has had a tendency to wreck and smash practically every worthwhile cooperative organization in the United States of America. This has been the experience of the Farm Board, and it has really shown a hostile spirit toward the cooperative movement.

Another thing about this bill is that it sets a minimum interest charge of 3 percent and a maximum of 6 percent, and it does not create, especially in the local organizations, any high-salaried officials to conduct the affairs of the local borrowing units within the district.

While it may not be possible to lend to all the farmers through this bill, and it may also not be possible that the 5 percent in stock will make up losses that may accrue, it will affect business in general from this standpoint.

I know that in my State and throughout the Northwest it has been common practice, especially among the chain bankers, when a farmer comes to make a loan or get $100 or $200 for a production loan, or for a crop loan, to be invariably told that the money must come from the East, and the banker charges the farmer ordinarily a 10-percent commission for making the loan, which he says that he must pay his representative in the East. Then a mortgage is given and many times the interest rate runs up to 10 or 12 percent by contract. The commission is immediately deducted from the loan as well as the interest in advance, in many instances. I feel that this bill, if it does nothing more, will have an influence upon the bankers throughout the country and make them meet the conditions and the interest rates as prescribed in this bill.

I hope the administration of this measure, after it is passed—and I feel it will pass—is going to be a benevolent administration, rather paternalistic, if you please, and I feel that the administration is duty bound to make it so, and I hope our ambitions and hopes along this line will be realized and I hope the bill will be passed. I shall support several amendments, especialy the amendment referred to by the gentleman from Iowa [Mr. GILCHRIST], for I feel that the local organizations and the local units of these organizations should have something to say with regard to the directors who exercise the power of control over these organizations.

Mr. Chairman, I yield back the remainder of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, in 1929 the value of the agricultural products of the United States was $11,908,000,000. In 1930 the value was $9,414,000,000. In 1931 the value was $6,911,000,000. In 1932 it was $5,143,000,000.

So you see there has been a gradual drop in the value of agricultural products to less than one half of what it was in 1929. I hope this bill will do something to encourage the 32,000,000 persons in farm industry.

Several weeks ago Congress enacted the emergency agricultural relief measure, which was intended to be the dawn of a new day for all those engaged in farming. That measure was the result of intensive study by the agricultural section of the "brain trust", the members of which are responsible for leading the farmer to prosperity. The Secretary of Agriculture was made guardian of this "new deal for agriculture", and raised to the degree of dictator.

Ignoring the time-honored principles of the Democratic Party, the framers of this legislation provided for higher tariffs, camouflaged under the title of compensatory taxes. These tariffs were necessary to balance the processing taxes levied on the manufacturer which were intended to assure the farmer a reasonable profit on his crops. Recognizing the evil of overproduction, acreage reduction was provided for in the bill, the farmer to receive payment for his idle acres. With the passage of this legislation the agricultural problem was solved.

The Secretary of State, a profound advocate of free trade, was floundering in the sea of diplomacy, preparing for the International Economic Conference to meet in London June 12, 1933. Overlooking the provisions of the farm bill, and with the approval of the administration, he obligated the United States to enter a tariff truce, pending the outcome of the conference.

Since it was impossible to retard the advance of spring, the President was compelled to instruct the Secretary of Agriculture, so it is reported, that the acreage reduction and processing-tax provisions of the farm bill would be inoperative until further notice. He had previously let it be known that the collection of compensatory taxes on imports would be held in abeyance until after the conclusion of the Economic Conference.

The Secretary of Agriculture, now armed with a piece of legislation intended to restore prosperity to agriculture,

finds the essential parts of the plan temporarily set aside, leaving him powerless to act. The farmers proceed with their usual spring planting; and by the time the economic conference adjourns and the farm bill becomes operative, crops will have made considerable growth. Will the Secretary decide to pay the farmer for a portion of the unmatured crop and order it plowed under? Will it be necessary to postpone the administration of this great emergency program until next year? Perhaps the Secretary of Agriculture and the Secretary of State drew lots to determine whose plan should be tried first.

It may become necessary for the Secretary of State to conquer those charged with the administration of the Industrial Recovery Act, if it becomes a law this session; certainly its provisions for minimum wages, maximum hours, and controlled production cannot be applied if free trade is to flourish, unless the administration contemplates the substitution of European standard of living for that which to Americans are accustomed.

Bernard M. Baruch, recognized as an outstanding Democrat and confidant of the administration, in an address before the Brookings Institute, speaking of the domestic economic policy, said,

> This process is certain to raise American costs even further above world costs, and to require additional protection against importations. Coupled with the further effect of the farm bill to raise prices, all this struggle suggests inconsistency in domestic policy with any plan to lower tariffs in the World Economic Conference.

In spite of this, Congress is asked to grant the President authority to raise or lower the tariff as he sees fit, and in order that the conference may not be disturbed, Democratic leaders are prepared to force adjournment of Congress before June 12.

I believe the time has come for Congress to assume its constitutional rights. We Members of Congress are charged with the welfare of the country, and should stay on the job, prepared to safeguard the Nation in this time of emergency. It has been repeatedly stated by administration spokesmen that much of the emergency legislation so far enacted is experimental. Already the Democratic Members of this House have decided in caucus that the veterans' provisions of the Economy Act are being overdone in accordance with the President's regulations. Yet they are content to rely on the administration to correct these wrongs. If they are sincere in their protest, why do they not assert themselves by legislation?

Congress should not adjourn until the experimental stage has passed, until that time, the emergency will continue to exist.

Mr. CLARKE of New York. Mr. Chairman, a Republican yields to a Democrat, the gentleman from Ohio [Mr. TRUAX] 4 minutes.

Mr. TRUAX. Mr. Chairman, and members of the committee, and my distinguished colleague from New York. I think there is one subject that the real progressive Democrats and Republicans can always agree upon, and that is the absolute necessity for farm relief of various sorts.

In my judgment there is not a piece of legislation passed by this Congress that will be of more lasting and permanent benefit to the farmers of this country than this bill that we are going to enact, for I am sure we will enact it.

In my State, Ohio, the vast majority of farmers, in their loans for seed and livestock and field operations when they borrow, have to pay 36 percent to the loan sharks.

The chairman of the committee, Mr. JONES, in his opening remarks stated the fact that evidence was before the committee to show that in many instances small farm loans were made at the rate of 30 to 40 percent.

In Ohio, when a farmer borrows $100 or $300, he pays 3 percent interest per month. He pays it once every month. He must pay $3 on a hundred-dollar loan every month, and they take a chattel mortgage on every bit of property he owns. They take a chattel mortgage on every bit of livestock on his place, and they will hold that mortgage and come back about every 90 days and take an inventory, and if he has any increase in the livestock, they demand an additional mortgage that will cover all the increase in the livestock.

In our State we feed a great many cattle. We feed quite a number of lambs and a great many hogs.

Now, the average farmer who is progressive and wants to fertilize and enrich his soil feeds more livestock than he can raise sufficient feed for. Consequently he must buy feed, and he goes to the money lender. Formerly banks would loan on 6 months for feed operations. Then they cut that down to 90 days, then to 60 days, and finally to 30 days; and now lending operations by local banks to the livestock feeder in Ohio is represented by that quantity known in algebra as "minus x", which means the tail end of nothing. [Laughter.]

I am not one of those to say he hopes this is only a temporary measure. I hope it may be made a permanent measure. The farmers in my State use a great deal of fertilizer, and when they buy that fertilizer they usually want some time upon it. Under this bill I am told that these small loans may be made for a period of 1 year, at not to exceed 6 percent interest, and at the expiration of that time, if additional time is needed, it may be renewed for 2 years or even extended for the third year. I think every Member here agrees on the absolute necessity of maintaining the real base. the real structure of this Nation, its agriculture.

Mention has been made here of the various legislative remedies that have been enacted for the benefit of agriculture during the past 4 years. In my humble judgment, practically all the measures passed by Congress during the past 4 years have been enacted with the thought uppermost that these measures were of real benefit to farmers. Unfortunately, in the past, Members of Congress have been misled or deceived by high administration officials or by so-called "farm leaders." These so-called "farm leaders" have not been confined to any one farm organization, but like a pestilence have been prevalent in many. Their business is to farm the farmers at high salaries for themselves. Back in 1925, 1926, and 1927, when the McNary-Haugen bill was debated on the floor of the House, not a single so-called "farm leader" in Ohio supported the bill. In fact, they opposed the bill, using the old bromidic hog wash that all the farmer needed was to let him alone and he would work out his own salvation.

Strange to relate, it was practically all these so-called "farm leaders" in Ohio who were out carrying the banner of Herbert Hoover in the 1928 campaign. Clever and selfish as usual, they had their ears to the ground and sensed that Hoover would be elected. They knew that the real farmers of the country would demand relief legislation. So they conceived and concocted the hybrid child of the industrialist—international bankers—farm-the-farmer crowd of relievers. Hence the Federal Farm Board, with Alexander Legge, king of the International Harvester Trust, was their own baby. Congress, even though it was a Republican Congress, should not be blamed for this abortive attempt to relieve the farmer. With Legge, the $100,000-a-year Harvester king at the head, little except what has actually occurred in the farm debacle could have been expected. In 1930, Alexander Legge in a letter to me, at a time when wheat was selling for 75 cents a bushel predicted that it would soon sell for 40 cents. His prediction proved to be right. It was all a scheme of the International Harvester Co. to bring down the price of wheat to 40 cents a bushel so that farmers would then trade their wheat for grain binders and other machinery at Legge's trade-in price of 70 cents a bushel. In view of this dastardly betrayal of the farmer for the benefit of the Harvester king and his associates, I now wish to defend all those Members of Congress, Democrats, Republicans, and Farmer-Laborites, alike, who voted for the bill authorizing the creation of the Hoover Federal Farm Board. These gentlemen were honest in purpose and sincere in their convictions.

This Seventy-third Congress has enacted, however, legislation that will prove to be a cure instead of a local anes-

thetic. Instead of giving the farmers sugar-coated pills to swallow, we are giving them a blood transfusion that will rebuild their shrunken frames to normal size. The general farm relief act, the Farm Mortgage Act of 1933, the abandonment of the gold standard are proving their effectiveness in advance of actual operation, proof of which is found in the recent rapid advances in the grain markets, in the cotton markets, in the livestock and provisions markets, to say nothing of sharp advance in securities and bonds, and the renewal of hope the country over.

Unfortunately one serious omission has been made. A legislative omission that is costing 3,000 farmers their homes and farms and their all, every time the sun rises and sets. The average money lender of today is a Shylock to the core. He not only demands, but receives his pound of flesh. If the shocking revelations of the business methods of Morgan & Co. giving to preferred lists of customers millions of dollars, by selling them stock at $20 a share when it was selling on the open market for $37.50 a share, is only a form of legalized bribery, yet this practice is no worse, no more to be condemned, no more damnable than the legal confiscation of 3,000 farms in this country every day by the money lenders.

On April 25 I introduced a bill in the House of Representatives to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, approved March 3, 1933; to restore confidence and prevent revolution by farmers and home owners by providing for a suspension of real-estate foreclosures for a period of 1 year. This bill reduced to simple terms, and enacted into law, would cause a complete suspension of foreclosures for the period of 1 year. Its provisions are simple and are as follows:

SECTION 1. If on or within 6 months after the day this act takes effect any farmer is unable to pay, and is in default in the payment of, either principal or interest of any debt secured by a mortgage on his farm, or of taxes the nonpayment of which constitutes a default under such mortgage, such default shall constitute an act of bankruptcy and such farmer being therefore unable to pay his debts as they fall due shall be deemed insolvent and a bankrupt for the purposes of this title.

SEC. 2. No proceeding to foreclose or otherwise to enforce any claim against or out of the farm of such bankrupt and no sale on foreclosure, execution, or otherwise shall be instituted, further prosecuted, held, or effected on or within 6 months after the day this act takes effect except upon petition in bankruptcy duly filed in the court of the United States pursuant to the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as heretofore amended.

SEC. 3. Upon proper petition under oath alleging the facts constituting bankruptcy as defined in section 1 hereof any court of the United States having jurisdiction shall, and any court of record of a State having appropriate equity jurisdiction may, forthwith by temporary order, and on due notice and hearing by further order, stay, or enjoin any proceeding or sale in violation of this title and may enter such other orders pursuant to law as may be appropriate and reasonably required in such cases in order that the relief provided for by this title may be made available and proceedings in bankruptcy thereby avoided.

In my judgment, every Member of this House, be he Democrat, Republican, or Farmer-Laborite, wants to stop this wanton foreclosure. The question in the past has been how can it be done legally? How to hurdle the barrier of constitutionality? I have answered that question. Archimedes, I believe, it was who exclaimed "Eureka" when he found that for which he had been searching for years—my exclamation now is "Eureka." I have found that which all the constitutional lawyers, all the judges, all the Governors of States, and even Members of Congress said cannot be found—an absolute and immediate suspension of foreclosures. In those never-to-be-forgotten days of easy money, swollen fortunes, and fat incomes for others, which ended abruptly on October 25, 1929, when $30,000,000,000 zoomed out of Wall Street, little heed was given to farmers' complaints. When we asserted that 40 percent of the Nation's purchasing power emanated from the soil, we were branded as chronic kickers, quacks, demagogues, and radicals.

And so conceited, self-satisfied, smug, and complacent did the Nation become that tariff walls were erected so high that the farmers' last hope, the foreign markets, were effectually closed. Then, when the banks and financial institutions closed, security values went down almost to the vanishing point, city real estate became a liability instead of an asset, and the farmers all bankrupted—the little farmer, the big farmer, the man with 40 acres of land, the owner of 5,000 acres, all frozen fast in the strangling clutches of the money lender; the whole Nation has undergone a rude, painful, and costly awakening. At last the Wall Street banker, the industrialist in his swivel chair, realizes that 50,000,000 people are directly dependent upon soil prosperity for their own welfare, and that the other 70,000,000 people automatically rise or fall with the purchasing or nonpurchasing power of the 50,000,000.

The depression which now engulfs us may be rightly termed "the logical sequence of an era of superselfishness, blind indifference, stupid meddling, and colossal blundering"—selfish because they first said there was nothing wrong with the farmer; blind because they then told him to work out his own salvation; blundering because each attempt at farm relief was abortive and costly to taxpayers. The Farm Board failed because the Government refused to restrict the predatory plundering of Chicago grain gamblers and racketeers, who sold the Farm Board short by margining wheat 10 cents a bushel and cotton $15 a bale.

Here it is, H.R. 5237. The enactment of this bill into law will immediately suspend all foreclosures and give the farmers and home owners a breathing spell, an opportunity to hold their homes and their farms until they, by rising commodity prices or by reemployment, can pay the delinquent taxes and interest that they owe. Will you enact it into law or will you permit this human suffering and misery that is breaking the purses and the hearts of 3,000 of our best citizens go on? The time to act is now—yesterday is gone, tomorrow never comes, but today is here.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I want to direct an inquiry to the chairman of the committee. On page 15 of the bill I notice that so far as the capital of the central banks is concerned, it shall be an unascertained amount, to be determined by the Governor, while on page 18, in section 7, the so-called "central bank" is authorized to issue debentures, the only limit of which is not to exceed five times the paid-in capital and surplus of the bank. If you have an unascertained capital for the bank, and it can issue debentures for five times the paid-in capital and surplus, it occurs to me that you are granting a tremendous amount of authority that would be easily subject to abuse and would probably precipitate the same difficulty that the so-called "joint-stock land banks" found themselves in with some of their stock selling as low as 16 or 17.

Mr. JONES. The Governor will determine the amount of the stock so that it will be fixed. Of course he has to use the funds available for both the central bank and the various regional cooperative banks and fix the amount in each case.

Mr. DIRKSEN. Precisely; but there is no limitation in the bill that I can see on the amount that he can issue.

Mr. JONES. He has to determine the credit needs and what capital is required to meet it. There is limitation on what is available for its use.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. DIRKSEN. Just to carry on the discussion. I would say that you can build up a tremendous need in any particular locality and, with the Governor having practically arbitrary power to determine the amount of stock to be issued and likewise the amount of debentures, does not the chairman believe that some ascertained amount should be written into the bill?

Mr. JONES. The total amount that may be available for all these banks is simply the balance that may be left from

the result of the Farm Board debacle. So there is in essence a physical limitation on those funds, and there will probably not be more than $140,000,000 or $150,000,000 in toto for all the cooperative banks and the central cooperative bank. If it is a sound credit, there is not any reason why there should not be security adequate for whatever the credit system will need.

Mr. DIRKSEN. The reaction will come back ultimately in the difficulty of putting these debentures on the market.

Mr. JONES. There is a 5-to-1 limit on debentures.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, I have asked this in order to make an inquiry about what new machinery is necessary in this set-up. Just what new machinery is being created?

Mr. JONES. There is no new machinery except the necessary regional and local banks and corporations for the purpose of carrying out the consolidation of lending agencies needed in making loans to agriculture, and those would simply be a regional production corporation and a regional cooperative bank in each Federal land-bank district, plus a central cooperative bank in Washington.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, some years ago the Intermediate Credits Act was passed for the purpose of extending loans to farmers. Under the Intermediate Credits Act farmers in various States and counties in the agricultural sections of the country set up production-credit associations. Most of those associations, as far as the South is concerned, failed, I believe, largely because of the type of men who organized the associations and because they were not properly supervised by the land-bank officials or the intermediate-credit bank officials. Later we commenced making what is known as seed loans. We all realized that these loans are unsound and very wasteful. Recently we established what is known as the Regional Agricultural Credit Corporation, which is making loans direct to farmers. For instance, one branch located at Raleigh, N.C., is making loans in several States, in a great many instances far removed from the actual farmer who is doing the borrowing. This method of financing farmers brings about quite a lot of expense, and it is very inconvenient and unsatisfactory to the farmer. This bill proposes to create or establish 12 production credit corporations that will eventually take over the Regional Agricultural Credit Corporations and seed-loan agencies now functioning in the United States.

This bill also establishes 12 cooperative banks. Neither the corporations nor banks will loan direct to farmers but will furnish the capital to cooperatives and to production credit associations for the purpose of loaning money direct to farmers through these associations. The farmers' paper given to these associations will be discounted at the intermediate-credit banks.

My friends, I believe that this bill will establish the necessary machinery to give to farmers production credit, one of the things which the farmers very much need and at a reasonable rate of interest. During this session of Congress we have passed a great many helpful pieces of legislation, especially for farmers. The success of these bills will depend largely on how they are administered. What we actually need now to complete the picture for farmers in the way of legislation, to be helpful to agriculture, is what the gentleman from Minnesota [Mr. JOHNSON] referred to awhile ago, and that is a real marketing system, fair distribution, when and where needed, and at a fair price to the man who produces farm products in this country.

My friends, today the consuming public needs every pound and every bushel of farm products that we have on hand, and the consuming public could use them at a fair price to the actual producer. Farmers cannot organize, properly grade, and market their products. They are at the mercy of middlemen and a cutthroat marketing system. "Oh!" they say, "let us leave it to the cooperatives." As far as the South is concerned, they never have been able to organize and never will. There should be some machinery created on the part of this Government whereby central marketing facilities can be set up, so that the farmer will be able to market his product at a fair price. In the meantime it would mean as much to the consumer as it would to the farmer. I agree with the gentleman from Minnesota [Mr. JOHNSON], and I have made this statement all along, that until something is done to bring about a fair price for that which the farmers produce, in line with the price they pay for that which they buy, normal prosperity will be long drawn out.

My friends, this is a good bill, and I am glad to support it. I believe this will bring about the proper financing of farm production and marketing, and I am hoping that a real marketing bill, a fair price fixing bill, so to speak, will eventually be passed by this Congress.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. FULMER] has expired.

Mr. CLARKE of New York. I yield the gentleman 1 additional minute.

Mr. JOHNSON of Minnesota. Will the gentleman yield? I want to ask the gentleman one question.

Mr. FULMER. I yield.

Mr. JOHNSON of Minnesota. I know we have great cooperative organizations. There is the grading and standardizing of the products, but when it comes to selling, what power have we got then? A certain chain store that I know of sold butterfat in its stores for less than they paid the cooperative organizations for it.

Mr. FULMER. May I say to the gentleman that the farmers in South Carolina have sweetpotatoes cured and stored away, and various other farm products and vegetables, but they are unable to sell them at a fair price? When they deliver them in the city of Washington and other places by truck, express, or by freight, the price is fixed at a ridiculously low figure, largely because we have not a real marketing system whereby farmers have any bargaining power.

Mr. JOHNSON of Minnesota. Would it not be better to see that we put the farmer in a condition where he can bargain, and not allow the long end to be in the hands of those who have got the money to pay for it, who beat down the price on our side?

Mr. FULMER. I agree with the gentleman.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. FULMER] has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. TURPIN] 3 minutes. He has a letter from an overseas World War veteran who has paid for his farm and he cannot borrow a cent through the land bank of his district, because he cannot show any crop report for the last year.

Mr. McFARLANE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Has not all time for general debate expired?

The CHAIRMAN. There are 3 minutes remaining.

Mr. TURPIN. The letter from my constituent, an overseas veteran, reads as follows:

HONORABLE SIR: Permit me a few moments of your time, as I feel that I have a just complaint.

I own and live on a farm of 42 acres in Fairmount Township. It is free of debt but unstocked, and with very little tools. I managed to pay for the place when times was better by working at my trade, which is carpentry, with the goal in mind that I could eventually be able to quit the carpenter business and farm it. This depression, of course, of the past 4 years has set me back, and I find myself with no work and no way of working my farm. The banks won't loan any money, and my only hope was this new farm-relief bill. From the secretary of the farm-loan bank in this district I find out that I can't obtain a loan because I can't show any crop report for last year. Now, Mr. TURPIN, where I feel that I have a just complaint is that I know of people who have been granted loans and who also have made

very little effort to keep out of debt. I, who have managed to pay my obligations, born in this country, served overseas in the World War, can't get a loan. Now, Mr. TURPIN, as one ex-service man to another, I ask, does that seem fair and right? The loan I would like to get would be for $1,000. With that amount I could stock the farm and fix up my buildings, that sadly need it.

My purpose of writing to you was the hope that perhaps there will be some measure enacted that would help me and that you, sir, would be kind enough to inform me.

Thanking you, sir, and hoping, I am truly yours,

JOHN J. MEYERS.

I want to bring to the attention of the Committee that this overseas veteran, who has worked at the carpentry trade and who has paid every dollar that he owes on his farm but has not actually farmed it because working as a carpenter, now wants to move onto the farm, get implements, and fix up the buildings; and while others who cannot pay their mortgages can make a loan, this man, who has paid for his farm, is unable to get a loan simply because he cannot show a return on crop production for the last year, which, of course, was not harvested.

I hope the Congress will so word the Farm Credit Act now under discussion that our thrifty folks back home may benefit by the same privileges that our less fortunate or less ambitious people now enjoy.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. TURPIN] has expired.

Mr. CLARKE of New York. I want to ask the Chairman of the Committee on Agriculture this question: It is my understanding that anybody who is in a situation like this overseas veteran will have made available by this bill an opportunity to get money. Is that right?

Mr. JONES. This bill will enable the farm-credit administration to function completely. I think his opportunity to secure funds would be under the farm mortgage bill which was included as a part——

Mr. CLARKE of New York. It is only to borrow money for crop production. His farm is paid for.

Mr. JONES. I misunderstood the gentleman. This bill furnishes the type of credit to cover situations of that sort.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc.,

TITLE I

SECTION 1. This act shall be known as the "Farm Credit Act of 1933."

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has been said frequently that when one lie is told it usually takes a dozen more to patch it up. That can about be said in connection with legislation. When one bad piece of unsound legislation is enacted, it usually takes a dozen more unsound pieces of legislation to patch it up.

I do not know how far we are drifting, but this much is certain: We are headed as directly as we can be to that day when Government handles all banking in this country. We find the Government, through the Reconstruction Finance Corporation, furnishing credit for railroads, banks, insurance companies, and whatnot.

We find various forms of credit relief being given by this Congress and by previous Congresses. We have the Government engaged in all ends of the banking business. Through the Postal Savings deposits it is accepting deposits. It is in the business of lending money and it is likewise engaged in the business of borrowing money at the rate of billions of dollars per year.

The proper institution to take care of farm loans is the local bank, but the trouble is that about 10 years ago the Government, through the national-banking department, made rules and regulations pertaining to bank examinations that destroyed agricultural credit, laying down the rule that agricultural credit should be liquidated every 60 or 90 days or 6 months. That destroyed local credit for agriculture, and it has gone on until credit has been denied to agriculture. In desperation agriculture has been forced to turn to the Government for all these socialistic forms of credit, very unsatisfactory, not even a good substitute for that which was wrongfully taken away from agriculture.

Then, to top it off, last week this House of Representatives, by an overwhelming vote passed a piece of legislation which makes banking in country communities impossible. The House passed a bill by which no bank can long be safe and secure which does not get into the Federal Reserve. In the same bill it is provided that no bank many enter the Federal Reserve without a minimum capitalization of $50,000. A bank in a country town of 100 people would have to have a capitalization of $50,000 in order to enter the Federal Reserve. There, through legislation, country banking was destroyed.

So Congress last week put on the cap piece of destruction of local banking for agriculture and the result is that this bill is absolutely necessary for agricultural credit. This bill would not be necessary except for the asininity of the Government itself through the rules of the national banking department, the operation of the Federal Reserve, and unwise legislation. In the end, Government has done much to destroy the local country banks, and now we find in an effort to make amends for those mistakes the Government is obliged to take $40,000,000 out of a depleted Treasury and advance it to this institution, take $80,000,000 more that has heretofore been appropriated for farm credit and place it into this fund. So we have taken $120,000,000 of money out of the Treasury of the United States to set up a Socialistic banking system to replace the sound banking system we once had in this country and that so well served the interests of agriculture. This can never be a substitute for that which the Government has destroyed, but it is better than leaving agriculture with no credit. Upon this theory I am going to support this bill, but he who does not like this bill should remember that when he sat here last week and voted for a banking bill which required a capitalization of $50,000 minimum for a bank to get into the Federal Reserve he created the situation which made this bill absolutely necessary. He who voted for that bill voted to set up conditions which destroy the State banking system. It has been the State banking system which furnished most of our agricultural credit. Now the Public Treasury must do that which was once done so well by local country State banks.

The Clerk read as follows:

REVOLVING FUND AND APPROPRIATION

SEC. 5. (a) There is hereby created a revolving fund of not to exceed $120,000,000, which shall be made up as follows:

(1) The Reconstruction Finance Corporation is authorized and directed to make available to the Governor of the Farm Credit Administration all unobligated balances of the following funds and all sums heretofore returned or released to the Corporation from such funds:

(A) Any balances of funds for, and all collections on loans by, the Secretary of Agriculture pursuant to section 2 of the Reconstruction Finance Corporation Act, as amended;

(B) All collections on loans made or to be made pursuant to the act of February 4, 1933 (Public, No. 327, 72d Cong.);

(C) All balances of funds authorized and directed to be made available to the Secretary of Agriculture by such act and not used for loans pursuant thereto; and

(D) Any balances of the funds originally directed to be allocated and made available to the Secretary of Agriculture by such acts except as expended pursuant to subsection (e) of section 201 of the Emergency Relief and Construction Act of 1932.

(2) There are hereby made available to the Governor of the Farm Credit Administration all unobligated balances of appropriations and funds available thereunder to enable the Secretary of Agriculture to make advances or loans under the following acts and resolutions, and all repayments of such advances and loans: March 3, 1921 (41 Stat. 1347), March 20, 1922 (42 Stat. 467), April 26, 1924 (43 Stat. 110), February 28, 1927 (44 Stat. 1251), February 25, 1929 (45 Stat. 1306), as amended May 17, 1929 (46 Stat. 3), March 3, 1930 (46 Stat. 78, 79), December 20, 1930 (46 Stat. 1032), as amended February 14, 1931 (46 Stat. 1160), and February 23, 1931 (46 Stat. 1276), and Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932.

(3) There is hereby authorized to be appropriated the sum of $40,000,000 out of any money in the Treasury not otherwise appropriated.

(b) There is hereby authorized to be appropriated the sum of $2,000,000, which shall remain available until expended, for all necessary administrative expenses in connection with the establishment and supervision of the Production Credit Corporations and the Production Credit Associations.

(c) The authority of the Governor of the Farm Credit Administration to allocate and expend out of the funds covered by subsection (a) of this section such amounts as he shall deem necessary for salaries, expenses, and all other administrative expenditures during the fiscal year 1934 in the execution of the functions for which such funds have hitherto been available shall not be deemed to be restricted by this section.

(d) The authority to make loans during the calendar year 1933 pursuant to the act of February 4, 1933 (Public, No. 827, 72d Cong.), out of funds made available by that act shall not be deemed to be restricted by this section.

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: On page 6, in line 3, after the comma following the parenthesis, insert "as amended."

Mr. JONES. Mr. Chairman, I think this amendment should be adopted. I have no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

TITLE II—PRODUCTION CREDIT ASSOCIATIONS

ESTABLISHMENT OF PRODUCTION CREDIT ASSOCIATIONS

SEC. 20. The governor is authorized and directed to provide for the establishment of corporations to be known as "Production Credit Associations." Such associations may be organized by 10 or more farmers desiring to borrow money under the provisions of this title. Such individuals shall enter into articles of incorporation which shall specify in general terms the objects for which the association is formed and the powers to be exercised by it in carrying out the functions conferred upon it by this act. Such articles shall be signed by the individuals uniting to form the association and a copy thereof shall be forwarded to the Production Credit Corporation of the district, and such copy shall be filed and preserved in its office. The governor may, for good cause shown, deny a charter to such individuals. Upon the approval of such articles by the governor, the association shall become as of the date of such approval a body corporate. The governor shall have power, under rules and regulations prescribed by him, or by prescribing the terms of the charter of the association, or both, to provide for the organization, management, and conduct of the business of the association; and the power of the governor shall extend to prescribing the amount of the stock of such association; fixing the territory within which its operations may be carried on; fixing the method of election and appointment of, and the amount and payment of the compensation of, directors, officers, and employees; fixing the maximum amount of individual loans which may be made; prescribing the conditions under which the stock may be retired; and providing for the consolidation of two or more such associations. The governor may, at any time, direct such changes in the charter of any such association as he finds necessary in accomplishing the purposes of this title. Bylaws of any such association may be adopted by the directors but shall not be valid unless approved by the governor.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last two words. Title II, section 20, deals with production-credit associations. Perhaps I should wait until title II has been read throughout, but ever since I have been in Congress I have never seen the necessity of creating all these little local associations, and I just want to interrogate, in a good-humored way, our distinguished chairman with reference to the necessity of organizing the production-credit associations.

Why is it that in making loans to farmers we make him go through so many different associations as to bewilder him in a way to make it difficult for him to get the money? That is the truth of it.

Mr. JONES. If the gentleman will——

Mr. HASTINGS. Just a minute; I merely want to have a good-natured colloquy with the gentleman from Texas.

In the rural credit bill of 1916 we provided for farm-land banks. This bill is similar. Then we provided for local loan associations, and when they were organized nobody could get any money unless he joined one of these local loan associations. When the members of the local loan associations have secured the loans for which they made application they take no more interest in the associations.

Now, why is it necessary to organize these production-credit associations, and why is it necessary to have section 20 and the following sections of title II with reference to associations, and why is it that farmers have to take stock in the production-credit association, and why is it that it could not be arranged for loans to be made to the individual farmer-borrower direct?

Mr. JONES. The gentleman has embodied several questions in one, but if the gentleman will permit, the system he suggests would require the Government to furnish all the money. This is a rediscount system which enables them to secure the funds through the intermediate credit bank.

Mr. HASTINGS. Why could not the loan be made direct to the individual farmer without his having to go through the local association?

Mr. JONES. Under the Federal land-bank system the administrative cost, annually, is $950,000, of which about $350,000 is repaid. The direct-loan system of the crop-production loans and the regional Agricultural Credit Corporation has an administrative cost annually of $9,000,000.

If you were going to try to lend direct on these notes you would have to send men out to examine the security behind $25, $50, and $75 notes. Nobody is interested, yet someone must make the examination, and the cost would be prohibitive unless the Government is going to pay the cost.

Mr. HASTINGS. Who pays the cost under this bill?

Mr. JONES. I may state to the gentleman that I do not like the association method any better than he does, and if he can find some method that will carry its own cost that is better than this and not cost the farmer 30 or 40 percent, I should like for him to suggest it.

Mr. HASTINGS. If the gentleman will permit me a moment of my own time, let me say to him that if costs have to be incurred, of course, they have to be paid. The organization of production associations will not reduce the cost.

[Here the gavel fell].

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HASTINGS. If these costs are necessary and have to be paid, they have to be borne by somebody, either by the members of the local production credit association or by the Corporation. In the end the individual borrower must pay them. I do not see how you are going to avoid the costs, and I do not think the gentleman's explanation——

Mr. JONES. The gentleman has studied this question too much to make that statement. The gentleman understands that the hope is that local people being interested, even in a small degree, they may help in the supervision and in furnishing the information with respect to loans.

Mr. HASTINGS. But our experience with the Federal farm-land banks—and I speak out of a depth of experience—has been different, and I may say to the gentleman that I do not believe he will find that many of these local loan associations meets on an average of once in 10 years. They do not in my district. They never meet.

Mr. JONES. That depends on the locality. In some places they meet and they have been very successful whereas in other instances they have been unsuccessful. It depends very largely on the locality.

Mr. HASTINGS. As the gentleman knows, I have urged a direct loan provision, and there is a provision in the bill which recently passed providing for the making of direct loans without having to go through any local association. The farmer will understand that.

Mr. JONES. Let them try this and see if they can make it work. Under the Federal land bank system where a man has a 30- or 40-year loan, it is quite different. They have a system similar to the one in the bill in Arkansas and have three of these associations in my section of the State, and they are working very well. A man may want a temporary loan for just a short time, and if you have to go out every time one of these applications for a temporary loan is made, you make the cost prohibitive.

Mr. HASTINGS. I have a farmer in my district who has written to me asking how he is to make application for a loan. Will the gentleman from Texas in my time give me the form of letter that I should write him in order to give him this information?

Mr. JONES. I will say to the gentleman that they will have a production credit corporation at Wichita, Kans. They will have the forms and the instructions as to how he should proceed. If there is an association in his locality

he can go immediately to the secretary of that association and get the information.

Mr. HASTINGS. Suppose there is no association in his locality?

Mr. JONES. Then it will be necessary for at least 10 of them who want to make such loans, to get together and form an association.

Mr. HASTINGS. Suppose he cannot get 10 farmers who want to make such applications for loans to join in forming an association?

Mr. JONES. He still has all the sources of credit which he has today in the commercial-credit system of the country.

Mr. HASTINGS. Can he apply direct?

Mr. JONES. The gentleman does not think that the United States Government, as a government, should furnish all the credit to every citizen in America?

Mr. HASTINGS. No; but the credit that it does furnish, I want it to furnish direct, so that the individuals may know how to make application for it.

Mr. JONES. The gentleman cannot get into an argument with me about this, because I have raised the question and I have always been met face to face with the cost proposition in making such loans. With respect to a long-time loan I agree with the gentleman and we did away with the necessity of this where a man gets his loan for a long period of time and then is through; but we hope to have local associations which will continue and furnish continuing sources of short-time credit.

Mr. HASTINGS. Can this farmer in my district make an application for this loan in any other way than through the production credit association, must he become a member of it under this bill?

Mr. JONES. He must become a member of it under this bill; yes.

Mr. HASTINGS. And he cannot make an application direct.

Mr. JONES. He cannot make an application direct.

Mr. HASTINGS. That answers my inquiry. I now yield to my good friend from New York.

Mr. CLARKE of New York. I think the gentleman is conducting a filibuster here against farm legislation with a double-header ball game in progress.

Mr. HASTINGS. There is nobody more deeply interested in farm legislation than I am, and I want to be able to instruct my farmer constituents how they may be able to make applications for these production loans.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. HASTINGS. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I want to ask the gentleman what type of corporation is this production-credit association. Is this a regular corporation organized under the laws of the State?

Mr. HASTINGS. The Government organizes it, as I understand it, but I yield to the chairman of the committee for the details.

Mr. JONES. It is organized under this act and is a corporation chartered by the Federal Government.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I agree with the gentleman from Texas that the cost of administration of the seed and the crop production loans is excessive. I have repeatedly stated on this floor the situation that existed in the St. Louis office. At one time we had 455 employees in that office.

Senator MCKELLAR told me at one period they had 750 employees in the Memphis office. It was clearly a political set-up, engineered by the former Secretary of Agriculture. The record shows that practically the same people who were in control prior to March 4, are in control today in the regional offices, although there is an exception in my city, St. Louis, as to the head of the office.

I do not agree that it is wise to entirely eliminate business directly with the individual. What I wanted to ask the gentleman from Oklahoma was, and I wish the gentleman would answer in my time, what does it cost the farmer belonging to one of these associations which enables him to make a loan? Does he have to pay any dues?

Mr. HASTINGS. Only in connection with the amount he borrows. The farmer has to subscribe to a certain amount of stock.

Mr. COCHRAN of Missouri. It is not going to be like it is now. Now, if you borrow $150 to buy seed to plant your crop you do not have to pay any dues or buy any stock.

Mr. HASTINGS. You do not have to pay any dues here.

Mr. DOXEY. All the farmer has to do to get his loan is to subscribe an amount of stock equal to 5 percent of the loan. Class B stock is an advantage to him in owning, because when he once gets that stock he can come back for a second loan, and he does not have to subscribe for any more stock. And that stock can be under certain circumstances transferred for class A stock.

Mr. COCHRAN of Missouri. Will the gentleman from Mississippi tell me where the farmer who wants to get a loan to plant seed and who has no money, where is he going to get it to pay for the stock he subscribes for?

Mr. DOXEY. Out of his loan.

Mr. COCHRAN of Missouri. Part of the money he gets from the Government purchases stock?

Mr. DOXEY. Absolutely.

Mr. BROWN of Kentucky. I want to ask the gentleman if under the bill when a man pays $5 for class B stock, does the bill provide that he can get the money back when he pays the full amount of the loan within 2 years, and does he have to buy class A stock whether he wants it or not?

Mr. DOXEY. No. Class A stock is worth something.

Mr. BROWN of Kentucky. He is forced to buy the stock——

Mr. JONES. Oh, no; he does not have to buy stock.

Mr. BROWN of Kentucky. Well, then he does not get the loan. Under the farm mortgage bill, when they paid the loan they got credit for the amount of stock.

Mr. JONES. The gentleman is talking about the land-bank feature.

Mr. BROWN of Kentucky. It provided that when they came in and paid the loan they got credit for the amount of stock they owned.

Mr. JONES. The Government has to put up some money. It is hoped that this will furnish a source of legal credit.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more. My time has been used by others.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, I simply want to say that I hope the Committee on Agriculture and the Secretary of Agriculture will finally determine what should be done to help the farmer. We pass an agricultural appropriation bill carrying $60,000,000 for the purpose of showing the farmer how to raise more crops. Then we passed a farm bill which in its effect was to get the farmer to reduce his acreage. Now we come along with a third set-up, which is to continue loans to the farmers and so he can get deeper into debt. I think it is about time that you come to some conclusion as to what really ought to be done for the farmer and pass one bill and not half a dozen bills. Do not do one thing today and another tomorrow. If this bill will save the Government money in administration of the various laws now in force, I am for it.

Mr. JONES. I think we are entitled to pass as many bills for the farmer as we pass for the banker.

Mr. COCHRAN of Missouri. I think it is about an even break now.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

The Clerk read as follows:

SEC. 23. Each Production Credit Association shall, under such rules and regulations as may be prescribed by the Production Credit Corporation of the district with the approval of the governor, invest its funds and make loans to farmers for general agri-

cultural purposes, but such part of its funds as is represented by the guaranty fund provided for in section 22 shall not be devoted to making loans to farmers. Such loans shall be made on such terms and conditions, at such rates of interest, and with such security as may be prescribed by the Production Credit Corporation. No loan shall be made for a less amount than $50, nor shall any one borrower be indebted to the association at any one time in an amount in excess of 20 percent of the capital and guaranty fund of the association or, if the loan is secured by collateral approved by the Corporation, in an amount in excess of 50 percent of the capital and guaranty fund, but loans may be made to any borrower in an amount in excess of 50 percent of the capital and guaranty fund if the loan is approved by the Production Credit Commissioner of the Farm Credit Administration. Borrowers shall be required to own, at the time the loan is made, class B stock in an amount equal in fair book value (not to exceed par), as determined by the association, to $5 per $100 or fraction thereof of the amount of the loan. Such stock shall not be canceled or retired upon payment of the loan, but may be transferred or exchanged as provided in section 21.

Mr. BROWN of Kentucky. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Kentucky: Page 12, line 21, strike out the word "not", and in line 22, of the same page, after the word "loan", strike out the remainder of the section and insert in lieu thereof: "and credit for par value allowed on loans."

Mr. BROWN of Kentucky. Mr. Chairman, I wish Members would turn to page 12. It will be seen that the stock which the farmers are required to buy is not canceled when they pay their loan off or retire it, but it can be transferred or exchanged, as provided in section 21, and section 21 provides that they can exchange it for the original stock of this corporation. You are going to have a stock-brokerage racket going on, because the farmer will come in and pay off a hundred-dollar loan and he has a $5 share of stock he cannot get credit for, and the fellows who organize this corporation are the only market there would be for that; and unless the farmer could find somebody else who wanted to borrow some money these people can go out on the market and buy this $5 share of stock for $1 or whatever they offer. When the home loan bill and the farm loan bill were passed we provided that when the farmer or the home owner paid off the loan he got credit in that loan for the amount of stock he bought. There is no reason on earth why you should put this farmer under the obligation to buy $5 worth of stock that he cannot get credit for when he pays off his loan. If something is not done to relieve that situation, you are making him pay a $5 brokerage fee to get that loan, and then you charge him 6 percent on top of it, which makes in all 11 percent. If that is farm relief, I want to know what farmer is going to get relief under it. There are not over 25 or 30 of us here discussing this $120,000,000 proposition this afternoon, but I should like 12 or 15 of us to give them a right when they walk in and pay every dollar they borrowed, plus 6-percent interest, to have credit for the $5 worth of stock which we make them take when we loan the money.

Mr. JONES. Mr. Chairman, I wish it were possible to have the matter handled in that way. We raised that question in committee and had a discussion of it, but here is the difficulty in connection with the proposal of the gentleman from Kentucky. Some of these loans will be 90-day loans, and some of them 6 months. If a man is going to get his stock back immediately upon the payment of these short-term loans, there is no particular reason for requiring him to take it in the first place. It is expensive to make these short-term loans. It is hoped by having this small stock interest, even though it is small, that people in their local community will be able to supervise their loans and get credit on a little better basis at the place at which they rediscount and they can thus get the additional credit that will take care of the needs of the community. If he is to get his money back in each instance, then there is no provision at all for losses. There will be absolutely no way to take care of the losses, and ultimately each farm loan association must fail, and he predicts and foredooms every single association to failure. If you are going to have this system at all, let us have it as it is. If you are going to have a direct system, have it that way. If the directors of an association want to, they may permit the farmer to sell his stock, or they may take it over for its par value, or they may let him give it to somebody else who wants to obtain a loan. There will be no trouble about that, but you do not want to provide a loophole that will absolutely destroy any hope of success of the system.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BROWN of Kentucky. If this man walks in on a 90-day loan and pays back every dollar that he borrowed, has that association lost anything when it collects 6-percent interest on his loan; and if they require him to keep the $5 worth of stock, have they not charged him a brokerage fee of $5 for a loan of 90 days?

Mr. JONES. No; we have not, because he still has the value of that stock.

Mr. BROWN of Kentucky. If it has any value.

Mr. JONES. It will probably have a value. If this works out, it will; if it does not, we will have to change the system or do away with it entirely. It is not the business of the National Government to furnish all the money and all the credit to every individual in America.

We are trying to establish a sound system that will make credit available. It would not destroy a single chance that any individual farmer has to get credit as it is today. If you are going to make a success of the local corporations which must make a great many individual small loans, you must have some provision for building up the resources. If they are built up, if these individuals try to make it a success, they will get dividends on the stock. They will get their money back. I am sure that on the small loans, such as the illustration given by the gentleman from Kentucky [Mr. BROWN], the directors of the local association would say, "We will let the gentleman have his $5 back." But there must be provision to do whatever is necessary to carry it on.

Mr. BROWN of Kentucky. Is it not absolutely impossible under this bill for that local association to do the very thing the gentleman says they may do?

Mr. JONES. No; it is not. If the gentleman will turn to page 10, line 3, he will find this provision:

No class B stock or any interest therein or right to receive dividends thereon, shall be transferred by act of parties or operation of law except to another farmer borrower or any individual eligible to become a borrower, and then only with the approval of the directors of the association.

Mr. BROWN of Kentucky. Then what the gentleman says is impossible. The association cannot say "We will give you credit for $5 on this loan."

Mr. JONES. They can say "We will just transfer it."

Mr. BROWN of Kentucky. If they have a borrower who is willing to accept it. If not, he loses his $5.

Mr. JONES. If they do not have in the locality some borrowers it will be a strange situation, judging by experience of the past.

Mr. BROWN of Kentucky. Then it will be costing him a $5 brokerage fee.

Mr. JONES. Not necessarily. He will still have his stock.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

The question is on the amendment offered by the gentleman from Kentucky [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. BROWN of Kentucky) there were, ayes 13 and noes 32.

So the amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not been able to learn very much about this bill, but I hope it will do much good. However, I do know that if you are going to grant these extensions to farmers under the Federal farm-land banks, you will have to change the personnel of the officers of those banks or you are not going to get any relief along the line which the President of the United States is undertaking to give the farmers.

You have a set-up in those banks now where they have been antagonistic to the farmers of this country. They have been antagonistic to the policies of Congress, and they have sought in every way to avoid carrying out the intent of Congress in the matter of extension of credit under the $125,000,000 that we provided for them. They did not undertake to grant extensions to the farmers, but they undertook to drive them further and further, and since you passed the act to provide credit for the farmers to extend their loans, what do we find? You find emanating from some of these banks the most cold-blooded information that a man ever read. It will make a borrower shiver in his shoes and wonder if we are not going to wipe him off the face of the earth. Now they say, "We are going to use the personnel of the various Departments." Was the personnel under the Federal Farm Act friendly to the farmers? They did everything they could to play to the other crowd, and they have not changed their viewpoint overnight. If you think those fellows are going to aid the farmers in getting this money that you have turned over to them, the farmers will find they are a hard set to deal with.

My friends, I know that Congress has appropriated money time after time, and Congressmen have gone home to their districts and said to their farmers, "We have made provision for you." The farmers have answered, "We never heard about it." We have said, "We made extension provisions. You can get your loan extended." They said, "Why, I have been there trying to get mine extended for months, and the bank says I have got to pay this loan or they are going to foreclose."

I will tell you what some of this outfit you propose to make these loans have done in the past. They have taken a mortgage and sold it to some man in the town who had money for half the value of the mortgage, and they would not let the farmer who lived on the place buy it at any price. They would not give him any extension. Is that the same crowd you are going to have to carry out the will and wish of Congress? If so, they will have to change their line of thought overnight. We say, "Appraised property of the normal value." What do we mean by that? We mean the normal value under normal conditions at normal times. But how will they appraise it? You find them going out and appraising the land at the present low, depressed prices, and the farmers will not get any relief. You can keep them in there if you want to, but if you do not change this system, you will be back here next January hollering your heads off to do something for the farmers. That is all I have to say about it. [Applause.]

The Clerk read as follows:

SEC. 24. Production credit associations doing business under this act are authorized to borrow from, and rediscount paper with, Federal intermediate credit banks subject to the restrictions, limitations, and conditions applicable under title II of the Federal Farm Loan Act, as amended (U.S.C., title 12, ch. 8). Except with the approval of the governor, production credit associations shall not have the power to borrow from or rediscount paper with any other bank or agency.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last word. I shall not detain the committee any further. I have already detained you a few minutes ago on the same subject.

Mr. Chairman, it is my well-considered judgment that if I were writing this bill, I would strike out the whole of title II. I would not provide for production credit associations. I would have those applying for loans make direct application to the corporation. I would have them take stock, just as is provided they shall take stock through the production credit associations. With that I have no quarrel.

Out of deference to members of the committee and especially to our splendid, genial chairman I am not going to move to strike out title II, but I want to put myself on record as being opposed to this method of making loans to farmers. I am opposed to title II. If these loans ought to be made, they should not be made in such a circuitous way that it is an interminable process to get the loan through and get the money. There ought to be a more direct way of making application for these loans. These borrowers, perhaps, should be required to subscribe to stock. I am not asking any modification of this feature, but instead of going through associations they ought to be permitted to make application direct to the corporation and then comply with practically all the other provisions of this bill.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. HOEPPEL. The gentleman would have the Government itself make direct loans to the farmers.

Mr. HASTINGS. Well, there has got to be some kind of a set-up, some kind of an organization, to make an examination before these loans are made, and I am not criticizing that feature. The Government must be protected; I have no objection to that.

Mr. HOEPPEL. Answering the gentleman from Texas, I would rather give the farmers a checking account against the Government than to give it to the banks, especially to Mr. Dawes.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. HOPE. The gentleman said he would provide a method by which the farmers would get direct loans. As a matter of fact we have that set-up now in our regional agricultural credit corporations, yet I am sure the gentleman has had complaints concerning the methods of those corporations just as I have, and I am sure he does not think they have been entirely satisfactory in their operation.

Mr. HASTINGS. I want to say, not exactly in reply to the gentleman from Kansas, but in reply to an argument made a few minutes ago, that this method of making loans takes some cost off the Government by having these local associations formed; but let me say that every penny of this cost has got to be borne, and it must be borne by the individuals either direct or through local production-credit associations. The cost has got to be borne somewhere along the line. The cost is not lessened by having applications for loans made through associations.

Now, the gentleman from Kansas represents a great agricultural State. Does not the gentleman believe that if production-credit associations were left out and these borrowers could make application direct for these production loans to the corporation, complying with all the other regulations stipulated in this bill, that it would be more satisfactory, that loans would be expedited and that the farmer borrowers would be better satisfied?

Mr. HOPE. I may say in reply to the gentleman's question that the farmers can do that very thing now and have been able to ever since the regional agricultural-credit corporations were organized last year, yet the farmers have not found it entirely satisfactory. They say it takes too long to get an application considered, that it takes too long for an inspector to come several hundred miles in some cases and inspect the collateral. I am sure that there could not be any more delay or any more difficulty about making loans as provided for in this bill than there has been in the case of the regional agricultural-credit corporations where direct loans have been made.

Mr. HASTINGS. In reply to the gentleman from Kansas, I cannot see any possible good to come to the farmer through organizing production-credit associations. The farmer wants to get a loan. He has to make application for it. Why can he not make application direct to the corporation instead of going through a production-credit association?

Mr. HOPE. As I have said, we already have placed in effect such a system, but the farmers say that it is not entirely satisfactory.

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. HILL. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 3 additional minutes, as I wish to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HASTINGS. I wish the gentleman from Kansas would point out to the committee what special benefit comes to the borrower by the organization of these production-credit associations. Wherein is the cost lessened?

Mr. HOPE. Of course, there is this benefit: If we want to get the Government out of the business of loaning money, we have an opportunity to do it here because we are setting up these production-credit corporations, and if they are successful, eventually they will be owned not by the Government but by the farmers themselves. Now, I consider this some advantage unless we want the Government to continue in the business of loaning money. The gentleman may not agree with me in this, but I think this is one advantage.

Now, in the second place, so far as the Federal land-bank system is concerned, these local associations have proven successful. Each farmer deals with his neighbors and friends. They know conditions in their own community. The expense of administration and inspection is cut down very materially because you have local men in charge of making these loans who know something about the local situation. If you do not have that, then you must have someone go out from the regional bank 300 or 400 miles away, someone who does not know anything about the territory or the people in it, and who has no information as to the farmer's credit standing except what he may acquire by spending a few hours in that section. It seems to me that it is preferable to have a local set-up there with someone in charge who is familiar with local conditions. Does not the gentleman agree with me?

[Here the gavel fell.]

Mr. HASTINGS. I shall not take up any more time, but I may say that in my State they are inactive. They never meet.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma may have 1 more minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. I think the gentleman has the same feeling about these agricultural-credit corporations as I have, and I may say that the corporation in my State of Alabama has rendered excellent service to the farmers there and have made better collections than have been made by the average commercial bank in that section.

Mr. HASTINGS. That is where loans are made direct.

Mr. HILL of Alabama. Yes.

Mr. HASTINGS. Then the gentleman is in sympathy with the suggestion I make.

Mr. HILL of Alabama. Exactly.

Mr. HASTINGS. And the gentleman believes that these intermediate or local associations should be abolished and the loans made to the individual farmers?

Mr. HILL of Alabama. As is now being done by the Agricultural Credit Corporations?

Mr. HASTINGS. Yes.

[Here the gavel fell.]

The Clerk read as follows:

LENDING POWER OF BANKS FOR COOPERATIVES

SEC. 41. The Banks for Cooperatives are authorized to make loans to cooperative associations for any of the purposes and subject to the conditions and limitations set forth in the Agricultural Marketing Act, as amended, including amendments made by title V of this act, and subject to such terms and conditions as may be prescribed by the board of the bank with the approval of the governor.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise only for the purpose of requesting the distinguished chairman of the committee, the gentleman from Texas [Mr. JONES], to explain lines 9, 10, and 11, on page 20—

To make loans to cooperative associations for any of the purposes and subject to the conditions and limitations set forth in the Agricultural Marketing Act as amended.

Mr. JONES. "Including amendments made by title V of this act", the gentleman will notice. This permits loans to be made to cooperatives, properly secured, and it makes the further provision that they must not only comply with the terms set out as to their loans heretofore made, but they must pay rates of interest of not less than 3 percent or more than 6 percent. Under the old act they were forced to make loans at the lowest rate that the Government paid at the last issue of Government obligations and they had to make some loans at one eighth of 1 percent, in certain instances, which was unfair as compared with rates to others.

Mr. TRUAX. Is it not true that that money was reloaned at very much greater rates of interest?

Mr. JONES. I understand, in some instances, it was. I would not want to cite specific instances, but I understand there were some abuses and it is hoped that this may be avoided under the limitations of this act.

Mr. TRUAX. Are there provisions in this act to avoid a recurrence of such procedure in the future?

Mr. JONES. At least any such procedure as that would be very much more difficult, because they are compelled to furnish adequate security, which would be of such a nature that they probably could not get some of the types of loans that have heretofore been had. Then we provide for loans to local cooperatives through these regional banks. It is the purpose to decentralize and to have types of credit available to local organizations such as local creameries, and it emphasizes this rather than the larger purpose, though provision is made for both kinds.

Mr. TRUAX. Then the gentleman can assure the Committee that no repetition of the abuses under the old act will occur under the new act, in his judgment?

Mr. JONES. At least, we hope they will not, and I do not believe anything like the abuses that have heretofore prevailed will occur. I could not assure the gentleman there would not be any abuses, but I do not think anything like the abuses that apparently crept into the other act will be manifest under this new provision.

Mr. TRUAX. And under this act they will be required to pay from 3 to 6 percent instead of one eighth of 1 percent, in some instances, under the old act.

Mr. JONES. Both in the new loans and the refinancing; yes.

Mr. TRUAX. I thank the gentleman.

The Clerk read as follows:

SECTION 50. (a) The following provisions of the Agricultural Marketing Act, as amended, are hereby repealed:

(1) Section 3 (relating to advisory commodity committees);

(2) Paragraph (4) of section 5 (relating to powers of the Farm Board to investigate overproduction);

(3) Paragraph (5) of section 5 (relating to miscellaneous investigations by the Farm Board);

(4) Paragraph (3) of subsection (a) of section 7 (relating to loans to assist in forming clearing-house associations);

(5) Paragraph (4) of subsection (a) of section 7 (relating to education in the advantages of cooperative marketing);

(6) Paragraph (5) of subsection (a) of section 7 (relating to loans to enable cooperatives to advance a greater share of the market price of commodities than is practicable under other credit facilities;

(7) Section 10 (authorizing the Farm Board to assist in forming clearing-house associations); and

(8) Section 11 (authorizing the Farm Board to enter into price-insurance agreements).

(b) The repeal of section 7 (a) (5) shall not be construed to prohibit the extension, renewal, or refinancing of any loan made thereunder and outstanding on the date of the enactment of this act, but loans to extend, renew, or refinance any such loan shall bear interest rates as determined under section 8 (a) of the Agricultural Marketing Act as amended by section 54 of this act.

Mr. CARPENTER of Nebraska. Mr. Chairman, I move to strike out the last word. It is with a great deal of pleasure that I read this section whereby loans are renewed or refinanced or extended, and the Farmers National Cooperative Association pays only a reasonable rate of interest, and does not permit the loaning of Government money at one eighth of 1 percent; that that rate will be discontinued.

We have a condition in Nebraska whereby the Farmers National Cooperative Association has built up one of the

most damnable relief organizations that the country has ever seen. It was established by my predecessor, and it was an organization upon the acts of which I was elected to Congress. I made an aggressive attack against the acts of the Farmers National Association. The man at the head received $5,000 a year, and he came into my district carrying the banner of the Republican Party. I condemned seriously the activities.

He discharged the manager of the creamery in my district and made it impossible for the creamery to obtain a loan.

He went fishing with a Republican, and after 3 days' fishing came back, and lo and behold, the chairman of the Republican central committee was made manager of the creamery. He never had one day's experience in conducting a creamery, and it resulted in a condition whereby the creamery got into debt to the United States to the extent of $60,000 on a rate of interest of one half of 1 percent. I want to congratulate the committee that we will get rid of C. V. Thatcher, of the Farmers National Association, and men of that type.

The Clerk read as follows:

SEC. 55. Subsection (a) of section 15 of the Agricultural Marketing Act, as amended, is amended to read as follows:

"(a) As used in this act the term 'cooperative association' means any association in which farmers act together in collectively processing, preparing for market, handling, and/or marketing the farm products of persons so engaged and also means any association in which farmers act together in collectively purchasing, testing, grading, and/or processing their farm and farm-household supplies: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof as such producers or purchasers and conform to one or both of the following requirements:

"First. That no member of the association is allowed more than 1 vote because of the amount of stock or membership capital he may own therein; and

"Second. That the association does not pay dividends on stock or membership capital in excess of 8 percent per annum.

"And in any case to the following:

"Third. That the association shall not deal in the products of or supplies for nonmembers to an amount greater in value than such as are handled by it for members."

With the following committee amendment:

Page 24, line 17, strike out the words "and farm household."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOEPPEL: Page 25, line 2, strike out the following: "8 percent" and insert in lieu thereof the words "12 percent."

Mr. HOEPPEL. Mr. Chairman, I have listened to so many arguments here on this floor in behalf of bankers and loan associations that I have become inoculated with bankeritis, and I am now very sympathetic toward the bankers of America. That is why I have introduced this amendment increasing the rate of interest. I recognize that the American farmer still has a dollar or two in his pocket, therefore he can afford to pay a high rate of interest.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. In just a moment. I recognize that over on the other side of the Capitol they are investigating a certain individual who is unable to pay income tax. He is a banker. I am in favor of this gentleman having some sort of increased revenue. That is why I have raised this to 12 percent. It is not sufficient that the people who are to handle this fund are to be tax exempt, but they are going to reap profits at the expense of the American agriculturists. And I think as long as the farmer is aided, the banker should be in a position to get his also. I hope this amendment is not agreed to, in fact, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection?

Mr. GLOVER. Mr. Chairman, I object.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. FERNANDEZ. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. FERNANDEZ: On page 25, section 55, strike out lines 4, 5, 6, and 7, reading as follows:

"And in any case to the following:

"Third. That the association shall not deal in the products of or supplies for nonmembers to an amount greater in value than such as are handled by it for members."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 7 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FERNANDEZ. Mr. Chairman, in support of this amendment, I desire to submit the following telegram, which has been received from Mr. Russell Clark, president of the New Orleans Cotton Exchange:

WESTERN UNION TELEGRAM FROM MR. RUSSELL CLARK, PRESIDENT OF THE NEW ORLEANS COTTON EXCHANGE

MAY 29, 1933.

Pending bill revising Agricultural Marketing Act provides for continuance of privilege of tax-exempt and tax-subsidized cooperatives to buy and sell and merchandise nonmember cotton in direct competition with taxpaying business. This sort of thing kills the ability of private business to pay taxes to Government and does not help the farmer. The cotton trade can demonstrate this fully. Recent disastrous experience resulting from Government-financed co-ops certainly appears to be sufficient evidence of enormous harm to be anticipated. Interest of Government as well as of the cotton trade requires that this matter receive most careful and thorough consideration before any action is taken. We earnestly ask that before such a bill is presented that the cotton trade be given an opportunity to be heard fully.

RUSSELL CLARK,
President New Orleans Cotton Exchange.

In addition to this telegram from the cotton exchange in the cotton-producing section of the United States or the world, I desire to also submit a telegram signed by the following outstanding individuals and firms connected with the American cotton industry:

Essential to the welfare not only of cotton producer but cotton consumer as well is properly balanced market facilities. Tuesday we understand a bill intended to revise the Agricultural Marketing Act will be presented to the House. Said bill contains a provision extending the privilege granted tax-exempt and tax-subsidized cooperatives to buy, sell, deal in, and merchandise nonmember cotton in competition with taxpaying merchants. This character of Government competition opposed to private initiative and enterprise literally dries up the sources from which Government derives tax revenues and does not and cannot benefit the cotton farmer in any way. The cotton farmer's troubles do not arise from any deficiency in the established marketing system but from causes not related to that system. We request and urge that before extending any such privilege the well-informed cotton trade be heard.

Airey & Richardson; Anderson Clayton & Co.; Beer & Co.; Jas. E. Bennett & Co.; Bouden Clay & Co.; Butler & Keen; Jno. F. Clark & Co.; James L. Crump & Co.; Fenner, Beane & Ungerleider; Gibert, Henican, Grinnen & Co.; Leslie J. Healy & Co.; McFadden & West; Norman Mayer & Co.; Meric & Claiborne; W. E. Richmond & Co.; Maurice Sterns Sons; Stewart Bros.; Thomas Hobson & Legendre; Tullis Craig & Co.; Wachsman & Wassall; J. J. Williamson & Co.; Wells & Stanton; Mason Smith & Co.; Woodfin & Co.

The recent experience which the American people have had with this class of legislation and the tremendous losses that have been suffered by the Federal Treasury as a result requires no further argument than to merely bring it to the attention of the House. I well understand that this legislation has been on the statute books for the past decade and this fact is advanced for those who would emphasize its incorporation in the pending bill. In view of recent experiences, however, I believe that Congress is warranted in striking it from the pending measure. I sincerely trust that it will be stricken from the bill and that legitimate, private enterprise will be relieved from this insuperable class of competition.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. FERNANDEZ. Yes.

Mr. HOPE. If I understand what the gentleman has in mind, I do not believe his amendment will accomplish his purpose. As I understand it, the gentleman wishes to prevent cooperatives getting Federal assistance from dealing with any nonmember product.

Mr. FERNANDEZ. We don't want them to come in competition with the cotton merchants that buy in the open market. I think my amendment clears it pretty well.

Mr. HOPE. If the gentleman's amendment should be agreed to, it would mean that there would be no limit whatever on the amount of nonmember products that these associations could deal in. As it is now they can deal in not more than 49 percent of nonmember products. If the amendment should prevail they could deal in unlimited amounts of nonmember products.

Mr. FERNANDEZ. In any event, it is the law now (49 Stats., p. 88), so that it really does not matter.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Louisiana.

The amendment was rejected.

Mr. HART. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HART: Page 25, line 7, strike out "such as are handled by it for members" and insert "10 percent of the value of all products and supplies handled by it."

Mr. HART. Mr. Chairman, I offer this amendment for the purpose of putting on an equality these cooperatives in operating with the ordinary line of business. Under the provisions of this act and the previous Agricultural Marketing Act, they were able to borrow money at very low rates of interest, rates with which the private individual could not compete. Then they went into the market and operated not only with a low rate of interest but with a bonus obtained by reloaning that money, and they were handling nonmembers' goods without a profit, destroying legitimate business. I do not want to hamper the cooperatives, and I leave that 10-percent clause in there so that they can go out and make up units for shipments. For instance, if they lack a certain amount of goods to fill out a carload, they can go out and get nonmember products and fill their shipment.

I am not trying to hamstring them, but they have no right to get low rates of interest and go out and destroy the ordinary business man.

I hope this amendment will be sustained by the House. I know it is practical.

Mr. WHITTINGTON. Mr. Chairman, may we have the amendment reported again?

There being no objection, the Clerk again reported the Hart amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HART].

The amendment was rejected.

The Clerk read as follows:

GENERAL CORPORATE POWERS

SEC. 60. The Central Bank for Cooperatives, and the Production Credit Corporations, the Production Credit Associations, and the Banks for Cooperatives, organized under this act, shall have succession until dissolved in accordance with this or any other act of Congress; shall have power to sue and be sued in any court, to adopt and use a corporate seal, to make contracts, to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of their business, to prescribe fees and charges (which in any case shall be subject to the rules and regulations prescribed by the governor) for loans and other services; and shall have such other powers necessary and incident to carrying out their powers and duties under this or any other act of Congress as may be provided by the governor in their charters or in any amendments thereto. Each such bank, association, or corporation shall, for the purposes of jurisdiction, be deemed a citizen of the State or district within which its principal office is located.

Mr. GILCHRIST. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. GILCHRIST: On page 26, line 3, after the period, insert the following: "No district court of the United States shall have jurisdiction of any action or suit by or against any production-credit corporation or production-credit association upon the ground that it was incorporated under this act, or that the United States owns a majority of the stock in it; nor shall any district court of the United States within the land-bank district served by such association or corporation have jurisdiction, by removal or otherwise, of any suit by or against any such association or corporation, except in cases by or against the United States or by or against any officer of the United States, and except in cases of winding up such bank, association, or corporation."

Mr. JONES. Mr. Chairman, I wish to state that I have consulted most of the members of the Committee on Agriculture and the amendment offered by the gentleman from Iowa is agreeable to the committee.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa [Mr. GILCHRIST].

The amendment was agreed to.

The Clerk read as follows:

UNLAWFUL ACTS AND PENALTIES

SEC. 64. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Central Bank for Cooperatives, or a Production Credit Corporation, Production Credit Association, or Bank for Cooperatives, organized under this act, upon any application, advance, discount, purchase, or repurchase agreement, or loan, or any extension thereof by renewal, deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by any such bank, association, or corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by any such bank, association, or corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by any such bank, association, or corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish as true, any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by any such bank, association, or corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with any such bank, association, or corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud any such bank, association, or corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of any such bank, association, or corporation, makes any false entry in any book, report, or statement of or to any such bank, association, or corporation, or draws any order, or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of any bank, association, or corporation organized under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

(e) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word for the purpose of seeking information from the chairman of the committee.

What is the judgment of the gentleman from Texas [Mr. JONES] as to the amount of credit which this bill will ultimately provide? The bill provides for $120,000,000. When the collateral is turned over to the intermediate credit bank what percentage of turnover does the gentleman think there will be?

Mr. JONES. In similar organizations that have been established it has ranged about 5 to 1, and we expect it to range that here.

Mr. McGUGIN. That will be $600,000,000 worth before we get through?

Mr. JONES. That depends altogether on how extensively this may be used. The gentleman understands those uncertainties.

Mr. McGUGIN. On page 27 I notice all obligations incurred under this act shall be tax exempt. So, in the last analysis, we might as well face the fact that this presents an avenue for another $600,000,000 worth of tax-exempt securities. Is that right?

Mr. JONES. Yes. I believe that all issues of tax-exempt securities should be abolished, but so long as the system is in vogue I see no reason for discriminating against agriculture.

Mr. McGUGIN. I can see no reason for discriminating against agriculture, and we are going to accept this bill with those terms; but does the gentleman not believe that, as bad as it may be for the States, municipalities, and Federal Government to issue definite amounts of bonds that are tax exempt, it is a much more dangerous policy to be setting up these side corporations and authorizing them to issue indefinite amounts of securities which will be tax exempt?

Mr. JONES. I do not agree with the policy of issuing them at all; but I do feel that since industry has such an extensive amount already outstanding it is certainly no more than fair that agriculture should have the same right.

Mr. McGUGIN. Certainly. This is equally as decent as the Reconstruction Finance Corporation bonds being tax exempt, but the principle is certainly wrong of allowing these side corporations to issue tax-exempt securities. We know that the $27,000,000,000 of the national debt which will be outstanding at the end of this session of Congress will be tax exempt. We know that the $4,000,000,000 of bonds authorized to be issued in the farm-mortgage relief bill and in the city mortgage relief bill will be tax exempt. That will make $31,000,000,000 of United States securities which we know will be tax exempt. We know that the States and the cities, together with other local governmental units, have outstanding billions of dollars of tax-exempt securities. But what will be the amount of tax-exempt securities issued by these side corporations no man will know. Maybe government can survive in the United States with a major portion of its property tax exempt and with public expenses mounting by the billions of dollars but I doubt it.

Mr. JONES. But certainly they are not tax exempt after the United States gets out of them?

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 71. Paragraph "Sixth", of section 14 of the Federal Farm Loan Act, as amended, is hereby repealed.

With the following committee amendment:

Page 31, line 17, after the word "is", strike out the words "hereby repealed" and insert:

"Sixth. To accept as additional security for any loan to any borrower under this act, or any installment on any such loan, any personal property which is exempt from execution upon judgment under the laws of the State in which the land with respect to which the mortgage is given is situated."

Mr. WHITTINGTON. Mr. Chairman, I desire to ask the chairman of the committee a question in connection with the committee amendment. This amendment authorizes but does not require additional security for the postponement of any installment?

Mr. JONES. That is correct.

Mr. WHITTINGTON. It is purely optional with the Federal land bank?

Mr. JONES. That is correct.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. PETERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PETERSON: Page 31, line 24, strike out the period and insert a comma and the following:

"Loans may be made under this act and the Federal Farm Loan Act and amendments thereto, notwithstanding the fact that the land or property upon which such loan is made is located in a county, improvement, or tax district which is in default of its bonds."

Mr. JONES. Mr. Chairman, I make the point of order that the amendment is not germane to the paragraph, to the section, or to the bill as a whole.

The CHAIRMAN. The Parliamentarian assures the Chair that this amendment is subject to the point of order. The committee amendment has already been agreed to.

The Chair sustains the point of order.

The Clerk read as follows:

SEC. 78. Section 31 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 986), is amended by adding at the end thereof a new paragraph, as follows:

"Any mortgagee who shall knowingly make any false statement in any paper, proposal, or letter, relating to the sale of any mortgage, to any Federal land bank under the provisions of section 13 of this act, as amended, or any appraiser provided for in this act who shall willfully overvalue any land securing such mortgage, shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding 1 year, or both."

With the following committee amendment:

SEC. 79. Section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following new paragraph:

"Fourteenth. To enter into agreements with national farm-loan associations of the district under the terms of which losses incurred and gains realized on account of the disposition of lands covered by a defaulted mortgage endorsed by such association will be shared equally by the bank and the association."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 83. The Farm Credit Administration shall have a seal, as adopted by the Governor, which shall be judicially noticed.

Mr. DOXEY. Mr. Chairman, I offer an amendment which I send to the Clerk's desk, and with the Chair's indulgence before the amendment is read I will make a short explanation.

This amendment relates to section 36 of Public Act No. 10, the farm omnibus bill which we passed and which was approved May 12, relating to the loans made to levee, drainage, and irrigation districts.

Mr. CLARKE of New York. That was in cases where they were completed projects.

Mr. DOXEY. Absolutely. I would have taken this up with the gentleman under any ordinary conditions. Let me say this is a clarifying amendment, clarifying the language in existing law. It was sent to our committee by the Reconstruction Finance Corporation, which has to administer this portion of the law, and may have been sent there, possibly, in the absence of the gentleman from New York.

Section 36 provides for loans to drainage and similar districts to the extent of $50,000,000. This amendment enables the Reconstruction Finance Corporation, as they say, to expedite the administration of this section through a clarification of the language. In other words, for example, where we said "bonds" they say "bonds and other obligations."

If my distinguished friend from New York will permit me, I will tell him just the situation. To be frank with the gentleman, I think the amendment is subject to a point of order. I do not think a point of order will be made by any gentleman if he understands that this amendment already is in the independent offices bill in the Senate, but there is no telling when that bill will be passed, as there are many controversial matters in it, involving veterans' appropriations, and other things of a controversial nature. No doubt it could be worked out satisfactorily with the conferees, but the thought of those who are interested in accelerating the activities of the Reconstruction Finance Corporation in administering the law that is so vital to these distressed districts was that if we adopted it here on this act, when this bill gets to the Senate, which we hope it speedily will, it will meet very little opposition; it will be agreed upon, the law will be clarified, and we will be enabled to operate more advantageously and quickly, in my judgment.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I shall be delighted to.

Mr. CLARKE of New York. The attitude on our side is one, of course, of wanting to cooperate in every way.

Mr. DOXEY. I may say the gentleman has proven it.

Mr. CLARKE of New York. And I believe it will be the testimony of all Members present that we have tried to cooperate, but here is brought up an important matter with no Member on our side knowing anything about it; we have to just take it on faith, and I would take almost anything in the United States on the strength of the gentleman from Mississippi [Mr. DOXEY] say-so, but it is the way of doing the thing that is wrong.

Mr. DOXEY. I readily agree with the gentleman. I may say to the gentleman that I did not intend to present this amendment as an amendment to this legislation at all, but I had a short conference with Senator ROBINSON of Arkansas, who is especially interested in this matter, and it was suggested that if the amendment were added to this bill it would expedite matters. I am sure when the gentleman understands the amendment he will support it. It was before our committee and for some reason or other it was referred to me to look into. I was not there at that particular time. If there is any objection I bow graciously and can appreciate the gentleman's position, but it is a matter of importance, even if this is not the proper way of handling it. It can be fixed up in conference.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. DOXEY. I yield.

Mr. HOPE. Do I understand the gentleman to say it is simply a clarifying amendment?

Mr. DOXEY. I say it is simply a clarifying amendment because it does not change any of the principles. The gentleman is familiar with section 36 with reference to the $50,000,000 that the Reconstruction Finance Corporation is to loan to these distressed levee districts, drainage districts, and drainage and levee districts.

Mr. CLARKE of New York. If the gentleman will yield right there, I should like to make certain I get the import of the amendment, and I do not think any man can get it with the matter brought up in this way, but as I recall the farm bill it was upon completed projects, was it not?

Mr. DOXEY. Absolutely.

Mr. CLARKE of New York. And this carries out that proposition?

Mr. DOXEY. Certainly. No project other than a completed project is included in the original act. If the gentleman will permit my amendment to be read, and I will furnish him the law, he will see that the changes are such as these: Where we said "assessments" they say "and assessments", and where there are ad valorem taxes and assessments the amendment makes them available as charges. Where we say "bonds" they say "or other obligations." This amendment was drafted by the legal division of the Reconstruction Finance Corporation which has to administer its provisions.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent that the gentleman be given 2 additional minutes.

The CHAIRMAN. Let the amendment first be reported.

The Clerk read as follows:

Amendment offered by Mr. DOXEY: On page 36, after line 11, insert the following:

"SEC. 84. Section 36, Public Act No. 10, Seventy-third Congress, approved May 12, 1933, is amended to read as follows:

"'SEC. 36. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000, to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts duly organized under the laws of any State, and to or for the benefit of political subdivisions of States, which prior to the date of enactment of this act have completed projects devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such projects, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by bonds, notes, or other obligations which are a lien on the real property within the project or on the assessments, taxes, or other charges imposed by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any other bonds so secured except with the consent of the Corporation; (4) the borrower shall agree, insofar as it lawfully may, to pay to the Corporation, until all bonds or other obligations of the borrower acquired by the Corporation are retired, an amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce, insofar as it lawfully may, the annual taxes, assessments, and other charges imposed by it for or on account of the project by an amount proportional to the reduction in the corresponding annual requirements for principal and interest of its outstanding indebtedness by reason of the operation of this section. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and holders of its outstanding bonds or other obligations under which the applicant will be able to purchase or refund all or a major portion of such bonds or other obligations at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6-month period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.'"

Mr. GILCHRIST. Mr. Chairman, I reserve a point of order for the purpose of asking the gentleman a question.

When this legislation about drainage districts was before the House there was put upon it an amendment that I thought was necessary for my part of the country, up in the State of Iowa. The committee agreed to it, the House agreed to it, it went to conference and then when the bill came back the amendment had disappeared from it. I should now like to ask the gentleman from Mississippi, under my reservation of the point of order, if he has objection to putting my amendment into his present amendment?

Mr. DOXEY. The gentleman's amendment relates to that principle of law known as the "last faithful acre"—is that the amendment the gentleman refers to?

Mr. GILCHRIST. Yes; in part at least.

Mr. DOXEY. My position now is just what it has always been. I did not feel that the gentleman's amendment added or detracted one bit in the world from that legislation, because of the mere legal phraseology, and for my part this is not my amendment here. This is an amendment that the Reconstruction Finance Corporation says will enable them to more effectively administer the law as it was passed and as it is now on the books.

Mr. GILCHRIST. Mr. Chairman, I shall have to insist on the point of order.

Mr. FISH. Will the gentleman reserve it?

Mr. GILCHRIST. I will reserve it further to hear from the gentleman, but I wish to call attention to the gentleman's own statement that the amendment I proposed neither added to nor subtracted from the bill. Then what objection does he have to it? However, I shall reserve further the point of order at the request of the gentleman from New York.

Mr. FISH. I only ask the gentleman to do this because I should like to hear a little more discussion from the chairman of the committee as to just what this accomplishes. It may be that after hearing from the chairman of the committee the objection will be withdrawn. It may accomplish what the gentleman has in mind and what some of the rest of us have in mind. Could the gentleman give us a statement about exactly what this accomplishes?

Mr. JONES. I may say that on this particular proposition I have relied upon the investigation and judgment of the gentlemen who are interested in the proposition within the limitations of the amount which we are willing to allow. I understand from the letter which came from the Reconstruction Finance Corporation that it will be practically impossible for them to make loans under the law as we passed it and the restrictions under which they operate under this act. They simply want this for the purpose of enabling them to carry out the powers granted them in the other act to make these loans. However, I have not studied this particular phase of the matter as have these gentlemen who represent districts that have these projects and are familiar

with them, and for that reason I was leaving the matter largely to the discretion of the gentleman from Mississippi.

Mr. SNELL. Will the gentleman yield for a question?

Mr. JONES. Yes.

Mr. SNELL. As I understand the situation, it is almost an entirely new bill that has been brought in here and no one knows anything about it, not even the members of the committee. It certainly is not right to offer this as an amendment and have it put through here unless the members of the committee at least know exactly what they are doing. I think it is subject to a point of order.

Mr. JONES. I may say to the gentleman that we had not intended to offer this amendment, but the request came from the other side with the statement that the matter may be delayed over there, and they hoped that it might go on here. I have no particular interest in the matter except to give the gentleman a chance to present it.

Mr. WHITTINGTON. Will the gentleman yield for a short statement?

Mr. GILCHRIST. I yield.

Mr. WHITTINGTON. May I say that I noticed this amendment in the RECORD Saturday. It was offered in the Senate by Senator ROBINSON of Arkansas. I undertook to compare it with the section of the act as we passed it in the House and my judgment from the examination I made is that this is a clarifying amendment in the interest of administration. I could not see where it made any change whatsoever in the substantive law. My colleague from Mississippi [Mr. DOXEY] conferred with me and stated that the amendment which Senator ROBINSON had proposed in the Senate and as carried in the RECORD of last Saturday had been submitted to his committee and at his suggestion I compared the amendment with the law as we passed it here and it struck me that it was merely clarifying and was in the interest of good administration and that the amendment should be adopted because it made no change whatever in substantive law.

Mr. CLARKE of New York. Undoubtedly, that is all true, and there is no one in the world who would depend more on the word of the gentleman from Mississippi [Mr. DOXEY] and the chairman of the committee than myself, but I say it is unfair to the members of the committee not to be fully consulted so that we may thoroughly understand all these matters. Whether it is one man's fault or another's, this matter is sprung on us here entirely unknown to us and it is unfair to ask us to go along on a thing like this.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. CLARKE of New York. Yes.

Mr. WHITTINGTON. I am not a member of the committee and I can appreciate very thoroughly just what the gentleman says and can appreciate his position in the matter and I have no fault to find with it. However, it does strike me that inasmuch as this is not an amendment personally introduced by my colleague [Mr. DOXEY] but comes at the request of the Reconstruction Finance Corporation, the agency of the Government that is to administer this act, there is at least some excuse for the manner in which it is presented here.

Mr. CLARKE of New York. There is no excuse in the world when the members of the committee do not have full access to the facts and know all that goes with it in order that they may form a mature judgment about the matter.

Mr. DOXEY. The gentleman and myself have been on this committee for some years. The gentleman was on the committee before I was, and there has never been any disposition, I think the gentleman will agree, on my part to do anything except to have a frank and free discussion of all matters.

Mr. CLARKE of New York. Absolutely. I would bank on the gentleman from Mississippi.

Mr. DOXEY. I appreciate that and the gentleman from New York knows what a high regard I have for him, to be frank about it. The matter was referred to our committee when we were in the midst of the hearings on this particular bill and I then took occasion to look into it and found that it was going to be handled on the other side of the Capitol. I did not feel at that time that it was any use to burden my colleagues, and further that the Senate intended to put it in the independent offices appropriation bill, and that it would be approved of in the conference report, and that would end it.

Now, it developed—and that is one reason that I have not discussed it with anybody except those interested in the Senate procedure—but now it has developed that the independent offices bill will likely be tied up in the Senate for some time. If we do not start it here in the House and place it as an amendment on some legislation here, the Reconstruction Finance Corporation will not likely make any loan to these distressed districts out of this $50,000,000 appropriation.

Mr. CLARKE of New York. It is my understanding that this does not close the door; it can be put on any other bill that may come up.

Mr. DOXEY. Yes; it can be put on another bill, but the next bill may have hard sailing in the Senate. We are fortunate in having the present bill go through the House without any trouble. I appreciate the gentleman's position, and I have nothing but the kindest feeling if the gentleman insists on his point of order.

Mr. HOPE. Let me say that this bill has to pass the Senate. Would it not be better to wait until it gets over there and let the Senate put this amendment on, and in the meantime the committee here can study the amendment and know something about it, and when it comes back from conference it can then be acted upon?

Mr. DOXEY. The gentleman's thought is to let the Senate put the amendment on?

Mr. HOPE. Yes.

Mr. DOXEY. I think that is a wholesome suggestion, and the gentleman will find me willing to go along with him in that way.

Mr. GILCHRIST. The gentleman made the statement that my amendment to this legislation is neither harmful nor helpful; then, how can there be any objection to it, and will the gentleman favor its being put on in conference?

Mr. CLARKE of New York. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk completed the reading of the bill.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SHALLENBERGER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. JONES. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

There being no demand for a separate vote, the amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. JONES, a motion to reconsider the vote whereby the bill was passed was laid on the table.

DESERT-LAND ENTRYMEN

Mr. POU, from the Committee on Rules, presented the following resolution, for printing under the rule:

Resolution 165

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

NATIONAL EMPLOYMENT SYSTEM

Mr. POU, from the Committee on Rules, also presented the following resolution, for printing under the rule:

Resolution 157

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 4559, entitled "A bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", and all points of order are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING MEMBERS OF INTERNATIONAL TRIBUNALS TO ADMINISTER OATHS

Mr. BANKHEAD, from the Commitee on Rules, presented the following resolution for printing under the rule:

House Resolution 168

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 1581, a bill to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths and so forth. After general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

PROTOCOLS OF ZION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, on Monday last the gentleman from Pennsylvania [Mr. McFADDEN] made some remarks which reflected upon the people of a great race. Whether intended so or not, those remarks did a gross injustice to the Jewish people, who have contributed so much toward the development and the progress of our own country and of every other country in which they have resided. I know of no people, members of no race, who have been more law-abiding, more patriotic, and more loyal to the government in which they live and to the flag of that country. I hold in my hand a telegram from a distinguished citizen, Dr. Cyrus Adler, president of the American Jewish Committee, which I shall read to the House. It is addressed to the Speaker of the House of Representatives and reads as follows:

PHILADELPHIA, PA., *May 30, 1933.*

SPEAKER, HOUSE OF REPRESENTATIVES,
Washington, D.C.:

In view of the statement made in the House of Representatives on May 29 by Mr. McFADDEN, in which he referred to the "so-called 'protocols of Zion'", I deem it my duty to call attention to the fact that these "protocols" are a forgery, as was proved by the Constantinople correspondent of the London Times years ago. Mr. McFADDEN also referred in connection with the so-called "protocols" to the Dearborn Independent. Mr. Henry Ford, the then proprietor of the Dearborn Independent, stated in a written communication, dated June 30, 1927, "I confess that I am deeply mortified that this journal, which is intended to be constructive and not destructive, has been made the medium for resurrecting exploded fictions and for giving currency to the so-called 'protocols' of the wise men of Zion, which have been demonstrated, as I learn, to be gross forgery." In view of the fact that the press reports that Mr. McFADDEN quoted at some length from the protocols, I trust that the House of Representatives will be willing to place this message in the CONGRESSIONAL RECORD, so that the report of its proceedings shall not be disfigured by extracts from a forged document.

CYRUS ADLER,
President American Jewish Committee.

In view of that telegram and the facts stated, I hope that the gentleman from Pennsylvania [Mr. McFADDEN] may see fit to withdraw the remarks to which it refers.

JEWISH PERSECUTION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, under consent to extend my remarks in the RECORD, I submit a statement by myself in answer to the remarks on May 29 by the gentleman from Pennsylvania [Mr. McFADDEN].

Hitlerism has shown its hand on the floor of the House. That untimely speech delivered by the gentleman from Pennsylvania [Mr. McFADDEN] on Monday, May 29, has spread it in the CONGRESSIONAL RECORD.

It is almost unbelievable that a person of otherwise sane views, and as seemingly in possession of all his faculties as is the gentleman from Pennsylvania, should stoop to such vulgar tactics in assailing the Jews of the United States and the world.

I only wish the Congressman had occasion to read some of the latest books on Jewish life. They would prove to him, beyond possibility of a doubt, that far from being the "money power" of the world, the Jews are really on the other side of the ledger. Jewish millionaires are few and far between. It is futile to speak of a Jewish money power, because such a power does not exist and never existed. The number of Jewish millionaires can almost be counted on the fingers of one hand and by no means do they compare with the wealth and opulence one may find among the "gentiles."

Of course, in this year of grace 1933, one must be very dense indeed to give any credence to the alleged "Protocols of the Elders of Zion." This publication, from which our friend Henry Ford some 10 years ago so copiously quoted in the now defunct Dearborn Independent, has gone the way of all flesh, and no sane person today believes that there is a shred of truth in the alleged document.

This book was written by a Russian, half-crazy student, and was copiously imitated on the European Continent by nations and races which should have known better. The story itself is so weird as to defy all intelligent description. According to this tale, the Elders of Zion are the heads of the Jewish people and presumably the great Jewish money lenders. They plot the destruction of the whole world, so that the Jewish money power may come to rule the universe. The Jewish bankers are supposed to meet in subterranean cellars on nights when the moon is not shining and all proceedings are so secret that the bankers do not even know each other. Nevertheless, they apparently keep a record of their doings and pass resolutions condemning the gentiles and exalting the Jews. Not only do they pass resolutions but they plot how to destroy the Christian world and how to erect in its place a Jewish world, where the Jews will have all the money and the gentiles will have to slave and toil for them. A beautiful picture, is it not? Such is alleged at least to be the avowed program of the "damnable Jewish plotters." And the gentleman from Pennsylvania, presumably a sensible person, believes in it.

When these fairy tales about the plottings of the Jewish bankers were first told, the world was amazed to see Henry Ford take it up in his newspaper, and every week send a

broadside in the world with more and more details about the Jews and their "nefarious" practices. I wonder if the gentleman from Pennsylvania is not going to read into the CONGRESSIONAL RECORD from day to day other chapters from the famous "protocols."

I have not before me any figures which would indicate how many Jews reside in the gentleman's congressional district or cast their votes there, but it would surely make very pleasant reading for his constituents when they will discover that their Congressman believes in fairy tales, if the fairy tales were at least of a pleasant and charming nature. But no; the story told in the "protocols" is apt, in the language of Shakespeare, "to make your blood curdle, your hair stand up, and your frame shiver." To believe the story one must think that the Jews are not only wicked and cruel but a race of bluebeards and vampires combined. Such is the story told in these nefarious "protocols."

Well, the time has come that our race, so maligned and unkindly dealt with, should take a decided stand against further persecution. The action of the gentleman from Pennsylvania can be termed nothing else but persecution of the Jewish race. To single out the Jewish people of America who as a group are responsible for this country going off the gold standard is as wild a thought and as mad an idea as ever was conceived by the human brain. It is almost unbelievable for an idea of this kind to have lodged in the mind of a Member of the American Congress. In my 11 years of service in this House I have never yet, either in public or private contact with the Members, been aware of any such stupid ignorance. The act of a Member of Congress charging the people of my race with being responsible for financial upset in the United States is nothing short of ignorant stupidity. The Jewish people of the United States have always led a law-abiding, patriotic existence. They have done their share, and more, in fighting for this country, in cherishing its ideals, and working for its upbuilding. Wherever any field of human endeavor in this United States is touched you will find a Jewish name actively engaged in the promotion of everything that is good and salutary. I have no doubt that even the gentleman from Pennsylvania must have met in his life and been associated with many members of the Jewish race, and I do not believe that he would find objection to be raised personally against the many splendid men and women of the Jewish race with whom he had come into contact at one time or another in his private or public life.

I believe if the gentleman from Pennsylvania will reflect, he will undoubtedly find that he has grievously erred in making the remarks which he uttered in this House on Monday, May 29. I hope he will delete his speech from the CONGRESSIONAL RECORD.

To recapitulate what the Jewish people of this country have done for its upbuilding and development would require volumes. Books have been written and are to be found in any library to which the gentleman from Pennsylvania has access, which will show him how the Jews have fought in every war this country waged, from the Revolutionary War down to the World War. We had Jewish soldiers and sailors in every battlefield, we had Jewish men and women in every profession and in every trade and industry. We have rich Jews and poor Jews, Jews more blessed with this world's goods, and Jews on the brink of starvation. We have good and bad. By all means dismiss from your mind any thought that the Jews are responsible for any financial legislation which this House must enact from time to time.

At this time, I wish to add my protest against any attempt to make the floor of this House the battle ground for anti-Semitic propaganda. It must not spread. Any attempt to indulge in it here should be nipped in the bud.

LEAVE TO ADDRESS THE HOUSE

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes in reply to a statement made by a colleague of mine day before yesterday in relation to a resolution which I introduced in the House on Monday.

The SPEAKER. Is there objection?

Mr. BOYLAN. Mr. Speaker, I reserve the right to object. Will the gentleman yield to me for a minute and a half?

Mr. TINKHAM. Yes.

Mr. BOYLAN. Mr. Speaker, in further reference to the telegram read by our distinguished leader [Mr. BYRNS] in relation to the matter put in the RECORD by Mr. MCFADDEN, I would like to make a brief statement. An investigation was made by the London Times some years ago of the matter quoted by Mr. MCFADDEN. They found out that it was a forgery. The same matter was subsequently published in the Dearborn Independent; Henry Ford later repudiated and apologized for its publication. This was the excerpt placed in the RECORD by the gentleman from Pennsylvania [Mr. MCFADDEN]. I think in justice to the accuracy of the RECORD, the matter should be expunged. If I may be recognized to make such a motion at this time, I will make it. I move that the entire quotation be expunged from the RECORD.

The SPEAKER. That requires unanimous consent.

Mr. SNELL. I hope the gentleman will not make that request at this time. I think the matter should be taken under more consideration. I should have to object to that at this time.

Mr. BOYLAN. I am sure the gentleman would not object to having the forgery eliminated from the RECORD.

Mr. SNELL. Certainly not, but there is a good deal more to the gentleman's speech than what the gentleman from New York has referred to at this time. I think it would be unfair to make the motion.

Mr. BOYLAN. I do not ask to have the entire speech stricken out. I merely ask to have this quotation stricken out which appears at the top of the second column on page 4591 of the RECORD.

Mr. SNELL. As a matter of fact I have no definite information one way or the other in regard to it, and I am not in favor of anyone putting anything in the RECORD that is not founded on fact. At a later date perhaps the gentleman may make that motion but at present I shall object.

Mr. BOYLAN. All I ask for is to expunge the quotation in the gentleman's speech, the forged quotation which was repudiated by and apologized for by the paper that published it.

Mr. SNELL. I should like a little more opportunity to look into the matter.

The SPEAKER. Objection is heard.

FARM CREDIT ACT OF 1933—EXTENSION OF REMARKS

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks upon the Farm Credit Act of 1933, which we just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, I am watching very closely the movement of the Secretary of Agriculture, Mr. Wallace, in making appointments of the men who are to compose the machinery to operate or administer the farm relief bill, introduced by me, and known as H.R. 3835.

I introduced a domestic allotment bill about 12 months ago known as the "Wilson plan." It was my opinion at that time that the allotment plan would work splendidly and helpfully to farmers on cotton and wheat. I stated, when H.R. 3835 was up for consideration in the House, that if same were properly administered, and if manufacturers and farmers would join in heartily with the Agricultural Department in administering the bill, it would work successfully and farm prices could easily be advanced to pre-war prices.

I have contended all along, and now contend, that until farm prices are put on a fair basis in line with prices which farmers have to pay for that which they buy, normal prosperity will be long drawn out. It is also my contention that if something is not done to bring about fair prices for farm products, in line with prices that farmers have to pay for that which they buy, the millions which the Government is now lending to railroads and other corporations,

and putting into various relief programs, will be just like putting that much money into a rat hole.

The bill should have been passed and put into operation before farmers began to plant cotton. Farmers then could have complied with the requirements of reducing acreage and production. This cannot be done now unless farmers would plow up a certain acreage of cotton which has been planted and is now growing. Farmers will not plow up cotton that is now growing, and it would be foolish on their part to do so.

The allotment plan can and should be put into operation at once. I want to try to show you just how this can be done, even though farmers cannot, as stated, reduce acreage and production, which was contemplated when the bill was first written. For instance, Farmer Jones, who planted 150 acres of cotton in 1932 and produced 100 bales of cotton, would have cut his acreage down to 100 acres and his production to 70 bales if he had come in under the plan before planting his 1933 cotton crop. This would be in line with the 30-percent reduction of acreage and production under the bill. Inasmuch as Farmer Jones did not have the opportunity to come in and comply, as just stated, we will take for granted that he has planted this year his same acreage, and with a normal season will produce the same number of bales as produced in 1932, which was 100 bales.

I contend that Farmer Jones can now come in by making an agreement that if he produces 100 bales, inasmuch as he has already planted 150 acres, as he did in 1932, he will offer for sale only the same number of bales in the fall of 1933 that he would have agreed to produce in the first instance, had he come in before the cotton was planted, which would be 70 bales. He would also have to agree to carry over the 30 bales to be used as a part of his allotment for 1934.

Naturally, this 30 bales, carried over, would have to be taken into consideration in connection with the reduction in production according to the amount of the surplus on hand at the beginning of the year 1934.

Farmer Jones would be permitted to carry this 30 bales on his own farm, subject to check by the officials of the Agricultural Department, or he could warehouse and borrow money thereon to help pay his 1933 obligations or help finance his 1934 crop. There is no difference in this plan and the one contemplated under the bill, if the bill had been put into operation before cotton was planted, except the Department and the farmer would have to take into consideration a 2-year agreement, 1933–34, instead of an agreement for 1933, under the original plan. Suppose Farmer Jones has 25 bales of cotton actually on hand at this time and wanted to come in. He should be permitted to do so and he should be given the immediate benefits under the allotment plan. He would have to agree to make the proper reduction in 1934 to take care of same, and use the 30 bales over production in 1933 as a part of his 1934 allotment. Jones should also agree to carry 25 additional bales out of the 70 bales allowed him for 1933, because he was permitted to sell the 25 bales on hand, and received the allotment benefits thereon. This would save carrying charges to Mr. Jones and give him considerable extra purchasing power.

Suppose all agreements as outlined by me have been entered into on the part of Mr. Jones, and he sells his 25 bales at once on the open market in the usual way. I take it for granted that 50 percent of the production of cotton will be consumed domestically and therefore Mr. Jones should receive the benefit of the adjustment charge under the allotment plan; that is, the difference between the world market price at the time of the sale of his cotton and the prewar price, which was 13 cents.

JONES' REAL PICTURE

Jones sells 25 bales on hand at once. He will be permitted to sell 45 bales next fall out of his 1933 crop, which will make his 70 bales, or his allotment for 1933, or up until the beginning of the operating period of 1934.

Statement of sale

25 bales at 9 cents (today's price, or $45 per bale)	$1,125
4 cents per pound, difference between today's price and pre-war price, on 12½ bales	250
Total	1,375

The benefits derived from the adjustment charge could be divided into two portions, one half payable to Mr. Jones at the time of the sale of the cotton, and the other half within 6 months therefrom. Mr. Jones will be in the following position in the fall of 1933: He will have 45 bales of cotton for sale out of his 1933 crop, added to the 25 bales, previously sold, making his total allotment of 70 bales. The balance of his 1933 production, according to agreement, would be used in his allotment for 1934. It is impossible to work out a plan whereby you can actually control the production of cotton, except by applying from year to year a certain reduction in acreage and production of cotton which would take care of any surplus that may be on hand.

Perhaps you will state that inasmuch as Jones will have to carry over 25 bales to take the place of the 25 bales sold prior to the gathering of the 1933 crop and the 30 bales of overproduction this year, his reduction for 1934 would have to take care of not only the 30 bales, but the 25 bales, which would be excessive.

Mr. Jones would not be required to make any cut in his acreage or production to take care of the 25 bales carried over to take the place of the 25 that he was permitted to sell, but he would not be permitted to sell this 25 bales carried over except in connection with his 1934 allotment. Therefore, if he does not take care of this 25 bales in reducing his production in 1934, he would have just that many more bales to carry into 1935, which could be used in his 1935 allotment.

I am going to withhold any comment on the appointments made to date by the Secretary of Agriculture, Mr. Wallace, for the purpose of administering this legislation. However, I am fearful that the machinery that is now being made up from day to day, according to the appointments already made, is getting topheavy with ——— (?). I will withhold the balance of this statement until the machinery has been completed and a program outlined for the administration or operation of this legislation.

Mr. SMITH of Washington. Mr. Speaker and Members of the House, we are limiting ourselves to 2 hours' debate on this bill to provide organizations within the Farm Credit Administration to make loans for the production and marketing of farm products, to improve the Federal Farm Loan Act and the Farm Marketing Act. I congratulate the able chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES] and his colleagues and the Members of the House and the American people on this happy and fortunate state of affairs.

In former Congresses most individual Members would have stood on the floor and talked for over 2 hours, some of them perhaps for twice that length of time, and debated this bill for weeks and months, while we dispose of it here today in a few hours of time. It is simply another remarkable demonstration of the speed and expedition with which this Congress is discharging its duties to the American people. "Speed and more speed" is the challenge from the White House, and we are meeting it nobly and patriotically. We do not wonder that a wave of enthusiasm is sweeping over the country. Just a few days ago I received a letter from a Republican constituent of mine out in the State of Washington proposing that the name of our State be changed to Roosevelt.

Needless to say, I favor this bill as a valuable supplement and adjunct to the other farm-relief measures which we have already enacted during this session. They will do all that can be done by legislation to restore agriculture in this country. During the past 12 years the farmers have received but little more than promises; now they are finally assured of substantial aid, and with the recovery of business, which

is commencing in all sections of the country, we have reason to hope for better prices for farm products and some degree of prosperity for agriculture.

INVESTIGATION OF CIVIL SERVICE COMMISSION

Mr. COX, from the Committee on Rules, submitted the following resolution (H.Res. 146) for printing under the rule:

House Resolution 146

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on Civil Service, as a whole or by subcommittee, is authorized to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, being "An act to regulate and improve the civil service of the United States", as follows:

"Third, appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census",

has been enforced and whether each State has its quota of Federal employees in the District of Columbia in the several departments, commissions, or independent offices, as required by said act.

The committee shall report to the House the results of its investigation, including such recommendation for legislation as it deems advisable.

The committee or any subcommittee thereof is authorized to hold such hearings, within the District of Columbia, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony and report its recommendations to the House.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. The gentleman from Massachusetts [Mr. TINKHAM] asks unanimous consent to address the House for 15 minutes. Is there objection?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, if I understood the gentleman's request, he desired time in which to reply to a statement made by his colleague from Massachusetts [Mr. TREADWAY] with reference to Mr. Norman H. Davis.

Mr. TINKHAM. That is true.

Mr. BANKHEAD. Mr. Speaker, at the present time Mr. Davis is diplomatic representative of the Government of the United States, conducting very delicate and responsible duties abroad for the Government of the United States. It seems to me it is very untimely action, under those circumstances, to attack the position and probably the character and reputation of our present ambassador abroad, and I imagine that is what the gentleman expects to do. If that is the gentleman's purpose, I shall have to object.

Mr. FISH. Will the gentleman yield?

Mr. BANKHEAD. Yes; I yield.

Mr. FISH. I do not know what my colleague from Massachusetts [Mr. TINKHAM] is going to say, but the gentleman has been for 20 years a Member of this House of Representatives. The gentleman holds a responsible position in his party and upon the Committee on Foreign Affairs. Certainly, the gentleman from Alabama, one of the most distinguished Members of this House, does not want to refuse opportunity to another Member of long and distinguished service to say whatever he desires on his own responsibility on the floor of the House, because if the gentleman objects he would be objecting and cutting off a Member from expressing his own views on this floor, and this is the proper place, if they are to be said to the country, and not in the press.

Mr. BANKHEAD. The gentleman's remarks will probably be predicated upon recent disclosures with reference to the Senate investigation.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. O'BRIEN. Mr. Speaker, I object.

Mr. SNELL. Will the gentleman withhold that for just a moment? I have been very generous here, and I, individually, have never objected to any man's making his own statement on the floor of the House. I do not know what the gentleman from Massachusetts [Mr. TINKHAM] is about to say. As the gentleman from New York [Mr. FISH] says, he has been here a great many years——

Mr. O'BRIEN. Mr. Speaker, I still object.

The SPEAKER. Objection is heard.

Mr. BANKHEAD. Mr. Speaker, I was reserving the right to object.

Mr. SNELL. If that is going to be the attitude on the other side——

Mr. BANKHEAD. I merely reserved the right to object.

Mr. SNELL. But there are a half dozen objections being raised.

The SPEAKER. Objection is heard.

Mr. SNELL. Two can play at that same game.

MODIFICATION OF POSTAGE RATES AND EXTENSION OF GASOLINE TAX

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House may have until midnight tonight to file a report on the bill (H.R. 5040) to extend the gasoline tax and modify postage rates, and so forth.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. SNELL. We ought to object, but we will not.

Mr. TINKHAM. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

EXTENSION OF REMARKS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a Memorial Day address delivered by my colleague, Mr. COLMER, at Charleston, W.Va.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. KENNEY]?

Mr. TINKHAM. Mr. Speaker, I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ADAMS, for the balance of the week, on account of important business.

To Mr. BOLAND (at the request of Mr. DELANEY), on account of illness.

To Mr. GAVAGAN (at the request of Mr. KENNEDY), on account of illness in family.

To Mr. LANZETTA, indefinitely, on account of illness.

To Mr. MANSFIELD, for today, on account of illness.

To Mr. BRUNNER, for today, on account of important business.

To Mr. RICHARDSON (at the request of Mr. GREENWOOD), for 3 days on account of urgent personal affairs.

To Mr. SNYDER, for 2 days, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4494. An act authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 4494. An act authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 3 o'clock and 35 minutes p.m.), the House adjourned until tomorrow, Thursday, June 1, 1933, at 12 o'clock noon.

COMMITTEE HEARING

The Committee on Ways and Means will hold hearings Thursday, June 1, at 10 a.m., in the Ways and Means Committee room on the control of oil industry bill.

EXECUTIVE COMMUNICATIONS, ETC.

83. Under clause 2 of rule XXIV a letter from the Comptroller General, transmitting a report and recommendation to the Congress concerning the claim of the Rio Grande Southern Railroad Co. against the United States, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ENGLEBRIGHT: Committee on the Public Lands. H.R. 3659. A bill to extend the mining laws of the United States to the Death Valley National Monument in California; with amendment (Rept. No. 176). Referred to the Committee of the Whole House on the state of the Union.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4872. A bill authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.; without amendment (Rept. No. 177). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. H.R. 5495. A bill to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930; with amendment (Rept. No. 178). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 5589. A bill granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; without amendment (Rept. No. 179). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 5659. A bill authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers; with amendment (Rept. No. 180). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 5793. A bill to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929; without amendment (Rept. No. 181). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H.R. 5830. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.; without amendment (Rept. No. 182). Referred to the House Calendar.

Mr. COLE: Committee on Interstate and Foreign Commerce. S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.; with amendment (Rept. No. 183). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 165. Resolution providing for the consideration of H.R. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; with amendment (Rept. No. 184). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 157. Resolution providing for the consideration of H.R. 4559; with amendment (Rept. No. 185). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 168. Resolution providing for the consideration of S.1581, an act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; without amendment (Rept. No. 186). Referred to the House Calendar.

Mr. COX: Committee on Rules. House Resolution 146. Resolution to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, has been violated; with amendment (Rept. No. 187). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 139. Resolution for the payment to Fannie E. Wright of an amount equal to 6 months' compensation of the late J. W. Wright (Rept. No. 175). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H.R. 5846) to authorize an appropriation for the benefit of the Indians of California to be reimbursed from any award made to such Indians under the act of May 18, 1928, as amended, and for other purposes; to the Committee on Indian Affairs.

By Mr. MOTT: A bill (H.R. 5847) authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

By Mr. FISH: A bill (H.R. 5848) to amend title I of an act entitled "An act to maintain the credit of the United States Government", as amended; to the Committee on Expenditures in the Executive Departments.

By Mr. MAY: A bill (H.R. 5849) to authorize the Government to buy suitable idle productive lands, divide the same into small tracts, establish homes thereon for those without living income, and to aid in financing home owners in establishing themselves thereon, and for other purposes; to the Committee on Agriculture.

By Mr. LESINSKI: A bill (H.R. 5850) to authorize the Reconstruction Finance Corporation to make loans to public-school districts and aid in the maintenance of public schools, and for other purposes; to the Committee on Banking and Currency.

By Mr. MILLER: A bill (H.R. 5851) to amend and repeal parts of Public Law No. 2, Seventy-third Congress, being an act entitled "An act to maintain the credit of the United States Government", and to repeal certain Executive orders and regulations issued by the President under said act; to the Committee on Expenditures.

By Mr. SCRUGHAM: A bill (H.R. 5852) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; to the Committee on Banking and Currency.

By Mr. LUCE: A bill (H.R. 5853) to enable the United States to enter the International Copyright Union; to the Committee on Patents.

By Mr. McGRATH: A bill (H.R. 5854) to provide for the selection of certain islands, rocks, and pinnacles situated in

the Pacific Ocean, south of the mouth of Carmel River, State of California, for the use of the California State park system; to the Committee on the Public Lands.

By Mr. BAKEWELL: Resolution (H.Res. 167) expressing the belief that the delegates to the international economic conference should strive to secure an international agreement for the coinage of gold and silver at a definite fixed ratio; to the Committee on Foreign Affairs.

By Mr. BANKHEAD: Resolution (H.Res. 168) providing for the consideration of S. 1581, an act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of Illinois, memorializing Congress to include in the independent offices appropriation bill such measures and appropriations as will permit the continuation of contracts to the State of Illinois relating to facilities available to mentally disabled veterans; to the Committee on Appropriations.

Also, memorial of the State of California, memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum by-products; to the Committee on Ways and Means.

Also, memorial of the State of Illinois, memorializing the Congress of the United States to disapprove and refuse to ratify the proposed treaty relating to the St. Lawrence waterway, that a fair and just agreement may be negotiated between the United States and Canada; to the Committee on Foreign Affairs.

Also, memorial from the Governor of California, memorializing Congress to adopt as part of its emergency unemployment-relief program an adequate bond issue, the proceeds of which shall be expended in furnishing employment to the unemployed; to the Committee on Ways and Means.

Also, memorial to the Congress to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, and providing for the appointment of a committee to further this project; to the Committee on Rivers and Harbors.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H.R. 5855) for the relief of Charles G. Johnson, State treasurer of the State of California; to the Committee on Claims.

By Mr. HOIDALE: A bill (H.R. 5856) to authorize the transfer of certain real estate by the Secretary of the Treasury to C. F. Colvin in settlement of the Northfield (Minn.) post-office-site litigation, and for other purposes; to the Committee on Claims.

By Mr. McSWAIN: A bill (H.R. 5857) for the relief of Mrs. William G. Sirrine; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5858) for the relief of Charles C. Williams; to the Committee on Military Affairs.

By Mr. SIMPSON: A bill (H.R. 5859) for the relief of Matt Kerpan; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 5860) for the relief of Mary Ellen Tiefenthaler; to the Committee on War Claims.

By Mr. WEST of Ohio: A bill (H.R. 5861) for the relief of Tracey O'Brien Potter; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1239. By Mr. BOYLAN: Resolution adopted at the World Trade League 2-way trade dinner, May 17, 1933, New York City, N.Y., that the Congress of the United States invest the President with full authority to negotiate and conclude reciprocal tariff arrangements, etc.; to the committee on Foreign Affairs.

1240. Also, resolution adopted by the Charles E. Wescott Post, No. 173, American Legion, Bath, N.Y., protesting against Senate bill 583; to the Committee on the Civil Service.

1241. By Mr. COLDEN: Resolution of the City Council of Los Angeles, Calif., with reference to welfare relief; to the Committee on Ways and Means.

1242. By Mr. CULLEN: Petition of the American Manufacturers Export Association, urging Congress to invest the President of the United States with full authority to negotiate and conclude such tariff arrangements, the exercise of this authority to involve such compensatory reciprocal advantages as the President may deem desirable in America's best interest to the Committee on Ways and Means.

1243. Also, petition of the World Trade League 2-way trade dinner, Hotel Roosevelt, New York, N.Y., on May 17, 1933, urging Congress to invest the President with full authority to negotiate and conclude such tariff arrangements, the exercise of this authority to involve such compensatory reciprocal advantages as the President may deem desirable in America's best interest; to the Committee on Ways and Means.

1244. By Mr. DONDERO: Petition of the Frank Wendtland Post, No. 253, American Legion, Department of Michigan, Royal Oak, Mich., protesting against the discontinuing of the manufacture by our Government of flour for distribution to the needs of Oakland County, Mich., through the American Red Cross Society; to the Committee on Agriculture.

1245. By Mr. FORD: Petition of Board of Supervisors of Los Angeles, regarding proposed Federal legislation for unemployment relief, and resolution recommending community land chest bill to Federal administration for consideration; to the Committee on Ways and Means.

1246. By Mr. MEAD: Petition of the Order of Railroad Telegraphers, regarding the emergency railroad bill; to the Committee on Interstate and Foreign Commerce.

1247. By Mr. YOUNG: Petition of the Temple on the Heights, Cleveland, Ohio, Erwin Hecht, executive secretary; to the Committee on Foreign Affairs.

1248. Also, petition of the Knesseth Israel Congregation, J. Milder, president, and M. B. Friedman, secretary; to the Committee on Foreign Affairs.

SENATE

THURSDAY, JUNE 1, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met in executive session at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Coolidge	La Follette	Robinson, Ark.
Bachman	Cutting	McAdoo	Sheppard
Barkley	Hale	McGill	Thomas, Utah
Borah	Hastings	Neely	Thompson
Bratton	Johnson	Patterson	Vandenberg
Brown	Kendrick	Pope	

The VICE PRESIDENT. Twenty-three Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. DILL, Mr. FRAZIER, Mr. LOGAN, Mr. NORRIS, Mr. OVERTON, Mr. TRAMMELL, and Mr. WHEELER answered to their names when called.

Mr. FESS, Mr. CAREY, Mr. NYE, Mr. DALE, Mr. KING, Mr. COUZENS, Mr. COPELAND, Mr. ADAMS, Mrs. CARAWAY, Mr. McKELLAR, Mr. VAN NUYS, Mr. ERICKSON, Mr. HAYDEN, and Mr. WHITE entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-four Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

Mr. FESS. I desire to announce that the senior Senator from Oregon [Mr. McNARY] is detained from the Chamber for the time being on official business.

I also wish to announce that the Senator from Pennsylvania [Mr. REED], the Senator from West Virginia [Mr. HATFIELD], the Senator from New Hampshire [Mr. KEYES], the Senator from Rhode Island [Mr. METCALF], and the Senator from Minnesota [Mr. SHIPSTEAD] are detained from the Senate on official business.

Mr. BARKLEY. I desire to announce that the Senator from Mississippi [Mr. HARRISON], the Senator from Virginia [Mr. BYRD], the Senator from Texas [Mr. CONNALLY], the Senator from Georgia [Mr. GEORGE], the Senator from Oklahoma [Mr. GORE], the Senator from North Carolina [Mr. BAILEY], the Senator from Connecticut [Mr. LONERGAN], and the Senator from Massachusetts [Mr. WALSH] are necessarily detained from the Senate in attendance upon a meeting of the Committee on Finance.

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from South Carolina [Mr. SMITH] and the Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

I also desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from South Dakota [Mr. BULOW], the Senator from Wisconsin [Mr. DUFFY], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], the junior Senator from Nevada [Mr. McCARRAN], the Senator from Georgia [Mr. RUSSELL], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], the senior Senator from Nevada [Mr. PITTMAN], the Senator from Alabama [Mr. BLACK], and the Senator from Washington [Mr. BONE] are necessarily detained from the Senate on official business.

Mr. KENDRICK. I wish to announce that the Senator from Florida [Mr. FLETCHER], the Senator from Ohio [Mr. BULKLEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], the Senator from Oregon [Mr. STEIWER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from New York [Mr. WAGNER], and the Senator from Alabama [Mr. BANKHEAD] are necessarily detained from the Senate in attendance upon a meeting of the Committee on Banking and Currency.

I also desire to announce that the Senator from Mississippi [Mr. STEPHENS] and the Senator from Iowa [Mr. MURPHY] are necessarily detained from the Senate in attendance upon a meeting of the Committee on Commerce.

After a little delay, Mr. CAPPER, Mr. CLARK, Mr. ROBINSON of Indiana, Mr. BYRNES, and Mr. KENDRICK entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators have answered to their names. A quorum is present.

COMMISSIONER OF INTERNAL REVENUE

The Senate resumed the consideration of the nomination of Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue.

Mr. ROBINSON of Arkansas. Mr. President, yesterday an agreement was entered into to vote at 3 o'clock on the pending nomination, the time to be equally divided between those who favor and those who oppose the nomination. I ask unanimous consent, for the convenience of the Chair and the Senate, that the time of those who favor the nomination may be controlled by the Senator from Kentucky [Mr. BARKLEY] and for those who oppose the nomination by the Senator from Delaware [Mr. HASTINGS].

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. HASTINGS. Mr. President, in view of the unanimous-consent agreement, inasmuch as 15 minutes have elapsed since the Senate convened, I assume that the time will be limited to 3¾ hours.

The VICE PRESIDENT. Fifteen minutes having elapsed, each side will have 1 hour and 52½ minutes.

Mr. HASTINGS. Mr. President, I want to apologize to the Senate for taking up so much time on this nomination, but in justification I desire to say that I think I am the only member of the committee who heard all the testimony in the case and attended all the hearings.

When the recess was taken last night I had finished reading a letter, appearing on page 4764 of the RECORD, from one W. D. Vincent, and I had called the attention of the Senate to the fact that the committee declined to let this letter be put in the record. The Senator from Kentucky [Mr. BARKLEY], when I had completed reading the letter, stated as follows:

> The Senator is reading now from a letter which the committee refused to allow to go into the record, because the man who is alleged to have written it has been dead for 15 years, and nobody proved that it was his letter, nobody who read it ever saw his handwriting, there is not a word of evidence in the record to show that this man wrote the letter, and the Senator himself does not know that he wrote it.

I desire to call attention to two things in the record with respect to that statement of the Senator from Kentucky. There will be found in the committee hearings at page 96 the following testimony. Mr. Lamb appeared before the committee, and, having been sworn, was asked this question by me:

> Senator HASTINGS. Did you know W. D. Vincent, who was president of W. D. Vincent Hardware Co., at Clay Center, Kans., on October 27, 1919?
>
> Mr. LAMB. Yes, sir.
>
> Senator HASTINGS. Do you remember writing him asking for his help in this matter?
>
> Mr. LAMB. Yes, sir.
>
> Senator HASTINGS. And did you receive in reply this letter?
>
> Mr. LAMB. Yes, sir.
>
> Senator HASTINGS. Do you know where Mr. Vincent is?
>
> Mr. LAMB. I think he is dead.
>
> Senator HASTINGS. Later, Mr. Chairman, I was going to ask that this letter be admitted in evidence.
>
> He says in this letter——
>
> (The portion of the letter read by Senator HASTINGS was later stricken out upon vote of the committee, sustaining objection by Senator CLARK.)
>
> Do you know anything about the experience that he had?
>
> Mr. LAMB. No, sir.
>
> Senator HASTINGS. The letter goes on——
>
> (The portion read by Senator HASTINGS was excluded from the record, in accordance with the previous notation.)
>
> What kind of a man was Vincent?
>
> Mr. LAMB. He was a man with a good reputation.
>
> Senator HASTINGS. Was he likely to write that kind of a letter unless he believed it to be true?
>
> Mr. LAMB. No, sir; he would not.
>
> The CHAIRMAN. When was that letter written, Senator?
>
> Senator HASTINGS. October 27, 1919.
>
> The CHAIRMAN. This letter was received by you?
>
> Mr. LAMB. Yes, sir.
>
> The CHAIRMAN. And Mr. Vincent is dead?
>
> Mr. LAMB. I understand so.

I desire also to call attention to the fact that at the time Lamb was making his report to the post-office inspector who investigated the matter, as appears on page 88 of the record, he made this statement:

> After I had returned from Washington, in October 1919 I met Dr. G. A. Crise in front of the Gillett Hotel. While we were talking Senator H. W. Avery, of Wakefield, Kans., came out of the hotel. I was introduced to Mr. Avery as the postmaster of Manhattan. After discussing matters Dr. Crise stated to Avery that "Lamb is having some trouble, however, in retaining the office."
>
> "Why is it?" asked Mr. Avery.
>
> "I understand", replied Dr. Crise, "that Lamb will not come through with $1,000."
>
> "Well", returned the Senator, "that has always been Helvering's post-office price. I supposed he would raise the price since the cost of living has gone up."
>
> After I returned from Washington I received a letter from a prominent citizen of Clay County. He wrote that he would like to see me win out as postmaster here and offered his assistance. Quoting a part of his letter, he stated:

"I know the man you have to deal with. If he aspires to political honors you may bring such pressure to bear that he will hardly dare to go back on you. Otherwise, there is only one thing that will count—money. I have not the slightest doubt that if you should promise to divide the salary the matter would be favorably settled immediately. I know by actual experience that he is that kind of a man * * *."

It will be observed by anyone reading the letter and reading that quotation from it that it is the same letter. I hold in my hand now the letter, written in pen and ink, indicating clearly that it is an old letter and was in Mr. Lamb's file and stated by him to have been received by him from Mr. Vincent.

Mr. President, it will be observed that in this letter Vincent stated that he "knew by personal experience." When Mr. Helvering came to the stand later I asked him with respect to this letter. I asked him what kind of a man Vincent was. I asked what he knew about him. He said he was a reputable business man at that place. It later was developed, by cross-examination by other Senators on the committee, that Mr. Vincent had been an applicant, while Mr. Helvering was in the Congress, for the position of postmaster at Clay Center—I believe it was at Clay Center. Mr. Helvering said the only trouble that he ever had with Vincent was the fact that he did not appoint him postmaster. I think I asked whether he could explain this letter written by Mr. Vincent and whether he could explain what Mr. Vincent meant when he said he "knew by personal experience."

It will be remembered that at this time Lamb was being approached, according to his testimony, by friends of Mr. Helvering suggesting on several occasions that he pay $1,000, and that the president of the bank later came to him and said Mr. Helvering was willing to accept a monthly amount on account of this money that he wanted paid to him.

Lamb wrote Vincent and asked Vincent with respect to it. Vincent came back and said, "I know by personal experience." It did not appear in the record what that personal experience was, but Mr. Helvering said that he fell out with Mr. Vincent, and the only reason he fell out with him was that Mr. Vincent did not get the post office. I think we might very well ask the question whether or not the personal experience that he had with him was comparable to that which Mr. Lamb was having with him, and which Mr. Lamb undertakes to specify particularly in these letters that he wrote to the Department and in the statement that he made to the post-office inspector.

Mr. President, I desire to read further from this statement. Of course I appreciate that many of these things were rumors, but I appreciate also that when this important office is under consideration and Senators are passing upon the question of whether or not this is a fit man for the office, it becomes the duty of the Senate to make a thorough investigation and find out whether there is anything in the rumors. The statement of Mr. Lamb to the post-office inspector was dated Manhattan, Kans., November 18, 1919. I desire to read just a portion of it, appearing at page 87 of the committee hearings, as follows:

After I had taken charge of the post office on April 1, 1919, ex-Congressman Guy T. Helvering called on me in my office. I asked him if Mr. Cassell had conveyed to him the word sent him. He informed me that he had not, whereupon I repeated to Helvering the message I had intended for him.

It appears in the testimony that he told Helvering the message he sent to him, saying, "If you come from Mr. Helvering you tell Mr. Helvering that I say I shall not do it and he may go to hell", or words to that effect.

He informed me that he had not, whereupon I repeated to Helvering the message I had intended for him. Shortly after this visit, Mr. Helvering was entertained at dinner at my house, 526 Houston Street, Manhattan, Kans. While there, he stated, in the presence of my wife, that he was instrumental in having my name placed at the top of the list, this being accomplished with the assistance of members of the Civil Service Board, that I was not originally at the top of the list, but was placed there through his influence. After making this statement he continued with the statement that "I always take care of my friends when they take care of me." Shortly after this, Mr. S. J. Pratt, president of the Citizens State Bank, of Manhattan, informed me that Mr. Helvering wanted a certain amount of money. My recollection is that the amount named was $1,000, although I am not absolutely sure. According to statements made to me, it was intimated that the money was to be used to pay a member of the Commission for placing me at the top of the list. I refused to pay a cent, and Mr. Helvering, according to the statement of Mr. Pratt, was told that I had no money. Mr. Pratt further reported to me that Mr. Helvering then asked that I make monthly payments. I refused to do this, but did offer to release Mr. Helvering from payment of a bill for advertising, incurred during Mr. Helvering's previous campaign. Mr. Pratt reported back that Mr. Helvering stated that he would not accept this, and added that "I am not through with him."

I want to repeat what I said yesterday, that at the time Mr. Pratt made these statements he was acting postmaster. Just previous to that time, if not at that time, he had been president of the chamber of commerce of that town of some 10,000 people. He was a director of the Rotary Club. He owned and operated a newspaper which was published semiweekly in that town, a Democratic newspaper. At the present time he is superintendent of agents of a large insurance company with offices at Manhattan, Kans. In this same statement to the post-office inspector he said:

On Sunday night, November 16, 1919, my wife and I entertained a professor of the Kansas State Agricultural College. While there he questioned me as to the probable outcome of my permanent appointment as postmaster. He stated to me that he had heard from reliable sources that J. M. Winter, ex-postmaster of Manhattan, had been paid back all money that he had paid Guy Helvering, said money being paid by Winter at various times in order that he might retain his position. The professor stated that he had heard this statement several times, and he was convinced that Winter was the victim of Helvering in securing money in this way.

On Monday, November 17, 1919, a well-known and reliable citizen stated to me that he was reliably informed that John Winter, ex-postmaster, had stated he had been repaid in money the amount received by Helvering; that this was done just before he resigned as postmaster, that Winter had stated to Helvering he would not resign until said money was returned, whereupon Helvering relinquished a certain amount previously given Helvering by Winter.

On Monday, November 17, 1919, Prof. Fred D. Merritt, of the college, met me in the Palace drug store and asked me if I knew anything new concerning my appointment. I evaded the question. He stated he was interested to the extent that he mailed "last night" a letter to the Secretary to the President of the United States, in which, among other matters, he informed the Secretary that Manhattan had had enough of inefficiency in years gone by and that he thought that the ex-postmaster (according to the rumor) had paid money to hold his position, and that it looked as if something of the sort was attempted here now, and he advised that the Department commence at Manhattan to clean out the politicians who attempted to receive money for appointments to postmasterships throughout the State.

There is in the record, and was placed there without objection, a letter from Mrs. Lena W. Brown, found at page 64 of the record of the hearings. I do not know who Mrs. Brown is. The letter is signed "Mrs. Lena W. Brown" and is dated Lawrence, Kans., March 12, 1933, and addressed to me. A part of the letter reads as follows:

The appointment of such a man as Helvering to this post is a slap at the decent citizens of this State. I voted for Mr. Woodring the first time he ran for governor, but became so disgusted with his administration that I would vote for him again for no office whatever. He was simply the tool of Mr. Helvering and his puppet, Mr. Woodring, were defeated in spite of their desperate attempts to buy the office of governor with patronage.

This appointment of Mr. Helvering would be no credit to Mr. Roosevelt in this State. It would do him a great deal of harm. I hope your committee will uncover enough of Mr. Helvering's crooked work to prevent him from taking this important office. We should have honest men in office, if such are to be found, especially at this critical time.

While you are investigating, I hope you will look up Mr. Helvering's record when he was serving as Representative in Congress from the fifth district of this State. I have been told on good authority that he sold post offices at that time—third-class post offices for $350 each, and others all the way up to $2,500, which was paid for the post office at Concordia, Kans.

I hope your committee will find out the truth about this man, and will not allow him to be whitewashed and permit him to receive this important post. We have good Democrats in this State, but this man will surely bring disgrace on the administration. His highway department, while he served under Woodring, smells to heaven and is to be investigated. If not whitwashed, and it will not be, although every effort will be made to hinder the investigation, it alone will be sufficient to cause embarrassment to Mr. Roosevelt.

I have written this especially to call your attention to the post-office deals reported to me, which I have every reason to believe are true.

Mr. President, on yesterday the Senator from Kentucky [Mr. BARKLEY], inquiring about the time for which it would be necessary for him to address the Senate upon this subject, made this remark:

I want at least time enough to reply to this stuff being dumped into the RECORD.

I desire to call attention to some of the "stuff" that the Senator from Kentucky himself "dumped into the record", as he puts it.

On page 71 of the record before the committee, placed there by the Senator from Kentucky, will be found several letters commending Mr. Helvering. Along with them is a letter directed to "Senator BARKLEY, Chairman of the Investigating Committee on Income Tax," dated Wichita, Kans., May 11, 1933, placed there by the Senator from Kentucky. I will read the letter. I never saw it and, as a matter of fact, never read it, until this morning.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. I received a number of letters from people in Kansas in favor of Mr. Helvering's confirmation. I received the letter to which the Senator refers opposing his confirmation. Contrary to the policy adopted by the Senator from Delaware himself, I put in the record what I received both for and against Mr. Helvering, whereas the Senator himself put in the record only what he heard and received against him.

Mr. HASTINGS. Does the Senator from Kentucky know that I received anything in Mr. Helvering's favor?

Mr. BARKLEY. I do not; but I assume that it would be impossible for the Senator to receive as many letters from Kansas as he seems to have received without getting at least a commendation now and then. Will the Senator say that he did not receive any?

Mr. HASTINGS. I say to the Senate that so far as my recollection goes, and I am quite certain I am correct, I did not receive a single letter from anybody commending Mr. Helvering for this position; and when I first took up this matter with the committee I distinctly stated to the committee that before I began the investigation I inquired of the senior Senator from Kansas [Mr. CAPPER] about this man, and he gave him a splendid reputation. I also told the committee that former Vice President Curtis had been to see me with respect to him, and had done the same thing. So far as I know, I was absolutely fair with the committee with every communication that was sent to me.

Mr. BARKLEY. Does the Senator think I acted fairly or unfairly in putting into the RECORD an unfavorable letter that I had received? And is he criticizing me for having done that?

Mr. HASTINGS: No; but this is what I am doing: I am contending that the letter written by Vincent back in 1919 is of a great deal more force, and ought to be of a great deal more weight with the Senate, than a letter written on May 11, 1933, after this particular appointment had been made. At the time the Vincent letter of 1919 was written there was no such question involved anywhere. It was a personal letter, written to a personal friend, stating what I assume and what I believe to be the facts at that time.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. I am going to yield this time; but in view of the fact that our time is limited, I am not going to yield further than this one time.

Mr. CLARK. Of course, the Senator will have had three times as much time as anybody else by the time he finishes, counting the 2 hours he has already taken. If the Senator does not want to yield, I will answer him in my own time. I simply want to correct a mistake in the record; that is all.

Mr. HASTINGS. All right. Does the Senator want to correct it?

Mr. CLARK. If the Senator is willing to yield, I will.

Mr. HASTINGS. I stated that I was perfectly willing to yield this one time; but I called attention to the fact that my time was limited, and that I did not want to yield further.

Mr. CLARK. The Senator said a moment ago that the letter from Vincent to Lamb was a letter from one personal friend to another. As a matter of fact, Mr. Lamb testified on the witness stand on cross-examination that he had a very slight acquaintance with Mr. Vincent, and admitted that after he discovered that Mr. Helvering was not to recommend his reappointment he entered into correspondence with all the soreheads he could hear of all over Kansas who were mad at Mr. Helvering for not giving him the appointment. So it was not a question of correspondence between two personal friends; but Mr. Lamb's testimony shows that it was a correspondence between a couple of soreheads, trying to build up a case.

Mr. HASTINGS. This letter is as follows:

WICHITA, KANS., *May 11, 1933.*

Senator BARKLEY,
Chairman of Investigating Committee on Income Tax.

Reference: To Guy Helvering, that was nominated by the President as income-tax collector and his nomination was held up by the investigating committee of the Senate.

Now, Mr. BARKLEY, this letter is being written by C. B. McVicker, of Wichita, Sedgwick County, Kans. First, I have five reasons why I am writing this letter to you. If you care to, you can show this letter to Congressman AYRES or Senator GEORGE MCGILL. I am personally acquainted with both of them. Reasons are as follows:

First. I can furnish you three or four hundred employees that were under Guy Helvering here in Kansas, from the Hutchinson Reformatory down to the man that shovels gravel and the sand haulers that hauled the sand and the stenographers that made out their time, were all forced to pay to Guy Helvering from 5 to 12½ percent of their weekly and monthly salaries. This I can prove by men that were working on this work.

Second. He put the State of Kansas in the hole $3,000,000. Where did the money go to? Who can answer that question? Nobody but Guy Helvering. If he was running for an office like Governor Woodring for reelection, he would not get away from the quarter pole. It was Guy Helvering that defeated Woodring for governor the second time. Now, Mr. BARKLEY, if you can show me where we have not got the best man in the Presidential chair that has ever been put in office, then I will say put one of the biggest robbers and crooks, put him in the chair, Guy T. Helvering.

Third. It was very unfortunate that Helvering was Woodring's manager. The people of Sedgwick County and 103 other counties in the State of Kansas would have supported Woodring, but they claim to vote for Woodring would be to maintain Helvering in the office. Therefore he was defeated by a Republican candidate, Alf. L. Landon, who is Governor of the State of Kansas. A thing that is very unusual, to have a Republican governor in a Democratic State.

Fourth. I want you to take time and read this through and you can show this to GEORGE MCGILL or W. A. AYRES, whom I have known for years. I am an old painter and decorator; was here in Wichita for years and years. I am 74 years of age and past, and I am not asking any alms and I have no income tax to pay, but I have friends that do have, and to h——l with Helvering. We do not want him in the office. What did he do at El Dorado in the oil business? What did he do here in Wichita in the oil game? What would he do if he ever got in again? I say, keep him out.

Fifth. I, C. B. McVicker, of Wichita, Sedgwick County, State of Kansas, can furnish you with several hundred of affidavits to truth and veracity in regard to the assertions of the foregoing letter that is enclosed. There is no reason, in my mind, why he should ever be appointed to any office by the President of the United States or anyone else, as far as that goes. I don't think he is eligible for a dog catcher, for he would catch your dog, then come around, turn him loose to you for a dollar and go away, then come back and catch him the second time, and charge another dollar or two to get your dog back.

I sincerely believe that his past history and crookedness in the office that he held here in Kansas, of which he put the State of Kansas over $3,000,000 in the red, ought to be sufficient evidence to keep the President or the Senate from O.K.ing this nomination. We have plenty of good, honest men in Sedgwick County, and plenty of them in the State of Kansas, who are fully qualified to handle the income-tax problems far better than this man Helvering, and it is a cinch that they are honest in their dealings. I am not in any way alarmed if you would want to publish this foregoing letter. Shoot. For I, C. B. McVicker, am a Scotch-Irishman and thoroughbred Democrat and a square shooter.

Thanking you for taking up so much of your valuable time in reading this letter, I am satisfied at these few lines; they might be more, but if I had the money to pay expenses with, I would get you three or four hundred names of former employees under Guy Helvering, that they had to come across with their cuts or donations to what he called a campaign fund or lose the job. Lots of them quit.

Would like to hear from you and see what you think of this letter. You can ask my two friends what they think of me—Congressman AYRES and Senator MCGILL; you know them both. I will now close by thanking you for your patience in reading this letter—if you are lucky enough to get it, which I see no reason why you shouldn't. Address all communications to 350 Riverview.

C. B. MCVICKER.

I call attention to the fact that that letter was placed in the RECORD by the Senator from Kentucky.

Mr. President, it appears from the testimony, upon cross-examination, that Mr. Helvering was the chairman of the Democratic State committee of the State of Kansas, and that as chairman of the Democratic State committee he undertook to collect funds for the Democratic Party from the employees of the State. His attention was called to some charge that he collected and assessed as much as 5 percent. He positively denied that the amount assessed was 5 percent, and said there was no assessment at all; that it was a contribution that was requested, and he said it was 2½ percent. It turned out, however, upon cross-examination, that the 5 percent did apply to each particular year in which there was a campaign, which made 2½ percent for each year, they paying every 2 years.

There is in the record the fact that these statements were sent, as I recollect, to the School for the Blind, and that partially blind persons employed in the blind shop received such letters. Mr. Helvering excused himself in that matter by saying that that was done by the persons who had charge of that particular employment; but a very significant fact in this record is that Mr. Helvering himself was the head of the commission of the highway department, which employed as many as 1,500 persons. The point was made that they were not all Democrats. Mr. Helvering stated that 35 percent of them were Republicans, and he stated in his testimony that a request for funds went to all persons in his department, regardless of whether they were Democrats or whether they were Republicans; and we get the distinct impression that the Republicans responded quite as promptly as did the Democrats.

Mr. President, there may be different views upon this question of collecting money from employees of the State or of the Nation. People have different ideas with respect to it. It is contended by many that it is no harm for a person enjoying the position that Mr. Helvering did—namely, chairman of the State committee—to request of his own party employees holding political office that they contribute to a fund to take care of the campaign of that particular party. There is no particular complaint of that procedure from my point of view; but I say that this situation is quite different from that, in that this particular chairman of the Democratic State Committee of the State of Kansas was also the head of the road commission, employing 1,500 and more persons, 35 percent of whom were Republicans. What is a Republican going to do under circumstances like that, when he is requested by the head of the commission to contribute to the Democratic fund?

The sole claim that is made against this practice is that when it is done, it results in putting fear into the mind of the employee, and therefore that his contribution is not a voluntary contribution. If it can be shown that it is a voluntary contribution, there is no particular harm in it from my point of view; but when that cannot be shown, and when a man knows that the request he makes is bound to have an influence upon the employee that will compel him to contribute in a way that is not voluntary, then I say that the man who does that is quite too practical a politician to warrant his being placed in a position like this.

He was asked the question, "What effect did this have upon the employee?" and his reply was that he did not know what his mental reaction was to that request.

Mr. President, in addition to that, the charge is made here that he collected these funds and accounted to nobody, notwithstanding the law of the State of Kansas says that he must. True, he denied that; he said that he did account, that the account was audited, and that the whole thing was straightened out in a perfectly satisfactory way. We have no evidence of that except his own statement with respect to it.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. BAILEY in the chair). Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. BARKLEY. Either the Senator's recollection is faulty or he did not pay any attention to the matter. The chairman of the State Democratic committee and members of the State Democratic committee sent communications here, which were put into the record, showing that this whole matter was thrashed out before the committee, that Mr. Helvering was sustained unanimously, that an audit was made by the auditor of the State, or the State accountant, whichever it is, and that was put into the record, showing exactly how much money was collected and how much was expended; and there is no dispute about that fact.

Mr. HASTINGS. Mr. President, will not the Senator give me the page of the record? I apologize to the Senate with respect to what I have said. I have not seen that in the record and I do not remember that it was put into the record. It may have been put in, but I certainly did not see it; and if it is in the record, I think it would be well for the Senator to point it out in his own time.

Mr. President, there were two or three things I overlooked yesterday in discussing other phases of this question. In the first place, I want to call attention to the fact that the revenue agent in charge in Kansas at this very time, at the time Washington, Henry & Co. were performing there and at the time these cases were being sent to Mr. Helvering, was Mr. Helvering's cousin. That is admitted by Mr. Helvering himself.

In the report is a statement by the agents making the examination showing that a former partner of Washington, Henry & Co., stated that he left the company and went into business for himself, and he approached this revenue agent in charge in Kansas, the cousin of Mr. Helvering, and that agent advised him to get in touch with Mr. Helvering with respect to this matter. That will be found on page 9 of the record.

Mr. Gus V. Winston made this statement:

On or about August 29, 1918, I entered into a partnership agreement with Harry M. Washington to engage in business as auditors and income-tax specialists, and I financed the establishment of our Wichita (Kans.) office, which was conducted under the name of H. M. Washington & Co. I severed my connection as a member of the firm in June 1919. From the beginning of my association with Harry Washington he told me that he had a friend in Congress who understood the tax business and who could get information before anyone else could. He did not mention the name of the Congressman at that time, but from subsequent developments, particularly the retention of the services in Washington, D.C., of Guy Helvering, whose term in Congress expired March 4, 1919, I reached the conclusion that Helvering was the man to whom he referred. I do not know the financial arrangement which existed between Harry Washington and Guy Helvering.

Further along in his statement to the inspector he said:

Following an examination of the Oil & Gas Co. of Eldorado, Kans., made by Revenue Agent W. A. Seigal, in November 1920, as the result of which additional tax of $211,000 was set up, the company gave me the case to try to effect an adjustment. I went to see Bert Halvern, the revenue agent in charge at Wichita—

That was the Representative's cousin—

who, after I had shown him the records, admitted that the report was wrong, but stated that it was too late for him to do anything as all the papers had been sent to Washington, D.C. He said when I got to Washington, D.C., I should see Guy Helvering, who he said would be glad to take the case, and he even wrote to Helvering, without any suggestion on my part, and told him about the case, and that I would probably be in Washington to see him. Bert Halvern told me later that he had received a reply from Guy Helvering to the effect that he would be glad to help me out. When I went to Washington, D.C., I took the case up with the department myself and did not go to Helvering because I knew he would want a percentage for securing abatement of the $211,000 additional tax, whereas the Oil & Gas Co. is not only unable to pay anything additional but feels that it is entitled to a refund of part of the tax already paid for 1917.

In that same connection the records show that this revenue agent in charge when this investigation was complete was demoted to a field position.

I desire also to call attention to a statement made by Edgecomb in his statement to the inspectors, which appears on page 8. It is true that when he was on the stand, and I read him this, he could not recall having made it, but the statement was made shortly after the event, and, as Edgecomb states, his recollection would have been very much

better then than it is at the present time. He made this statement, talking about the Trapshooters Oil Co. case:

Immediately following the hearing held before Mr. Powell in the Commissioner's office in Washington, D.C., some time in April 1920, and while I was walking along the streets of Washington, D.C., in company with Harry Washington, I stated to him that he shouldn't take me for a fool; that I realized there was something crooked about the demands made on me for $10,000 and other amounts by him and Mr. Guy Helvering, and that he might as well tell me the whole truth about their scheme instead of trying to hoodwink me. To this Mr. Washington only answered, "Forget it; I don't care what you think of me personally, the matter is all settled now", or words to that effect.

I desire also to call attention to the fact that nowhere in the records in these cases will one be able to find the name of Mr. Helvering mentioned as counsel. No power of attorney has been filed; and his name is not mentioned, so far as I have been able to find, in any of these records.

One matter which I intended to call to the attention of the Senate appears in the report of the inspector on page 183, in which he makes this statement:

5. Deputy Collector H. W. Washington, in his report, July 21, 1917, attached, states as follows:

Now, be it remembered that Washington was the same man who appeared later with Helvering in the *Slim Jim Oil Co. case*, and succeeded in having the tax reduced to $459,000; but when Washington was deputy collector, on July 21, 1917, with respect to the *Slim Jim Oil Co. case* he had this to say:

On March 21, 1917, the company (Slim Jim) sold its undivided one half interest for $1,750,000. After reviewing all these transactions and book entries with the officers of the Slim Jim Oil & Gas Co. it is quite evident to us that this company now proposes to include these amounts as income for the year 1916, in an effort to evade the increase in the rate of income tax, as well as the excess-profits tax, which it will quite likely have to pay if the profit is properly returned in the year 1917.

In connection with the collection of campaign funds, I intended to quote from a statement made by Representative McGUGIN, who appeared before the committee and left with the committee a letter signed by the four Republican Members of Congress from Kansas, recommending the confirmation of Mr. Helvering. He was asked this question by Senator BARKLEY:

Senator BARKLEY. With reference to these campaign collections from employees, what has been the custom in Kansas with reference to that?

Mr. McGUGIN. I would say it has been more or less the custom of both parties to collect these funds. I rather think, under the leadership of Mr. Helvering, it was handled more efficiently and more effectively and more practically than probably it had ever been done before. It is a policy that should be stopped by both parties, no doubt, and probably will.

I think, Mr. President, I have pretty thoroughly covered this record, and I have no more to say upon the subject for the moment.

Mr. BARKLEY. Mr. President, I yield 10 minutes to the senior Senator from Kansas [Mr. CAPPER].

Mr. CAPPER. Mr. President, I rise to speak briefly in support of the confirmation of Mr. Helvering for this important appointment. Personally and politically I would prefer to have a Republican for Commissioner of Internal Revenue. Mr. Helvering is a Democrat, from my home State of Kansas. I have known him and known of him for 25 or 30 years. We have been always of opposite political faiths. Mr. Helvering has always supported my opponent in every campaign in which I have been before the voters as a candidate. He has not solicited my support in this case. I have no interest in the matter other than to see a citizen of my State receive fair treatment. I have examined carefully all the testimony taken by the Finance Committee, and find nothing to justify me in voting against Mr. Helvering's confirmation.

Mr. President, since we cannot have a Republican nominated for this office—and I believe it is quite evident that we cannot—I am glad to say to my colleagues in the Senate that the nominee is a high-class citizen, well known and respected in Kansas, and worthy of support. He is a high-class business man, whose business and personal integrity is not questioned in his home State. I believe him to be honest and well qualified to fill the position to which he has been appointed. He has been the center of several vigorously contested political campaigns, but that does not, in my judgment, disqualify him from holding office under a Democratic administration. If I opposed his confirmation, it would be for political reasons, and I will not permit purely partisan considerations to determine my decision in such a matter as this. Let me say also that my position is no reflection on any Senator who considers it his duty to oppose confirmation of Mr. Helvering.

I do not intend to make any extended speech; I just want to assure the Senate that, as a fellow Kansan, I intend to vote for Mr. Helvering's confirmation, and know of no reason other than partisan reasons why any Senator should not do likewise.

The Senator from Delaware made reference to a statement filed with the Committee on Finance by the four Republican Representatives from the State of Kansas, which was made voluntarily, and I am glad to join with them in the statement made as to Mr. Helvering. The statement was dated May 15, 1933; was addressed to Hon. ALBEN W. BARKLEY, chairman of the subcommittee of the Committee on Finance, and is as follows:

MAY 15, 1933.

RE: CONFIRMATION OF GUY T. HELVERING, AS COMMISSIONER OF INTERNAL REVENUE

Hon. ALBEN W. BARKLEY,
Chairman Subcommittee, Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR BARKLEY: We, the undersigned four Republican Members of Congress from Kansas, have no interest in Democratic appointees to office. As Members of the House of Representatives, we have no desire in any way to intrude upon the prerogatives of the Senate in the matter of confirmations.

As Representatives of the State of Kansas, we are interested in doing what we can to see to it that no citizen of Kansas, irrespective of politics, is unfairly and unjustifiably assailed as to character and ability.

We regard Hon. Guy T. Helvering as a man of high character and exceptional ability. He has been our political foe, but where personal character is concerned, we feel that party consideration should be cast aside.

Very truly yours,

U. S. GUYER.
CLIFFORD R. HOPE.
W. P. LAMBERTSON.
HAROLD McGUGIN.

Mr. BARKLEY. Mr. President, I yield 15 minutes to the junior Senator from Kansas [Mr. McGILL].

Mr. McGILL. Mr. President, I desire to thank my friend, the Senator from Kentucky, for yielding to me a few moments of the time. I have not been able during the period since the hearings were held before the Finance Committee to go over those hearings carefully or to study the testimony in detail, but, insofar as I have been able to ascertain from those hearings, anything detrimental to the confirmation of Mr. Helvering is based wholly and solely upon the purest kind of hearsay testimony—testimony that would not be received or accepted for any purpose in any court in this country.

Mr. President, I only desire to say a few words in behalf of the nominee. Mr. Helvering is a graduate in law from the law school of Ann Arbor. From reading the views of the minority, filed by the Senator from Delaware [Mr. HASTINGS], it would appear that the question of Mr. Helvering's competency to fill the position to which the President has nominated him is the chief one in issue. Therefore, I direct the attention of the Senate to the educational qualifications of this man. At the time he was a young man, after graduation from the law school he went to the city of Marysville, in the State of Kansas, and was soon thereafter elected to the position of county attorney of his county. My recollection is—and I think the record discloses—that he was elected twice by the people of that county to serve as their prosecuting attorney.

In 1912 the Fifth Congressional District of Kansas first honored him by electing him as their Representative in the Congress of the United States. He was reelected in 1914 and again reelected in 1916. It is a rather unusual thing,

notwithstanding the statement of my good friend from Wichita, Mr. McVicker, for a man to be elected as a Democrat three times from a congressional district in Kansas.

Mr. CLARK. Mr. President, will the Senator from Kansas yield to me?

Mr. McGILL. I yield.

Mr. CLARK. I should like to ask the Senator from Kansas if he heard the statement of one of the star witnesses, relied on by the Senator from Delaware, to the effect that one of the phenomena in the recent election was the election of a Republican governor of Kansas. I should like to ask the Senator from Kansas if, in his experience, it has been any unusual thing to have a Republican governor elected in the State of Kansas, as indicated by the Senator from Delaware?

Mr. McGILL. Mr. President, in response to the question of the Senator from Missouri, I will state that the history of Kansas discloses no man elected on the Democratic ticket as Governor of Kansas has ever been reelected. So I think Kansas can hardly be designated as having been a Democratic State. However, I feel that it is now, and I hope it will continue to be.

Mr. Helvering, after having served 6 years in the House of Representatives of the National Congress, established a bank, or became the president of a bank, in the city of Salina, Kans. Salina is about the fourth or fifth city in population in the State. After living in Salina for a period of only a few years, Mr. Helvering was elected mayor of that city, and served either 1 or 2 terms as the mayor of the city of Salina. I feel that the commendation of the people of the county in which he first resided, the commendation of the people of the congressional district in which he resided, and the commendation of the people of the city in which he now makes his home is one of the best of recommendations and overthrows the weight of any testimony coming here in the form of communications from those who have seen fit to write to the members of the Committee on Finance of this body.

Mr. President, something has been said with reference to the collection of campaign funds by Mr. Helvering as chairman of the Democratic State central committee during the last two campaigns in that State. I do not personally know anything with reference to that matter. The committee handling my campaign was a different and a distinct committee. However, the testimony adduced before the committee discloses the fact to be that the course pursued has been a practice of both the major political parties in that State. I assume also it has been a practice indulged in by State committees in many other States of the Union. I doubt not that there are Senators here who can confirm this conclusion.

However, whatever may be said with reference to that matter, whether we put our stamp of approval on it here or whether we do not, or whether individual Members of this body do or do not, permit me to suggest that the State chairman of the Republican State committee in the administration preceding that of Governor Woodring was appointed by the then Governor as the highway director of the State, and it is admitted by the testimony of the Republican Members of the delegation from Kansas in the House of Representatives that the same practice was indulged in by that and other Republican State administrations. The then State chairman, if you please, Mr. President, is the present Governor of the State of Kansas.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McGILL. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I understand, then, the Republican State chairman under the Republican Governor who preceded Governor Woodring, while State chairman, was appointed director of highways?

Mr. McGILL. Director or commissioner of highways—I do not recall the exact title of the office.

Mr. BARKLEY. And, while being Republican State chairman and also director of highways, that he collected campaign funds from appointees of the Republican administration?

Mr. McGILL. What I mean to say is that he was the chairman of the Republican State committee and the testimony before the Senate Finance Committee discloses the fact to be that the Republican State committee indulged in the same practice as was indulged in by the Democratic committee under the administration of Governor Woodring.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. CLARK. I should like to ask the Senator if he thinks it would be possible to get letters from any disgruntled Republican office seekers in Kansas to the effect that the present Governor is no good because he did not give them appointments to office?

Mr. McGILL. I do not like to pass upon what might be anticipated from members of the opposition party. However, let me direct attention to this in support of what my colleague [Mr. CAPPER] has had to say in certifying to the character of the nominee. A distinguished American, one, I feel, who is known either by reputation or personally to practically every Member of this body, sent a telegram to the chairman of the Finance Committee. This Kansan is a nationally known writer; he is the editor of one of the large daily newspapers of my State. He is not my political ally, and I do not think he has ever been, but, notwithstanding that fact, I regard him to be a man of high character and a good citizen. I refer to the Honorable William Allen White. Here is the telegram, published in the report of the Finance Committee, sent by Mr. White relative to Mr. Helvering. He says:

> Speaking as a Kansan of the opposite political faith, I should like to attest the sound business judgment, brains, and high standing as a citizen of Guy T. Helvering.

This communication, the testimony of Republican Members of the House coming from the State of Kansas, and the statement of my colleague at least ought to carry such weight as to overthrow the conclusions reached by the minority of the Finance Committee to the effect that Mr. Helvering is not qualified to fill the office to which the President has seen fit to nominate him.

Mr. President, something has been said in the course of the remarks made by the distinguished Senator from Delaware [Mr. HASTINGS] relative to an investigation conducted relative to the practices of Mr. Helvering and the firm of Washington, Henry & Co. and others before the Bureau of Internal Revenue here in Washington. I do not intend and I have no desire to take the time of the distinguished Senator from Kentucky, a member of the committee, in discussing in detail the facts relative to the oil concern to which reference has been made, but I do find a significant statement in the conclusion of the report of the special investigator. It would seem, Mr. President, that this investigation was largely brought to pass by virtue of certain articles appearing in a newspaper in the State of Kansas edited by a distinguished Republican, former Governor of the State of Kansas and a former Member of this body. This is what this special investigator had to say at the conclusion of his report:

> We were of the opinion that a thorough reexamination of tax cases enumerated in our previous report would disclose practices on the part of Helvering which would warrant his disbarment, at least, and possibly criminal prosecution.

That was the opinion entertained by the special investigator at the time he began the investigation. Let us see what his conclusions are:

> However, we have been advised today by Deputy Commissioner Batson that an examination of several of these cases has been made in the Bureau by men selected because of their technical knowledge of the matters to which the cases relate and that they have reported to him that the adjustments appear to have been made in accordance with the law and regulations. Therefore, there would seem to be no occasion to make the field examination which we suggested.

In other words, the conclusion reached was that the cases handled by Mr. Helvering had been handled according to the law and according to the regulations of the Department of the Treasury.

Mr. President, there is other testimony here which has been called to the attention of the Senate in the questions propounded by the distinguished Senator from Kentucky and the distinguished Senator from Missouri relative to the employment of a firm of attorneys here, one being the brother-in-law of a former distinguished Vice President and the other the Republican national committeeman from the District of Columbia. The testimony of the Republican national committeeman from the District of Columbia, who was later employed in the Slim Jim Oil Co. case, was to the effect that the record in said case disclosed no fraud committed or engaged in by Mr. Helvering.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Texas?

Mr. McGILL. I yield.

Mr. CONNALLY. Is it not true that he not only said there was no fraud, but that there was no contention of fraud by the Government in the case at all?

Mr. McGILL. That is my recollection.

Mr. CONNALLY. There was no contention by anybody connected with the Bureau of Internal Revenue in the reinvestigation of the case that raised any issue of fraud or charged any fraud?

Mr. McGILL. That is my recollection.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BARKLEY. Mr. President, I yield 10 minutes more to the Senator from Kansas.

Mr. McGILL. Mr. President, another matter was mentioned here this morning with reference to the post office at Concordia, Kans., in which some lady by the name of Brown, from Lawrence, Kans., has written the distinguished Senator from Delaware indicating that the postmastership had been sold by Mr. Helvering while he was a Member of the House of Representatives. The postmaster was Mr. A. B. Karney. He appeared before the Finance Committee and disputed any such contention. Mr. A. B. Karney is a man with whom I am well acquainted. He was formerly a member of the State Senate of Kansas and is now a resident of Wichita, Kans.

All the testimony I have been able to read relevant to any alleged irregularities concerning postmasterships has been refuted. Nothing has been brought home to the nominee, Mr. Helvering. I do not care to transgress upon the time of the members of the committee who desire to address the Senate on the question, and I therefore submit, in the light of the record, the nomination of Mr. Helvering should be confirmed by this body.

Mr. McGILL subsequently said: Mr. President, I find that in the remarks submitted by me a while ago I made an erroneous statement, which I desire to correct. I made a statement to the effect that the present Governor of Kansas was, under the administration of former Governor Reed of that State, highway director. That was my impression at the time. I find, however, I was in error in that statement, and I desire to correct it at this time.

Mr. BARKLEY. Mr. President, I yield 10 minutes to the Senator from Missouri [Mr. CLARK].

Mr. CLARK. Mr. President, there are a few matters in the record which I think should be pointed out to the Senate. We are all familiar with the language of the old hymn we used to hear when we were boys—

> While the lamp holds out to burn
> The vilest sinner may return.

Therefore it has been a matter of very great interest to every Member of the Senate, to see the distinguished Senator from Delaware [Mr. HASTINGS], who has defended every infamy of the Mellon regime in the Treasury, who was one of those who were active in putting the notorious Bob Lucas into the commissionership of Internal Revenue, maintaining him there just long enough to enable him to read the income-tax returns of the large taxpayers and then taking him out of the Bureau of Internal Revenue and associating him with the unspeakable Joe Grundy for the purpose of "frying fat" for the Republican National Committee, now so anxious as to the character of Treasury officials. In the light of those facts it is very interesting, indeed, to see the tender solicitude exhibited by the distinguished Senator from Delaware for the standards to be maintained in the Bureau of Internal Revenue.

Mr. President, I invite the attention of the Senate to the fact that upon the Finance Committee are 6 members, 6 Senators, who, over a period of many years, have been closely associated and acquainted with Mr. Helvering, the nominee in this case. The chairman of the Finance Committee, the Senator from Mississippi [Mr. HARRISON], the Senator from Kentucky [Mr. BARKLEY], the Senator from Connecticut [Mr. LONERGAN], and the Senator from Texas [Mr. CONNALLY], were all Members of the House and served as colleagues of Mr. Helvering during the 6 years of his membership in that body. The junior Senator from California [Mr. McADOO] was Secretary of the Treasury during the period in which Mr. Helvering was a member of the Ways and Means Committee of the House, during the great period of war financing, and came into the closest possible contact with him. I was Parliamentarian of the House throughout the first 4 years of Mr. Helvering's service in that body. I invite the attention of the Senate to the fact that every Senator and everyone else who has personal knowledge of Mr. Helvering and had an opportunity of being personally acquainted with him is strong in his support for this high office.

I invite further attention to the fact that the distinguished Presiding Officer of this body, the Vice President of the United States, served in the House with Mr. Helvering and served upon the Ways and Means Committee with him; that his voice, so far as he is able to express it in this body, is in behalf of the confirmation of Mr. Helvering.

I invite attention to the fact also that the two able and distinguished Senators from the State of Kansas [Mr. CAPPER and Mr. McGILL], one of them a Republican and the other a Democrat, have given testimony as to Mr. Helvering's fitness for the position; that the distinguished and beloved former Vice President of the United States, Mr. Curtis, has borne witness to the high standing of Mr. Helvering; that the four Republican Members of the House of Representatives from Kansas, with an opportunity to know Mr. Helvering, have taken the trouble to do the unusual thing of appearing before the Finance Committee to bear testimony to Mr. Helvering's fitness for the position.

I invite attention to the fact that two eminent publicists, to mention only two among the many in the State of Kansas, both ardent Republicans, William Allen White and Victor Murdock, have declared openly in favor of the confirmation of the nomination of Mr. Helvering.

Every man except a few soreheaded, disappointed office seekers who have been here in this connection, every man who has had an opportunity of knowing Mr. Helvering, has appeared in support of his nomination, and it has remained only for the Senator from Delaware [Mr. HASTINGS], the distinguished former judge of the police court in Wilmington, Del., to enter upon an excursion into the sewers underneath the factionalism in the State of Kansas to undertake to find some filth to throw upon this nominee.

I am not going to undertake to review the record in this case. That will be done by the Senator from Kentucky [Mr. BARKLEY], who was chairman of the subcommittee of the Finance Committee that heard the evidence, but I do want to call attention to the kind of testimony upon which the Senator from Delaware relies here to make a case.

His star witness, brought at the expense of the Government from away out in Kansas for the purpose of discrediting Mr. Helvering, was a man named Lamb, a disappointed applicant for the post office, rancorous against Helvering because Mr. Helvering did not recommend that his temporary appointment be made permanent.

Mr. Lamb was brought here at Government expense, at the instance of the Senator from Delaware, for the purpose of trying to discredit the nominee in this case. He went upon the witness stand and testified to a state of facts that no reasonable man could possibly believe. He testified

that four times he had been approached by a man named Cassell, who had solicited at his hands a contribution of $1,000 in consideration of being appointed postmaster; that he had told Cassell to go and tell Mr. Helvering to "go to hell"; that he had nothing to do with him and did not want anything to do with him. He testified further that thereafter Mr. Helvering came to see him at the post office and that he asked Helvering out of a clear sky whether Cassell had delivered the message that Lamb had sent to Helvering; that Helvering replied that he had not, and Lamb thereupon repeated to Helvering that he had sent him word by Cassell to "go to hell."

At that point in the examination he was asked what Mr. Helvering said in response and he said that he could not remember that Helvering had said anything.

He then testified that shortly thereafter he invited Helvering to his own home to dinner; that at the dinner table, out of a clear sky, without anything having been said to justify the remark, apropos of nothing at all, Helvering suddenly informed him that he, Helvering, had had him moved from the bottom of the eligible list to the top of the eligible list; that Helvering claimed to have some sort of control over the Civil Service Commission; and that Helvering then made the significant remark, "I always take care of my friends when they take care of me." When Mr. Lamb was asked what he said in response to this remark of Helvering or what his wife said in response to it or what Helvering said further during the course of that meal, he was unable to remember anything.

Mr. LONG. Mr. President——

Mr. CLARK. I yield to the Senator from Louisiana.

Mr. LONG. Does this man who claims he told Helvering to "go to hell" then invite him to his home to have dinner with him?

Mr. CLARK. I am coming to that in just a moment.

Mr. BARKLEY. Perhaps that is what he meant by "go to hell"—to go to dinner with him. [Laughter.]

Mr. CLARK. In Mr. Lamb's first appearance before the committee he left the very distinct impression that his conversations with Mr. Cassell, in which Cassell had undertaken to shake him down for a thousand dollars on behalf of Helvering, were after he had received the recess appointment and was already in office and when the matter of his permanent appointment was pending. But following Mr. Lamb upon the witness stand Mr. Cassell, the man with whom he claimed to have had these conversations, was called to testify and he made as frank and outspoken and candid a witness as I have ever seen on the witness stand in all my experience as a lawyer.

Mr. Cassell not only denied specifically and categorically the story which Mr. Lamb had told, but he also went into a circumstantial account that at the time of Mr. Lamb's appointment as postmaster he, Cassell, had not spoken to Lamb for more than 8 months. The Senator from Delaware, acting as prosecuting attorney, was not satisfied to leave the record in that shape and he recalled Mr. Lamb and then it was disclosed for the first time that these four conversations which Lamb claimed to have had with Cassell were before Lamb's appointment as temporary postmaster. In other words, Mr. Lamb's testimony—and we took him over the whole matter two or three times—stands in this shape, that he asked the Senate of the United States and the country to believe that four times in the month before his appointment as temporary postmaster, this man Cassell came to him trying to shake him down for a thousand dollars as a condition for Helvering's recommendation of his appointment; that on each occasion Mr. Lamb responded to Mr. Cassell that Mr. Helvering could "go to hell"; that he did not want anything to do with him; that thereafter Mr. Helvering actually recommended him and had him appointed, and Mr. Lamb does not contend he was not appointed temporary postmaster upon the recommendation of Mr. Helvering.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. CLARK. I am glad to yield to the Senator from Kansas.

Mr. McGILL. Does not the record disclose that Mr. Lamb served a full 4-year term as postmaster?

Mr. CLARK. That is perfectly true; but Mr. Lamb would ask us to believe that, after having been interviewed four times by an agent of Mr. Helvering, who tried to shake him down and who told him he would not be appointed postmaster unless he came through with a thousand dollars, on each occasion responded that Mr. Helvering could "go to hell", and Mr. Helvering actually did appoint him thereafter. He would have the Senate further believe that the first time Mr. Helvering came to Manhattan he came into the post office and out of a clear sky he—Lamb—said, "Did you receive my message that I told Cassell to tell you you could 'go to hell?'" Whereupon Helvering stood mute, according to Lamb. Having received this insulting ultimatum, Lamb would have us believe that Helvering stood there mute and thereafter had no conversation on the subject.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

Mr. BARKLEY. Mr. President, I yield 10 minutes more to the Senator from Missouri.

Mr. CLARK. Thereafter, without any further conversation on the subject, Lamb invited Helvering to his house, where apparently amicable relations were resumed; until right out of a clear sky, in the presence of Lamb's wife at the dinner table, Helvering made this preposterous remark to the effect that he "always took care of his friends when they took care of him"; but at that point the conversation was dropped, and nothing further was ever said about the matter.

I say to the Members of the Senate that if they will read the record they will find that the star witness of the Senator from Delaware testified to such a preposterous statement that he is not entitled to the credence of any reasonable man.

Then they brought in another man, out on parole from the Kansas penitentiary for embezzlement, who testified that Helvering told him to go and get a thousand dollars from somebody. It is upon witnesses of that sort, it is upon testimony of that sort, it is upon letters written by members of the group in Kansas headed by the goat-gland specialist, Dr. Brinkley, it is upon the testimony of letters of men who have been dead for 15 years, who were unsworn, to the effect that they knew Helvering to be a rascal—a fact that they discovered after they themselves were not appointed postmasters—that the Senator from Delaware relies to make his case.

I say that the proceedings in this case, the character of the testimony here adduced, and the inclusion in the record by the Senator from Delaware of a letter which had been ruled out by the unanimous vote of every member of the Finance Committee except himself, constitute a highly discreditable performance.

One thing I forgot to recount of the testimony of Mr. Lamb is the fact that according to Mr. Lamb's own statement, while he was not willing to give $1,000 to be appointed postmaster, so he says, he was perfectly willing to give Helvering a bill that he claimed Helvering owed him. Just what the difference is between a man who admits that he is willing to forgive a small bill and one who is willing to pay a larger sum, what standing he has as a witness, I will leave to the Senator from Delaware to explain. I repeat that the conduct of this matter has been highly discreditable.

Mr. BARKLEY. Mr. President, I suppose I have the right to conclude this argument; and if there are any other speeches against this man's confirmation I should like to have them made now, so that I can answer them all at once.

Mr. COUZENS. Mr. President, I do not know who has charge of the time, but I should like to speak in opposition to the confirmation.

Mr. BARKLEY. The Senator from Delaware has charge of the time on the other side.

Mr. HASTINGS. I yield to the Senator from Michigan whatever time he desires.

Mr. COUZENS. Mr. President, I did not expect to say anything about this case, because the Senator from Delaware [Mr. HASTINGS] has had more contact with the witnesses and has gone more thoroughly into the testimony than I have; but the Senator from Missouri [Mr. CLARK] yesterday took occasion to bring politics into the question. I want to say, so far as I am concerned, that at no time have I engaged in any political controversies in the Senate or had any concern about political appointments.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. COUZENS. Yes; I yield.

Mr. CLARK. I should like to say that I entirely acquit the Senator from Michigan of any such conduct or intention.

Mr. COUZENS. I thank the Senator.

For many long years I have had experience in employing men and engaging men for responsible positions and have not made many errors; but I want to say, in all fairness, that even the confirmation of Mr. Helvering, which is going to take place, is not going to end this controversy. My good friends on the other side of the Chamber can railroad this confirmation through. They have done it in the past, and they are going to continue to railroad confirmations through; but such a course is not going to command public confidence.

If there ever was a time in the history of the Nation when the public should have confidence in their Government, confidence in their public officials, confidence in their integrity and their honesty, it is now. The mere votes of a few Senators on one side or the other, and especially in confirmation of men like this nominee, are not going to settle the issue. If Senators over on the other side do have four or five or a dozen majority to confirm this nominee, I hope they do not think that settles the issue so far as the country is concerned. It is wholly immaterial to me how Senators on the other side vote. They have their own problems to settle; but I want to say to them, in all good faith, that the matter will not be settled after they have confirmed this man.

Mr. President, in my judgment, this man has a disreputable record in his associations with the Bureau of Internal Revenue, the very Bureau of which it is proposed to put him in charge. From my contact with him on the several occasions when he appeared before the Finance Committee, he was shifty, and there was not at any time a doubt in my mind that he had confederates in the Bureau of Internal Revenue.

Mr. President, whether any of these details are proved as to whether Mr. Helvering asked money for post-office appointments, or whether he was a politician, or what he did in his position as commissioner of roads of Kansas, in my opinion, is not material, except so far as those things tend to confirm the type of man he is. Entirely outside of that, however, there is not any doubt in my mind that he had confederates in the Bureau of Internal Revenue, and there is not any doubt in my mind that if his confirmation takes place, and he is sworn in, he will have confederates outside of the Treasury Department.

Mr. President, all we have to consider is the kind of a frame-up that took place in the *Slim Jim Oil Co. case*, where it was perfectly apparent that Mr. Helvering had confederates inside the Bureau who sent out an assessment for one hundred and fifty-odd thousand dollars, and then had the matter fixed up on the outside so that it would be settled for $7,000.

You lawyers can argue details, and you can discuss words, and you can quibble about whether or not this is competent evidence on which to send a man to jail. That is not the question that controls me. I am not interested in whether this is good or bad evidence from a criminal standpoint. We are not sending this man to jail. We are not going to convict him of being a criminal. We are just going to say whether we, in our judgment, think he is a fit man to administer billions of dollars of revenue that we collect from the taxpayers of the United States. To quibble about mere details, and whether this is good or bad evidence, in my judgment is entirely wide of the issue.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nevada?

Mr. COUZENS. I yield.

Mr. McCARRAN. Just for a question. I should like to have an explanation from the Senator as to the discrepancy between the $125,000 and the $7,000 settlement. The Senator has it in his mind and has given thought to it.

Mr. COUZENS. I heard that particular part of the testimony. The Senator from Nevada has the figures a little wrong. I have not read the testimony for some days, and I have not it here, because I am not going to go into the details of the testimony. The Senator from Delaware has done that. I am telling you my convictions and observations from contact with the man and hearing part of the testimony. Frankly, I did not hear it all. I reached the full and definite conclusion after seeing him, seeing his shifty eyes and his shifty methods when responding to questions and testifying before the committee, that he was not a fit man for that office; and I reached the conclusion that no matter what kind of testimony he gave, whether it was legally sufficient to convict him of a crime or otherwise, it would not change my opinion as to his fitness for the office.

In response to the question of the Senator from Nevada I will say that, as I recall, there was a dissolution of a company; and when the company was dissolved they set aside $25,000 to pay, as they thought, their income tax. Later—and if I am slipping up on some of the testimony I hope the Senator from Delaware will correct me—the company got an assessment of $152,000, I think. They then employed this firm of Washington, Henry & Co., I think the names are, two former employees of the Bureau of Internal Revenue, who in turn employed Helvering. As I remember, one of the officials of the company came to Washington. They met in the Washington Hotel on a Sunday morning. Helvering asked for $10,000 to employ an engineer, a New York engineer, who he said——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COUZENS. Just let me finish. I did not interrupt the Senator.

Mr. CLARK. I am sure the Senator does not want to misstate the record.

Mr. COUZENS. The Senator can correct me if I make a mistake. I am not saying that Helvering admits this. I do not charge that. I think he may have denied some of it. I think he afterward testified that he was going to employ an engineer from his own office.

Mr. CLARK. All I wanted to do was to call the Senator's attention to the fact that this man Edgecomb himself appeared on the stand and testified three times that the engineer Helvering wanted to employ was from Washington; and the Senator from Delaware [Mr. HASTINGS] refreshed his memory and said he was from New York.

Mr. COUZENS. I desire to say that I was not present when that testimony was given; but it is wholly immaterial to the point I am coming to, because as a matter of fact, as I recall, no engineer was employed.

Mr. HASTINGS. Mr. President, will the Senator yield for a moment?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Delaware?

Mr. COUZENS. I yield.

Mr. HASTINGS. That is twice that the Senator from Missouri has made that statement. No reasonable man can read the record and no reasonable man could have heard him make the statement without realizing that it was a slip of the tongue, pure and simple.

Mr. CLARK. Three slips.

Mr. COUZENS. It does not matter. We do not need to argue those things. This is not a court. Nobody is being tried under criminal law, and nobody is going to be sent to jail. I want the Senate, if possible, to get the impression that I have of the man. That is the deciding question

here. It is not a question of whether we are going to send him to jail or whether he is going to be convicted. The question is whether or not he is the straight and honest and reliable kind of man that ought to be placed in such an important position. My observation of the man is that he is not.

Then observe, Mr. President, that after this assessment of $152,000 was received by this man, and after he found that he could not get $10,000 for his engineer, he entered into an agreement to take what was left out of $25,000 that the firm had theretofore put aside to pay its income taxes. Now, remember, all the firm had set aside was $25,000. The Bureau of Internal Revenue had assessed them $152,000. Any reasonable person knows that when Helvering agreed to take what was left out of $25,000 for his fee, he knew that the Government was not going to insist upon its $152,000 assessment.

What happened? They entered into an agreement. The firm say, substantially, they did not have any more money to put up than the $25,000, that they had already set aside. Mr. Helvering entered into an agreement in which he said, in substance, "I will pay the tax out of the $25,000 and take what is left", on a $152,000 assessment.

I was convinced, after observing this man and hearing the testimony, that when Helvering entered into that agreement he knew that the Government never intended to collect $152,000, and that it was a "phony" assessment. The distinguished Senator from Virginia [Mr. GLASS] has repeatedly stated on this floor, to his knowledge, that thousands of "phony" assessments were made so that confederates outside of the Bureau of Internal Revenue would get a rake-off from having the assessments reduced.

There is no lack of testimony in that connection. There is plenty of it in evidence before this body; and now, Mr. President, it is proposed to put in charge of that very Bureau a man who participated in that practice. Not only did he participate in the practice, but he divided 60-40 with the crooks that were afterward thrown out. No one denies it. It cannot be denied. He testified that he had a 60-40 arrangement to share in the profits of this concern that afterward was kicked out of the Treasury Department for dishonest conduct. Then, after he got his deal concluded with this taxpayer, he walked over to the Treasury Department and got the $152,000 claim settled for $7,000; and then they split some $18,000 between Washington, Henry & Co. and Helvering.

Mr. President, I am not going to waste a lot of time in discussing this question. I am settling this question in my own mind from a keen observation of the man and his past record in connection with the Bureau of Internal Revenue. Politics, and his conduct in Kansas, have no relation to my decision.

Mr. BARKLEY. Mr. President, I want to inquire again whether there is anybody else to speak in opposition to this confirmation?

Mr. HASTINGS. Mr. President, I desire to say to the Senator from Kentucky that I hope to reserve some time myself to make some reply.

Mr. BARKLEY. Mr. President, I inquire again whether I am entitled to conclude the argument in this matter?

The PRESIDING OFFICER. The Chair will inform the Senator from Delaware that he has 59 minutes remaining.

Mr. HASTINGS. Mr. President, I am not ready to take it yet.

Mr. BARKLEY. There will be only one more speech on this side, and I insist that I have the right to conclude the argument. If the Senator is going to use any more time, I want him to use it before I speak.

The PRESIDING OFFICER. Is there further discussion?

Mr. CONNALLY. Mr. President, it seems to me that the contention of the Senator from Kentucky is a fair one.

The PRESIDING OFFICER. The Chair will rule on that. Those advocating the confirmation have the affirmative. The burden is, therefore, upon them, and they have the right to conclude.

Mr. BARKLEY. Mr. President, there is to be only one more speech on this side in favor of the confirmation of Mr. Helvering, and if there are other arguments to be made in opposition, I insist that I am entitled to have them made before I begin my remarks.

The PRESIDING OFFICER. Does the Senator from Delaware desire further to be heard?

Mr. HASTINGS. If the President please, I propose to reserve, if I may, sufficient time to answer the argument made on the other side in reply to the arguments I made yesterday and today. That is my expectation, and that is my right, I respectfully submit to the President.

Mr. BARKLEY. Mr. President, that demand, I will say, is typical of the unfairness which has been practiced in this case from the beginning. I am entitled to conclude this argument.

Mr. HASTINGS. I have no objection to the Senator from Missouri and the Senator from Kentucky accusing me of all kinds of unfairness. I am making this record, and I will leave it to the Senate and to the country to say whether I have been fair or unfair.

Mr. ROBINSON of Arkansas. A point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROBINSON of Arkansas. The Chair having ruled that the concluding argument shall be made by those who favor the nomination, and the Senator in charge of allotting the time to those in favor of the nomination having announced that there is only one more speech to be made from that side, if the Senator from Delaware refuses to proceed with the argument now, or if others opposing the nomination decline to proceed, and the Senator from Kentucky takes the floor, will it not result in precluding further argument from those opposed to confirmation?

The PRESIDING OFFICER. The Chair is of that view.

Mr. McNARY. Mr. President, I think the position of the Senator from Delaware is eminently fair. I think those who are insisting on the confirmation should make their position known, which they have not done up to this time. If the Senator from Kentucky will proceed with his argument to a conclusion, the Senator from Delaware may desire to answer it, and there may be some time left for the Senator from Kentucky. There is no rule by which the Senator from Delaware can be forced to take the floor at this time or at any other time. The orderly procedure and the fair procedure would be for the Senator from Kentucky to proceed. After he has finished his argument——

Mr. ROBINSON of Arkansas. Mr. President, in all proceedings with which I am familiar, those on the affirmative side have the right to open and close. The Senator from Oregon is apparently attempting to reverse that.

Mr. McNARY. Not at all.

Mr. ROBINSON of Arkansas. And I respectfully suggest that there is no argument to support that contention.

Mr. McNARY. I am not suggesting that. I am suggesting that the Senator from Kentucky proceed now if he wants to speak. At the conclusion of his remarks the Senator from Delaware can use the portion of the time allotted to him. There will be opportunity then for the Senator from Kentucky or anyone else to conclude the argument. But it is not fair, and there is no rule to support the position, that the Senator from Delaware should be forced to take the floor at this time.

Mr. BARKLEY. Mr. President, it is perfectly apparent what is intended. The Senator from Delaware spoke 2 hours yesterday and an hour today. At the conclusion of his 2-hour speech yesterday we entered into an agreement to divide the time equally today. He has left 59 minutes, practically an hour, and I have an hour and 15 minutes. If I occupy that hour and 15 minutes now, then the Senator from Delaware will be allowed to occupy an hour in conclusion of the argument, which, I say, under all rules of parliamentary procedure, would be unfair. If I go ahead and speak now and then stop in the middle of my remarks in order that he may occupy his time, it will make it necessary for me to divide my remarks into two speeches, which I do

not wish to do. I insist that, in view of this record, I am entitled to conclude the argument.

Mr. HASTINGS. Mr. President, I am not taking the position the Senator from Kentucky is taking—that I have a right to close the argument. I do not care anything about whether I close the argument or not, but I do want to have an opportunity to reply to what is to be said in favor of confirmation of this nomination.

The Senator from Arkansas points out that the Senator from Oregon is trying to reverse the rule. As a matter of fact, if no objection had been made here, the confirmation would have gone through without argument. I have filed a minority report. I there take the affirmative side, and undertake to sustain the minority report by opening the argument. If I had not made a speech on that subject, the other side would not have made any speech. That shows that the affirmative is upon my side.

I do not care anything about closing the argument, but I do want to have an opportunity to answer the speech made by the Senator from Kentucky if he undertakes to analyze this record, and to show that this man is entitled to confirmation by the Senate.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. As I understand, the Chair ruled that the Senator from Kentucky is entitled to the closing speech. If the Senator from Delaware does not care to proceed at this time, would it be in order to move that the Senate take a recess until 1:45 o'clock, and thereby allow the Senator from Kentucky to address the Chair in the allotted time, in view of the insistence of the Senator from Delaware that he proceed?

Mr. McNARY. Mr. President, let me suggest to the Senator from Kentucky that he now proceed with his argument, and we agree that he may have 20 minutes or 30 minutes to close the argument in the case.

Mr. BARKLEY. Mr. President, I have no desire to split up what I have to say in two speeches. In order to accommodate the Senator from Delaware, I would have to stop in the middle of my remarks and let him reply to the first half of my speech, and then proceed with the last half of it.

Mr. REED. Mr. President, as I understand it, the Senator from Kentucky has an hour and 15 minutes of time left. I do not suppose the Senator from Delaware expects to use all of the 59 minutes that remain to him.

Mr. HASTINGS. Not over 10 minutes.

Mr. REED. May I suggest that the way out of this difficulty is for the Senator from Kentucky to go ahead now and use his entire hour and 15 minutes, and then the Senator from Delaware will share with him the 59 minutes that will remain, so that the Senator from Kentucky can make his whole speech, and need not break it in half, as he seems to be afraid he might have to do.

Mr. BARKLEY. I will say to the Senator that I do not even know that I want to use the hour and 15 minutes. I certainly hope that I can conclude in less time than that. But I do not want to be in the position of having to stop in the middle of what I have to say in order that the Senator from Delaware may reply to what I have said up to that time.

Mr. REED. Mr. President, I am proposing that the Senator should not have to stop; that he go ahead and make his full speech now, just as though that ended the whole matter, taking the hour and 15 minutes if he wants to, which is the most he could take under the present arrangement; that then, after that, the Senator from Delaware, who, after all, did have yesterday afternoon's time, share the remaining hour with the Senator from Kentucky. We speak of the right to open and close. It is perfectly obvious that if that right were vested in the Senator from Kentucky he never did open. The Senator from Delaware has never had a chance to answer.

Mr. BARKLEY. The fact that I did not open is no reason why I should be denied the right to close.

Mr. REED. Of course it is not.

Mr. BARKLEY. We had a right to hear the objections. We made a report favorable to this man, and we had a right to presume that his nomination would be confirmed unless there were objection, and the objection was made.

Mr. REED. Of course, and the Senator has a right to answer all that has been said by the Senator from Delaware; but he, in common fairness, ought to have some right to reply to what the Senator from Kentucky may say. That is just elemental justice. If he is willing to share his remaining time with the Senator from Kentucky surely that would be a generous act, and would protect everyone.

Mr. BARKLEY. I want it understood that, whatever arrangement is made, I do not know that I even want to reply.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McNARY. That was the very point I suggested to the Senator from Pennsylvania. The Senator from Delaware has concluded his remarks. He only asks, in common justice, an opportunity to reply to any new matter that may be brought out in the discussion of the subject by the Senator from Kentucky. The Senator from Delaware only wants a few minutes, probably 10 or 15 minutes, to reply. I see every quality of fairness in the proposition that the Senator from Kentucky make his speech in full, then permit the Senator from Delaware to reply briefly, and then, if the Senator from Kentucky desires to close, he will have ample opportunity.

Mr. BARKLEY. Mr. President, if that is understood, I have no objection. It is understood that if necessary I will have sufficient time, out of whatever time remains, to reply, if I desire, to the Senator from Delaware.

Mr. McNARY. I think we have a common understanding.

Mr. BARKLEY. Mr. President, I regret very much that there has drifted into this case what seems to me to be undoubted prejudice.

The PRESIDING OFFICER. May the Chair interrupt the Senator for a moment to say that the 15 minutes which have been consumed in the discussion of the method of procedure will, by unanimous consent, be eliminated entirely from the time to be taken in the argument.

Mr. BARKLEY. That is entirely agreeable.

I regret, as I have said, that what appears to me to be an undeniable element of prejudice has entered into the consideration of this case, and I regret exceedingly to have to include the Senator from Michigan [Mr. COUZENS] among those who seem to be prejudiced against Mr. Helvering by reason of his appearance, or by reason of his manner when he appeared the first time before the Committee on Finance.

Mr. COUZENS. Mr. President, will the Senator from Kentucky yield to me?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Michigan?

Mr. BARKLEY. I yield.

Mr. COUZENS. It was not the first time he was before the committee. He was before the committee several times, as the Senator knows, before the final testimony was taken.

Mr. BARKLEY. I know he was twice before the committee. The Senator from Michigan was present on one of those occasions, but certainly did not hear all the testimony.

The Senator from Michigan awhile ago made the statement, without the slightest evidence whatever in this record, without even a suspicion of anything that could be regarded as reliable testimony, that he believed that Mr. Helvering while he was practicing a year or two before the Bureau of Internal Revenue had confederates on the inside of that Bureau who assisted him in the tricky settlement of tax cases that were pending before the Internal Revenue Bureau. I am surprised and I am pained that the Senator from Michigan, without any evidence whatever, would give expression to such sentences on the floor of the United States Senate.

Mr. COUZENS. Of course I deny that, and the Senator can challenge the good intention of the Senator from Michigan all he wants to.

Mr. BARKLEY. The Senator made that statement here, and the RECORD will show it, just as he made a statement a

few days ago intimating that there were 30 Members of this body under the control and domination of the power interests.

Mr. COUZENS. That is not true, either.

Mr. BARKLEY. If the Senator did not change the RECORD, he did make that intimation when we were voting on the tax on electric power during the consideration of the tax bill; but I merely mention that as evidence of the fact that the Senator from Michigan, with all his good intentions, with all his fine qualities, draws hasty conclusions as to the character of men with whom he associates.

Mr. COUZENS. And they have proved invariably to be right.

Mr. BARKLEY. According to the Senator's prejudices, of course, his conclusions are invariably right. There have been more underhanded methods resorted to in order to defeat the confirmation of this man Helvering than in any case which has come under my observation since I have been a Member of the United States Senate. The Finance Committee called Mr. Helvering, according to its practice, before it when this nomination was referred to it nearly a month ago. Mr. Helvering was called in to give a sort of résumé of his life and his activities, so that the Finance Committee might size him up, might see him and know something about him. Those of us who had served in the House of Representatives with him knew all about him; we had our own estimation of his character and of his ability; but most of the members of the Finance Committee had not met Mr. Helvering, and, according to the committee's practice in most cases, he was called before them to testify as to his qualifications. The same thing was done with reference to Mr. Acheson, who was appointed Under Secretary of the Treasury, as the same thing has been done with reference to other cases.

When Mr. Helvering came before the committee, without any other member of the committee, so far as I know and so far as the record shows, having been advised of the fact, the Senator from Delaware [Mr. HASTINGS] produced an old record that had been dug out of the Treasury Department, a record which was 14 years old, which Mr. Helvering had never seen, had never heard of and knew nothing about, and the Senator from Delaware began to examine him with reference to certain transactions in 2 or 3 tax cases which I will enter into a little more in detail in a few moments. As a result, a subcommittee was appointed to hold whatever hearings might be necessary, to bring witnesses to Washington to testify, witnesses whose names are in the record which the Senator from Delaware "pulled" on the nominee without his previous knowledge that there was any such record.

I was appointed as chairman of the subcommittee to bring these witnesses to Washington and hear their testimony, to find out whether there was any truthfulness in the insinuations that they had put in the record without the knowledge or without any warning on the part of this nominee. Among those witnesses were a man named Washington and a man named Henry, who had formed a partnership as expert accountants out in Kansas, and who had sent to Mr. Helvering some business involving taxes pending before the Internal Revenue Bureau. After I was appointed chairman of the subcommittee I conferred with the chairman of the committee, the Senator from Mississippi [Mr. HARRISON], as to bringing these witnesses to Washington. I also conferred with the parliamentary clerk of the Senate to ascertain whether we had a right to summon these witnesses and to pay their expenses. I learned that we did have that right. Then I went about learning where they were, and I discovered that one of them was in California, one of them was in Texas, and one of them still remained in Kansas. Just as I was preparing to send for these witnesses, the Senator from Delaware came over to this side of the aisle and said:

I have found a record in the Treasury Department giving the testimony of one of these men, and if Mr. Helvering is willing to accept that as the testimony of this man, I will agree that you need not send for these witnesses, because one of them is in California and one is in Texas, and therefore it will not be necessary for us to summon these men to Washington to hear their testimony.

I agreed that I would consult with Mr. Helvering and ascertain whether he was willing that the statement which the Senator from Delaware or somebody else had found in the Treasury Department should be accepted as the testimony of, as I recall, Mr. Henry. I saw Mr. Helvering, and he said that he would like to look over it. He did look over it, and reported to me that it would be entirely agreeable for that record to be used as the testimony of Mr. Henry. I notified the Senator from Delaware of that fact; and therefore I did not summon these witnesses before the subcommittee of the Finance Committee.

We went on and had Mr. Helvering before us again. His testimony is outlined here in the record; and it was perfectly apparent that there was nothing to the charges that had been made against him; that they were all ex parte insinuations made by certain men for one reason or another; and while we took no formal vote on it at that meeting, it was perfectly apparent that the Senator from Virginia [Mr. BYRD] and myself had reached the conclusion that this man's nomination ought to be confirmed; that we intended to make that report to the full committee, and we did make that report to the full committee 2 or 3 days later.

When the full committee met, and the majority of the subcommittee made their report to the full committee, then it was that the Senator from Delaware read a long written minority report in which he practically accused the Senator from Virginia and myself of refusing to summon these witnesses to Washington under the circumstances to which I have referred. I took occasion in the committee to refer to the fact that the Senator from Delaware had come on to this side and suggested that they be not summoned. He did not deny that statement, and he will not now deny it.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. BARKLEY. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I was just going to say, recalling the statement made a few moments ago by the Senator from Kentucky, that it was at the instance and suggestion of the Senator from Delaware that the witnesses—certain witnesses—be not summoned and that a statement already of record in the Department should be used, that it is astonishing to learn, if it be the case, that the Senator from Delaware would pursue such a course; that he would take the initiative in having the subcommittee refrain from subpenaing witnesses and then complain that they had not been subpenaed.

Mr. BARKLEY. That is precisely what did occur, as every member of the Finance Committee will testify, including the Senator from Virginia [Mr. BYRD].

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Kentucky yield to the Senator from Delaware?

Mr. BARKLEY. I yield.

Mr. HASTINGS. I think the Senator from Arkansas does not understand——

Mr. BARKLEY. If the Senator from Delaware is going to make a speech, he will have an opportunity to reply. I have not finished.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Kentucky will permit me, I understand fully the statement made by the Senator from Kentucky, and it implies a course of conduct on the part of the Senator from Delaware that cannot be compared favorably with anything charged against Mr. Helvering.

Mr. BARKLEY. I want to say in addition to that——

Mr. HASTINGS. Mr. President——

Mr. BARKLEY. Just a moment; I do not yield at this point. After the minority report had been filed with the full committee by the Senator from Delaware, I think he took the Senator from Virginia [Mr. BYRD] and myself to task for not summoning these men to Washington, and the Senator from Virginia [Mr. BYRD] and I stated to the full

committee exactly what I have said here. Then the Senator from Delaware further insisted that these men be brought to Washington, and, without a dissenting voice so far as I recall, the full committee ordered that these men be brought to Washington; they were brought here at Government expense, and testified as the record here will show. I mention it only as evidence of the tactics which have been resorted to in this case, of the effort to besmirch this man, and the effort to delay action on the part of the Senate until Congress might adjourn so that there would be no action on the matter of confirming the nomination for Commissioner of Internal Revenue.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HASTINGS. Mr. President——

Mr. BARKLEY. I yield to the Senator from Missouri.

Mr. CLARK. I should like to ask the Senator if the effect of this maneuver on the part of the Senator from Delaware in asking that witnesses not be brought before the subcommittee and then insisting that they be brought before the full committee was not to delay any action on this matter for about a week or 10 days?

Mr. BARKLEY. The Senator from Delaware can answer that question; but the result was that action was delayed for about 2 weeks.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield, but I cannot yield for a speech.

Mr. HASTINGS. I am not going to make a speech, but I want to explain to the Senator from Arkansas the situation with respect to the witnesses.

The PRESIDING OFFICER. Does the Senator from Kentucky yield for that purpose?

Mr. BARKLEY. How long will it take?

Mr. HASTINGS. A minute or two.

Mr. BARKLEY. I will yield the Senator 2 minutes.

Mr. HASTINGS. I want to say that there was a witness whom it was necessary from my point of view for the committee to hear, namely, Henry, because in the testimony he had given before the Department he said there was a definite contract between him and Helvering with respect to fees, and that was different from what Helvering had stated. He was the only witness that I cared anything about. When we got before the committee Helvering made another long statement, in which he changed his whole testimony—or not the whole of it, but most of his testimony—which made it necessary, after I had heard it, in my judgment, to seek to get the other witness here.

Mr. BARKLEY. The Senator did not renew his request or his demand that these witnesses be brought here until the subcommittee had made its report to the full committee. Then, when we had made our report recommending favorable action, he demanded that these witnesses all be brought to Washington, thereby causing a delay of about 2 weeks in the consideration of this matter.

Not only that, Mr. President, but as chairman of the subcommittee handling this matter as the agent of the Finance Committee, I was entitled to be furnished every bit of the evidence in the Treasury Department with reference to Mr. Helvering. After I was appointed chairman of the subcommittee, and after the Senator from Delaware had produced a report in the full committee, upon which he cross-examined Mr. Helvering without Mr. Helvering ever having known there was any such report, I called up the Treasury Department and talked to Mr. Irey, the Chief of the Intelligence Service, who, in my judgment, has been furnishing the Senator from Delaware all the evidence that he has found in the Department. I asked Mr. Irey whether there was any additional report, whether there was any additional evidence, whether there were any additional documents in the Treasury Department that would shed any light upon this matter. I told him that I was chairman of the subcommittee, and that I was entitled to any such evidence. Mr. Irey replied to me that there was nothing else in the Treasury; that the Senator from Delaware had received the only report that was there, and that there was nothing else there that shed any light upon Mr. Helvering's activities in the Department of the Treasury. Yet at the very next meeting of the subcommittee the Senator from Delaware showed up with a report that was a foot thick which he had gotten from the very agencies which had denied to me, as chairman of the subcommittee, that there was any such evidence there or that I might have an opportunity to see it.

I point these things out, Mr. President, in order to show that down in the Treasury Department there is a little clique of Mellon appointees who do not want this man made Commissioner of Internal Revenue because they fear—and I hope to heaven the fear may be justified—that he will "fire" every one of them before he is there a week. I know what I am talking about, because I have received evidence from men on the inside of the Department, who have told me all about the little schemes that have been hatched up in the Treasury Department to defeat this man's confirmation.

Mr. DILL. Mr. President——

Mr. BARKLEY. I yield to the Senator from Washington.

Mr. DILL. What is the name of the gentleman who failed to give the Senator the report?

Mr. BARKLEY. His name is Irey, and he is head of the Intelligence Bureau of the Internal Revenue Bureau of the Treasury Department.

Mr. DILL. Either he lacked intelligence when he talked to him, or he lacked integrity.

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Delaware?

Mr. BARKLEY. I yield for a question.

Mr. HASTINGS. Is it not true that I turned over several reports to the Senator from Kentucky?

Mr. BARKLEY. The Senator from Delaware turned over certain reports to me after they had been turned over to him first by the agents in the Treasury Department. Every bit of this evidence and all of the reports that I received were received by me from the Senator from Delaware and not from anybody in the Treasury Department, and some of them only after I requested them. When the Senator from Delaware first presented the report to the full committee, which none of us had heard anything about, I asked to see it. Later the Senator sent the other one to my office at my request. I am not accusing the Senator from Delaware of refusing to turn over the reports. I say that as chairman of the subcommittee I had the right to them, at least an equal right with the Senator from Delaware, who was a minority member of the subcommittee. So much for that.

Now, Mr. President, what about Mr. Helvering? I was elected to Congress in 1912. I went into the House of Representatives on the 4th of March 1913, on the day on which Woodrow Wilson took the oath of office as President of the United States. On that same day Guy T. Helvering became a Member of Congress from the State of Kansas. It was at that time an unusual thing for a Democrat to be elected to the National House of Representatives from the State of Kansas, and it has been a rather unusual thing since, although it is not so unusual at the present time. At this moment there sits on the floor of the Senate a distinguished Member from the other body who, during most of the time from then until now, has been the only Democratic Representative from the State of Kansas. I refer to Representative AYRES.

Mr. McGILL. Mr. President, will the Senator yield?

Mr. BARKLEY. Certainly.

Mr. McGILL. In order that the record may be clear I should like to say to the Senator that there are three Members of the House of Representatives sitting on this floor at the present time who are Democrats from the State of Kansas.

Mr. BARKLEY. Yes; as a result of the last election the proportion has been somewhat changed.

I served for 6 years in the House of Representatives with Mr. Helvering. Mr. Helvering was looked upon not only by Democrats but by Republicans as an honest, hard-working, conscientious representative of the people. During his 6-year term he had an honor conferred upon him which comes

to but few men in such a short service. He was made a member of the Ways and Means Committee, which is the ambition of almost every man who comes to the House of Representatives, because that is regarded as the most important and most distinguished committee of the House of Representatives. During his 6 year's service in the House Mr. Helvering became a member of the Committee on Ways and Means and as a member of that committee he helped to frame the income-tax laws of 1916 and of 1917. In the November election of 1918 Mr. Helvering was defeated, along with many other Democrats, by reason of the issues that had grown out of the war and he was retired to private life. When he retired on the 4th of March 1919 I dare say he had no expectation that he would ever enter public life again. He went back to Kansas, located in Salina, organized a bank, and became the president of that bank.

In the fall of 1919, Mr. Helvering made a visit to Kansas City, and while there, more or less accidentally, the auditor of a department store in Kansas City whom he knew began to complain about the interpretation of the Treasury Department with reference to the income tax law as having to do with consolidated returns. The department store had a subsidiary or affiliate known as a "building company of some kind." They had contended that they had a right to make a consolidated return to the Treasury, and the Treasury had denied them the right to make the consolidated return. Knowing that Mr. Helvering had been a member of the Ways and Means Committee, and that he had helped to write the income-tax law of 1917, the auditor of the department store began to berate the Treasury and to berate Mr. Helvering because they had been denied the right to make a consolidated return.

In the conversation Mr. Helvering took the position that the Treasury was wrong about it; that the department store was entitled to make a consolidated return; and he said, "When I am in Washington again" or "if I go back there again" or "if you want me to look into it for you I would be glad to do it, because I think the Treasury is wrong." As the result of that conversation Mr. Helvering did take up the matter with the Treasury Department and convinced them that they were in error, and they allowed this concern to make a consolidated return, which reduced the tax which they were to pay for that year.

Mr. HATFIELD. Mr. President, may I ask the Senator from Kentucky what year that was?

Mr. BARKLEY. The conversation was in the fall of 1919. I think the tax of the previous year was involved. However, that is not material. The conversation in Kansas City occurred in the fall of 1919, months after Mr. Helvering had retired from Congress and had gone back to Kansas and had become president of the bank at Salina.

From time to time business was brought to Mr. Helvering, because, I suppose, of the publicity given his success in that particular case. Be that as it may, there was a firm of accountants out in Kansas known as "Washington, Henry & Co." Up to this time Mr. Helvering had never known anything about Washington or heard of him, so far as I know. He said he did not know him, but he had known Mr. Henry for a number of years. Washington and Henry had been internal-revenue agents out in Kansas, one of them having been appointed deputy collector and then promoted to the position of internal-revenue agent, which, I believe, is a Civil Service appointment. One of them remained in the service for a couple of years, and the other remained probably a little longer; but they resigned from the Treasury Department, not at the same time, not by collusion. Bear in mind that when this case first appeared before the Finance Committee an effort was made to show that almost simultaneously with the retirement of Mr. Helvering from the House of Representatives on the 4th of March 1919 these two internal-revenue agents had resigned and that the three of them, acting in collusion, had gone into partnership to use their experience and their information in order to obtain tax cases before the Treasury Department of the United States.

Mr. HASTINGS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Delaware?

Mr. BARKLEY. I yield for a question.

Mr. HASTINGS. Who made that intimation to the committee?

Mr. BARKLEY. My recollection is that the Senator from Delaware and the Senator from Michigan [Mr. COUZENS] did so in their questions.

Mr. HASTINGS. I am equally sure that I did not.

Mr. BARKLEY. The Senator did not make any direct charge of that sort, but from the questions he propounded to Mr. Helvering as to when he retired from Congress and when the revenue agents retired from the Department, that was the only inference that could be drawn. The facts are that one of the men retired long before Mr. Helvering was defeated in the election of 1918, and he did not even know him at the time he retired. He did not even know him when he came to Washington to represent the department store in the matter of the consolidated return.

Anyhow, these two men formed a partnership in Kansas. They had an office in Wichita and one in Kansas City, I believe. I think the man named "Henry" operated the office at Wichita and the man named "Washington" operated the office in Kansas City, although I may be mistaken as to that. It does not make any particular difference.

Business began to come to Mr. Helvering, and he established an office in Washington, D.C., I think in December 1919, after he had retired from Congress on the 4th of March previous. The firm of Washington, Henry & Co., as tax accountants, with offices in Wichita and Kansas City, sent Mr. Helvering some business. They sent him a number of cases, although he testified that the business which was sent to him was a small proportion of the business that came to him while he maintained an office here in Washington. He testified that business came to him from Oklahoma. The question of depletion and discovery with reference to oil wells became involved in tax matters after the act of 1917, and he testified that a case came to him from Oklahoma involving the question of depletion and discovery, which is a rather technical subject with reference to taxation under the income tax law. Mr. Helvering came to Washington to represent an oil company, in which case the question of deductions on account of depletion and discovery wells was involved. He won that case before the Treasury Department, and as a result other cases came to him from oil companies.

The Senator from Delaware [Mr. HASTINGS] had a lot to say about an oil company called the "Trapshooters Oil Co.", and a case involving the Slim Jim Oil & Gas Co. I do not know anything about how the people of Kansas and Oklahoma select the names of their oil companies. Naturally the name "Slim Jim" would carry with it an implication of some kind that ought to be prejudicial. As to the Trapshooters Oil Co.—bear in mind it is not "crapshooters", but it is "trapshooters"—that company was so named because a number of sportsmen were out trapshooting in a certain section of Kansas and they rather incidentally and perhaps as a matter of sportsmanship bought up a lease on some land and decided to drill a well on it and call it the "Trapshooters Oil & Gas Co."

Mr. HASTINGS. Mr. President, the Senator from Kentucky does not hold me responsible for the particular names that were selected for these oil companies, does he?

Mr. BARKLEY. No; I do not. I think if the Senator had had anything to do with choosing the names, the names would have been even worse. [Laughter.]

Mr. LONG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LONG. I was very much disappointed to find that the name was "Trapshooters." I was hopeful that it was a more honorable name and one better understood in the Senate.

Mr. BARKLEY. The name is not "Crapshooters." The mind of the Senator from Louisiana is on an entirely different matter from the one which I have in mind and am discussing. [Laughter.]

At any rate, the one company was called the "Trapshooters Oil Co.", and the other one was called the "Slim Jim Oil & Gas Co." The questions involved in those two cases were entirely different. The Senator from Delaware has undertaken to pursue the *Trapshooters case* and the *Slim Jim case* to such an extent that I am sure he would be able to qualify as "Hawkshaw the detective" in any comic strip in any newspaper in the United States of America.

What are the facts about the *Trapshooters case?* I want to mention that case first. The Trapshooters Oil Co., as they finally went on with it, drilled a well in Kansas on this tract of land that they had gathered together. It was a discovery well. When it came in it was what was known as a "gusher." I think the testimony shows that it was the largest single oil well ever brought in in Kansas. I may be mistaken as to that, but I think that is correct. It was such a large well and so unexpectedly large that they had no facilities whatever for taking care of the oil. They had to form pools out of dirt. They gathered the oil together in ponds and in pools and by damming it up with mud and dirt, but before they could make any connections or bring in any facilities whatever for taking care of the oil they tried to cap the well, and in doing so brought salt water into it to such an extent that it was of practically no value whatever. They finally sold the entire property for $50,000.

It is perfectly easy to explain this nightmare that has been brought in here with reference to the Trapshooters Oil Co. They brought in one well which, if it had been maintained, or if other wells of its like had been brought in, would have made these men millionaires over and over again; but while they were trying in an emergency to provide some method of taking care of the oil it went into salt water, and all they got out of it was the oil they had been able to gather in their haste by building these earthen pools, or whatever it was they used to save the oil that was running out of the well. Finally, as I have said, they sold the entire property for $50,000.

They knew there would be some taxes levied against them by the Federal Government probably, and they set aside more than half of what they got for the property to meet any taxes that might be assessed. They set aside $25,817 and some cents. I do not know how they arrived at that amount, but that is what they laid aside. They earmarked it and put it away to meet any tax that might be levied against them.

This firm of Washington, Henry & Co. sent this case to Mr. Helvering. Whether they brought it up here at first, or whether they sent it by mail, I do not know. There is some controversy about whether they first saw him in the Washington Hotel here or whether they saw him in the office of the company down at Wichita.

The Senator from Delaware produced this report down here in the Treasury in which a man named "Edgecomb", who was the secretary and treasurer of the company, made an affidavit undertaking to say that Helvering had tried to hold him up for $10,000 in a room down here in the Washington Hotel, claiming that he had to employ an engineer in New York, in order to boost the fee above what it ordinarily would have been otherwise. That is the whole object of this tirade here on the Trapshooters Oil Co. They started out to prove that Mr. Helvering was a crook; and, being unable to do that, now they want to prove that he is a liar. That is all there is to it.

This man said that they came to Washington, and on one Sunday morning they met here in the Hotel Washington. There was a $152,000 tax assessed against this company, which is not a very strange thing in view of the fact that this enormous well had been brought in out there. It would have been a very modest tax if that well had turned out to be worth anything. They had assessed a preliminary tax of $152,000. They employed Mr. Helvering through the firm of Washington, Henry & Co., who were tax accountants in Kansas, and some of them evidently came on to Washington to talk to him about it.

This man Edgecomb, who was the secretary of the company, said that in the hotel here the question of Mr. Helvering's fee came up. Helvering told them that it might require a survey. That is what they say. I do not suppose Helvering at that time knew whether the survey would be required or not. It was the rule, in cases of that sort, to require a survey. Mr. Helvering states that he did demand a $10,000 fee; that he said that if there was a survey to be made $10,000 would cover his fee and the expenses of an engineer, and that he had an engineer in his own office who did that kind of work for him, and there was no occasion to say anything about a New York engineer; that he had no New York engineer; that he never had any dealings with a New York engineer, and that he did not even know a New York engineer.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. Yes.

Mr. HASTINGS. I wish to inquire of the Senator whether he can point out any place in the record where Mr. Helvering, the first day he was testifying, denied that it was necessary to have an engineer. He stated positively that he told them it was necessary to have an engineer but he had one in his own office.

Mr. BARKLEY. Oh, well, suppose he did. It was a new case that had just come to him. He knew that, as a rule, a man had to have an engineer to go out and make a survey of oil property. Suppose he did say, "It will be necessary to have an engineer"—what of it?

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. COUZENS. I want to apologize to the Senator from Kentucky for a statement I made just prior to leaving the Senate for my luncheon. I ask now to make it, so that I can go to a meeting of the Banking and Currency Committee.

The Senator referred to a statement I made in the RECORD, I think on May 11; and when I answered the Senator I thought I said "representing the interests." The Senator was correct. I did say "power interests", and "power interests" is in the RECORD. I did not change it; and I apologize to the Senator for contradicting him.

Mr. BARKLEY. I accept the Senator's apology for contradicting me, but I think he ought to apologize to the Senate for making the original statement.

Mr. COUZENS. Would the Senator like me to name them all? The Senator from Kentucky would not want me to name them all, would he?

Mr. BARKLEY. Yes; so far as I am concerned, the Senator can name them. Yes; go on and name them now. The Senator has brought this matter up.

Mr. COUZENS. I beg the Senator's pardon; the Senator from Kentucky brought it up.

Mr. BARKLEY. The Senator from Michigan brought it up a week or 10 days ago. If the Senator wants to name any Senator on this floor who is a tool of the power interests, name him.

Mr. COUZENS. I should not like to do that, because I might make a mistake.

Mr. BARKLEY. The Senator asked me if I wanted him to do it. I say, yes, I should like him to do it.

Mr. COUZENS. I said I might make a mistake.

Mr. BARKLEY. I thought the Senator from Michigan never made a mistake. He said a while ago that he never made any.

Mr. COUZENS. Oh, no; I never said that.

Mr. BARKLEY. The Senator said that he was always correct; that in his estimation of men he was always correct; that he never had made a mistake. [Laughter.]

The PRESIDING OFFICER (Mr. POPE in the chair). The Senate will be in order.

Mr. BARKLEY. Now let us get back to the Trapshooters' case.

There is a dispute, which I think is totally inconsequential—a misunderstanding, or a lack of memory on the part of somebody—as to what occurred with reference to the fee Mr. Helvering was to receive in the Trapshooters' case.

Mr. Helvering at the time he testified when this report was first brought to his attention said that this had been 14 years ago; that he had many cases at that time, and, of course, he could not remember all the details as to negotiations about a man's fee in a lawsuit. I challenge any lawyer on the floor of the United States Senate to go back 14 years, without having his memory refreshed in some way or other, and give to the Senate or to any committee the details of conversations that occurred between him and his clients by reason of which they arrived at what he would charge as a fee to represent them in any controversy.

The secretary of this company said that the conversation occurred here in Washington; that Mr. Helvering demanded a $10,000 fee to represent a company against which had been assessed a $152,000 tax, which I will say was not an unreasonable fee considering the amount involved. Mr. Edgecomb finally proposed to produce what he claimed was a copy of the contract, and said that the contract that was finally entered into was that Helvering agreed to take whatever he might save out of this $25,000 that had been set aside by the company for taxes when it sold its entire property for $50,000.

All of their recollections evidently were refreshed by looking at some sort of records or thinking about the matter, because one of the directors of the Trapshooters Co. came on here and testified—his testimony is in the record—that this conversation really occurred out in Kansas, not in Washington, and that the agreement on the fee was entered into in the office of the company in Wichita, Kans.; and that out in Kansas Mr. Helvering insisted on a $10,000 straight fee to represent a company against which there had been a $152,000 tax assessed by the Treasury. Well, their gusher well had gone to water. They had nothing. They had sold their entire property for $50,000. I dare say they could not have paid the $152,000, or anything like it, if the assessment had been finally determined upon according to those figures. It was testified that finally somebody in the company said, "Well, we do not want to send good money after bad money, and we will enter into this sort of an arrangement with you: We will pay you $2,500 in cash, and we will give you all above that that you save out of the $25,000 we have set aside for taxes."

Is there anything crooked about that? How many lawyers are there in this Chamber who, when a client came to them, first demanded a straight fee, but upon discovering that circumstances might justify them in taking a contingent fee instead of a straight fee have not done it? There is not a lawyer in the United States of any general practice who has not had that experience.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. BARKLEY. I do.

Mr. LONG. It was Abraham Lincoln's advice that a lawyer should not take a straight fee; that he should always have a contingent fee.

Mr. BARKLEY. I recall that advice, because in that case the pay would be determined by the success of the lawyer in winning the case. There are thousands and hundreds of thousands of cases in all the courts of this country where, if a lawyer was unwilling to take a contingent fee, honest men would go without representation before courts and juries, because, in order to get into court at all, they are compelled to make a contract with their lawyer that if they win the case the attorney will receive a certain fee, but if they do not win it the attorney gets no fee whatever.

Every lawyer knows that that is true; and yet because, after long negotiations, whether they occurred in Washington or in Kansas, Mr. Helvering was willing to come down from his $10,000 demand for a fee and accept $2,500 in cash and take the rest of it on a contingent basis, we are asked to deny this man confirmation on the part of the United States Senate.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Missouri?

Mr. BARKLEY. I do.

Mr. CLARK. I should like to suggest to the Senator that the record shows that the proposition that was finally entered into was made by Mr. Edgecomb himself as a counter proposition to Helvering's $10,000 flat fee.

Mr. BARKLEY. Absolutely. If we may admit that whether in Washington or in Kansas Mr. Helvering demanded a $10,000 fee—and I do not think it makes any difference whether it was in Washington or in Kansas—the counter proposition came from the company to pay him $2,500 cash, and then allow him whatever he might save out of this $25,000 that had been set aside for taxes.

Was that an unreasonable fee? Was it an unreasonable agreement between them?

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from West Virginia?

Mr. BARKLEY. I do.

Mr. HATFIELD. Was that the entire amount that he received?

Mr. BARKLEY. That was the entire amount he received. He got the difference between the $25,000 and what they finally settled the case for. In other words, he got the $2,500 as a retainer, and then he received the difference between the $25,000 and the $7,000, which turned out to be about $18,000.

Was it an unreasonable settlement that the Treasury Department made? In order to convict Mr. Helvering of any wrongdoing in that case we will have to convict the Treasury of the United States, because this settlement was made by the officers of the Treasury. Senators know the law with reference to depletion and discovery wells in the matter of assessing income taxes against oil companies; and when the Treasury found that this one well the company had brought in as a gusher had gone into water and that they had sold their entire property for $50,000, the Treasury reduced the amount of the tax from $152,000, which they had assessed upon the theory that the property was worth something and that the income tax was due, and agreed to accept $7,000 as an income tax in lieu of the original amount that they assessed against this company.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK. Does not the record show that since the final settlement of the Trapshooters' case the record has been three times reviewed by the Treasury Department, and in each case it was found that the settlement was for the correct amount?

Mr. BARKLEY. The record shows that that particular case and this other case that so much noise has been made about, the Slim Jim Oil Co. case, have been examined over and over again; and in the report that was made by this man Partridge and this man Ofterdahl, who was appointed by President Hoover collector of internal revenue in California, and withdrawn because of the opposition of the Senator from California [Mr. JOHNSON], as Members of the Senate may recall, he said that there was an investigation of the firm of Washington, Henry & Co., and that in view of the fact that Helvering had represented them in Washington they were trying to find something against Helvering; but after they had investigated they were told by the assistant to Mr. Blair, the Commissioner of Internal Revenue, that these cases had been gone over by men in the Treasury Department who were experts on the subject, and that every one of them had been settled in accordance with the law and regulations.

What about the Slim Jim case? So far as there is anything in the record against Mr. Helvering, it is a "slim-jim" case, indeed.

The Slim Jim Oil Co. was located in Kansas, I believe. There had been an assessment of an additional tax against them of $1,211,000. They had been trying for 2 years to get an adjustment of that tax. They made no progress; they got nowhere at the Treasury Department. I do not know whether it was because they had an incompetent attorney, or what the reason was; at least, he could not bring about a settlement. They had nobody in Washington representing them. They employed a Kansas firm to represent this company in the matter of adjusting this tax. After a delay of about 2 years, somebody recommended Mr. Helvering. Whether it was Washington, or Henry, or both of them together, makes no difference. At any rate, Mr. Helvering and Mr. Jouett Shouse were recommended to them as attorneys who had been successful in practice before the Bureau of Internal Revenue, and they were told that if they were in their place, they would employ Mr. Helvering to represent them in Washington. They did employ Mr. Helvering, agreed to pay him a fee of $25,000, and they paid him that fee.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HASTINGS. At that time he had had but one case before the Department, the record shows.

Mr. BARKLEY. That is a very important circumstance against Helvering. I suppose he ought to be rejected because up to that time he had had only one case. At any rate, he was employed in this case for a fee of $25,000.

Mr. Helvering contended what evidently had not been contended by the attorneys who had represented this company previously, that under section 210 of the income tax law of 1917 they were entitled to be considered as other companies engaged in the same business had been considered, and that the Treasury should make a lump-sum settlement of the tax under section 210 of the internal-revenue tax law. Section 210 of the tax law is quite an involved section. I do not pretend that I can explain altogether just what it means, although I voted for it. The section provides:

> That if the Secretary of the Treasury is unable in any case satisfactorily to determine the invested capital, the amount of the deduction shall be the sum of (1) an amount equal to the same proportion of the net income of the trade or business received during the taxable year as the proportion which the average deduction (determined in the same manner as provided in section 203, without including the $3,000 or $6,000 therein referred to) for the same calendar year of representative corporations, partnerships, and individuals, engaged in a like or similar trade or business.

When Mr. Helvering took over this case for the Slim Jim Oil Co. he contended before the Treasury Department that they were entitled to a settlement under section 210. He went before the Department, he appeared as their attorney, he had conferences with the men in charge of the oil section in the Treasury, he had conferences with their tax committee. On yesterday the Senator from Delaware undertook to make a point against Mr. Helvering because he could not remember how many members there were on the committee in the Treasury Department which had charge of considering a tax of this sort. Whether there were five or ten or a hundred or a thousand makes no difference. Mr. Helvering appeared before them and represented that, under section 210 of the revenue act, this company was entitled to a settlement based upon what might be regarded as a compromise.

Mr. President, we all know that the Treasury Department compromises tax cases every day and every week and every year. That was all Mr. Helvering contended for, that under this section they were entitled to the assessment of a lump sum, based upon the treatment accorded others engaged in the same kind of business and as to which other settlements were being made in the oil division.

They finally agreed to make a settlement under section 210. The memorandum in this record, made by the Deputy Commissioner of Internal Revenue, Mr. Batson, I believe, who was next in authority to Mr. Blair, the Commissioner of Internal Revenue, shows that that case was settled according to Mr. Helvering's contention under section 210.

Mr. Helvering did not know what the amount would be when he persuaded the Treasury Department to settle the case under section 210. He considered that he had won his point, and that it only remained for the Treasury Department to make the calculations as to the amount, and he did not appear any more in the case.

They made their calculations and wrote a letter to the Slim Jim Oil Co., fixing the tax at $459,000, and the company wrote to Mr. Helvering, their attorney, and said, "That is the amount they have assessed against us, and we are going to pay it." They did pay it, and Helvering dropped out of the case.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK. The Senator will recall that, although the Senator from Delaware had this whole record in his possession, the only member of the committee who had access to it, including the memorandum on review from the auditor of the Treasury Department setting forth that this case had been settled under section 210, the Senator from Delaware was not fair enough to put that into the record, and it remained for Mr. Helvering's counsel to drag it out and put it in the record.

Mr. HASTINGS. Where is it in the record, may I ask?

Mr. CLARK. I cited it to the Senator yesterday.

Mr. BARKLEY. Mr. President, the Senator from Delaware did not put it in, that is all I can say; he did not put it in, and the counsel for Mr. Helvering did put it into the record.

Mr. HATFIELD. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. HATFIELD. Mr. Helvering decided, or at least he came to the conclusion, after he had convinced the Treasury Department that the Treasury Department should settle with this concern under section 210, that he had completed what he started out to accomplish?

Mr. BARKLEY. Absolutely. From that time on it was a matter of calculation down there among the experts as to how much the tax would be. They made that calculation and wrote a letter to the company in Kansas fixing the tax at $459,000, which was paid, and after Mr. Helvering had convinced them that that was the proper way to make the settlement he left Washington, or he left the Treasury, without any idea of how much the amount would be when it was finally calculated. He did not know how much the tax would be until his clients wrote him a letter and said they had received that notice, and they had decided to pay it.

Mr. HATFIELD. And the original amount of the tax was how much?

Mr. BARKLEY. One million two hundred and eleven thousand dollars. In the meantime there was a change in administration, a new regime came into the Treasury Department, and for whatever reason—I suppose for reasons which they thought were sufficient—they decided to reopen the Slim Jim Oil Co. case. They notified the company that they were going to reopen it and assess an additional amount against them for the tax.

The company approached Mr. Helvering to go on and represent them in that reopening. When he got down into the Treasury and found that, instead of making that settlement under section 210, as he had thought and as he had argued, they had made some readjustment of the income from 1917 back to 1916, because the negotiations for the sale of the property took place in 1916, although the actual documents for the sale were made out in 1917, he came to the conclusion that somebody in the Treasury Department or the accountants who had brought the case to him had not been fair with him, that they had not made the calculation according to his contention, and he refused to have anything more to do with the case, and did not. I contend that instead of using that as evidence of the dishonesty of Guy Helvering, it was to his everlasting credit that he would not have anything more to do with that case, because they had not made the calculation, as he thought, in accordance with

the agreement he had entered into with the Treasury as to the basis upon which they decided the case. Not only that, not only did he have nothing more to do with the Slim Jim Oil Co. case, but he had nothing more to do with the firm of accountants who had sent him the case.

Mr. President, based upon this proceeding and this investigation about the Slim Jim Oil Co. and about the Trapshooters Oil Co., which is the basis of the report the Senator from Delaware sprung on the committee and on Mr. Helvering at our first session, an investigation was made of Henry and Washington to determine whether they had been guilty of any such unethical conduct as to bar them from practice before the Treasury Department. It turned out, as a matter of fact, that they had never been admitted to practice but as accountants they had gone in with their attorneys and, I think, had sat with them in the informal discussions concerning these cases.

As the result of this investigation they recommended that Washington be barred from practice before the Treasury, but that Henry be allowed to be reinstated. As a matter of fact, it turned out that he had never been admitted, as I have said, but he was later admitted to practice before the Department, and, so far as I know, is now a registered practicing accountant before the Bureau of Internal Revenue.

Mr. Helvering had already severed his connection with the firm, because he discovered that Mr. Washington had admitted to him that, in the calculation and in the making of an amended return, with which Helvering had nothing to do, they had not based their calculation upon his agreement. When that matter was first brought to his attention he used the expression that they had tried to "juggle the figures", and when he found that they had tried to juggle the figures, as he thought then, he refused to have anything more to do with the case, and never from that day on accepted another case from Washington, Henry & Co. I say that is to his credit rather than to his discredit. That is absolutely all there is in these two cases.

How much time have I, Mr. President?

The PRESIDING OFFICER. The Senator has about 18 minutes left.

Mr. BARKLEY. Mr. President, something has been said here about Mr. Helvering's conduct as chairman of the Democratic committee, and as director of highways of the State of Kansas. Senators will all remember that 2 years ago Mr. Woodring was elected Governor of the State of Kansas. It is not necessary to go into the circumstances of that election. He was elected and became Governor, and as such, he appointed a highway commission, and that highway commission named Mr. Helvering as the director of highways of Kansas. The uncontroverted testimony in this record, not only of Democrats but of Republicans, is that during Mr. Helvering's 2 years as director of highways more roads were built in Kansas in proportion to the amount of money spent than in any other State in the American Union.

Mr. Helvering was also chairman of the Democratic State committee. There was a man named Scott who was treasurer of that committee, and after the campaign of 1930 there was a deficit of about $12,000 in the party treasury. Mr. Helvering, as State chairman, wrote letters to the various counties asking for contributions to take up that $12,000 deficit. He wrote to some chairmen who wrote back to him that they had already paid their share, and they produced the checks which they had sent to Mr. Scott, the treasurer, which had been cashed by him and had been canceled, but the amounts represented by them never turned in to the State committee.

As a result, Mr. Helvering fired the treasurer of the Democratic committee, and he took that matter before the State committee, and he was upheld unanimously at the State convention. They had no treasurer then, and Mr. Woodring's campaign was over and there were to be no activities particularly until another campaign should come on, so Mr. Helvering had charge of the committee, and he collected enough money to pay off this deficit, and they fired this defaulting treasurer from the committee, who, by the way, wrote a letter against Mr. Helvering. This man Scott writes a letter to the Senator from Delaware, which the Senator puts in the RECORD, opposing confirmation of Guy T. Helvering, when it turns out that the thing he has against Mr. Helvering is that Helvering fired him because he was crooked and because he did not turn over to the State committee the money he had collected as treasurer of that committee.

Later on last fall, in August, under the law of Kansas they had what they call a party council, made up of all the candidates, those for Governor, for all State offices, for the legislature in both branches, for Congress, for United States Senator, and for county offices, composed altogether of about 290 or 300 men. They held their party council in Topeka; they unanimously endorsed what Mr. Helvering had done to select a new treasurer. Although the man Scott, who makes the charge against him, was there and made complaint against Helvering in the committee, they unanimously sustained Mr. Helvering in all that he had done about it.

Complaint is made because while Mr. Helvering was State chairman contributions were taken up from State employees to help pay the expenses of the campaign. I do not know to what extent that custom prevails in other States, but there is a very general feeling, I think, among Democrats and Republicans alike, that men who are given lucrative positions ought to make some contributions to pay the expenses of the campaign. I do not know whether that is a violation of any man's lofty convictions with reference to political ethics, but I dare say there is not a State in the American Union where men who hold office under an administration do not make contributions to the campaign fund of their party to win the election whenever an election is being held.

Mr. Helvering, as chairman of the State committee, conducted the campaign of 1932. The committee decided to ask contributions of State employees. The testimony here is to the effect that more than half of them made no contributions at all, and not a single man who made no contribution has been "fired" from his position as a result.

The head of every institution, the head of every department, was asked to take up these contributions, and the undisputed testimony here is that last year they raised in Kansas $69,000 to conduct a campaign involving Members of Congress, United States Senators, governor, members of the legislature, Presidential electors, and county officers—$69,000. And that the amount paid into the campaign fund, instead of being 5 percent or 10 percent, as the Senator from Delaware contends, amounted to an average of 1.9 percent of 2 years' salary, which if computed on the basis of an annual contribution would amount to nine tenths of 1 percent of a year's salary. Because of that we are now asked to reject Mr. Helverings' nomination.

It is said there was no accounting made of the campaign fund. The Senator from Delaware this morning said that there was no accounting made by Mr. Helvering of the amount of money that he had received. I know that either before the full Finance Committee or the subcommittee, I read a statement from the chairman, which was supposed to have gone into the record. I do not know whether it is there or not, but I have it here. The Senator from Delaware was present and heard me read it. Here is a telegram which I read to the full committee in the presence of the Senator from Delaware. It was supposed to become a part of the record, and it was returned to me by the reporter after it had been used for the record. Whether or not it appears in the record I do not know; I have not had an opportunity to look at the record; but here it is:

[Telegram]

TOPEKA, KANS., *May 16, 1933.*

Hon. ALBEN W. BARKLEY,
United States Senator:

At the official Democratic State council, held at Topeka, Kans., August 30, 1932, Elmer Scott, former treasurer of Democratic State committee, presented charges against Chairman Guy T. Helvering concerning the handling of State committee finances. Helvering presented to the council an audit of the books of the State

committee by State account. After discussion of charges made the party council unanimously adopted the following resolution, offered by Frank Hodges, of Olathe:

"*Resolved*, That the Democratic Party council, assembled at Topeka, Kans., as provided by law, approved and adopted the audit and report submitted by Guy T. Helvering, and that the council give Mr. Helvering a vote of thanks for his efficient and unselfish service."

Following the adoption of this report Mr. Helvering was reelected chairman of the State committee without a dissenting vote.

HETTICK,
Secretary Democratic Party Council.

And yet, in spite of that, the Senator from Delaware undertakes to leave the impression here that there was no accounting of the funds collected by Mr. Helvering in that State.

Mr. HASTINGS. Mr. President, may I inquire does the Senator from Kentucky call what he has read an accounting?

Mr. BARKLEY. Do I call that an accounting? Of course I do not call that an accounting; but I cite it as evidence of the fact that there was an accounting made before the only committee where it had a right to be made. The Senator from Delaware certainly does not expect that Mr. Helvering would account to him for his conduct in looking after the finances of the Kansas Democracy.

Mr. HASTINGS. The Senator this morning said, in reference to something I said, that the report of the audit was in the record. That is what I was referring to.

Mr. BARKLEY. I did not say that. I said testimony was here showing that an audit was made. That is what I said.

In addition to that, there is a statement here by a member of the Democratic committee showing in great detail, which I have not time to read, that Mr. Helvering made an itemized statement to the committee of every dollar he had received and where it had gone, which was unanimously adopted, and Mr. Helvering was thanked for his efficiency in connection with the matter.

Mr. President, just one other thing with reference to the effort that has been made here to convict Mr. Helvering of having sold post offices out in Kansas. They have gone all over Kansas to pick up everybody who had any enmity against Mr. Helvering, and I have no doubt there are many there who have had enmity against him, because Senators may recall that the Governor of Kansas a year or two ago instituted proceedings against Henry L. Doherty and the Cities Service Co. and compelled them to reduce their gas charges in the cities of Kansas, and that Mr. Guy Helvering was one of the active spirits behind that movement on the part of the Governor of the State. It may be recalled that Henry L. Doherty bought a newspaper in Kansas City—the Kansas City Journal—with which to fight Governor Woodring and Helvering; and it has been largely due to the malice of this outfit in Kansas that every disappointed applicant for a post office, that every sorehead, that everyone who was not employed by the highway commission has been willing to fill this record with denunciatory letters impugning the motives and impeaching the character and reputation of Mr. Helvering. I have no desire to enter into any factional controversy which may exist in the State of Kansas, but it is well for the Members of the Senate to know something about the motive that is behind this organized effort to destroy a man because they have not been able to control him.

Now, what are the facts? They brought here a man named Lamb, who had been appointed as acting postmaster in Manhattan, Kans., on the recommendation of Mr. Helvering while he was in the House of Representatives and while he was the referee, as we understand the term here, of the Post Office Department with reference to postmasterships. From time immemorial it has been customary for the Post Office Department to accept the recommendation of the Members of Congress of the same political faith as the administration in power for post-office appointments in their districts. It is not an invariable rule that the persons thus recommended are appointed, but the recommendations are persuasive, because Members of Congress are supposed to know more about the men and women in their districts than any Postmaster General could possibly know.

While Mr. Helvering was still a Member of Congress, it seems that he recommended the appointment of a man by the name of Lamb as postmaster of Manhattan, Kans. The nomination was not confirmed because there was at that time, as will be recalled, after the election in 1918 a majority of Republicans in the Senate, and they refused to confirm any nominations sent in by Woodrow Wilson at the short session of Congress in 1918. As the result this man's nomination was not confirmed. In the meantime Mr. Helvering went out of Congress, and the question of Lamb's further appointment came up while Mr. Helvering was not any longer in Congress and had nothing more to do with it. There was some correspondence with reference to this appointment between him and another member of the Kansas delegation, who, I think, at that time was the only Democrat from that State. The outcome of it was that Lamb was appointed for the 4-year term, and he served out his unexpired term as postmaster in Manhattan, Kans.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK. The Senator will recall, as evidence of the character of Mr. Lamb, the star witness of the Senator from Delaware, that Mr. Lamb on cross-examination was asked if he had ever had any trouble with Mr. Helvering, and he replied that he had never exactly had trouble but had had some misunderstanding with him. Being pressed further as to the misunderstanding he had had with Mr. Helvering he testified that his first acquaintance with Mr. Helvering was in 1914, when he went to see Mr. Helvering to try to borrow $1,200 from him, although he had never before met him, for the purpose of starting a newspaper, and that when Mr. Helvering refused to loan it to him he proceeded to get mad with Mr. Helvering because the latter did not want to be "shaken down" for $1,200 by an entire stranger.

Mr. BARKLEY. That is the type of denunciations that have been brought here to destroy this man's character. They dug up in the Post Office Department a letter written, it is claimed, by this man Lamb in which he referred to a letter from or conversations with a man named Cassell, who is alleged to have said that in order to get the permanent appointment Lamb would have to put up a thousand dollars. Based upon that letter there was an investigation made by a post-office inspector. The post-office inspector went to Cassell, took his affidavit, and filed it in the Department. In that affidavit Cassell absolutely denied that any such conversations had occurred or any such letter had ever been written, and that reply and that affidavit of the man upon whom this investigation was based has disappeared from the records of the Post Office Department. In view of that fact I say it was entirely proper to bring Mr. Cassell himself here to testify under oath before the Finance Committee.

When he did so he said he never had any such conversation and never made any such representation; that when he found out that this man Lamb had made an affidavit claiming that he ever did that he denounced him to his face and called him a "dirty sucker"; and that he never had spoken to him from that day to this. That is the kind of testimony upon which we are asked to condemn Mr. Helvering, and those are the tactics that have been resorted to here.

The Senator from Delaware has been busy in exploiting the letter of Lamb and the affidavit of Lamb charging Helvering with some sort of misconduct in the distribution of post offices, but he has deliberately refused to refer from the very beginning until this hour to the testimony of Cassell, who denies it, and says that his affidavit was filed in the Post Office Department, an affidavit that we have been unable to find and to which the Senator from Delaware has never even referred.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Delaware?

Mr. BARKLEY. I yield.

Mr. HASTINGS. I distinctly stated in the minority report and I again stated to the Senate that Cassell denied the allegation. I want to ask the Senator this question: He

saw a copy of the letter which Lamb wrote to the Post Office Department, and I want to know whether, as a member of the committee, he does not agree or would not have agreed if he had been asked that it was important enough to bring this witness to Washington in view of that letter?

Mr. BARKLEY. That is exactly what I started to do until the Senator stopped me, as I indicated in the early part of my remarks. Of course, the letter filed in the Post Office Department was of sufficient seriousness to justify the Department in making an investigation; but what I complain of is that the Senator from Delaware has either suppressed or not referred to any evidence in behalf of Mr. Helvering that was adduced in that investigation to show that he was entirely innocent of the charge made against him by Lamb and the testimony given by Mr. Cassel in the Post Office Department and given before the committee.

Mr. HASTINGS. I have just said that it will be found in the minority report, and that I stated to the Senate that when Cassell came before the committee he definitely and positively denied anything of the kind.

Mr. BARKLEY. I have listened to the Senator very carefully, and I have not heard him refer in his remarks to the denial made by Mr. Cassell of every statement made by Lamb upon which investigation was based and conducted.

Mr. President, of course there has been all sorts of gossip about the way Mr. Helvering conducted the highway department. Reference has been made to the fact that the legislature authorized an investigation of the Highway Department of Kansas. That was given here as a reason why we ought not to confirm him. The Legislature of Kansas that convened in January 1931 did adopt a resolution to investigate that department. It was a Republican legislature. The previous administration had been Republican. The legislature adopted a resolution providing for an investigation of the highway department under Governor Woodring's predecessor. Governor Woodring vetoed the resolution on the ground that it was a useless expenditure, and then by executive order he directed that an audit be made of the Highway Department of Kansas.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. BARKLEY. I ask unanimous consent that I may use now 5 minutes of the time which will be awarded to me by the Senator from Delaware.

The PRESIDING OFFICER. Without objection, permission is granted.

Mr. BARKLEY. It is agreed that I shall have the closing of the argument, and I will take 5 minutes of that time now.

Mr. President, the session of the Kansas Legislature has just adjourned. A week or two ago it adopted a resolution to investigate the highway department regardless of politics. That is a resolution which seems to be customary and entirely proper in the Legislature of Kansas, providing for a general audit. That is what it amounts to. That audit is in process of being made now. Certainly it is no evidence against Mr. Helvering because the legislature has adopted a resolution to audit all the funds of the highway department under all administrations since the highway department was established in the State of Kansas.

There is not a thing in the record, there is not an insinuation that has been borne out by proof, there is not an innuendo that has not fallen of its own weight, there is not a reason nor an excuse that can be offered against the confirmation of this man to the position for which he has been selected by the President of the United States. Whether the President might have found an abler man, a man better qualified for the position, is not for me to say. Whether the people of my State could have found a better Senator to send here in my place, whether the people of Delaware could have found a better man to send here than the present senior Senator from Delaware [Mr. HASTINGS], whether all of the States might not find better representatives for this body than we are, is a matter about which many people will have honest differences of opinion.

But, Mr. President, we need not speculate about what the President might have done under some different circumstances. He has nominated an honorable, an able, a conscientious, an honest man; and I sincerely hope that Senators on their oaths, on their consciences, without regard to politics, will give this man justice, will deal fairly by him, as he has a right to ask that we deal by him and as we would want to be dealt by if we were in his position under the same circumstances that have been presented here.

Mr. WALSH. Mr. President, as a member of the Finance Committee, in an executive session of that committee I moved that the President be requested to withdraw the nomination of Mr. Helvering. That motion was rejected by the committee. Later the question of confirmation was voted upon by the committee, and I voted against the confirmation of the nominee. My constituents have a right to know my reasons for my action in the Committee on Finance and for my vote in the Senate.

With much that has been said in connection with this case I am not in sympathy. Some of the charges are in my opinion baseless. Some of the allegations have been exaggerated. I have reached my conclusion after giving the most conscientious consideration to the whole case of which I am capable. I do not mind saying to my colleagues that the one thought that dominated me during the whole hearing was this: If a Republican President had submitted this nomination, what course would I take? Again and again I reached the conclusion that I would unhesitatingly and militantly oppose confirmation. I do not feel that I can take any other course because it so happens that the nomination is made by one whom I am most desirous of serving loyally.

Mr. President, we have before us the question of the confirmation of the President's appointee for the office of Commissioner of Internal Revenue. This position in importance is second only to that of the Secretary of the Treasury as far as the fiscal operations of our Government are concerned.

The Commissioner of Internal Revenue is in direct charge and control of the collection of all of our Federal revenues except customs. Through the agents he appoints, he deals directly with every American taxpayer. The discipline, ethics, and standard of efficiency of thousands of employees are influenced by his leadership. I submit that whatever the standards should be with respect to the past business conduct and associations of ordinary Government officials, the highest standard should be required in the case of a man who is to handle several billion dollars of taxes annually. I submit that whatever other qualifications for this position may be required, the highest integrity and an unblemished record are of first importance.

The record of this nominee has been the subject of searching inquiry by the Senate Finance Committee. This inquiry assumed special importance because of the fact that some of the charges brought against him dealt directly with the Bureau of the Government which it is now proposed he is to head.

It is not my purpose to take the time of the Senate to rehearse these charges. They are set forth in the record of the hearings which are on the desk of every Senator, and they have been discussed already at length in this Chamber. It is no more than fair to observe that, as inevitably happens in such cases, the charges are disputed, the facts contradicted, and the appointee warmly defended by his friends.

We are not called upon here today to sit in trial upon Mr. Helvering. It is true that the confirmation of his appointment at our hands may be taken to be our finding that the charges are baseless for, assuredly, if we had a contrary view of the matter, the confirmation of his appointment would be unthinkable. On the other hand, I recognize that if we refuse confirmation, it may be said that we have, in effect, sustained the charges which have been preferred against him and of which he protests his entire innocence. This aspect is always troublesome and embarrassing.

Our first and paramount duty, however, is to shape our course in the public interest. Will the public good be served

by placing in office at the head of the Bureau of Internal Revenue a man whose dealings with the Bureau have been challenged and concerning which suspicions have been created which will persist irrespective of what we do?

I have considered carefully all of the evidence pro and con adduced at the hearings. Inevitably it creates doubts. How, I inquire, should these doubts be resolved except on the side of the public interest? I had hoped that the nomination might be withdrawn, but since this has not been done, every Member of the Senate has a responsibility which he cannot shirk. I am prepared to assume mine even if I stand alone.

The confirmation of a Presidential appointee is no empty ceremony. The constitutional purpose of requiring senatorial confirmation was to put squarely upon the Members of the Senate the responsibility for the character of the men who, in appointive offices, are to operate our Government. Mindful of this responsibility, and with great personal regret, I feel constrained to vote against the confirmation of Mr. Helvering. Had this nomination been made by a Republican President, I would not have the slightest hesitancy in voting against confirmation. I cannot permit my most earnest desire to support the President to lead me to reverse my judgment.

Mr. HASTINGS. Mr. President, it is always a matter of great concern to me to have one of my colleagues charge me with unfair conduct or to have one say anything about me that reflects upon me personally. As I sat here and heard the Senator from Missouri [Mr. CLARK] and the Senator from Kentucky [Mr. BARKLEY] defend this nomination I wondered how it was possible for anybody to get any other impression than that I am the person on trial in this matter. The Senator from Missouri, in a rather sarcastic vein, referred to me as "the distinguished former judge of the police court of the city of Wilmington." I want to say to him now, if he intended that as a reflection upon me, that in all my career as a public servant that job stands out as the one of which I am the most proud, because it gave me the greatest possible opportunity to deal with people who needed help. I took the appointment at the request of my colleague who was Governor of the State at that time and because he believed I could do a good job. Prior to that time, and when I was 34 years of age, I had been made a judge of the highest court of my State for a period of 12 years. In my judgment, I could very well afford to take the judgeship of the police court without it doing any injury to me in the future. I hope it will not do me any harm here, even with the Senator from Missouri.

The Senator referred to Mr. Lucas, who was Commissioner of Internal Revenue, and referred to that twice today as being one of the jobs for which I was responsible. I had nothing to do with it. I was not in the Senate at the time. I was not consulted, and did not know Lucas until long after he was named for that particular position.

The Senator from Kentucky [Mr. BARKLEY] made a statement with respect to this matter, and such a statement that it aroused the Senator from Arkansas [Mr. ROBINSON] to comment upon it. What was it?

In the committee, when it was decided that a subcommittee should be appointed, we were given a period of 7 days in which to make an examination and report back to the full committee. The Senator from Kentucky is wrong in saying that he hunted up these witnesses. I went to Mr. Irey, the man who I understood had this report, and who was an investigator, and I asked Mr. Irey to find those witnesses. The particular witness that I was trying to get before the committee was Henry, because Henry made a statement directly opposed to that which Helvering had made to the committee; namely, that that firm had a definite agreement with Helvering about their fees, while Helvering gave the committee the impression that he got straight fees, and then this auditing firm rendered reports to him as to the amount of expenses for auditing, and so forth. So from my point of view it was important to call that one witness in order to clear up that point; and I pointed out to the Senator from Kentucky where Henry had testified to this. I gave him the report. I gave him, at his request, all the reports I had, and pointed out to him where he could get this information. He took the report, took it to Mr. Helvering, and Helvering came back and admitted that what Henry said was true, and that he was mistaken when he said there was no such agreement.

Edgecomb was in California; and my recollection is that this was about Thursday of that week, and we had to make a report by the following Tuesday, and I did not suppose it was possible to get Edgecomb here in time to testify before the committee. But may I inquire of the Senator from Kentucky how it happens that it is my responsibility to find out about these witnesses instead of his, when he is the chairman of the committee?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The Senator from Delaware was acting in the capacity of prosecuting attorney in this case; and at the moment when I was preparing to have these men summoned to Washington, as I said a while ago, the Senator came over on this side and advised me that it would not be necessary under the circumstances, and we abandoned the idea. What I complained of a while ago was that when we got into the full committee, after that, the Senator complained of the Senator from Virginia [Mr. BYRD] and myself because we had not summoned these witnesses.

Mr. HASTINGS. Here is the report; and I ask any fair Senator here to read it and see whether the Senator from Kentucky is justified in his criticism of my conduct.

Mr. BARKLEY. I will say that the committee felt so, and that the Senator from Virginia [Mr. BYRD], who was my colleague on the committee, felt so, and other members of the committee felt so after the Senator from Delaware had read that to them.

Mr. HASTINGS. Well, whatever the Senator from Kentucky felt about it, when he said something about it before the committee I distinctly stated that it was not my purpose to criticize my colleagues upon the committee; but here is what happened:

Mr. Helvering came before the subcommittee and made another statement, and he made statements wholly different from that which he made to the committee before. Thereupon it became necessary to get these other witnesses—Washington and all the rest of them—and I am not certain it was not the Senator from Kentucky who then moved that this nomination be approved without an opportunity, even that late, to get Edgecomb and these other witnesses here.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. Yes.

Mr. BARKLEY. As chairman of the subcommittee, I made the report of the subcommittee to the full committee recommending that a favorable report be made on Mr. Helvering. After a discussion of the matter further, and after the Senator from Delaware had, by innuendo at least, criticized us for not bringing these witnesses, we voted unanimously to bring them.

Mr. HASTINGS. The Senator from Kentucky has constantly asserted that I brought forth suddenly these reports from the Treasury Department and confronted Mr. Helvering with them. What actually happened was this: I went before the committee with these reports, and I read to the committee the reports; and it was suggested that Helvering ought to be in there, and he ought to be heard. I insisted, then, that we ought to appoint a subcommittee to consider this matter, that it ought not to be done offhand; so that the Senator from Kenutcky and the Senator from Missouri and all other Senators were fully aware of what was in those reports, or at least the important parts that I read to them. It was the committee that called in Mr. Helvering. It was the committee that directed that I proceed to examine him, and I did examine him; and now the Senator from Kentucky complains of me because, in my examination of Mr. Helvering, I appeared, as he puts it, as a prosecuting attorney.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware further yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. BARKLEY. I agree that it is true that the Senator, before the full committee, started in reading this report without Mr. Helvering's presence—a report that he had never seen or heard of, whose existence he knew nothing about—and some of us did insist that, as a matter of fairness to Mr. Helvering, he should be called in, in order that he might hear whatever complaint or criticism the Senator might have to make against him; and that was done.

Mr. HASTINGS. I distinctly stated to the committee that what I was doing was wholly preliminary. I have always insisted that, whenever we were making a record of it, Helvering ought to be present.

No; here is what happened:

The Senator from Missouri and the Senator from Kentucky are taking the course that is usually taken when a man has no case. The truth is that these charges cannot be answered; and it is undertaken to answer them by abuse of counsel on the other side, as the saying is. It is undertaken to answer them by having attention directed to the Senator from Deleware in an effort to make the country believe that a fair chance was not given this man to defend himself before the committee.

So far as I know, not a single witness was brought before the committee that I did not request to come there. The Senator from Missouri and the Senator from Kentucky both say that Lamb was the chief witness of the Senator from Delaware; that Lamb was his prize witness. I had no prize witness at all. I called the witnesses that the record indicated ought to be called before a committee that was anxious to find the truth. That is what I did. I called them, and I called them before the committee without ever having seen them. I called Cassell, and I called Pratt, and all the others, and examined them without ever having seen them. But what happened on the other side?

When Washington came here, where did he go? He went to the Washington Hotel, where Helvering was; and it was Helvering who went over with the committee these various matters that were put before them.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BARKLEY. The evidence shows that after the Senator himself had cross-examined, or had sought to tangle up Mr. Helvering as to his recollection about his fees in 2 or 3 cases, he tried in every way to find whether he had any records. He talked to everybody who had anything to do with him in connection with these two cases. He tried to locate Mr. Washington by long-distance telephone to find whether he had any records that would shed any light on the matter. He never was able to find Mr. Washington over the telephone; but Mr. Washington learned that he had been looking for him, or had been inquiring about him, and went to Mr. Helvering's room of his own accord, and without any request from Mr. Helvering.

Mr. HASTINGS. Mr. President, I do not care to reply to the Senator. He has used expressions about me and about these reports to the effect that I "pulled" them on the nominee, indicating that I was doing something that was not fair, and has said other things with respect to this testimony; and in the *Trapshooters case*, if you please, he does what? He says that in the *Trapshooters case* no injustice was done the Government!

I never charged that any injustice was done the Government. I said definitely and distinctly yesterday that I would have no particular charge against Helvering with respect to the *Slim Jim Co. case* if he had stuck to one story the first day and the second day and the other days that he appeared before the committee. But what did he do? He gave to the chairman of the committee the distinct impression that the *Slim Jim Co. case* was settled by him for an amount of $459,000, some $800,000 less than the amount that had been fixed, because a fraud had been practiced upon him by his friend Washington with associates of that company—that is what he told the chairman of the committee, and that is what he told the full committee—and they did it by padding the returns. He said it more than once. He said it twice.

In the next place, he came before the subcommittee, and what did he say there? He said not what the Senator from Kentucky says he said, but he said there not only that this case was settled by him under section 210 but he gave the distinct impression that it was fully settled under section 210; and he left the impression with the committee that the final amount of money paid in that settlement of $459,000 was under section 210. It was only afterward, when I was prodding him about his statement that these men padded the books, that he said that 2 years later he went before the department, and there he discovered for the first time that they had not settled the case under section 210. It is his contradictory statements all through with respect to the *Slim Jim case* that in my judgment make this nominee unfit for this position; and with respect to the *Trapshooters Oil Co. case*, in my judgment, the evidence shows complete fraud on his part with a client.

Here is a lawyer who had been practicing law for some time and had a high education. He practiced law up until 1912. He served in the Congress for 6 years; and then, when his client came to him, what did he tell him? He said, "We made a contract in Kansas which we cannot live up to because it is necessary to have a New York engineer and we will have to pay him $10,000." Talk about his forgetting it! He went into details as to why it was necessary to have an engineer. In answer to my question whether any physical examination was made, he stated positively that a physical examination was made. All of that is what he said about that case, when he knew at that time, and he knew when he testified here, that no physical examination was made, no engineer was employed, and that they got the sum of $18,000 instead of the sum of $10,000 that he says was originally paid to him in that case.

That is the kind of testimony that you are asked to believe here with a man appointed to a position like this.

So far as I am concerned, I do not care anything about this case. As I said yesterday in response to the Senator from Missouri [Mr. CLARK], who said that I was against Mr. Helvering because he was the chairman of the Democratic State committee, I never knew that Mr. Helvering was chairman of the Democratic State committee until I heard the statement made by him while he was before the committee. I assumed that he was a Democrat. I have no complaint to make about that. I assumed that this administration wanted a man in that place in whom they had confidence. As I view this record, however, I doubt very much whether the President, if he could look at the matter again, could believe positively that he could have such confidence in this man as would warrant him in placing him in that position if he had it to do again.

Oh, yes; the Senator charges me, and he even charges the Senator from Michigan [Mr. COUZENS], with being prejudiced in this case. Of course, I knew he would charge me with political prejudice; but they have already said that they did not charge the Senator from Michigan with political prejudice. Well, what kind of prejudice do you charge us with? You know we have done nothing more than it is our duty to do as members of the committee and Members of the Senate. That is all I have sought to do. You are entitled to have a Democrat appointed; but, for God's sake, go and get one in whom the people of this country will have confidence, and do not force this man upon the Senate and upon the Nation.

That is what I ask you, as the majority party, to do; and I warn you that if you do not do it, this man's record shows that probably you will be sorry, too, in the years to come.

Mr. BARKLEY. Mr. President, in view of the fact that the last speech of the Senator from Delaware was a reiteration of his first speech, and that there is nothing new in it to which there is any necessity for making a reply, I have no further remarks to make.

I make the point of no quorum, in order that we may have a full vote when the roll is called.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	La Follette	Robinson, Ind.
Ashurst	Couzens	Lewis	Russell
Austin	Cutting	Logan	Schall
Bachman	Dale	Lonergan	Sheppard
Bankhead	Dickinson	Long	Shipstead
Barkley	Dill	McAdoo	Steiwer
Black	Duffy	McCarran	Thomas, Okla.
Bone	Erickson	McGill	Thomas, Utah
Borah	Fletcher	McKellar	Thompson
Bratton	Frazier	McNary	Townsend
Brown	George	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norris	Van Nuys
Byrnes	Harrison	Nye	Wagner
Capper	Hastings	Overton	Walcott
Caraway	Hatfield	Patterson	Walsh
Carey	Hayden	Pope	White
Clark	Johnson	Reed	
Connally	Kendrick	Reynolds	
Coolidge	King	Robinson, Ark.	

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from North Carolina [Mr. BAILEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Montana [Mr. WHEELER].

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present.

Mr. BARKLEY (at 2 o'clock and 50 minutes p.m.). Mr. President, there is to be no further discussion, and we might as well vote now.

Mr. ROBINSON of Arkansas. I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The agreement was that the vote should be taken at 3 o'clock. The only question in the mind of the Chair is that some Senator who knew of the agreement might not be here until 3 o'clock, and the Chair thinks perhaps we should wait until 3 o'clock. If the Senate desires to vote, that is all right.

Mr. McNARY. Mr. President, it was I who proposed the unanimous-consent agreement that we vote at 3 o'clock.

The VICE PRESIDENT. The Senator is correct.

Mr. McNARY. I think it would be unfair to vote earlier than that hour, because some Senator might have noted the agreement in the RECORD and be depending on our voting at 3 o'clock. It would take unanimous consent, and I shall object.

The VICE PRESIDENT. Objection is made.

Mr. ROBINSON of Arkansas. Mr. President, only a few moments are left before 3 o'clock, and I shall say a word.

Not being a member of the Committee on Finance no opportunity has been afforded me of hearing the testimony of the witnesses relating to the controversy over the nomination of Mr. Helvering to be Commissioner of Internal Revenue.

In view of the statements made by the Senator from Michigan [Mr. COUZENS] that he looked at the eyes of Mr. Helvering and did not like them, that he thought they were shifty, and that he was basing his judgment in this case, not on the testimony, but on general considerations which he thought he had a right to have in mind as to the character and qualifications of the nominee, I feel justified in saying that it has been my privilege to know Mr. Helvering for a good many years. During the period of my acquaintance with him there has been occasion to observe his conduct both as a citizen and as a public official, and I have no hesitancy in saying that, so far as my judgment goes, he measures up to the very highest standards.

It is an act of injustice, in my opinion, for Senators disclaiming political motives, and implying a superior recognition of public duty, to yield themselves to prejudices which cannot be justified in evidence. There have been occasions within the knowledge of every Member of this body when efforts have been made to detract from the character and honor of citizens and of public officials. If the Senate wishes to lend itself to that form of procedure, it now has an opportunity of doing so. In the testimony and in the able and unanswerable argument of the Senator from Kentucky [Mr. BARKLEY] we have ample justification for the confirmation of this nomination.

It is both unfair and unjust, when a committee of the Senate has heard all evidence offered touching the qualifications and fitness of an appointee to office, to go outside of the record and reach a decision on prejudice; and it does not reflect credit, in my humble judgment, on those who profess themselves to be possessors of virtues superior to ordinary citizens.

The fair, just, and honorable thing to do is to try any case on the evidence. Every man in this country is entitled to the application of that rule. You can arouse suspicion, you can hear rumors, you can lend yourself to the defamation of the best character known to the human mind. A sense of justice, that sense of justice which should inspire all Senators, should compel them to decide issues of this nature fairly; compel them to respond to the natural and logical conclusions to be arrived at from the evidence. Lawyers are listening to me now who know that if their fitness for office were to be determined by the justice of the causes which they have presented to juries or courts they could not stand the test anywhere.

The question is, Does this record show the nominee to be unfit; does it show him to be dishonorable? If any Senator reaches his conclusion to that effect from the evidence, I would never, here or anywhere else, criticize his judgment. But when he admits that he is going outside the evidence and deciding on the color of the eyes, or the shift of the eyes, I say it is time to call a halt, and reach a conclusion according to the evidence. Whatever decision the Senate reaches will be a just conclusion.

The VICE PRESIDENT. The hour of 3 o'clock having arrived, under the agreement heretofore entered into, the question before the Senate is, Will the Senate advise and consent to the nomination of Guy T. Helvering to be Commissioner of Internal Revenue? The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEWIS (when Mr. BARBOUR'S name was called). I am requested to state that a general pair has been arranged between the Senator from South Carolina [Mr. SMITH] and the Senator from New Jersey [Mr. BARBOUR]. I make the announcement for the RECORD; I know nothing as to the details of how these Senators would vote.

Mrs. CARAWAY (when her name was called). I have a general pair with the senior Senator from Ohio [Mr. FESS], who is absent. Not knowing how he would vote, if present, I withhold my vote.

Mr. LEWIS (when Mr. DIETERICH'S name was called). I wish to announce that my colleague [Mr. DIETERICH] is absent on official business. He is paired with the Senator from New Hampshire [Mr. KEYES]. I announce for my colleague that, if present, his vote would be "yea."

Mr. LEWIS (when Mr. HEBERT'S name was called). I am requested to announce the pair of the Senator from Rhode Island [Mr. HEBERT] with myself. If the Senator from Rhode Island were present, he would vote "nay", and were I privileged to vote I should vote "yea."

Mr. LEWIS (when his name was called). Having announced my pair with the Senator from Rhode Island, I withhold my vote, announcing again that, if privileged to vote, I should vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Colorado [Mr. COSTIGAN], and will vote. I vote "yea."

Mr. LEWIS (when Mr. PITTMAN'S name was called). I am requested to announce the absence of the Senator from Nevada [Mr. PITTMAN] on official business. He is paired with the Senator from New Jersey [Mr. KEAN]. Were the

Senator from Nevada present, it is announced he would vote "yea", and the Senator from New Jersey, if present, would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN (after having voted in the negative). Since voting I have learned that the senior Senator from Virginia [Mr. GLASS], with whom I have a general pair, is in a conference and cannot attend the Senate at the present time, but that, if present, he would vote "yea." I therefore withdraw my vote.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from North Carolina [Mr. BAILEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. SMITH], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 56, nays 21, as follows:

YEAS—56

Adams	Clark	Hatfield	Patterson
Ashurst	Connally	Hayden	Pope
Bachman	Coolidge	Kendrick	Reynolds
Bankhead	Copeland	King	Robinson, Ark.
Barkley	Dale	Logan	Russell
Black	Dill	Lonergan	Schall
Bone	Duffy	Long	Sheppard
Bratton	Erickson	McAdoo	Thomas, Okla.
Brown	Fletcher	McCarran	Thomas, Utah
Bulkley	Frazier	McGill	Thompson
Bulow	George	McKellar	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Neely	Van Nuys
Capper	Harrison	Overton	Wagner

NAYS—21

Borah	Hastings	Nye	Walcott
Carey	Johnson	Reed	Walsh
Couzens	La Follette	Shipstead	White
Cutting	McNary	Steiwer	
Dickinson	Metcalf	Townsend	
Hale	Norris	Vandenberg	

NOT VOTING—19

Austin	Davis	Kean	Robinson, Ind.
Bailey	Dieterich	Keyes	Smith
Barbour	Fess	Lewis	Stephens
Caraway	Glass	Norbeck	Wheeler
Costigan	Hebert	Pittman	

So the Senate advised and consented to the nomination of Guy T. Helvering to be Commissioner of Internal Revenue.

MESSAGE FROM THE PRESIDENT—NOMINATION OF SENATOR BRATTON AS CIRCUIT JUDGE

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

Mr. ASHURST. Mr. President, the President of the United States has honored one of the Members of the United States Senate, Hon. SAM GILBERT BRATTON, now a Senator from New Mexico, by nominating him to be a United States circuit judge for the tenth circuit.

I am sure that the Committee on the Judiciary, if this nomination were referred to it, could ascertain no new facts respecting the Senator from New Mexico [Mr. BRATTON]; and, therefore, without any eulogy of his merits and talents as a lawyer and a Senator, I am going to presume to ask unanimous consent that the generous and courteous custom applied when Members of this body are appointed to the bench shall be now observed, and that the nomination be considered at this time.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, on account of the very many charming qualities of the Senator from New Mexico, whose nomination we have received, in behalf of the minority I join in the request made by the able Senator from Arizona.

The PRESIDING OFFICER. No objection being heard, the clerk will read the message from the President.

The legislative clerk read as follows:

To the Senate of the United States:

I nominate Sam Gilbert Bratton, of New Mexico, to be United States circuit judge, tenth circuit, to succeed John H. Cotteral, deceased.

FRANKLIN D. ROOSEVELT.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was unanimously confirmed.

Mr. McNARY. Mr. President, I move that the President be notified of the confirmation.

The motion was unanimously agreed to.

ASSISTANT SECRETARY OF THE TREASURY

The VICE PRESIDENT. The clerk will state the next nomination on the calendar.

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. COUZENS. Mr. President, this is another nomination for a position in the Treasury Department that was reported from the Finance Committee without ever having the nominee appear to be questioned. I do not know of this man's qualifications; I am not in a position to disclose anything which would indicate that he is not competent or fit for the office. However, the Chairman of the Committee on Finance promised me that he would have Mr. Hewes come before the committee before the nomination was taken up. I now ask the Chairman of the Committee on Finance whether or not he is going to give us an opportunity to examine Mr. Hewes or whether it is proposed to railroad this nomination through?

Mr. HARRISON. I may say that the Senator did request, I think, some 4 days ago, that Mr. Hewes be brought here to be questioned.

Mr. COUZENS. That is correct.

Mr. HARRISON. I spoke to the Senator from Connecticut [Mr. LONERGAN] and asked him to try to get Mr. Hewes to come here. I was told that he could not get here for a few days but would send certain information, and I had hoped that the matter would be straightened out. If, however, the Senator from Michigan insists on the nominee coming down, in view of what I told him, I think the nominee ought to appear before the committee.

Mr. COUZENS. Mr. President, I should like the Senator to do that, because I have a bundle of information here, and I do not like to put it all in the RECORD without giving the nominee a chance to be heard.

Mr. HARRISON. I thank the Senator. I ask that this nomination be passed over for the present, and we will try to have Mr. Hewes come here.

The VICE PRESIDENT. Without objection, the nomination will be passed over. The next nomination on the calendar will be stated.

THE JUDICIARY

The Chief Clerk read the nomination of James R. Fleming, of Indiana, to be United States attorney for the northern district of Indiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Val Nolan, of Indiana, to be United States attorney for the southern district of Indiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

That completes the calendar.

REPORT OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations, which were ordered to be placed on the calendar:

Arthur A. Quinn, of New Jersey, to be comptroller of customs in customs collection district no. 10, with headquarters at New York, N.Y., in place of Arthur F. Foran;

Clement L. West, of Omaha, Nebr., to be collector of customs for customs collection district no. 46, with head-

quarters at Omaha, Nebr., to fill an existing vacancy; and James J. Connors, of Juneau, Alaska, to be collector of customs for customs collection district no. 31, with headquarters at Juneau, Alaska, in place of John C. McBride.

Mr. BAILEY, from the Committee on Finance, reported favorably the nomination of John Bright Hill, of North Carolina, to be collector of customs for customs collection district no. 15, with headquarters at Wilmington, N.C., in place of Mrs. Fannie Sutton Faison, which was ordered to be placed on the calendar.

Mr. WHEELER, from the Committee on Indian Affairs, reported favorably the nomination of William Zimmerman, Jr., of Illinois, to be Assistant Commissioner of Indian Affairs, vice J. Henry Scattergood, which was ordered to be placed on the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate resume legislative session.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China, and it was signed by the Vice President.

APRIL REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, the report of the activities and expenditures of the Corporation for April 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying statements, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Twenty-sixth Annual Congress of the Descendants of the Signers of the Declaration of Independence, affirming its opposition to the recognition of the present Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the aldermen of the city of Chelsea, Mass., protesting against the reported suspension of repair work at the Charlestown Navy Yard until 1935, which was referred to the Committee on Naval Affairs.

Mr. BULKLEY presented the following joint resolution adopted by the Legislature of the State of Ohio, which was referred to the Committee on Foreign Relations:

Joint resolution memorializing the Senate of the United States of America to act favorably and promptly upon the three World Court treaties which are now upon its Executive Calendar

Whereas the Ohio Senate on February 10, 1925, called upon the Senate of the United States "to act favorably and promptly on the proposal for American adherence to the world court"; and

Whereas the Senate of the United States on January 27, 1926, by a vote of 76 to 17, approved the adherence of the United States to the World Court, with five reservations; and

Whereas these reservations are now fully met in the judgment of the Department of State and of such authoritative bodies as the American Bar Association and the Ohio State Bar Association by the three treaties now awaiting the Senate's consent to ratification; and

Whereas the completion of the adherence of this country to the World Court as the outstanding agency for the judicial settlement of certain classes of international disputes would contribute to that sense of international security of which the nations of the earth now stand so much in need; and

Whereas the question of our adherence to the Court has now been before the country and the Senate in some form for 10 years and is, in our judgment, entitled now to settlement on the merits: Therefore be it

Resolved by the General Assembly of the State of Ohio, That the members of the General Assembly of the State of Ohio hereby memorialize the Senate of the United States to act favorably and promptly upon the three World Court treaties which are now upon its Executive Calendar; and be it further

Resolved, That a copy of this resolution be forwarded to each of the two United States Senators from Ohio.

REMONETIZATION OF SILVER

Mr. WHEELER presented resolutions adopted by Glentana Local, No. 334, Farmers Union, of Glentana, Mont., which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

(Unanimously approved by Glentana Local, No. 334)

Whereas the Federal Reserve Banking System, owned and controlled by private money lenders and users, is a debt-making financial system that has bankrupted the Nation and its people, creating crimes, suicides, and insanity; now imperiling the functioning of our Government, and has placed a yoke of bondage on the people of the United States; and

Whereas, under powers granted to Congress, the Constitution provides in article I, section 5, that Congress shall have power to coin money, regulate the value thereof, and of foreign coin:

Therefore the Federal Reserve banking laws are unconstitutional, and have sunk this Nation in despair and left it torn and bleeding: Therefore be it

Resolved, That we demand the repeal of this hell-born financial system, that the Federal Reserve Act be abolished. The United States Government issue non-interest-bearing Treasury notes, and never again be guilty of the crime of issuing interest-bearing bonds; and be it further

Resolved, That the crime of 1873 be atoned for and that Congress immediately enact the Wheeler silver bill (S. 70) remonetizing silver; and be it further

Resolved, That as a further measure to end this crazy criminal banker-made depression that Congress immediately enact the Frazier farmers' farm relief bill (S. 457) and immediately pay the soldiers' bonus with non-interest-bearing Treasury notes. Such notes to be full legal tender for all debts, public and private, omitting any reference to any Federal Reserve bank or banker as provided for in H.R. 7726; and be it further

Resolved, That Senator WHEELER be asked to insert it in the CONGRESSIONAL RECORD.

FRANK SCHUSTER, *President*,
JOHN ZIMMER, *Secretary*,
Farmers' Union, Glentana, Mont.

REPORTS OF COMMITTEES

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (H.R. 1767) to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego, reported it without amendment and submitted a report (No. 103) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 1780) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes, reported it with amendments and submitted a report (No. 104) thereon.

INVESTIGATION OF RACKETS AND RACKETEERING

Mr. STEPHENS, from the Committee on Commerce, to which was referred the resolution (S.Res. 74) authorizing an investigation of the matter of so-called "rackets" with a view to their suppression (submitted by Mr. COPELAND on May 8, 1933), reported it with an amendment in the nature of a substitute, and the resolution was ordered to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DILL:

A bill (S. 1809) for the relief of Arthur L. Benedict; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 1810) to amend the act authorizing the issuance of the Spanish War Service Medal; to the Committee on Military Affairs.

A bill (S. 1811) for the relief of James Maurice Reagan; to the Committee on Naval Affairs.

By Mr. McGILL:

A bill (S. 1812) granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes; to the Committee on Pensions.

By Mr. HARRISON:

A bill (S. 1813) providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi; to the Committee on Military Affairs.

By Mrs. CARAWAY:

A bill (S. 1814) to authorize the Secretary of War to erect one marker for the graves of 85 Confederate soldiers, buried in the Old Rondo Cemetery in Miller County, Ark., in lieu of separate markers as now authorized by law; to the Committee on Military Affairs.

By Mr. BARKLEY:

A bill (S. 1815) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.; to the Committee on Commerce.

AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. FESS submitted an amendment intended to be proposed by him to House bill 5389, the independent offices appropriation bill, which was ordered to lie on the table and to be printed as follows:

On page 34, after line 24, to insert the following:

"AMERICAN HISTORICAL ASSOCIATION

"For printing the annual report of the American Historical Association, $6,000."

MERGER OF GEORGETOWN GASLIGHT CO. WITH WASHINGTON GAS LIGHT CO.—AMENDMENT

Mr. CAPPER submitted an amendment intended to be proposed by him to the bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, which was ordered to lie on the table and to be printed.

ORGANIZATIONS WITHIN THE FARM-CREDIT ADMINISTRATION—AMENDMENT

Mr. DILL submitted an amendment intended to be proposed by him to the bill (S. 1766) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENTS TO INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. OVERTON submitted an amendment intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

Mr. REYNOLDS submitted an amendment intended to be proposed by him to Senate bill 1712, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

REFERENCE OF A RESOLUTION—INVESTIGATION RELATIVE TO RECEIVERSHIPS AND BANKRUPTCY PROCEEDINGS

On motion of Mr. ASHURST, and by unanimous consent, the resolution (S.Res. 78) authorizing the appointment of a special committee to investigate the administration of bankruptcy and receivership proceedings in United States courts (submitted by Mr. McADOO on the 12th ultimo) was taken from the table and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

NOTICE OF MOTION TO SUSPEND THE RULES

Mr. McKELLAR presented a notice of motion to suspend the rules, which was read, as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to House bill 5389, the independent offices appropriation bill, the following amendment, viz:

At the proper place in the bill to insert the following:

"Section 5 of the Reconstruction Finance Corporation Act, approved January 22, 1932, is amended by adding after the words 'Agricultural Credit Corporation', in the eighth line of said section, the following: ', producers of finished articles, from raw or unmanufactured materials, the products of the soil or forest.'"

The VICE PRESIDENT. The amendment intended to be proposed by the Senator from Tennessee [Mr. McKELLAR] will be printed and lie on the table.

PAYMENT TO SURPLUS GRADUATES OF NAVAL ACADEMY—CONFERENCE REPORT

Mr. TRAMMELL submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

PARK TRAMMELL,
GEO. McGILL,
Managers on the part of the Senate.

CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

HOUSE BILL REFERRED

The bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, was read twice by its title, and referred to the Committee on Agriculture and Forestry.

ADDRESS BY SENATOR CLARK AT MARSHALL COLLEGE, HUNTINGTON, W.VA.

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an able and interesting address delivered by the junior Senator from Missouri [Mr. CLARK] at the commencement exercises at Marshall College, Huntington, W.Va., on Monday, May 29, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

President Shawkey, members of the faculty, and student body of Marshall College, ladies, and gentlemen, let me say at the outset that this is a day which brings to my heart and mind feelings for which I have no adequate words of expression. The honor which I feel at being invited to deliver the commencement address at this historic institution and the extraordinary gratification which must inevitably come to me at being awarded by the faculty the honorary degree of doctor of laws—both of which, I assure you, I keenly appreciate—are merged and submerged in the overwhelming feeling of pleasure in being allowed to stand today in the haunts where my father stood when as a young man of 23 he succeeded, at Marshall College, President Morrow, the distinguished father of the late Senator Dwight F. Morrow.

My father during the course of his life received many high honors, but none which he treasured more, of which he was more proud, than that of having been in his young manhood the president of Marshall College. For many years he retained the distinction of having been the youngest college president in the United States. His children were raised to appraise that honor as one of the highest that was ever bestowed upon him throughout his life.

Nearly 22 years ago, on the occasion of his last visit to Huntington, I had the pleasure of being with him when from the rostrum in this college he publicly expressed his pride in his connection with it and his undying affection for the institution. And so, while I have been in Huntington only once before in my life, I am certain that you will all understand why, in a very

real sense, I have a feeling of coming home to be at Marshall College today. For after all, when all is said and done, nothing can possibly afford a normal man more pleasure than to

"View the same scenes,
And drink the same streams
And to run the same course
That his fathers have run."

So today I feel that I am no stranger to these walls, and I know that my father, if he might be here today to see the splendid progress of the institution whose growth he fostered so many years ago, would rejoice as doth the upright in heart.

It is difficult for public men, in making commencement addresses, to avoid banality, on the one hand, and argumentation, on the other. Every reasonable citizen entertains such sincere feelings of congratulation and good wishes for the young men and women who have been fortunate enough to complete a college education that nearly everything which may be said in that regard has become worn and frayed from previous usage to an extent where commencement addresses have by tradition become conventional and tiresome. On the other hand, there is the constant temptation on such an occasion to a man in public life to undertake to expound his own theorem, with the idea that he may be able to make converts among those newly coming to the more active phases of our national life for the particular theories to which he himself adheres.

Therefore, today, graduates of Marshall College, I shall endeavor to avoid both precept and propaganda. I shall remind you only of a few things which you yourselves do know, if you have been as admirably trained for the battles of life as I am sure you have, and I shall endeavor to endear myself to your hearts and write my name on the tablets of your memory by making these remarks mercifully brief.

The young men and women who graduate from the colleges and universities of the United States this spring are coming into the activities of the world to face unparalleled conditions. Measures are in progress which bid fair to radically, probably permanently, change the whole of our governmental, economic, and social fabric. The classes which left the colleges of the North and South in 1861 to don the blue or the gray, as the case might be, the young lads who as members of the Cadet Corps of Virginia Military Institute met the embattled Union hosts at Newmarket, the numberless youths who left school as mere boys in 1917 to become stern-faced men in the Argonne and Saint-Mihiel, all embarked upon enterprises calling to the patriotism and calculated to stir the blood of men harking back to long generations of martial sires. You leave these cloistered halls in times of even sterner stress.

Never in the history of the United States, never in the history of the world, has there been a time when there was more vital necessity for the active participation in public affairs of men and women of trained intelligence than exists today. The world is in a welter of depression and despair. For this reinforcement of progressive thought and action, we must look primarily to those who have had the advantages of a college education, who, fortunate above their fellows, have been privileged to enjoy the opportunity to study questions of public import, and who owe an obligation to their country—and more particularly to those whose sacrifices made their advantages possible, to live up to the full requirements of citizenship.

There was a time not so long ago when in the full tide of a pseudo-prosperity in this country, there was almost a cult among the intelligent and the well-to-do that it was a disgrace to take an interest in politics—or in public affairs because that is all that politics is. In the recent election, the tremendous increase in the popular vote showed a sudden and overwhelming return to realization upon the part of the great mass of the people that politics is, after all, nothing more than business—your business, my business, the business of all of us. Indeed, in these parlous times it is about the only business left to millions of our citizens.

I urge upon you, as among those who have enjoyed exceptional advantages in life, that there is no higher obligation of citizenship than that of participating actively in public affairs. Not that I urge you to run for public office—that is a poor enough business when you are successful and it is an infinitely sorry business when you lose—but the highest hope for the Nation's welfare is for an intelligent electorate to study the public questions of the day and for every qualified voter to go to the polls on election day and vote his honest convictions, no matter what they may be. To the failure of decent citizens to properly study public questions and then enforce their sovereign will at the polls, all our municipal disgraces and nearly all our State and National difficulties are directly chargeable.

There does not exist in the whole United States a city or hamlet where decent, law-abiding citizens do not far outnumber the racketeers, the criminals, and the corrupt. These sinister elements exist only through the neglect of the decent majority to adequately enforce its will through government. If I had my way, I would have every State provide by law that any citizen who failed without proper reason to exercise the right of suffrage should be deprived of that right for a specified period. My most fervent prayer for the future of this Republic is that the time may come when every citizen may have the intelligence to cast his vote and the courage to cast it as he pleases, regardless of every boss, file leader, and whip cracker in the land.

I do not desire today to discuss in any way our domestic, political, and economic problems, for anything that I might say in that regard might smack of partisanship. But I do wish to invite your attention briefly to a subject so vital in its possibilities, so dread in its implications as to challenge the interest of every thinking man or woman in this Nation, or for that matter, in the whole world, and that is the imperative necessity for a cessation in the race of competitive armaments which is bankrupting the world and for the establishment of permanent peace through disarmament. To my mind, President Roosevelt's most magnificent achievement has been his stirring and dramatic appeal to the nations of the world to avoid the dangers of new and more terrible conflicts through the medium of universal and pro-rata disarmament. It is of supreme importance that there be created in this country an overwhelming public sentiment in support of this endeavor. Backed by this sentiment in our own country, the President will be immensely strengthened in his dealings with other nations.

Almost 20 years ago the world was shaken by the tragic cataclysm of the World War. It is not necessary to speak of the horrors of that dreadful calamity—of the millions of lives that were sacrificed, of the oceans of blood that were poured out, of the billions of treasure that were sacrificed, of the moral and governmental deterioration that accompanied and followed the awful conflict. We all know that story. Today the world is still reeling and suffering from the effects of the struggle. The world is still paying the price in the breaking down of governments, in revolution, dictatorships, depression, panic, and famine. If civilization is to endure, this ordeal must not be repeated. Yet in the midst of world-wide desolation the nations of the world are persistently arming for the next conflict. To say nothing of the perils to civilization in such a course, in this time of universal stress it constitutes the most shocking and indefensible economic waste in history.

We are a creditor Nation. Most of the nations of Europe are heavily in our debt, owing us billions which they now profess themselves unable to pay. Complex as is the problem of the interallied debts in many respects, its general outlines may be simply stated and easily understood. During the Great War and after its conclusion the United States loaned to the allied and associated nations vast sums of money—money so vitally needed that without it these nations would have been unable to continue their prosecution of the war. These loans in the aggregate exceeded the sum of $21,000,0000,000—a sum so vast as almost to pass the comprehension of the human mind.

These sums the United States did not have on hand in the Treasury as surplus but were borrowed from the people of the United States upon the solemn obligations of our Government.

These loans must be repaid, dollar for dollar, punctually upon the date due according to the tenor of the obligation. And since the United States has no means of revenue except from the taxation of our own citizens and of property within the United States, it follows that except as these loans to foreign nations are repaid by the debtor nations the whole tremendous burden of the loans must be shouldered by the taxpayers of this country. A very large portion of the burden of taxation under which the Nation has been struggling is due directly to this cause.

We may assume that the debts were contracted by the Allies in good faith. Certainly their need was great at the time the debts were contracted. Yet soon after the conclusion of the war the contentions began to appear upon the part of the debtor nations that it was unfair for us to insist upon payment according to the strict terms of the obligations. With a liberality unparalleled in the entire history of the world the United States agreed to a general scaling down of the debts, settling on terms varying from 80 cents on the dollar in the case of Great Britain down to 20 cents on the dollar in the case of Italy, and extending the time for payment to 68 years at the lowest possible rates of interest. We thus gave them $11,000,000,000 outright.

In the meantime, at Versailles a prostrate and vanquished Germany had been forced—justly as the Allies believed, unjustly as the Germans have passionately maintained—to assume a large part of the payment of the war in the shape of reparations. While the repayment of our loans to the Allies was in no wise conditioned upon the payment to them of reparations from Germany, a curious contention has grown up on their part that their obligations to us were contingent upon and limited by Germany's payments to them.

Since the end of the war an insistent propaganda, largely financed by certain international bankers, has been at work in the United States in favor of the cancelation or further reduction of these debts. These international bankers have in the last 15 years underwritten several billions of securities for these same debtor nations at liberal discounts which they have later largely sold to private investors but in which they still retain a considerable interest. Obviously, if the public debt owed the Government of the United States could be canceled, the chance for the collection of these private debts with their generous rates of interest would be measurably enhanced.

As a result of this propaganda in the United States and as a result of the increasing effects of the depression, there has been a steadily increasing demand on the part of the debtor nations that they be released from the undertakings solemnly entertained. We have been dubbed "shylocks" and "skinflints" by the nations which we saved from destruction for insisting upon the payment of obligations twice solemnly assumed and reduced an average of 50 percent through our generosity. The Right Honorable Neville Chamberlain, Chancellor of the British Exchequer, has twice expressed the hope in Parliament that while debt cancelation would doubtless be opposed by the ignorant yokels of the Middle West they would be finally overborne by the intelligentsia of the eastern

seaboard. France, with that aloofness which seems to be characteristic whenever the subject of payment of her debts is under discussion, repeated her conduct of a previous historic occasion and simply refused to pay.

And yet throughout this period these very same nations have been squandering and compelling us to squander billions of dollars in a competition of armaments fully as insane, fully as criminal, fully as useless as that which precipitated the tragedy of 1914.

For 15 years France and her allies of the Little Entente have been brandishing a sword over Europe in a manner fully as truculent and fully as dangerous as any of the gestures of the Kaiser, which preceded the debacle of 1914. Italy, Russia, and Poland have long been under the control of brutal dictators, while the steady refusal of the Allies to carry out their obligations under the Treaty of Versailles to disarm has finally thrown Germany into the hands of the unspeakable Hitler, with his bestial and disgraceful campaign of anti-Semitism and his brutal attempt to stamp out every vestige of liberty and culture in the land. Japan wages at the moment a war of conquest and wanton aggression as unjustifiable as any in the world's history.

Gen. Tasker H. Bliss, American member of the supreme war council, once said that all the causes of the World War could be summed up in one sentence: "Too many men wandering around Europe with guns in their hands." And yet today, nearly 20 years after the outbreak of the war, there are a million more men under arms in Europe than in 1914. The expenditures of the nations for the next war exceeds the bill for armaments of 1913 by hundreds of millions of dollars. Preparation for new and more terrible carnage goes on apace.

In actual expenditure of cash we lead the world in expenditures on armament, for, although on the basis of per-capita armament we have made the smallest preparation for war of any of the leading nations except Germany, we get so much less for our money that our total budgetary expenditures stand highest.

In 1931, the last year for which figures of all nations are now available for comparison, the United States, weltering in depression, with 10,000,000 citizens out of employment, with industry staggering and finance in collapse, nevertheless, spent nearly $900,000,000 in preparation for the next war. England, faced with a dole system and an unemployment situation so acute as to threaten revolution, was, nevertheless, able to spend well above four hundred millions in arming for battle. Poverty-stricken France, protesting its poverty and its total inability to pay its debts, was able, nevertheless, to squander well above a half billion dollars in getting ready for conflict and to loan further vast sums to its allies for similar purposes. Italy and Japan, with depreciated currencies, both anxious to saddle their own expenditures in the last war upon the backs of the American taxpayers, were each able, nevertheless, to spend well above three hundred millions in military preparation. Even Poland, child of the conflict, existing, so far as its national finances are concerned, largely on the bounty of the United States and France, was able to dig up nearly a hundred million for war purposes.

The scene is again being arranged for war. The powder magazine is ready; the train is laid. At any moment a spark may set off another conflagration more ghastly, more costly, and more deadly than the last. Unless the statesmanship of the world is able to take steps for stopping this insane competition of armaments, this generation or the next will see an enlarged and intensified manifestation of the horrors which still oppress the world. Your boy and my boy may be asked to take their places in the red lane of death. The youth of every nation will again be sent to the shambles. Blood will again be poured out like water, and a bankrupt world will throw its remaining treasure into the devastating maw of war.

The assertion which we constantly hear that the best way to preserve peace is to constantly be prepared for war is in open defiance to the universal experience of mankind. No reasonable man would assert that the best way to preserve peace among individuals would be for each to go constantly armed to the teeth. We all know that the possession of arms by individuals is a constant and certain cause of personal conflict. Mild differences, slight disputes, inconsequential misunderstandings blossom easily into personal encounters when each disputant has ready to his hand a stock of weapons. And nations are but aggregations of individuals.

For the nations of the world to permit a situation to continue in which possibly this generation or almost certainly the next will witness another conflict, possibly involving the obliteration of our civilization, is stupendous and incredible folly. Peace treaties have proven of no avail. Arbitration courts, excellent in themselves, have shown themselves helpless to avert actual conflict. The League of Nations stands futile, helpless, and hopeless in the face of aggression. Disarmament is the only avenue to permanent peace. That way lies the hope of mankind. To achieve that course should be the goal of the statesmanship of the world.

So far as I am concerned, I am opposed to canceling a single penny of the debts owed us by other nations so long as they are squandering huge sums and compelling us to waste vaster sums on competitive armaments. I am opposed to canceling any of the debts unless they make it worth our while to do it. But to bring about disarmament insuring the peace of the world we could well afford to cancel all the debts. Even to put it on the most mercenary basis, and to disregard any higher basis, if we could bring about substantial pro-rata reduction in armaments enabling us to make similar reductions in our military and naval expenditures, it would be worth while for us as a mere matter of dollars and cents. Therefore, I believe that the United States should use these debts as an economic and diplomatic club to compel pro-rata reduction of armaments.

Upon the economic and disarmament conferences soon to be held depend the safety and progress of the world. Let us hope that there may be enough of enlightened public sentiment in all the nations to drive the statesmen and rulers of the world toward those reforms for which civilization is groping. God grant that we or our children may yet see that bright day of which the poet sings: "When the war drum throbs no longer and the battle flags are furled."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. McADOO. Mr. President, I send to the desk and ask to have read a letter relating to the case of a veteran in California.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read as requested.

The Chief Clerk read as follows:

HOLLYWOOD, CALIF., *May 26, 1933.*

Mr. J. F. T. O'CONNOR,
Comptroller of the Currency, Washington, D.C.

DEAR SIR: With the approval and consent of his excellency, the Most Reverend John J. Cantwell, Bishop of Los Angeles, I am writing this letter to you in the interest of a very good member of this parish. His name is John G. Carlisle. He is a grandson and namesake of the late Hon. John G. Carlisle, Speaker of the House of Representatives in the Forty-eighth, Forty-ninth, and Fiftieth Congresses, Senator from Kentucky from 1890 to 1893, and Secretary of the Treasury in the Cabinet of President Cleveland. During the World War he served as divisional liaison officer for the Eighty-second Division to the Forty-second Division, and was seriously wounded at the front by bursting of an enemy high-explosive shell. He is now, as a result, an invalid unable to engage in any lucrative occupation. For some years he has been granted compensation for his disability by the Government; but in April of this year he received a letter from the Veterans' Administration, without date or signature, removing him from the retired list. This action has been a great blow to him, as his retirement pay has been his only source of income and the only means of supporting himself and family. I feel sure that it is not the intention of President Roosevelt, in his policy of retrenchment, to permit such an action in the case of one who is so deserving.

I am aware of the fact that many similar appeals will be made to the Veterans' Bureau; but I am asking you, on the suggestion of his excellency the Bishop, to draw this particular case to the attention of the Honorable WILLIAM GIBBS MCADOO, Senator from California, in the hope that through your kind offices Mr. McADOO may have an interest in this case.

Mr. Carlisle is addressing himself directly to Mr. McADOO, supplying him with all the details of his service and disability. I consider Mr. Carlisle very deserving, and his excellency the Bishop and myself would personally consider it a favor if you saw fit to interest yourself to the degree of cooperating with Mr. McADOO in Mr. Carlisle's behalf.

Yours very sincerely,

CORNELIUS J. MCCOY, S.J., *Pastor.*

Mr. REYNOLDS. Mr. President, I ask unanimous consent to have printed in the RECORD a paragraph appearing in an article recently published in the magazine Plain Talk. The article is entitled "Veterans Take a Licking."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From Plain Talk, May 1933]

I quote from the CONGRESSIONAL RECORD of February 9, 1917:

"In March 1915 the J. P. Morgan interests, the steel, shipbuilding, and powder interests, and their subsidiary organizations, got together 12 men high up in the newspaper world and employed them to select the most influential newspapers in the United States and sufficient number of them to control, generally, the policy of the daily press of the United States.

"These 12 men worked the problem out by selecting 179 newspapers, and then began an elimination process, to retain only those necessary for the purpose of controlling the general policy of the daily press throughout the country. They found it was only necessary to purchase the control of the greatest papers.

"The 25 papers were agreed upon; emissaries were sent to purchase the policy—national and international policy—of those papers; an agreement was reached; the policy of the papers was bought, to be paid for by the month; an editor was appointed for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers.

"This contract is in existence at the present time (1917), and it accounts for the news columns of the daily press of the country being filled with all sorts of preparedness arguments and misrepresentations as to the present condition of the United States Army and Navy and the possibility of the United States being attacked by foreign foes.

"This policy also included the suppression of everything in opposition to the wishes of the interests served. The effectiveness of this scheme has been conclusively demonstrated by the character of stuff carried in the daily press throughout the country since March 1915.

"They have resorted to everything necessary to commercialize public sentiment and to sandbag the National Congress into making extravagant, wasteful appropriations for the Army and Navy under the false pretense that it was necessary. Their stock argument is that it is 'patriotism.' They are playing on every prejudice and passion of the American people."

Mr. SHIPSTEAD. Mr. President, I have here a statement sent me by Amputation Post, No. 1539, of the Veterans of Foreign Wars, of Minneapolis, Minn. This memorandum statement shows the reductions in compensation to service-connected wounded soldiers of the last war. I ask that it may be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

1. Gunshot wound left arm, left thigh, right lower leg, sciatic neuritis left due to gunshot wound, previously rated permanent partial 40 percent or $40 per month, under Public, No. 2, Seventy-third Congress, permanent partial 25 percent or $20 per month.

2. Gunshot wound chest wall with adhesions and foreign body, previously rated permanent partial 35 percent or $35 per month, under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

3. Gunshot wound right quadriceps, gunshot wound left calf, moderately severe, psychoneurosis hysteria held as secondary to gunshot wound, previously rated permanent partial 56 percent or $56 per month, under Public, No. 2, Seventy-third Congress, service connection for psychoneurosis hysteria was severed and gunshot wound rated as 25 percent or $20 per month.

4. Gunshot wound through and through left chest with fibrosis of lung, bronchitis and pleurisy held as due to gunshot wound previously rated permanent partial 34 percent or $34 per month, under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

5. Gunshot wound right leg with 1½ inch shortening of the leg (dementia praecox not due to service), previously rated permanent partial 30 percent or $30 per month, under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

6. Gunshot wound left arm previously rated permanent partial 20 percent or $20 per month, under Public, No. 2, Seventy-third Congress, rated less than 10 percent (0 percent).

7. Gunshot wound right wrist and hand, impaired function of hand and retained foreign bodies, amputation third finger right hand, paralysis almost total right ulnar nerve due to gunshot wound, previously rated 41 percent or $41 per month, under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

8. Amputation right arm upper third, gunshot wound left shoulder, previously rated permanent partial 90 percent plus the statutory award of $25 total rate of pay $115 per month, under Public, No. 2, Seventy-third Congress, rated 75 percent or $60 plus the statutory award of $20, rate of pay $80 per month.

9. Gunshot wound right thigh, moderately severe, previously rated permanent partial 17 percent or $17 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

10. Gunshot wound right hand, previously rated permanent partial 36 percent or $36 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

11. Gunshot wound, previously rated permanent partial 26 percent; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

12. Gunshot wound, previously rated permanent partial 20 percent or $20 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

13. Gunshot wound through and through right foot with atrophy of disuse right calf, previously rated permanent partial 17 percent or $17 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

14. Gunshot wound right upper arm, gunshot wound through and through right thigh, arthritis right knee and neuritis traumatic, previously rated permanent partial 33 percent or $33 per month; under Public, No. 2, Seventy-third Congress, permanent partial 10 percent or $8 per month.

15. Amputation right thigh with neuroma large painful right stump, second degree, pes planus left foot, anxiety neurosis secondary to gunshot wound, previously rated permanent total plus the statutory award of $25, total rate of pay per month $125; under Public, No. 2, Seventy-third Congress, rated permanent partial 50 percent or $40 plus the statutory award of $20, total rate of pay $60 per month.

16. Gunshot wound, previously rated permanent partial 28 percent or $28 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

17. Gunshot wound left thigh and right wrist, with sciatic neuritis, previously rated permanent partial 15 percent or $15 per month; under Public, No. 2, Seventy-third Congress, less than 10 percent (0 percent).

18. Gunshot wound right forearm, previously rated permanent partial 21 percent or $21 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

19. Healed fracture left tibia with anglation and shortening, mild atrophy left leg, previously rated permanent partial 22 percent or $22 per month; under Public, No. 2, Seventy-third Congress, less than 10 percent (0 percent).

20. Healed multiple gunshot wound and operative scars left face and left mastoid, deafness due to gunshot wound, paralysis left facial nerve, partial ankylosis of the jaw, and neurasthenia. Also gunshot wound right thigh, previously rated permanent partial 54 percent or $54 per month; under Public, No. 2, Seventy-third Congress, rated 25 percent or $20 per month.

21. Multiple gunshot wound lumbar region, multiple gunshot wound both arms, moderate irritation of left ulnar nerve, previously rated permanent partial 20 percent or $20 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

22. Gunshot wound with amputation right index finger, previously rated permanent partial 20 percent or $20 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

23. Gunshot wound right forearm through and through, herniation of muscle underlying scar, previously rated permanent partial 12 percent or $12 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

24. Gunshot wound left wrist with ankylosis, deformity and ankylosis of second, third, fourth, and fifth fingers left, foreign body left thumb, previously rated permanent partial 48 percent or $48 per month; under Public, No. 2, Seventy-third Congress, permanent partial 25 percent or $20 per month.

25. Gunshot wound left elbow, partial paralysis ulnar nerve; arthritis secondary to gunshot wounds, previously rated permanent partial 83 percent or $83 per month; under Public, No. 2, Seventy-third Congress, 50 percent or $40 per month.

26. Gunshot wound right tibia with compound fracture, both bones lower leg, previously rated permanent partial 17 percent or $17 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

27. Gunshot wound left leg and back, previously rated permanent partial 25 percent or $25 per month; under Public, No 2, Seventy-third Congress, 10 percent or $8 per month.

28. Gunshot wound scars right arm, compound comminuted fracture right humerus, previously rated permanent partial 22 percent or $22 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

29. Healed tender shrapnel scar, lower right back, previously rated 25 percent or $25 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

30. Gunshot wound right arm, with moderate injury to biceps muscle, gunshot wound right forearm, moderately severe injury with ulnar nerve, paralysis partial, gunshot wound chest, with injury to dorsi muscle, previously rated permanent partial, 27 percent, or $27 per month, under Public, No. 2, Seventy-third Congress, 25 percent, or $20 per month.

31. Gunshot wound right thigh, right knee through and through; left leg through and through, with fracture upper part of left fibula, previously rated permanent partial, 15 percent, or $15 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

32. Gunshot wound back, moderately severe, with muscle hernia, injury to tenth or eleventh spinal nerve divisions, dorsal tenth and eleventh right, previously rated permanent partial, 34 percent, or $34 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

33. Gunshot wound right buttocks, left thigh, previously rated permanent partial, 28 percent, or $28 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

34. Amputation right leg, middle third; gunshot wound right forearm and left thigh; neuroma of the stump, previously rated permanent partial, 55 percent, or $55 plus additional $25, monthly rate of pay $80, under Public, No. 2, Seventy-third Congress, permanent partial, 25 percent, or $20 plus $20, total rate of pay per month $40.

35. Gunshot wound right knee with traumatic arthritis, previously rated permanent partial, 20 percent, or $20 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

36. Gunshot wound of left forearm with partial paralysis of left median nerve, previously rated 19 percent, or $19 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

37. Gunshot wound left thigh with partial paralysis of anterior crural nerve, previously rated permanent partial, 25 percent, or $25 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

38. Gunshot wound neck and left arm, partial paralysis ulnar nerve, previously rated 22 per cent, or $22 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

39. Amputation right thigh, middle third with neuroma right thigh, traumatic neurosis, previously rated 81 percent, $81 plus $25 statutory award, monthly rate of pay per month $106, under Public, No. 2, Seventy-third Congress, 50 percent, $40 plus $20 statutory award, monthly rate of pay $60.

40. Gunshot wound left hand, amputation second finger left hand with ankylosis of third finger left hand, previously rated 31 percent or $31 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

41. Gunshot wounds left chest, left arm, right leg with muscle hernia, previously rated 51 percent or $51 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

42. Gunshot wound through and through left arm, fracture head of humerus through and through, injury to deltoid with chronic traumatic arthritis left shoulder, previously rated 25 percent or $25 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

43. Gunshot wound and postoperative, right knee with synovitis and traumatic bursitis and arthritis, previously rated 50 percent or $40 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

44. Multiple gunshot wound right chest, right neck, right shoulder and back with loss of muscle substance, previously rated permanent partial 25 percent or $25 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

45. Gunshot wound left shoulder and back, previously rated permanent partial 30 percent or $30 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

46. Gunshot wound right thigh with nerve injury and partial atrophy, previously rated 34 percent or $34 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

47. Through and through gunshot wound left elbow with fracture, ankylosis of left elbow, previously rated 24 percent or $24 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

48. Gunshot wound left hand, right thigh, previously rated permanent partial 28 percent or $28 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

49. Gunshot wound right thigh, right buttock and left thigh, previously rated 40 percent or $40 per month; under Public, No. 2, Seventy-third Congress, 25 percent or $20 per month.

50. Gunshot wound right thigh and right arm, previously rated permanent partial 20 percent or $20 per month; under Public, No. 2, Seventy-third Congress, 10 percent or $8 per month.

Mr. ROBINSON of Indiana. Mr. President, I have just received a telegram from Col. Erskine B. Bassett, formerly colonel in the American Expeditionary Forces, Hopkinsville, Ky., reading as follows:

Howard Peacher, veteran, injured overseas, died here today, having been cruelly denied both hospitalization and compensation to save the credit of the United States.

What a hollow sound that phrase has today, "to maintain the credit of the United States", as if any nation could ever have any credit or any moral fiber that turned its back on its own defenders. A nation that will not deal generously with those who have shed their blood in its defense does not deserve to be defended. In order to do this terrific injustice to the defenders of the Nation the President of the United States sent that infamous measure here to us labeled "A bill to maintain the credit of the United States." It was of course misrepresentation of the worst hue. It was trickery and nothing less than that, because it had a sound with its weazle words that might somehow or other be attractive to the American people. Everybody knows now that it was deceit, pure and simple.

Mr. President, I have a letter from Mr. Roy E. Layton, a Spanish War veteran of Ohio. This discloses that in connection with the administration of the Economy Act, so called, a letter was sent to a lady out in St. Marys, Ohio, who has been deceased for 10 years, informing her that the Veterans' Administration have reviewed her pension claim and have allowed her $20 a month, the pension having been originally allowed on the death of her son who was killed in action. The letter reads as follows:

WAPAKONETA, OHIO, *May 29, 1933.*

Hon. ARTHUR R. ROBINSON,
United States Senator from Indiana,
Washington, D.C.

DEAR SENATOR: Enclosed find an exact copy of a letter from the Veterans' Administration dated June 1, 1933, and addressed to Mrs. Jonathan Stonerock, 501 Pine Street, St. Marys, Ohio, stating that her claim has been carefully reviewed and that she has been awarded a pension in the amount of $20 monthly on account of the death of the veteran during war-time service.

Mrs. Jonathan Stonerock has been dead for nearly 10 years, viz, she died on August 28, 1923. At the time of hear death she was receiving a monthly pension or compensation on account of the death of her son during the World War and now she is again notified that she is entitled to a pension at reduced rates.

This seems to be a sample of the efficiency of the Veterans' Administration and hasty work based upon "careful review." Many veterans around here who served in the Philippine insurrection, and who were dangerously ill or seriously injured have received notice that their pensions have been entirely cut off before their affidavits could have possibly been reviewed and checked up. It looks as if someone in the Bureau of Pensions has made up their mind to cut them all off of the pension rolls, regardless of evidence that has been or may be submitted. In other words, there is no presumption whatever in their favor. If there are any veterans of the Spanish-American War who should receive a pension, they are those who served in the Philippine insurrection, in particular in the United States army of volunteers who underwent greater hardships and greater sufferings, and who contracted more serious diseases, and who were engaged in much actual warfare, whether you call them engagements or not, than any others perhaps who served in that war. I am not speaking for myself, as I was not one of them.

Thanking you for your efforts in behalf of the veterans, I remain,

Very truly yours,

ROY E. LAYTON,
Adjutant Wapakoneta Camp, No. 22, U.S.W.V.

Mr. President, there is enclosed with this letter to me a copy of a letter sent out over the signature of George E. Brown, director of compensation, to Mrs. Jonathan Stonerock. I shall not read the letter, but I ask to have it inserted in the RECORD at this point. I merely want to mention that the letter was received several days ago out in St. Marys, Ohio, by someone. It was addressed to a lady who has been dead for nearly 10 years. The letter is dated June 1. That is today. I received yesterday the original letter enclosing this copy of the letter from the Veterans' Administration. It must have been sent out from Washington a week ago, showing that the Veterans' Administration cannot wait for the date, June 1, does not wait for any evidence, but sends out a letter dated ahead of time to the mother of a deceased veteran, who herself has been deceased for the past 10 years. That is the way the Veterans' Administration is being handled under 1-man rule. One of the arguments advanced was that it would make for efficiency to place the Veterans' Administration in the hands of the President so as to improve efficiency of administration. Here is an example of their efficiency. They do not know who is alive and who is dead. I ask that the letter be inserted in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

VETERANS' ADMINISTRATION,
Washington, June 1, 1933.

MRS. JONATHON STONEROCK,
501 Pine Street, St. Marys, Ohio.

DEAR MADAM: A review of all claims in which payments of benefits were being made on March 20, 1933, was undertaken for the purpose of determining entitlement to benefits provided by Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government."

Your claim has been carefully reviewed in accordance with the provisions of the above-entitled act, and on the evidence of record in your case it has been determined that you are entitled to, and there is being approved in your favor, effective July 1, 1933, an award of pension in the amount of $20 monthly, on account of the death of the veteran during war-time service.

Regulations promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, provide that, except as to degree of disability, an application for review on appeal may be filed within 6 months from the date of this notice, or July 1, 1933, whichever is the later date. In the event you contemplate filing such an application, it is suggested that it be deferred until after July 1, 1933, when the condition of the work incident to the review of claims will permit of expedited action on applications of this character.

By direction.

GEORGE E. BROWN,
Director of Compensation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. Does the Senator mean to imply by his last statement that the mistake to which he has referred is chargeable to the President or to the fact

that the President was given extraordinary authority? Does not the Senator know that the error occurred in the course of the administration of the Bureau, was an error committed by subordinates, and that in the very nature of things the President of the United States is not responsible for it? Does the Senator think it is a fair argument to present to this body or to anyone else, in criticism of the President, to say that someone in the Veterans' Administration wrote a letter to someone who has been dead quite a long time?

Mr. ROBINSON of Indiana. I am not saying who is to blame. I do not know.

Mr. ROBINSON of Arkansas. But the Senator did say who is to blame in his opinion.

Mr. ROBINSON of Indiana. I do blame the President for sending that bill here. It should never have been done. If it had not been for the so-called "economy bill"——

Mr. ROBINSON of Arkansas. It is not a question of sending the bill here. The complaint the Senator from Indiana is making is with reference to an error in the transmission of a letter to a person who has been deceased for 10 years. That is such a mistake as is not attributable to any act or power of the President nor could the President have taken precaution to prevent such a mistake.

Mr. ROBINSON of Indiana. No, Mr. President; but I suggest in all good humor to my very good friend from Arkansas——

Mr. ROBINSON of Arkansas. I am happy to learn that the Senator is in a good humor. I am, too! [Laughter.]

Mr. ROBINSON of Indiana. I never can remain in a very good humor when I think about this so-called "Economy Act." I suggest to my friend from Arkansas that this has to do with reductions under the President's order and in accordance with regulations which directly flow out of the so-called "Economy Act." This would not have occurred had it not been for the so-called "Economy Act", for which I suppose the President is glad to take the responsibility. I certainly should not myself; but if he does take the responsibility for initiating that legislation, then I am correct in saying that this is a direct byproduct of that legislation and he is responsible.

Mr. ROBINSON of Arkansas. Then, according to the Senator's statement, he is to blame for every error made by one of thousands of clerks in a department.

Mr. ROBINSON of Indiana. O, Mr. President, I suppose finally someone must take responsibility for those errors, and I imagine it is the head of the department, and over him the Chief Executive, in whom is vested complete power.

Mr. ROBINSON of Arkansas. I merely interrupted the Senator to ascertain if that was his viewpoint. The Senator has made clear to me what his opinion about the matter is; and I thank him for yielding.

AMBASSADOR TO ENGLAND—FOREIGN DEBTS

Mr. ROBINSON of Indiana. Mr. President, my own opinion is—and I think time will vindicate this judgment—that the President of the United States never can escape responsibility for the injustices that have come about as a result of the so-called "Economy Act."

Mr. President, while I am on my feet I desire to advert to another matter with reference to our new envoy in London, the Honorable Robert W. Bingham.

When the nomination of Mr. Bingham was sent to the Senate to be Ambassador to the Court of St. James's, information was placed in the hands of the Committee on Foreign Relations which indicated that Judge Bingham, during a temporary residence in England, had made statements derogatory to the United States. It was charged that Judge Bingham, while over there, in the course of a public address, had said that the failure of the Geneva Conference in 1927 was entirely due to the representatives of the United States. It was intimated that somehow or other their stupidity had resulted in the failure of that conference. It was suggested that they had not had a proper appreciation of the needs of Great Britain. His speech was derogatory to his own people. That is the point.

Some of us were alarmed about those charges, especially with the war debts coming on for settlement, and the problem of disarmament appearing before the world; and it seemed that it might not be wise to send over there to represent this country one who was more favorable to Great Britain than he was to the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a second I will yield.

So I took the responsibility of delaying final action by the committee for a period of some days until those charges could be investigated. As a result of the investigation that was made the Chairman of the Foreign Relations Committee, the distinguished Senator from Nevada [Mr. PITTMAN], assured the committee that Mr. Bingham himself had denied ever having made such statements or any such speech. On the strength of that denial, I think, the committee was reassured and voted for his confirmation, and he was subsequently confirmed by the Senate.

Now, Mr. President, it develops that evidently there must have been something in what was said before, because this new envoy, Mr. Bingham, scarcely gets to London until he makes another speech, this time undertaking to overturn the traditional policy of the United States against foreign entanglements which has existed since the days of the first President, General Washington.

I now yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I did not want to interrupt the Senator, nor did I want to take issue with him; but the question of war debts was mentioned in his remarks. As one who would like to see his own country get as much of the debts as it is possible to get, I am wondering how the debts can actually be paid in full in view of the fact that Great Britain has only $714,000,000 in gold monetary stocks, and she owes us nearly $4,000,000,000, and we will not let her pay in goods. I should be grateful if the Senator could show us how payment can be made.

Mr. ROBINSON of Indiana. Mr. President, I do not care to be diverted into a discussion of that subject at this time.

Mr. McCARRAN. Mr. President——

Mr. ROBINSON of Indiana. But as long as it has been raised, I will suggest to the Senator from Maryland—I have no desire not to discuss it—that in my judgment it could be paid easily. The installment amounts to an average of something under $200,000,000 a year.

Mr. TYDINGS. About $183,000,000 a year.

Mr. ROBINSON of Indiana. Something less than $200,000,000 a year; and Great Britain has, or had a month or two ago, the biggest supply of gold in all her history. She has paid her debts before, presumably, and I think she could pay these installments without a bit of difficulty. I think I could convince the Senator from Maryland that she could pay the debt, and pay in gold, for that matter, without any difficulty whatever, since apparently she has had great good fortune in garnering together in the last year more gold than she ever had before in all her history. But, as I say, I do not care to go into that matter at this time.

Mr. TYDINGS. I did not want to interrupt the Senator, but my reason for making that interrogatory was that when Judge Bingham's remarks are read in full, I think it will be found that all he was attempting to do in that speech was to be candid; and I believe that an ambassador who is candid is the best ambassador we can have.

Mr. ROBINSON of Indiana. The Senator, of course, is entitled to his opinion, and he will permit me to hold mine.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Indiana yield to the Senator from Nevada?

Mr. ROBINSON of Indiana. I do.

Mr. McCARRAN. I only wish to inquire of the Senator from Maryland, first, if his inquiry propounded to the Sen-

ator from Indiana is an opening wedge by which and from which we are to conclude that the administration favors the cancelation of foreign debts? Secondly, I desire to inquire if it is not true that England actually received this money from the people of this country; and why should they not pay it back?

Mr. TYDINGS. Of course, I have no authority to take the time of the Senator from Indiana, and I shall not do so. I did not say that we should cancel the debts; neither did I speak for the administration; but I shall be grateful to any genius upon this or any other floor who will show me how we can collect $4,000,000,000 of debts from a country that has only $700,000,000 of gold.

Mr. ROBINSON of Indiana. Mr. President, let me suggest right there that up to date Great Britain has paid her installments when she had, if I remember the figures rightly, no more than $60,000,000 in gold after her installment was paid. If she could pay then, certainly she can pay with a gold stock of $800,000,000.

Mr. TYDINGS. Let me say to the Senator that he is in error. I shall not interrupt him again, but I should like to clear up his mind of one fact.

There is only eleven and one half billion dollars of gold in all the world.

We have four billions of that. That leaves seven and a half billions. The war debts amount to ten and one half billions of dollars. If we can only get $7,000,000,000, if we get all the gold in the world outside of the United States, how can our debtors pay ten and one half billion dollars of war debts?

Mr. ROBINSON of Indiana. The answer is perfectly obvious, and the answer lies in the truth of this statement—that up to date Great Britain has had no trouble in paying her installments with a tremendously lower gold stock than she has at present. So, if she could pay her honest indebtedness with a lesser supply of gold, why can she not pay her installment with two or three times as much gold as she ever had before?

Mr. TYDINGS. Will the Senator let me answer his question?

Mr. ROBINSON of Indiana. I do not wish to yield any further on that subject. I want to proceed with this discussion. That may or may not have much to do with Mr. Bingham.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. ROBINSON of Indiana. Yes; I yield.

Mr. McCARRAN. I should like to inquire of both the Senator from Maryland and the Senator from Indiana if Great Britain had any particular trouble in borrowing that money from the United States and taking it out of the taxpayers of this country when she borrowed it.

Mr. ROBINSON of Indiana. That is true.

Mr. President, I should like to mention at this time, too, that when one Mr. Bullitt was running around over Europe from one chancellery to the next, from one country to another, no one in the Senate seemed to know who he was, and yet information was emanating from the points of contact he had made over there that he favored, and was speaking for President Roosevelt—then the President-elect—a reduction of the debt on a basis of 1 to 10, one tenth of the total amount to be finally paid. Then it was denied that he had anything whatever to do with President Roosevelt.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. However, it developed since that scarcely had the incoming President been inaugurated when this same mysterious Mr. Bullitt was placed in a responsible post in the State Department, apparently with no definite duties assigned him; and now, to the amazement of some of us, this same man, who was running over Europe apparently without any credentials just 3 months or 4 months ago, now becomes the executive officer of the American delegation to the Economic Conference in London. So evidently Mr. Bullitt knew what he was doing back there in those days, and some of us who raised the question find now that perhaps our suspicions have been shown by recent developments to have been very well grounded.

I now yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, with the courtesy of the Senator from Indiana, I merely desire to say that I do not believe there is any justification for the statement or the implication in the statement of the Senator from Indiana that the President favors the cancelation of the debts, or favors a settlement of them on the basis of one tenth of the amount due, or anything like that.

The President, necessarily, in the conduct of foreign relations, realizes the difficulties that are to be met in collecting the debts; but there is every indication that he is abiding by and carrying out, insofar as it can be done, the joint resolution of the Congress upon this subject.

I think the Senator from Indiana would accomplish a helpful end if he would recognize that fact. I do not believe it can be beneficial to the cause of the Government of the United States to assert on the floor of the Senate, in contravention of what I understand to be the facts, that the President favors any such arrangement as that to which the Senator has referred. I think it will embarrass him in his efforts to collect the debts, or in his efforts to carry on negotiations respecting resumption of payments.

Mr. ROBINSON of Indiana. Mr. President, I am glad to have the Senator's assurance that in his opinion the President does not favor cancelation or reduction of the debts. Of course the Senator will agree that many of the rumors and many of the reports that emanate from Europe are somewhat disconcerting, to say the least.

Mr. ROBINSON of Arkansas. Mr. President, with the Senator's permission——

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. ROBINSON of Arkansas. I should like to say that there is no intention on my part to try to define what will be the policy of the administration respecting debts should an impasse be reached relating to the collection of the debts. I have no authority to do that, and do not assume to say what recommendation, if any, the President will make. I do know, as a matter of fact, that the President has not sought to compromise the matter; that he has not disregarded the existing law on the subject.

Mr. ROBINSON of Indiana. Mr. President, yesterday there appeared in the Washington Herald an article, a Universal Service special cable, by Thomas C. Watson, under this caption:

United States Isolation Ended, Bingham Tells Britain. Envoy Admits Idea of Founders is Abandoned.

I want to quote just 2 or 3 sentences from the speech Ambassador Bingham is reported to have made over there, with the Prince of Wales beside him to cheer him on.

Ambassador Bingham said of the President:

"With the full support of the overwhelming majority of people whose leader he is, he has laid down what all other nations may rely upon implicitly so far as all our foreign relations are concerned."

Referring to United States Ambassador Norman H. Davis' statement at Geneva as meaning the United States reversal of a traditional policy of freedom from European entanglements, Ambassador Bingham declared:

"That marked the definite departure from certain principles maintained by the United States since the Nation was founded.

"It is a great step forward toward the maintenance of the peace of the world. It does contain certain reservations, but a similar reservation is retained by the British Government in the Locarno Treaty."

Then Ambassador Bingham proceeded as follows:

From my standpoint, I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail in the event of war to select instantly the aggressor.

Mr. President, it is amazing that the American Ambassador could make such a statement as that—if he is correctly quoted—because historians today are undecided as to who was the aggressor in the World War, and for the past 15 years the question of war guilt has been raging and nobody presumes to know who was the aggressor. Yet, Mr. Bing-

ham undertakes to say that we have overturned our traditional policy, that we are now going to enter a consultative pact to define and determine the aggressor, and that means, according to Norman H. Davis, the roaming Ambassador abroad, that it will be necessary for us to agree with the European nations to uphold artificial boundaries there, the status quo as it came out of the infamous treaty which was the product of the Versailles Conference, a treaty which we refused to ratify. We preferred to make a separate peace with the Central Powers.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. Was the speech about which the Senator is complaining an after-dinner speech of the new Ambassador, Mr. Bingham? It was an after-dinner speech, was it not?

Mr. ROBINSON of Indiana. This was a dinner speech from which I am quoting—a speech delivered yesterday.

Mr. LONG. Of Mr. Bingham?

Mr. ROBINSON of Indiana. I will read this to the Senate:

Ambassador Bingham, addressing the Pilgrims Society at a Memorial Day dinner in his honor attended by the Prince of Wales, Foreign Secretary Sir John Simon, War Secretary Lord Hailsham, and a host of other officials and diplomats, stressed "the changed attitude on several subjects of the people of the United States."

I send the article to the desk at this point and ask that it may be incorporated in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, May 31, 1933]

UNITED STATES ISOLATION ENDED, BINGHAM TELLS BRITAIN—ENVOY ADMITS IDEA OF FOUNDERS IS ABANDONED

By Thomas C. Watson

LONDON, May 30.—The foreign policy of the Roosevelt administration, as exemplified by America's expressions at Geneva of willingness to join a "consultative pact", marks America's abandonment of certain policies laid down by the Nation's founders, United States Ambassador Robert W. Bingham said tonight.

Ambassador Bingham, addressing the Pilgrims Society at a Memorial Day dinner in his honor attended by the Prince of Wales, Foreign Secretary Sir John Simon, War Secretary Lord Hailsham, and a host of other officials and diplomats, stressed "the changed attitude on several subjects of the people of the United States."

ADMITS UNITED STATES REVERSAL

Reiterating the "good neighbor" policy expressed by President Roosevelt in his inaugural address, Ambassador Bingham said of the President:

"With the full support of the overwhelming majority of people whose leader he is, he has laid down what all other nations may rely upon implicitly as far as all our foreign relations are concerned."

Referring to United States Ambassador Norman H. Davis' statements at Geneva as meaning the United States reversal of a traditional policy of freedom from European entanglements, Ambassador Bingham declared:

"That marked the definite departure from certain principles maintained by the United States since the Nation was founded.

"It is a great step forward toward maintenance of the peace of the world. It does contain certain reservations, but a similar reservation is retained by the British Government in the Locarno Treaty."

CITES CONGRESS ACTION

Remarking upon hesitancy of the Geneva Disarmament Conference in fixing a definition for an agressor nation and President Roosevelt's "definition" as the nation whose troops are found in foreign countries in violation of treaties, Ambassador Bingham said:

"From my standpoint, I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail in the event of war to select instantly the agressor."

Commenting upon Europe's view that the President is not empowered to commit the United States to any policy without congressional assent, Ambassador Bingham said:

"It is necessary to realize that President Roosevelt has loyal and enthusiastic support in Congress and among the people to a degree unequaled in our history since George Washington.

"NO TIME FOR TRADING

"This is no time for mere trading and bargaining. There is no time for any thought except what shall we do to be saved.

"I believe that hope for this stricken world rests largely upon understanding, cooperation, and confidence among the English-speaking peoples."

Ambassador Bingham cited the "incredible" recovery of America economically since March 4. His speech was the first he has made in public since arriving. The dinner was held in the grand hall of the Hotel Victoria. Among the 300 guests were many prominent Mayfair hostesses.

Before the dinner Mrs. Bingham and Chargé d'Affaires Ray Atherton placed a wreath on the statue of Abraham Lincoln in Parliament Square. American legionnaires took part in Memorial Day ceremonies by placing a wreath on the Cenotaph, Britain's war memorial.

Mr. LONG. Mr. President, does not the Senator think that in gaging the value to be given to this dinner speech we ought to find out at what point of the dinner it was given, also the menu and what other things were served?

Mr. ROBINSON of Indiana. That might be an important thing to ascertain.

Mr. LONG. With the Prince of Wales sitting there at his side.

Mr. ROBINSON of Indiana. And Sir John Simon.

Mr. LONG. And Sir John Simon—leaving this country and going over to a country where they never heard of Volstead, having a nice banquet, probably going out to Buckingham Palace late in the evening. We cannot tell what a man is likely to say under those circumstances. [Laughter.]

Mr. ROBINSON of Indiana. Mr. President, it is my judgment that the policy laid down by the first President of the United States, George Washington, admonishing against entangling foreign alliances, will continue to be the policy of this country long years after Ambassador Bingham is dead and gone. The point is that it does not help our international relations any to have an Ambassador talking wildly over there, as if he could overturn these policies, which are as old as the country, by mere words. Therefore he ought to be recalled and brought back to the United States, where at least people will not pay so much attention to what he says.

Mr. President, I want to refer again to Mr. Norman H. Davis. It seems, from the Morgan inquiry, that he is on one preferred list after another.

Not only is he heavily indebted to J. P. Morgan & Co., to the House of Morgan, but Mr. Davis is one of the pets of Morgan, on the preferred list, and therefore he must, if he is overseas negotiating for the United States, pay some attention to the House of Morgan. If he is representing the House of Morgan over there, the quicker he is brought back to this country the better, and I hope that will be at an early date.

Mr. President, before I resume my seat I want to state that the Morgan influence was present at the writing of the peace treaty at Versailles. That developed in a hearing before a Senate committee as a result of testimony of the late Mr. Davison, at that time one of the Morgan partners. Mr. Thomas W. Lamont, another one of the partners, was representing the United States Treasury at Versailles at the time the treaty was written.

I have here a copy of the report of the hearings before the Committee on Foreign Relations, questions asked by the distinguished Senator from Idaho [Mr. BORAH], and the responses of Mr. Davison.

The substance of the examination and of the responses to the questions was simply this, that Mr. Davison felt that it was perfectly proper for Mr. Lamont to furnish the House of Morgan with a copy of the peace treaty before the Senate of the United States had a copy, or before the people of the United States could know the truth, because of the fact, largely, that they were international bankers, and had to deal with many of the governments of the world.

The hand of Morgan is just as thoroughly potent today in the affairs of this Government, apparently, as it was then. We have Mr. Norman H. Davis, one of the pets of the House of Morgan, heavily obligated by loans to that house, representing Mr. Roosevelt abroad, and we have the Secretary of the Treasury, Mr. Woodin, also close to the House of Morgan, running the Treasury of the United States.

I am sure the people of this country would feel far better, and have tremendously greater confidence in the Government of the United States, if both those gentlemen were separated from the public service.

INDEPENDENT OFFICES APPROPRIATION

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and

sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. TRAMMELL. Mr. President, I have on the desk an amendment which I have proposed, and I should like to suggest the following modifications, on line 6, after the word "compensation", to insert the words "or the pension"; on line 7, after the word "compensation", to add the words "or pension or may hereafter be granted compensation or pension"; on line 8 to strike out "10" and insert "15"; on line 9, after the words "per centum" to insert the words "below the compensation or pension to which they were entitled on March 20, 1933."

I should be glad to have the Secretary read the amendment, as modified.

The PRESIDING OFFICER. The clerk will read the amendment, as modified.

The legislative clerk read as follows:

On page 61, between lines 6 and 7, add a new section, as follows:

"SEC. 21. That regardless of any provisions embraced in title I, of an act to maintain the credit of the United States Government, being Public, No. 2, Seventy-third Congress, the compensation or the pension of those veterans who on March 20, 1933, were drawing compensation or pension or may hereafter be granted compensation or pension on account of service-connected disability, shall not be reduced more than 15 percent below the compensation or pension to which they were entitled on March 20, 1933. In any review of a veteran's case by the Veterans' Administration with a view to reducing the rating of or change the cause of his disability, the burden of proof shall rest upon the Government."

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Maryland?

Mr. TRAMMELL. I yield.

Mr. TYDINGS. Mr. President, just for the moment I wish to comment upon the international situation as touched upon briefly by the Senator from Indiana.

In my humble judgment, the present depression is world-wide, and, in my humble judgment, one of the chief factors in the depression is the war debt, the unsettled, the evaded, war-debt issue; and until the statesmen and politicians of the various parliaments of the world make up their minds to tell the truth, unpopular though it may be, and to face some of the issues in the equation, the world will remain in a depression, or part of a depression, because a large part of it is due to the war debt.

What are the essential facts? First of all, about ten and a half billion dollars is owed to the Government of the United States by our allies in the last war. There is only eleven and a half billion dollars of gold in the entire world. We already have over four billion of that eleven and a half billion. That leaves seven and a half billion of gold in all the government treasuries of the world outside of our own; and I would be grateful indeed if someone would tell me how seven and a half billion dollars' worth of gold can be used to pay in gold ten and a half billion dollars' worth of debts.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WHEELER. Is not that about the best reason in the world why there should be an effort to remonetize silver, instead of the attempt being made to keep us on the gold standard?

Mr. TYDINGS. The Senator knows I am in sympathy, in a basic way, if not in method, with what he says. England has about $750,000,000 in gold and $250,000,000 in silver. She has monetary stocks of gold and silver together of about a billion dollars, and she owes us $4,000,000,000 worth of debts. If anybody can show me or show England or show the United States or show the world how a billion dollars' worth of money can pay $4,000,000,000 worth of debts in money, I would be grateful to have that explanation.

Mr. TRAMMELL. Mr. President, I did not expect to yield for a long debate. If I may have the floor after we get through with this controversy, I will yield further.

Mr. TYDINGS. Mr. President, the Senator will have no difficulty in getting the floor.

Mr. TRAMMEL. I should like to get recognition to talk about a matter of very great importance to the ex-service men of this country.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. McCARRAN. I just want to make this passing observation, that if Ramsay MacDonald were here and making his most powerful argument, it probably would not be more cogent than that which has just been offered by the Senator from Maryland.

Mr. TYDINGS. Mr. President, if the Senator from Nevada will answer the question which I propounded a while ago, he will find that I will go along with him to collect the last dollar, if he will show me how we can collect it; but, Mr. President, we know, if we are going to be honest about this thing and quit "buncoing" the American people, that foreign governments cannot pay ten and a half billion dollars' worth of war debts in gold with $7,000,000,000 of gold.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Indiana?

Mr. TYDINGS. Yes; I yield.

Mr. ROBINSON of Indiana. Let me suggest to the Senator that Great Britain has paid the installments of her debt up to date in gold, and with a tremendously lower stock of gold on hand than at present.

Mr. TYDINGS. I do not agree with the Senator.

Mr. ROBINSON of Indiana. Then, how has she been paying her debt up to date?

Mr. TYDINGS. Let us take the Senator's own argument——

Mr. ROBINSON of Indiana. It is not an argument; I am merely asking a question. The Senator will agree that Great Britain's installments of the debt have been paid in gold?

Mr. TYDINGS. How does the Senator think they have been paid?

Mr. ROBINSON of Indiana. They have been paid in gold.

Mr. TYDINGS. How does the Senator think they have been paid?

Mr. ROBINSON of Indiana. The Senator and I will agree, I think, that so far they have been paid with gold.

Mr. TYDINGS. With ear-marked gold! Why, including all the gold either in England or available to the British Government in her entire monetary system——

Mr. ROBINSON of Indiana. She has now about $800,000,000 of gold on hand.

Mr. TYDINGS. She has $750,000,000.

Mr. ROBINSON of Indiana. The report I saw a few days ago—perhaps a month ago—was to the effect that Great Britain then had something like $800,000,000 in gold stocks, which was the top mark in all the history of Great Britain so far as her gold supply was concerned. If that be true, if she could pay when she was poor and had less gold, how does it happen that she now suddenly cannot pay her installments of the debt, with a larger supply of gold than she has ever had before?

Mr. TYDINGS. The Senator has not answered my question; he is only asking me another one. I want to ask him if Great Britain has $800,000,000 in gold, where she is going to get the other $3,000,000,000 in gold with which to pay the United States?

Mr. ROBINSON of Indiana. She will get it from year to year.

Mr. TYDINGS. How?

Mr. ROBINSON of Indiana. It comes about through exchange. We have a money circulation here much greater than our gold supply, though all our currency has been backed by gold.

Mr. TYDINGS. I have asked the Senator the specific question where Great Britain was going to get the other $3,000,000,000 worth of gold, and he cannot tell me.

Mr. ROBINSON of Indiana. It is in exchange which is constantly taking place.

Mr. TYDINGS. How? Does the Senator mean by Great Britain selling us more goods than we sell to her?

Mr. ROBINSON of Indiana. No, Mr. President; but the gold supply is redistributed year after year.

Mr. TYDINGS. The Senator is wrong.

Mr. ROBINSON of Indiana. The question seems to me to be perfectly primary and elementary. Great Britain is paying us now much less than $200,000,000 a year, and she has a gold supply of approximately $800,000,000.

Mr. TYDINGS. I thought the Senator was going to tell me that Great Britain has built up her present supply of gold by selling more to other countries than she has bought from them, but we have sold to Great Britain since 1921 $6,000,000,000 more of American merchandise than we have bought of British merchandise. Great Britain has paid the present value of her war debt to us twice since 1921, in the payment of her unfavorable balances of trade.

Mr. ROBINSON of Indiana. I rest the case on the proposition that when Great Britain had a very small supply of gold, the lowest supply, perhaps, she had ever had, she still managed to pay her installments to the United States. Now, when her gold supply is greater than it has ever been in all her history, I refuse to believe that somehow or other it will be exhausted to such an extent by paying her honest obligation this year that next year she will not have any left.

Mr. TYDINGS. Without meaning any reflection on the Senator, he puts me in mind of the man who is in debt very heavily and cannot pay his way out, and who says to his creditor, "I am going to pay you", and the creditor asks, "How?" And the debtor says, "I do not know, but somehow or other I am going to pay you."

Mr. McCARRAN. Mr. President——

Mr. TYDINGS. I yield to the Senator from Nevada.

Mr. McCARRAN. There are two ways out, let me say in answer to the Senator's question: By legislation we have afforded Great Britain the opportunity to pay in silver to the extent of 200,000,000 ounces; and, secondly, facetiously, perchance, I might say that Great Britain might pay from the income taxes which she takes from our capitalists, as it has been disclosed she does by recent investigations.

Mr. TYDINGS. I am very glad the Senator from Nevada has brought up the question of the income tax, because it is a notorious fact that income taxes in Great Britain are five times, on many incomes, as high as are income taxes in the United States.

Mr. McCARRAN. The Senator will admit that they collect them over there, but such taxes are dodged here.

Mr. TYDINGS. Yes; but even with the collection of the income taxes the Senator from Nevada cannot show, nor can any other man show, how Great Britain can increase her gold stock from $800,000,000 to $3,000,000,000 and more.

Mr. McCARRAN. When we open the gate for them to pay with legitimate money, why do they not pay? By an act passed by the Congress only a few days ago we gave them the avenue to pay. Why now open up the gates by which, undoubtedly, the administration proposes through the commission it has sent abroad to cancel the debts?

Mr. TYDINGS. Does not the Senator from Nevada know that Great Britain has been paying in gold? Why does the Senator assume, therefore, that Great Britain will not continue to pay?

Mr. McCARRAN. Then, why does the Senator from Maryland try to open the avenue by which she will not have to pay?

Mr. TYDINGS. No; I am simply facing the ultimate which we are all going to face in this Chamber in the next 6 years. We are going to face the stark realities on this debt question. We are going some day to tell the American people the truth about it; we are going some day to have to stand up and vote upon it. I, for one, am just as anxious as is anybody else to have the Government of the United States get every dollar it can, but what I am asking is how is the Government going to get the money?

Mr. ROBINSON of Indiana and Mr. McCARRAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to make just this observation: One would think to hear the Senator talk on the subject that he had an idea that Great Britain had to raise $4,000,000,000 tomorrow. As a matter of fact, she has 62 years in which to make the total payment, so that it can be made in small installments. Furthermore, Mr. President, the rate of interest she is paying is only 3½ percent, and while Great Britain will be paying nothing on the principal, but just 3½ percent on her indebtedness for a period of 62 years, during all that time the American people will be paying above 4 percent, or an average of 4.7 percent, as I remember, on the Liberty bonds; and if Great Britain will just pay that 3½-percent interest on her indebtedness that will help us to pay the 4.7-percent interest for a period of 62 years, and her entire obligation will then be discharged. Does not the Senator feel that he ought to say something for the American people who have to pay the interest on the bonds?

Mr. TYDINGS. Oh, Mr. President, without any reflection upon the Senator from Indiana, what he is saying about my saying something for the American people is pure demagoguery. If the Senator can show that Great Britain either now or in the next 62 years can add to her gold stock sufficiently to build up $4,000,000,000 worth of gold, when there are only seven and a half billion left in all the world outside of the United States, I will be under very great obligations to him.

Mr. ROBINSON of Indiana. I agree with the Senator that for anybody to say a word for the American people is demagoguery.

Mr. TYDINGS. No, I did not say that.

Mr. ROBINSON of Indiana. But if he speaks for the rest of the world or says a word for Great Britain and helps Great Britain "get by" without paying a portion of the interest which the American people must pay, any way, on their enormous indebtedness, then, he is broad-minded. But, Mr. President, the American people must not only pay 4.7-percent interest on the British debt, but we must also pay the principal. How are the American people to get the money with which to pay that debt? If the Senator feels that Great Britain should be spared and that Great Britain cannot even get 3½-percent interest with which to pay her debt over a period of 62 years, I am wondering how the American people can stagger along and pay 4.7-percent interest and the principal besides.

Mr. TYDINGS. What I want to bring out—and I ask the attention of the Senator from Indiana—is that the only way I know of that a nation can add to its gold stock is to sell some other nation more goods than it buys, so that the favorable balance in trade, payable in gold, will bring gold to the country, or that the residents of one country will go into the foreign country and expend exchange for pleasure, or that service will be rendered equivalent to goods or money. Great Britain cannot pay us in goods because the tariff will not permit it. As a matter of fact, as I said before, Great Britain has bought over $6,000,000,000 more of our merchandise since 1921 than we have bought of Great Britain's merchandise. In other words, since then, in unfavorable trade balances, she has paid the present value of the war debt twice.

Mr. ROBINSON of Indiana. Mr. President——

Mr. TYDINGS. Just a moment. If we are not going to let Great Britain pay in goods, and if we are not going to let her pay in services, and she had not the gold, what I am asking the Senator from Indiana is, where is she going to get the gold with which to pay her $4,000,000,000 war debt?

Mr. ROBINSON of Indiana. I assume it all boils down to this: If I understand the Senator correctly, he favors canceling the British debt?

Mr. TYDINGS. I do not favor canceling the British debt at all.

Mr. ROBINSON of Indiana. But how can it be paid?

Mr. TYDINGS. But what I do favor is, if we are not going to get the money, to say so; and when I know we are not going to get the money, not to stand up here and insist on payment in full that cannot be made. In order that there may be no misunderstanding, I will give my position on the war-debt question. I favor a lump-sum settlement now, in 1933, of as much as we can get, and good-bye to the debt question, because the Senator from Indiana, who constantly tells us to keep out of European entanglements—and I am not out of accord with that sentiment—and daily shows that there might be another war over there, must know that if there should be another war in Europe, we would not get any of the money anyway; it will have gone for good. I should like to take all I can get now, wind up the debt settlement, revive trade, and start the world going again, instead of having all the countries of the world locked up, as they are now, so that a nation such as ours, which since 1893 has sold the world $35,000,000,000 more of its products than it has bought from the world, may again find adequate foreign markets, and so that our farmers, our workers, and our railroad men may be employed instead of being members of the army of the unemployed.

Mr. ROBINSON of Indiana. The Senator takes the same position, I assume, with reference to the French debt and all the other debtor nations?

Mr. TYDINGS. Absolutely; I would settle every one of the debts now through a lump-sum settlement. I would deal with each nation separately. The rate of settlement for one nation would not necessarily be the rate of settlement for another. All the circumstances in each case should be weighed.

Mr. ROBINSON of Indiana. If they have not the money to pay now—and the Senator says cannot pay—it finally amounts to this, the Senator favors cancelation?

Mr. TYDINGS. It comes down to this, that, according to the Senator's own argument, if there were a new war in Europe; a bird in hand is worth ten hundred in the bush; and if the dangers which the Senator daily pictures as to what is likely to occur in Europe are one one-hundredth of one one-hundredth of one one-hundredth of one-thousandth of 1 percent as real as he seems to think, we will be a whole lot of money in pocket if we do settle the debts now and have them over with.

Mr. ROBINSON of Indiana. Mr. President, may I suggest to the Senator that it did occur in 1917; we did get in the war; and what I am hoping now is that, in spite of blundering diplomacy, we will not get in again.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Just a minute; I cannot yield now. I remember 1916 very well. I remember when the then President of the United States, Mr. Wilson, was writing notes across the water every time something happened over there; when our rights were invaded, there was another note; and there were a lot of people in this country who said, "Why does he not stop writing notes? If Theodore Roosevelt were in the White House, he would not be writing notes."

Many people said that to me almost every morning; but I noticed when the President quit writing notes, when we really went to war, that many of the gentlemen who made these criticisms were no place to be found in the Army of the United States. They were tired of notes; they wanted action; Mr. Wilson was criticized as being a pacifist. I did not want the war; I was in favor of his notes; I wish he had written them until he ran out of writing paper. I could not see any value in the war, but I saw that we were likely to get into it, in spite of everything. However, we did not go into the war to save France or England or Italy; we went into the war because we considered our honor and our property and the rights of our nationals were being infringed upon; we declared war very formally; and from the minute we went into that war it was our war just as much as it was the war of any other country.

What happened then? It took us a year to get 300,000 men across the water, few of whom saw active service in that time and few of whom were casualties during the first year of the war, and during that time our allies, by the hundreds of thousands in the British, French, Belgium, and Italian Armies, died on the battlefield, holding back our enemy as much as their own.

Then what happened? They said they were running short of supplies and we let them have the money, about $10,500,000,000. Did they take the money out of the country? Of course they did not take it out of the country. Much of it was put on deposit right here in the United States, where it was used to buy shells and munitions and clothing and food which we furnished over there while they were holding the front and losing their men by the hundreds of thousands while we were training back here in the training camps.

Mr. ROBINSON of Indiana. Mr. President——

Mr. TYDINGS. Just a moment. I have not yet finished painting this picture.

Now we come, after the war is over—our war, not only their war—and ask for payment of 100 cents on the dollar. Let us switch the situation around for a moment and see how we would view the matter from their angle. Let us suppose that nation X, out beyond the Pacific, and our own country are engaged in war, and we have been fighting for 3 years. Let us assume we are getting the worst of it. Great Britain comes into the war after 3 years because of some incident, but she has not an army ready. While our troops are entrenched on the fields of Kansas, dying by hundreds of thousands for a year before the British Army can be transported over here, we borrow from Great Britain, not money—because the money did not go over to England or France or Italy in the World War—but we borrow credit to the extent of $10,000,000,000 for clothing and shells and munitions with which to fight the British war as well as the American war against nation X.

If that were the case, I wonder if the Senator from Indiana would not be on the floor of the Senate at this hour saying, "Think of it! Our men, our ex-service men, shed their blood upon the fields of Kansas in the war with nation X, held the battle lines with their breasts bared while their women and children were saddened at home, through one long year, while Great Britain, in the same war, was getting ready, and Great Britain loaned us $10,000,000,000 worth of food and clothing and supplies in the same war, and now, after it is all over, she asks us to forget the loss of our men, and asks only to pay the bond, to pay 100 cents on the dollar."

Mr. President, the Senator from Indiana would say, "Has that nation no heart? Has it no conscience? Has it no humanity? When our boys were holding the front in Kansas in this war with nation X, dying by the hundreds of thousands, they were only getting ready over there in Britain, were contributing food and munitions and clothing, and now, when it is all over, Great Britain asks us to pay in full 100 cents on the dollar."

Mr. ROBINSON of Indiana. Mr. President——

Mr. TYDINGS. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I applaud the Senator's enthusiasm and his eloquence.

Mr. TYDINGS. No; it is only a statement of facts. There is no enthusiasm about it.

Mr. ROBINSON of Indiana. I was just thinking, as the Senator spoke so eloquently, what a pity it is that his speech could not be made in the French Chamber of Deputies or in the English Parliament.

Mr. TYDINGS. O Mr. President, there is nothing holding this world back like criticizing other governments. That is one of the things that is wrong today—the failure of men in the parliaments of the world to blame their own government where blame is often rightfully due, and not always the other fellow's government, because sometimes all governments like all individuals are in the wrong. The man who is serving the world in this hour of depression is ready to call his government when he thinks his government is wrong. I have no use at all for the man who thinks the

other government is always wrong and his own government is always right. Governments are made up of human beings and none of them has a patent on rectitude.

Mr. BONE. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Washington.

Mr. BONE. Is not the Senator aware that a great many men were sent to prison during the war for expressions of that kind?

Mr. TYDINGS. What kind?

Mr. BONE. For saying they did not agree with their own government.

Mr. TYDINGS. Yes.

Mr. BONE. Had the Senator expressed that opinion in 1917, he might have been sorry.

Mr. TYDINGS. I did express it in 1917, and I will express it again and again, as long as I live.

Mr. BONE. I am not out of harmony with the Senator.

Mr. TYDINGS. I understand; nor am I out of harmony with the Senator from Washington. I may be wrong about it, and if I am I will be the first to admit it; but so far as I know there has been no man able to say, with only $11,500,000,000 worth of gold in the world, with our own Government in possession of over one third of it, with $10,500,000,000 worth of war debts owing and payable in gold, how the $10,500,000,000 can be paid out of the remaining $7,000,000,000 worth of gold.

Mr. McCARRAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nevada?

Mr. TYDINGS. I yield.

Mr. McCARRAN. The speech made by the Senator from Maryland brings back to mind the propaganda that prevailed in this country and was broadcast here under British dominance and under British money before the war was declared. It is the same stuff we listened to before we went into the war. It is regrettable now that we must listen to it again when they want to cancel their debts. Apparently, these views come from the administration as the first shot toward a cancelation that will never, in my judgment, be approved by the Senate.

Mr. TYDINGS. Mr. President, I shall have to interrupt the Senator long enough to say that I do not speak for the administration. I have never discussed this matter with any member of the administration. I am speaking here in my own individual right and in no other capacity, directly or indirectly; and, thank God, I am speaking what I honestly believe to be the truth.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield to the Senator from Louisiana.

Mr. LONG. With the powerful minds in the Senate unable to agree on this question, the lesser minds are indeed in serious difficulty at this time.

Mr. TYDINGS. Mr. President, I did not want to enter upon the discussion of an issue which is not before the Senate, and only because it was mentioned by the Senator from Indiana did I attempt to reply at all. I leave this prophecy with the Senate. We may all say we expect to be paid in full. We may never accept the lump-sum settlement. We may insist on payment of these debts to the last dollar. But some day, perhaps within the next several years, we are going to have to face the grim reality of the situation; and I am going to await the suggested solutions when stark facts force a decision upon us.

Mr. TRAMMELL. Mr. President, I do not propose to enter into the controversy in regard to foreign debts. I think there are matters at this time of a good deal more interest to those who were vitally concerned in the war as fighters and defenders of their country than a discussion of the foreign debts owing to the United States.

I am not one who has tried to encourage Great Britain, France, or any of our other foreign debtors in the thought or to argue that we are ready and willing to offer a settlement of compromise or cancelation of their debts. I have entertained the view that the best way for us to collect those debts is to say that we expect them to be paid in full. They owe us the money. The money was raised by the American people and we expect them to pay the debts. I believe that policy would have a more wholesome effect upon our foreign debtors than a policy of telling them that we know they cannot pay.

When my good friend from Maryland and others advocate this soft road for our foreign debtors, I am reminded of a little incident in my younger days. Probably some other Senators may have had a similar experience. When I was a young fellow, working as a traveling salesman, I went into a little country hotel about noontime one day. When I registered there was no one there except a small boy about 10 or 12 years of age. I said, "Where is your father?" He said, "He is down at the store. We run the store and we run the hotel, too." I said, "What is the price of dinner?" He said, "If you are not a traveling man, it is 75 cents. If you are a traveling man, it is 50 cents." I said, "Of course, under those circumstances, I must be a traveling man."

I imagine that our foreign debtors, when they hear of Americans who are to have something to do with the settlement of the debt question saying that they think the European nations cannot pay, and then proceeding to detail why they cannot, at least get some cheer and some hope from that kind of utterance. I would rather take the attitude that we expect them to pay in full. That is my position in the matter. I think we have made sufficient sacrifice and sufficient reduction to our foreign debtors.

I am not in favor of trying to palliate them or encourage them in the thought that they are going to get cancelation or even reduction.

Why, take the case of France. They plead inability to pay even interest of $19,000,000, and yet in the press, a couple of weeks ago, France had agreed upon an expenditure of more than $500,000,000 for military purposes for next year. Why not 19 millions less, if necessary, of their military establishment and the use of this sum to pay an honest debt to America?

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. FESS. The argument is constantly being made that the foreign governments cannot pay. I saw a marshaling of figures the other day that gave the amount of money that is paid by our own country or our own citizens to the people of Europe. Take any one of the countries that are debtors of ours, whether it be Great Britain or France or Italy. The amount of money that goes to them from the citizens of this country is something like three or four times the annual debt payment required under the settlement plan.

This money comes to them from such sources as tourists, immigrant remittances, charges on marine carrying, and the triangular transactions where we buy from South America and pay money and then South America sells to Great Britain or to France, so that the trade becomes a triangular affair. From these sources, every dollar of which comes from the United States, these countries could pay four times over the annual charge and never take a single dollar out of their treasury that does not come from the United States itself.

Mr. TRAMMELL. I heartily agree with the Senator; and I think if we had not so many people here in America encouraging the idea that there is going to be a cancelation or modification of debts, there would not now be such persistent effort on the part of these foreigners to get us to forgive the debts entirely, or to make a very substantial reduction in addition to the reduction we made when we made the debt-adjustment settlements, beginning in 1923, when we forgave them about half or more of the debts that they owed us at that time. I will say I voted against these adjustments because I thought our country was making too much of a concession.

My point is I am against the idea of a reduction or cancelation with our foreign debtors. I think they ought to do their honorable duty and pay these debts and keep up the interests, and that they should be making a diligent effort to do that instead of trying in every way possible to avoid

their obligations and to persuade the American officials that they should forgive these debts, and then make the taxpayers of American keep on and keep on paying the money which was raised from the people of America to make these loans to foreign nations.

I did not mean to drift on this foreign-debt subject; but it is my purpose to speak more at length in regard to the pending amendment offered by me.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield for just one observation?

Mr. TRAMMELL. I yield; but I hope the Senator will make it brief. He has spoken a good deal already on this subject. I always listen with interest to him, but I want to discuss the amendment.

Mr. ROBINSON of Indiana. I think the Senator is quite right. I simply want to agree with the Senator in his statement that if the foreign debtors do not pay these debts, the American people will have to do so.

Mr. TRAMMELL. Certainly; that is the inevitable.

Mr. FESS. Mr. President, will the Senator yield to me for just one moment?

Mr. TRAMMELL. Gladly.

Mr. FESS. I do not want to be understood as being opposed to any sort of an adjustment. That is, I want it to be understood that I would be willing to have the matter taken up for discussion if I could be assured that the efforts to discuss this problem are not designed to lead to cancelation. That is what I am afraid of. I should not object to having matters reopened and having the whole subject studied; but my suspicion is that all of this effort is to lead ultimately to cancelation. For that reason I am very much disturbed about all the suggestions of international conferences opening the discussion of a question like this.

Mr. TRAMMELL. Mr. President, I dislike always to propose an amendment to a measure that is not really germane to the contents of the bill which is being considered; but I think the emergency today thoroughly justifies the presentation of the amendment now before the Senate.

I know, from expressions upon the floor of the Senate yesterday and from statements I have heard in private conversation with different Senators, that at least 95 percent of the Members of this body are in favor of remedying the condition which has brought such abuse and such unreasonable and unexpected treatment to the veterans of this country in the name of the so-called "Economy Act."

I have read the Economy Act carefully within the past day or two; and, while it contains provisions under which there may be by a strained construction a semblance merely of authorization for the regulations which have been promulgated, I say that a study of the provisions of title I, which applies to our veterans, shows that it does not indicate or express, directly or indirectly, any such intent as has been put into force under the harsh regulations which have been prescribed in the name of the Economy Act.

We who voted for the Economy Act were assured that it would be justly and liberally applied so far as the veterans of this country were concerned, and with such assurance we did not desire to oppose our Democratic President, who was and is struggling so patriotically for the Nation. My good friend from Arizona, Mr. ASHURST, who, I see, is not in his seat—but that does not make any difference, for I have made about the same remark to him—may take responsibility, if he wishes, for the orders and the regulations which have been issued by the Veterans' Bureau under the provisions of the Economy Act; but, so far as I am concerned, I do not assume responsibility for the unreasonable and the unfair regulations which have been imposed, in many instances, in regard to great groups of our veterans.

If Congress does not think it is proper that this treatment should be accorded to the veterans, I think it should perform its duty and enact legislation to correct this miscarriage of the intention and the purpose of Congress in acting upon the urgent request of the President for the enactment of the Economy Act.

I have every confidence in the President of the United States. I am a great admirer of his. I think he is making a splendid President. I like his courage and his initiative and his set purpose in his endeavors to restore the Nation to its former prosperity. I know, however, that the President never had an opportunity to go over all these regulations. He may be considering making some modification or changes of them; but when the law was enacted we were told that it was going to be enforced generously and justly toward the veterans of this country. At the present time I do not care to rely upon some grapevine messages that may or may not come to the effect that the regulations are going to be modified and changed so as to give justice and more generous treatment to the veterans.

We have tried this out for more than 2 months in the administering of veterans' affairs; and what a record, what a tragedy, confronts us! I presume the Administrator of Veterans' Affairs and the Director of the Budget prepared these regulations and these orders. We have been sorely disappointed, and thousands upon thousands, and even millions, of veterans in this country have been treated as though they were unworthy of the aid and assistance of the Government, instead of being treated as patriots of the Nation, as they should be.

I was taught at my mother's knee to have regard and esteem for the man who took up arms and went forth in defense of his country in its hour of peril; and that respect and appreciation for those who rally to their country's flag, who prove their courage, their loyalty, and their devotion to their homeland first instilled and inspired within me by my good mother has continued until this day; in fact, has become intensified with the passing of the years and a mature realization of the hideousness of war.

One of the most inspiring scenes I ever witnessed was during the early days of the World War, when a great army of American soldiers, who had come from town and city and countryside, was assembled here in Washington, and there was a parade on Pennsylvania Avenue composed of some fifty thousand of the very flower of the young manhood of this country who were going forth to fight the battles of the Nation. I was thrilled with admiration for them at that time. Every impulse of my patriotism and my love and esteem for the defenders of the country, who were willing to respond and do their duty, was quickened at that time by that wonderful picture of gallantry, of devotion, and patriotism.

I witnessed another quite in contrast with the first when the war was all over. Upon the same historic avenue, in the same city of Washington, I saw the picked division of all the American troops, coming back as victors, march through this city; and as they did I was doubly inspired and thrilled with love and devotion for the men who had rallied to the colors and gone across the seas and fought upon foreign fields, where many of them had sacrificed their lives and others had fallen wounded for the cause of our Republic.

Senators, ever since that time I hope I have never been recreant in my duty to pay honor to these brave men, and to extend to them, as far as possible within my power, a just tribute and a just token of the Nation's esteem and gratitude to the living and to revere in cherished memory the gallant dead. I never could have dreamed that there would throb in the heart of any man such sentiments as to promulgate and begin the enforcement upon these loyal veterans of the Great War of such regulations as have gone forth in the name of the Economy Act. I do not believe the President is responsible for this black page in our history. I think it is purely the responsibility of those who are formulating and administering the veterans' affairs after their own fashion.

I am not going to read cases, but I have a great number of them, telling of injustices; and when I make inquiry of the Veterans' Bureau, while, of course, I get no admissions of any injustice on the part of the Veterans' Bureau, the evidence which comes back to me corroborates, as I see it, the injustice about which the veteran has complained.

I know of cases of injustice to bed-ridden persons, and have the records in my files. One soldier wrote me that he had been gassed upon the battlefield; that he had been

confined to hospitals for 8 or 9 years, and he said no person who had not had a similar experience could imagine the torture he had endured during these 8 or 9 years from the effects of being gassed. He said that he had been unable to sleep lying down during all this period of time, because the greater part of the time he felt that he was about to choke to death; and yet, under these regulations, the Veterans' Bureau notified him—he is still in a hospital—that his compensation was being reduced from $90 a month to $20 a month.

Another poor fellow told me that he was totally blind in one eye and could scarcely see at all with the other eye, and the record shows that his case was of service origin. The other case I mentioned was also of service origin, and was so recorded. They gave this almost totally blind veteran notice that his compensation would be reduced from $100 a month to $23 a month, I think it was.

Any Senator who wants to take the responsibility for such conduct and treatment of a veteran as that, because he happened to vote for the bill, is welcome to do so; but it is so foreign to the ideas and the views which I entertain that I admit no responsibility whatever, and I do not think any other Senator is responsible for any such action as that.

I think we ought to do something to try to remedy the situation. During the past 16 years as a Member of the Senate I have felt that I owed a great debt of gratitude to these veterans, that the Nation was a thousand times over their debtor. It just happens that I was the one who offered the amendment which brought about the $60 bonus given to each veteran upon discharge after his returning from the war. I supported the cash compensation idea during the early years after the war, having introduced in the Senate and fought for cash compensation bills, and at the time we enacted the Compensation Certificate Act I thought it was better, and I so voted, to give them cash compensation instead of these certificates. That was what they really preferred.

The compensation certificates were practically forced upon them, as far as the great rank and file were concerned. I think they should now be paid at face value. Of course, some of the officers of some of the veterans' organizations, like the American Legion, of that character, a good many of whom were at the forefront at that time and occupied swivel-chair jobs during the war, did not seem to think that a man ought to have anything, and a goodly number of them today do not think the soldiers are being mistreated when we cut off their compensation, reducing the compensation of bed-ridden, of blind, and those suffering with every character of disease. They do not rebel when the sick and wounded are cast from the hospitals into the streets and thrown upon charity. They do not seem to think there is anything wrong about it. That does not worry them at all. I refer to a certain few among the veterans who live in affluence and in luxury, and most of whom had swivel-chair jobs during the war, and perhaps themselves are drawing big salaries from the Government or from Government subsidies. They do not care much about it. Of course, they have a right to their opinion, but it is contrary to my sense of justice and my view of giving proper recognition to our soldiers.

Mr. President, while I understood—not directly, of course, but from those representing the administration in recommending this law—that it was desired that some revision be made of the rolls, and that there should be an investigation and elimination, more or less, of those who were upon the rolls who were thought not to belong there, I had no intimation and no information from those who proposed the Economy Act that they expected to practically take away the compensation of service-connected cases, and that they intended to absolutely wipe out, as far as possible, the pensions which had been allowed to the Spanish War veterans. Yet that is what has taken place in the name of economy, under the Economy Act, and I charge it is contrary to the spirit of the law and violative of what Congress was led to expect.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield for a question.

Mr. HATFIELD. What percentage of the Spanish-American War veterans will the Senator's amendment affect?

Mr. TRAMMELL. It will affect the disabled, those who had service-connected disabilities. I have not attempted to try to remedy all the ills which exist, and anybody knows that if we attempt to do that in this body in a general revision of the present law we have no chance to get through the legislation. So I put pensioners in with those who draw compensation and pensions for service-connected disabilities. That was my object in restricting it to that class, not that I favor that restriction. It is merely a matter of expediency.

Mr. HATFIELD. The Senator feels that is the best he can get?

Mr. TRAMMELL. That is my firm opinion as far as amending the pending bill. I had hoped that this much could be attained. There is a common sentiment throughout the country on the part of civilians and on the part of veterans and on the part of our people generally, that the service-connected cases should not have been materially disturbed on account of the Economy Act.

Mr. HATFIELD. Mr. President, may I ask the Senator another question?

Mr. TRAMMELL. I yield.

Mr. HATFIELD. Could Spanish-American War veterans whose cases are presumptively service connected, come in under the Senator's amendment?

Mr. TRAMMELL. I think they can come in under it, in view of the fact that the amendment requires that the burden of proof shall be upon the Government if an effort is made to eliminate a veteran from the roll. When a man has once submitted his claim, as have these soldiers who will come under the provisions of my amendment, and the Government has scrutinized it and investigated it, and, I am sorry to say, in probably 90 percent of the instances resolved all doubts against the soldier, when that has once been done and the soldier, regardless of an unsympathetic consideration by the Bureau, has been placed upon the roll as a service-connected case, then I say that it is the height of injustice, it is a procedure which does not exist in any other tribunal in this country, to provide that the man shall subsequently be forced to come in and reestablish his case. That is what is being attempted, that is apparently the policy of today.

Mr. President, if there is litigation in the courts of the country, and there is a verdict, if there is a decision rendered, after the case is adjudicated by the court of last resort, if it is appealed, it is never said, "We are going to call the successful litigant in and make him reestablish his case, although judgment has been rendered in his favor." Such course would meet with the condemnation of the people of any civilized nation. There is no procedure of this character which has ever been applied, as far as I know, other than in the instant cases.

Mr. BONE. Mr. President, does the Senator want a vote on his amendment this evening?

Mr. TRAMMELL. I should like to have a vote, of course, if we can get to one.

Mr. BONE. I should like to speak for a moment on the Senator's amendment when he is through.

Mr. TRAMMELL. Very well. The amendment, briefly stated, applies to all service-connected cases which are upon the rolls and which have been passed upon, either involving compensation or pension, the word "pension" being used with a view to giving the same consideration to the Spanish-American War veterans, who have been most unmercifully treated. The Spanish-American War veterans have been cut all the way from $40, $50, and $60 a month down to $6 a month, and they would have, in my opinion, been stricken entirely from the rolls if there had not been a provision in the Economy Act providing that the range should be from $6 to $275 a month.

Why did the proponents of this legislation insert in the bill the maximum of $275 a month? Who did they intend should receive $275 a month? Yet the maximum was fixed at $275 and the minimum at $6. The Spanish-American

War veterans, in my opinion, would have been entirely swept from the map and left no compensation whatever if it had not been for the minimum restriction inserted in the law, I think through an amendment offered by the Senator from Washington.

Mr. CUTTING. Mr. President, the Senator just asked who was supposed to get the $275 a month. Perhaps the Senator will pardon me, if it seems impertinent, if I quote from the testimony of Mr. Douglas before the Committee on Finance. He was asked that particular question, and he replied:

I am not certain that that is too high for the man, say, who has lost 2 arms or 2 legs in the service.

Senator McKELLAR. Or two eyes.

Mr. DOUGLAS. Yes. I am not certain that that is too high for a man who has received a disability of such great magnitude as the loss of 2 arms or 2 legs or 2 eyes.

* * * * * * *

Frankly, for a man who was overseas and who was in the big show and was under fire and was shot to pieces by a high explosive, and lost 2 arms, or 2 legs, or 2 eyes, my honest opinion is that that is not too high.

* * * * * * *

And my sympathy goes out to such a man. He certainly gave something for his country.

The Senator will recall that it has been repeatedly stated on this floor that many men who have lost 2 legs, 2 arms, or 2 eyes have been cut down so that today they are getting a pittance.

Mr. TRAMMELL. I thank the Senator. That is very true. I had not read that evidence. It may be recalled that the hearings before the Finance Committee were not printed and delivered to the Senate until the bill had already passed the Senate on March 18 or 19. I mentioned the fact of the $275 maximum to show that someone who had to do with the preparing of the Economy Act had in contemplation the fact that there were some worthy cases of service origin which should be reasonably compensated.

Mr. CUTTING. If the Senator had asked me who was getting the $275 a month, I should not have been able to give the Senator an answer.

Mr. TRAMMELL. I thank the Senator for his information. The records show that a great many have been cut from $100 to $20, and from $90 to $20, and others from $50 or $60 down to $12 or $13 or $14. One Spanish-American War veteran who is 67 years old wrote me that they had cut him from $40 down to $6. Of course the cases affected would naturally be brought to the attention of Senators, but practically all of the veterans have been detrimentally affected.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. CONNALLY. If I may have the attention of the Senator from New Mexico, on the point to which the Senator called attention with reference to the testimony of Mr. Douglas, and his statement that $275 a month was not too much for the man with both legs lost in battle, I call the Senator's attention to the fact that there is a man from my State down here in one of the departments, a man by the name of McKenzie, who in battle lost both his legs near the hip, shot off with machine-gun fire, and he was wounded in several other ways. He formerly drew $175 a month on account of those disabilities, and has now been cut to $100. That illustrates the way in which a man with both limbs gone, who has to go around with an improvised crutch arrangement, instead of getting $175, has been cut to $100.

Mr. CUTTING. He may have Mr. Douglas' sympathy. He did not get very much else out of the situation.

Mr. CONNALLY. His name is McKenzie.

Mr. CUTTING. There is a case almost identical with that in my own State.

Mr. HATFIELD. Mr. President, will the Senator from Florida yield again?

Mr. TRAMMELL. I yield.

Mr. HATFIELD. In keeping with the point which has been raised by the distinguished Senator from New Mexico, I ask permission of the Senator from Florida to read a letter from a disabled veteran. It is very brief.

Mr. TRAMMELL. I yield.

Mr. HATFIELD. This letter is addressed to me from Martinsburg, W.Va., dated May 26, and reads as follows:

MARTINSBURG, W.VA., *May 26, 1933.*

Hon. H. D. HATFIELD,
United States Senate Office Building,
Washington, D.C.

DEAR SIR: I am a disabled World War veteran. I had my spine broken down in 1918 in France; have two fractured vertebræ, have never been able to work since discharge; wear a steel cast; spend about half of my time in bed. Last examination at hospital shows a T.B. condition. I was getting $90 for my wife and myself. Received notice May 22 I would be reduced to $40 per month on July 1. I am interested in a square deal, but it looks like I have been hit with the "new deal."

I hope I will be given some consideration.

Sincerely,

WILLIAM H. LICKLIDER,
1113 Washington Avenue, Martinsburg, W.Va.

Mr. TRAMMELL. Mr. President, I have a number of cases right along that line which are very pathetic; and it is very distressing to me to think of the treatment accorded to men in such condition, men who have never been guilty of any disloyalty to their country, whose only offense, if it be a crime, which, of course, I do not think it is, has been devotion to their country to the extent of bearing arms in defense of the American flag, and who, on account of the services thus willingly and patriotically performed, have been stricken down in their good health, and are now invalids, some of them blind, some of them with crushed spines, and some of them suffering from other injuries which have destroyed their health and their opportunity to gain a livelihood. I have not introduced into the RECORD any of their letters, but I have a great many of them of the same character as that read by the Senator from West Virginia.

Mr. HATFIELD. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from West Virginia?

Mr. TRAMMELL. I yield.

Mr. HATFIELD. I hold in my hand an X-ray picture taken of a World War veteran who has lost his right leg and thigh. This X-ray picture discloses the fact that the limb has been disarticulated at the hip joint; his body in many places has been punctured with bits of shrapnel, some of the pieces found in the soft tissue of his back and shoulders and arms, others resting against the spinal column, with other metallic pieces entering the bony structure of the vertebra. In other words, this soldier is a hopeless cripple. I will read his letter with the permission of the distinguished Senator from Florida. It is as follows:

HUNTINGTON, W.VA., *May 12, 1933.*

Hon. H. D. HATFIELD,
United States Senator, Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: You will please find enclosed a letter from the Veterans' Administration of Charleston, W. Va., dated May 1, 1933, in which they state that my monthly allowance will be in the amount of $80 per month on account of my war-time, service-connected disabilities. They are still rating me on my 86 percent disability on account of the loss of the use of a right foot.

My dear Senator, I would appreciate it very highly if you will look into this matter and stop this 86 percent disability business that those people in the Charleston office are trying to hang on me.

With kindest personal regards I remain,

Yours very truly,

ELZA LEE SNYDER,
Box 212, Huntington, W.Va.

It thus appears that a reduction has been made in the soldier's compensation of 36 percent. This soldier was brought to my office about 3 weeks ago by an attendant in an automobile from Huntington, W.Va. These pictures were taken in Washington, D.C.

Mr. TRAMMELL. What was the reduction in that case?

Mr. HATFIELD. The reduction in his compensation was 36 percent. The veteran was receiving $125 a month. He is, of course, 100 percent disabled; he must have a paid assistant all the time; he is completely incapacitated. His wounds give him continuous pain. Some of the shrapnel

fragments have lodged inside the vertebral column, pressing upon the spinal cord with a continued pain and suffering upon the part of the soldier; yet he is to be reduced to $80 a month, an amount which is not sufficient to take care of him in his hopeless and helpless condition. I submit for the RECORD, if the Senator will permit——

Mr. TRAMMELL. I have no objection.

Mr. HATFIELD. The X-ray finding in this case, so that it may be read by those who are interested.

The PRESIDING OFFICER. Without objection, it will be printed in the RECORD.

The matter referred to is as follows:

CLINICAL RECORD—RÖNTGENOLOGICAL REPORT

VETERANS' ADMINISTRATION,
Washington, D.C., April 13, 1913.

X-ray fluoroscopic findings: Radiographic examination of the right elbow, left forearm, right shoulder, right hip, and low back, shows small metallic foreign body superficially in the inner side upper third left forearm; old tiny ununited chip fracture of external condyle; no evidence of pathology in shoulder joint; two metallic foreign bodies noted in the chest wall. Pelvis shows disarticulation of the right hip; lumbar spine shows two small metallic foreign bodies just to the left of the twelfth dorsal vertebra. There is fusion of the right sacro-iliac and considerable arthritic change of the right sacro-iliac junction, probably traumatic in origin.

J. F. ELWARD, M.D., *Röntgenologist.*

No. 30202, Snyder, Elza L. (202–10).

Mr. HATFIELD. This report not only shows that he has had his right leg amputated at the hip, but that his body is practically riddled with shot and shell, nevertheless he has received notice that his compensation has been reduced from $125 to $80 a month.

Mr. TRAMMELL. I feel, Mr. President, under the circumstances and conditions which face us, that it is my duty—of course every Senator has to say whether it is his duty or not—to make an earnest effort to correct this situation; to correct it in part if we cannot correct it in toto. This amendment will go a long way toward remedying the conditions so far as the service-connected cases are concerned. It provides that there shall not be more than a 15 percent reduction in cases of that character. Those in charge of the Veterans' Administration have been reducing the compensation in cases of this character all the way from 30 percent to 60 or 70 percent. This amendment proposes to restrict the reduction to not exceeding 15 percent—a reduction I think that is ample if not too much.

The Congress has not seen proper to bring about a reduction exceeding 15 percent in the salaries of the civil employees of the Government. While I believe in economy, I also believe that it should be brought about in fairness and justice. I think that a 15 percent reduction is sufficient in the smaller brackets of the salaries; but I do not agree with the policy that we should reduce the smaller salaries to such an extent that their recipients can scarcely keep body and soul together, and then reduce the larger salaries by only the same percentage. I have on previous occasions discussed that question to some extent.

A majority, at least, of the Senate and the House have not seen proper heretofore to require a person receiving a salary of $10,000 per annum or $12,000 per annum or $15,000 or $18,000 per annum to take a larger percentage of reduction than the employee who has a salary of only $1,400 or $1,500 or $2,000 per annum. I propose a limitation in this instance of 15 percent.

I think that no greater reduction should be made in the compensation being paid to veterans with service-connected disabilities than is being made in the case of salaries of officials who are so fortunate as to be drawing from the Government salaries of from eight to eighteen thousand dollars a year. If we permit a greater reduction than that, then, in many cases there will be taken from these veterans who in many instances are totally helpless, 25, 30, 40, or even 70 percent of the little compensation which they receive, which a grateful Nation owes them, regardless of what may be the opinion of a few people or of some Members of the Congress. It may be considered by some to be proper to take this larger percentage from the veterans, but when it comes to the question of endeavoring to cut down by, say, 25 percent or 30 percent salaries of ten, twelve, or fifteen thousand dollars, as was proposed in the amendment which I offered here previously on 2 or 3 occasions, it is said, "Oh, that is sacred; it would never do to reduce the salary of a man who is getting $15,000 a year more than a couple or three thousand dollars a year, anyway; it would never do to leave him a salary that was not at least $12,000 per annum."

The man who was receiving $10,000 per annum under an amendment proposed by me when the economy bill was pending would have had a $10,000 salary reduced approximately 25 percent. That amendment, however, was defeated. It was said it would never in the world do to take $2,500 a year from the salary of a man who was receiving $10,000 and leave him only $7,500 per annum. But as to these soldiers, these patriots who were wounded or contracted disease in fighting for their country, some people would not complain if we should take from them from 30 to 70 percent of their pitifully small compensation which the Government has heretofore been giving them. It is that condition which I seek to have corrected.

There are some who went mad on the question of economy, who were misled and deceived by the Economy League of America, the activities of which were carried on very largely by people who have never known much about the hardships of life; certainly at the time they were trying to bring about this maddening economy spirit in this country most of them were living in luxury, and many of them were receiving even large compensation from the Government. Nevertheless, their representations, carried on through chambers of commerce of the country and otherwise, had a great deal of weight with and deceived and misled a great many people. However, even in that campaign it was never intimated that its proponents wanted to make an attack upon the compensation allowed in service-connected cases.

Of course, I was not in sympathy with the policy advocated by the Economy League—that is, with the details of the program. I am in sympathy with the spirit of economy in this country; we need it; but with all the details of their program of economy I was never in agreement. They stood too much for getting the money barons of the country relieved from taxation and cared nothing for the little fellow.

So far as the Administration of Veterans Affairs and so far as Mr. Douglas are concerned, they seem to have selected a page out of the book of the members of the Economy League in applying reductions to the soldiers of the country. If Senators will read some of the literature of that organization regarding veterans they will see the similarity in the suggestions made by the Economy League and those which are now being applied.

Regardless of this propaganda, regardless of a public sentiment misled by misrepresentation of conditions, the people generally throughout the country, in my opinion, have become awakened to the situation; and, much as many Senators may be disgusted with what has been perpetrated upon our veterans in the name of economy, the public, generally speaking, are feeling the same as I do on this subject. I never meet or talk with anyone, whether he be humble in station or be high in station, whether he be in poverty or live in luxury; I never talk with anyone who dwells in the cottage or lives in the mansion—and I have talked with many in all walks of life on this subject—but that they disapprove of the way that thousands of veterans who served this country are being maltreated. As I hear the cry, it comes from the North and the South, the East and the West, and it is an appeal to Congress to remedy the situation and to correct a wrong and an injury which has been perpetrated upon these veterans of America. I am hopeful that this amendment will accomplish something in that direction. It involves only service-connected cases. It restricts reductions to 15 percent.

Another important feature, as I regard it, is that it protects the soldier who is already on the roll as a service-connected case from a reexamination and a review of his case, in that it provides that if such a thing shall be attempted, the burden of proof will be upon the Government.

As I gather it from letters which have come to my attention, the procedure under some of the regulations at the present time is that the Veterans' Administration is attempting to shift the burden of proof to the veteran to reestablish his case, which it has once recognized and acted upon favorably. What an injustice, what a tragedy it is to call upon these men whom I honor, and to whom I would have the Nation pay fitting tribute, again to reestablish their cases after they have been settled 1 year ago, 2 years ago, or 3 or 4 years ago, or maybe longer.

I could talk more at length, but I am not going to do so. I know how Senators generally feel. They feel that we should do something to correct the situation. My amendment will not correct all of the abuses which exist under the present regulations, but it will bring protection to the service-connected cases of the World War and of the Spanish-American War. It is thirty-odd years since the Spanish-American War. Those men cannot make proof now of service connection. One wrote me the other day that he had had only two comrades who could establish his case, one of whom is dead and the location of the other of whom he did not know, so he could not establish his service connection. That is typical of the situation portrayed in many letters I receive.

I notice that the Veterans' Administration, in quoting the President, said the President knew it would be unfair and unreasonable to require the Spanish-American War veterans to undertake to establish service disability and therefore that the Spanish-American War claims should be presumptively all service connected. I want to commend the President for that position and that generous and righteous attitude. I think that an administrative feature was tacked on by others to the President's very generous and just idea, and this administrative feature is that the bureau send out a blank to a veteran and ask all kinds of questions. Of course, he cannot establish through that blank the proof called for, although the President has said that his case would be presumtively service connected. He cannot now, 35 years after the Spanish-American War, establish service connection. They make the veteran, by such unjust procedure, become his own executioner. That is the trickery that is being practiced upon the Spanish-American War veteran. He becomes his own executioner because when he sends back that questionnaire he is unable to establish service connection. Therefore, when his case is reviewed, upon his own statement the generosity and fairness proposed by the President are brushed aside and disregarded, and his case is marked of nonservice connection because he has not been able to prove it again. It certainly is unreasonable to expect him to get the proof at this late day. As may be recalled, during the Spanish-American War very poor records were kept.

Where these men are already on the roll, they should be protected. Therefore in the amendment which I have offered I have provided that the compensation and pension shall not be reduced in excess of 15 percent. My first thought was 10 percent. That occurred to me as a proper recognition of the sentiment and the impulses that throb within me and impel me to honor, more than the civilian employees of the Government, those who have previously to these desperate, trying days of the Nation served their country in war.

I find some, but, of course, not many, who do not have much appreciation of that fact. They do not care much about a man's service to his country. They take the attitude that these men were paid when they served. But I would remind you they were paid a mere pittance in comparison with the service rendered. Some of these soldiers who have been mistreated under the regulations and by the action of the Veterans' Administration advise me in their communications that all during the war they sent insurance money and allowances to their families until they had nothing whatever left of the salary paid to them when they were upon the battlefield. Now, to meet with this disaster which has befallen them is very discouraging. Some of them write that it makes them feel that loyalty and patriotism and devotion to country are worth nothing; that they want no reward, but they do want some recognition for the services they rendered their Government.

Mr. President, I have submitted rather scattering remarks on the situation, but I hope I have made myself clear in my effort to bring to the attention of the Senate that under the regulations and the conduct of the Veterans' Administration the veterans—thousands of them, at least—with service-connected disabilities are being mistreated by a Government which should honor them and be just and generous with them.

It is said by some that these things will all be corrected. We have heard something similar before. When this matter was here originally in March we heard that everybody was going to be treated justly and generously. I do not care to delay longer in doing the best I can to correct the situation. I think the hour for action has arrived. I find that administrative officers, those who occupy executive positions and legislative positions, have to assert themselves at times to avoid or to have discontinued some injustice to groups of or all the American people.

When it was my good privilege and honor to be Governor of Florida, the legislature passed a bill providing for a tax commission. I was opposed to the policy, but the legislature passed the bill. There was a great sentiment in favor of it, so I said, "All right, we will have a tax commission for the purpose of equalizing taxes, but which, in my opinion, will be disappointing." I appointed the three commissioners. I said to them, "This law does not provide that you have to boost the tax assessments of Florida in a sum that will impose an unbearable tax burden upon the people of the State in any one year. My only instruction to you is to avoid doing that."

The first year they increased the tax assessment about 10 percent and got away with it. The next year an order was sent by the tax commission to the various tax assessors over the State, stating to each of the counties, respectively, "Your county shall increase its tax-assessment roll 40 percent"; to some other county, "You will increase your tax-assessment roll 50 percent"; another county, 25 percent; and in all it amounted to an average increase of 50 percent in taxation on the people of the State in 1 year. The law may have authorized this, but not the spirit of the law. I called the tax commissioners to my office and said, "I warned you about this. You are going to destroy the people of Florida by any such plan you have ordered as this. I am very sorry you did not talk to me about it first. I am going to wire every tax assessor in Florida to ignore your order and to make only a reasonable increase in the assessable values of the State." I pursued that course. The result was that the people were not burdened nor absolutely crushed under an unreasonable and disorderly effort to bring about tax equalization.

We need definite action now. I hope I may be pardoned for the reference to my own experience, but that is what we need with reference to the Veterans' Administration. If no one else will go after them, then it is the duty of Congress to go after them. I am not willing to wait any longer, Mr. President, so I have proposed this amendment and I hope Senators will support it. I am going to support some of the other good amendments that have been proposed by other Senators. The Senator from New Mexico [Mr. CUTTING] has rather a similar amendment which he has proposed. Of course, I like the 15-percent idea better than 25 percent. I do not want to discriminate against ex-soldiers, because they have already been discriminated against too much. I do not want to make a reduction of more than 15 percent. The amendment of the Senator from New Mexico is a splendid amendment and carries out the same idea and purpose I have, except that it makes no provision with regard to the question that the burden of proof should be on the Government when they go to review a case already upon the rolls and which has previously been determined.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New Mexico?

Mr. TRAMMELL. I yield.

Mr. CUTTING. I just wish to say that I am going to vote for the amendment of the Senator from Florida. I know there is some sentiment in the Chamber in favor of giving the President a little more latitude than the Senator proposes in his amendment. I merely want to serve notice now that if the Senator fails to get the necessary two-thirds vote to suspend the rule for the consideration of his amendment, then I shall call up my motion to have consideration of my amendment making a reduction of not to exceed 25 percent in the service-connected cases.

Mr. President, if the Senator will yield further, I should like to have printed in the RECORD an editorial from the Philadelphia Record entitled "Inhuman and Unsound."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, June 1, 1933]

INHUMAN AND UNSOUND

Revolt raises its head in Congress and in the Nation against the "economy" program of the Roosevelt administration.

The President himself, apparently realizing that conservative advisers have misled him, moves toward modification of the reductions for veterans.

Nothing can do Mr. Roosevelt more harm than to continue the balance-the-Budget program of the Hoover administration.

To attempt a balance at the present time, and at the expense of needy veterans and underpaid civil employees, is inhuman and unsound.

So conservative a commentator as Roger Babson warned the wealthy interests behind the National Economy League several months ago:

"Elimination of unemployment can come only by increasing public purchasing power and raising the standard of living. Only as more goods are bought and consumed can this country return to normal production and employment. All talk to the contrary is not only uneconomic but dangerous.

"Hence I appeal to the National Economy League to drop the word 'economy' and to curb their speakers in their preaching of false economy. In the meantime, until this is done, I advise manufacturers, merchants, and workers to refrain from joining the National Economy League."

The same wealthy banking and industrial interests behind the league do not hesitate to accept huge doles from the Reconstruction Finance Corporation and from the Federal Government while asking cuts at the expense of veterans and workers.

How can business be revived when mass purchasing power is being curtailed?

Can business be expected to raise wages when the Federal Government itself is paying sweatshop rates to many in its own post offices?

How can it take bread and butter from the mouths of veterans and workers while it continues to pay huge subsidies, in one instance as high as $117,000 a pound, to Morgan air-lines companies for handling the mails?

The President's new deal is being wrecked and undermined by reactionary forces in his own official family.

The National Economy League and its heavily financed publicity men spread the impression that millions were being paid to veterans who neither needed nor deserved the money.

Such cases exist, without a doubt. That they are typical or even common the Record denies. Many badly in need, many with service records overseas, have been cut and cut drastically under the economy program.

In a Senate debate over the economy provisions Senator VANDENBERG, of Michigan, tells of one veteran with gunshot wounds in the back, hernia, arthritis, and chronic nervousness, all service connected, who has been reduced from $90 to $8 a month.

Let it be noted, also, that the most the National Economy League dared to ask for openly was reduction in payments to the non-service-connected disabled. Let it be noted that Mr. Hoover merely asked an 8⅓-percent cut for Federal workers, instead of the 15 percent obtained under President Roosevelt.

The narrow, bookkeeping minds of the Douglases have taken the Roosevelt administration further than even the worst reactionaries dared to go.

President Roosevelt is making a gigantic effort to wipe out the sweatshop and raise the wages of labor.

So far the Nation's great corporations have followed the example of his Budget-balancing underlings, instead of the President's own recommendations.

Great corporations such as United States Steel and Public Service of New Jersey were quick to imitate the 15-percent pay cut for Federal employees and the fallacious reasoning by which an attempt was made to justify the slash.

Sweatshop employers can still point to a Federal post office which exacts a 15-percent cut—against the intent of Congress—from postal substitutes trying to support families on $5 and $7 a week.

How are wages to be raised when 54 percent of the Federal Government's employees make less than $1,500 a year, far less than the minimum estimated as necessary to raise a family in health and decency?

The Record appeals to President Roosevelt to clean house of reactionary influences, to begin the new deal at Washington, to set an example of fair wages and decent conditions, to revoke the inhuman and uneconomic cuts for veterans.

No substantial business revival is possible until mass purchasing power is increased.

To act for an increase in that mass purchasing power is the President's duty to the masses who turned to him for relief last November.

The human way is still the only way out of this crisis. Aid to the needy is the best kind of aid to business. Only increased mass purchasing power will sustain the rise in prices needed to revive industry.

Mr. BYRNES. Mr. President, I make the point of order against the amendment of the Senator from Florida [Mr. TRAMMELL] that it is legislation upon an appropriation bill.

Mr. TRAMMELL. Mr. President, of course, I think the point of order is in accordance with the rule, but I had hoped that the Senator in charge of the bill would show at least as much generosity toward human beings and the rights of our veterans as he has shown toward some other interests in permitting amendments that were clearly in violation of the rule to be attached to the measure without any objection whatever.

The PRESIDING OFFICER. The Senator from South Carolina makes the point of order against the amendment of the Senator from Florida on the ground that it is legislation upon an appropriation bill. The point of order is sustained.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. I thought the pending question was the motion offered by the Senator from Florida to suspend the rule. If that is the motion, no Senator could accept it. It has to be by vote of the Senate.

The PRESIDING OFFICER. On this particular amendment the Chair understands there is no motion to suspend the rule.

Mr. TRAMMELL. I desire to present the notice which I gave 2 or 3 days ago for suspension of the rule. I ask that the motion be considered and that the rule be suspended for the purpose of considering the amendment which I desire to offer.

I suggest the absence of a quorum. A number of Senators told me they wish to be here when this matter is voted upon.

Mr. McNARY. Mr. President, will the Senator withhold that suggestion a moment?

Mr. TRAMMELL. Certainly; I withdraw the suggestion for a moment.

Mr. McNARY. May I ask the Senator in charge of the bill if he desires to go forward further tonight; or can we not at this time recess until 11 o'clock tomorrow, and then take a vote on the Senator's motion?

Mr. BYRNES. I have no objection. The Senator from Oregon has indicated that a number of Senators on the other side of the Chamber desire to offer amendments; and if it is the desire to recess at this time—the Senator from Arkansas is now in the Chamber—I have no objection.

Mr. FESS. Mr. President, I wish to offer an amendment to the pending bill and have it printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. ROBINSON of Arkansas. Mr. President, I am reluctant to discontinue the proceedings this afternoon in view of the fact that no progress has been made on this bill today. It is true that other important matters have been disposed of.

There is on the calendar a joint resolution having relationship to the gold clause in contracts. This joint resolution should be acted upon tomorrow or next day for the convenience of the Treasury Department. It is well understood that there are some important transactions to be had at once by that Department; and I think that if we recess now, there ought to be an understanding that we will

proceed to dispose of this appropriation bill at an early hour tomorrow, so that the Senate may go forward with other legislation.

Of course, no one disputes the importance of the subject matters that are receiving consideration; but it has seemed to me that during the course of this week considerable time has been consumed in the discussion of subjects that are not before the Senate—a very bad practice in most instances.

I should like to ask Senators to cooperate in an early disposition of this bill tomorrow, and in proceeding upon the joint resolution to which I have referred. It is a very late hour in the day to undertake to get action on these amendments. If I can have the assurance that we may hope for reasonably prompt action tomorrow, I shall move a recess now, particularly in view of the acceptance of the suggestion of the Senator from Oregon by the Senator in charge of the bill, with whom I am cooperating.

It is perfectly apparent that if this extra session is to conclude its labors within the limit that has been discussed, we will be under the necessity of holding night sessions, especially if Senators indulge the practice of talking about questions not before the Senate and talking at great length.

With that statement, and expressing the hope that we may make progress tomorrow, and with the understanding that if we find it necessary I shall do what I can to keep the Senate in session until action is taken, I ask the Senator from Oregon if he does not feel that he can cooperate to that end? I am willing to move a recess at this time if such an understanding can be reached.

Mr. McNARY. Mr. President, I am extremely anxious, of course, as we all are on this side, to conclude this session by a week from Saturday. All we want is an opportunity to study and discuss the various measures. I feel sure that cooperation may be had on this side in order to expedite adjournment.

Mr. ROBINSON of Arkansas. What I am particularly asking about now is with respect to the proceedings tomorrow, having stated the necessity for a little prompter action than seems to be assured.

Mr. McNARY. Of course I am not in position to speak concerning the time that will be occupied in the argument of various amendments.

Mr. ROBINSON of Arkansas. I understand that.

Mr. McNARY. I know of no intention upon the part of anyone here to prolong discussion; and as far as I am personally concerned, I shall cooperate to bring about an expeditious consideration of the pending unfinished business.

Mr. ROBINSON of Arkansas. I should like to have an understanding that we will proceed with this bill until it is finally disposed of tomorrow, and also try to make progress on the consideration of the joint resolution. Is that satisfactory?

Mr. McNARY. I could not speak for anyone other than myself with respect to that.

Mr. ROBINSON of Arkansas. I am not asking unanimous consent.

Mr. McNARY. I know; but with regard to the joint resolution, I do not know what the feeling is here, whether it is desired to consider that measure or some other measure; but, whatever legislation is before the Senate, I shall cooperate to bring about an early decision of the matter.

Mr. ROBINSON of Arkansas. Mr. President, I give notice that I shall request and urge the Senate to continue in session tomorrow until this bill is disposed of.

Mr. TRAMMELL. Mr. President, a parliamentary inquiry. I desire to ask if my motion to suspend the rules is now the pending question.

The PRESIDING OFFICER. The Senator's motion is pending.

Mr. TRAMMELL. I thank the Chair.

INVESTIGATION OF PURCHASES OF EQUIPMENT FOR CIVILIAN CONSERVATION CORPS

Mr. CAREY. Mr. President, from the Committee on Military Affairs I report back favorably, with an amendment, Senate Resolution 88, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read.

The legislative clerk read Senate Resolution 88, submitted by Mr. CAREY on May 26, 1933, as follows:

Resolved, That the Committee on Military Affairs, or any duly authorized subcommittee thereof, is authorized and directed to investigate the negotiations between the Director of Emergency Conservation Work and the BeVier Corporation, a corporation organized under the laws of the State of New York, with respect to a contract proposed to be entered into between the Director and such corporation for the purchase of toilet kits to be furnished as part of the equipment of members of the Civilian Conservation Corps. The committee is also authorized in its discretion to investigate reports of irregularities in connection with any other purchases or proposed purchases of materials or equipment for the use of the Civilian Conservation Corps by any department, agency, or officer of the United States Government.

The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. I understand that the report of the committee is unanimous.

Mr. CAREY. It is.

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The amendment of the committee will be stated.

The LEGISLATIVE CLERK. On page 1, the committee proposes to strike out lines 10 to 14, both inclusive, in the following words:

The committee is also authorized in its discretion to investigate reports of irregularities in connection with any other purchases or proposed purchases of materials or equipment for the use of the Civilian Conservation Corps by any department, agency, or officer of the United States Government.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That the Committee on Military Affairs, or any duly authorized subcommittee thereof, is authorized and directed to investigate the negotiations between the Director of Emergency Conservation Work and the BeVier Corporation, a corporation organized under the laws of the State of New York, with respect to a contract proposed to be entered into between the Director and such corporation for the purchase of toilet kits to be furnished as part of the equipment of members of the Civilian Conservation Corps. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, in view of the lateness of the hour and the fact that it probably would take some time to secure a quorum, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 37 minutes p.m.) the Senate took a recess until tomorrow, Friday, June 2, 1933, at 11 o'clock a.m.

NOMINATION

Executive nomination received by the Senate June 1 (legislative day of May 29), 1933

UNITED STATES CIRCUIT JUDGE

Sam Gilbert Bratton, of New Mexico, to be United States circuit judge, tenth circuit, to succeed John H. Cotteral, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 1 (legislative day of May 29), 1933

UNITED STATES CIRCUIT JUDGE

Sam Gilbert Bratton to be United States circuit judge, tenth circuit.

UNITED STATES ATTORNEYS

James R. Fleming to be United States attorney, northern district of Indiana.

Val Nolan to be United States attorney, southern district of Indiana.

COMMISSIONER OF INTERNAL REVENUE

Guy T. Helvering to be Commissioner of Internal Revenue.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 1, 1933

The House met at 12 o'clock noon.

Rev. William Pierpoint, pastor of McKendree Methodist Episcopal Church, Washington, D.C., offered the following prayer:

Almighty God, Thou giver of life and light, grant unto us that light which will make us wise in that wisdom and understanding which expresses itself in righteousness and truth. By the endowment of Thy spirit may we be fitted for the great and grave responsibilities which rest upon us. Help us to remember always that it is man's chief duty to glorify God. We believe we best discharge that duty when we seek to serve well our day and generation. To this end may that which we do be done as unto Thee.

O Lord, be pleased to let Thy gracious presence abide with us. Thou art our God; in Thee do we trust. Our rich heritage is from Thee. Our countless blessings are the evidence of Thy bounteous goodness toward us. Grant unto us, we beseech Thee, a continuance of Thy favor. Lift up the light of Thy countenance upon us and grant us Thy peace, that all our works, begun, continued, and ended in Thee, may be for the conservation of our national welfare, the promotion of universal peace among the nations of the earth, and the establishing of Thy kingdom among our fellow men. Hear us, we pray, for Christ, the Redeemer's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed to the amendments of the House to the joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China.

MODIFICATION OF POSTAGE RATES AND EXTENSION OF GASOLINE TAX

Mr. DOUGHTON submitted the following conference report on the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"'SEC. 616. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION

"'(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.'

"(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

And the Senate agree to the same.

R. L. DOUGHTON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment strikes out the phrase "for experimental purposes" in the provisions relating to the elimination on July 1, 1933, of the additional rate on first-class matter mailed for local delivery. The House recedes.

On amendment no. 2: This amendment strikes out the provision of the House bill which transfers the electrical-energy tax from the producer to the consumer and substitutes in lieu thereof a provision which exempts from taxation under the manufacturers' excise-tax title of the Revenue Act of 1932 articles sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war, fishing or whaling vessels, or vessels engaged in foreign trade, trade between the Atlantic or Pacific ports of the United States, or between the United States and its possessions. The amendment also provides that articles manufactured or produced with the use of articles upon which the tax under the manufacturers' excise tax title has been paid upon importation, if laden as supplies on such vessels, shall be held to be exported for the purposes of allowance of drawback on such articles. The House recedes.

On amendment no. 3: This amendment imposes a tax on electrical energy sold on or after September 1, 1933, for domestic or commercial consumption of 2 percent of the price for which sold. This tax is to be paid by the vendor. No tax is to be imposed on the sale of such energy to the United States or to any State, Territory, or political subdivision thereof, or the District of Columbia.

The amendment also imposes a tax (with certain exemptions) of 1 percent of the amount paid for electrical energy for consumption other than domestic or commercial if such energy is furnished on or after September 1, 1933, and before July 1, 1934. This tax is to be paid by the person

paying for such electrical energy and is to be collected by the vendor.

The amendment further provides that the provisions relating to both the tax on the vendor and the tax on the vendee shall not apply to publicly owned electric and power plants.

The amendment further provides that the tax under existing law on the payment for electrical energy for domestic or commercial consumption shall apply with respect to payment on or after September 1, 1933, for electrical energy furnished before that date.

The House recedes with an amendment imposing a tax on the vendor of 3 per centum of the price for which electrical energy is sold for domestic or commercial consumption, effective September 1, 1933, rather than the fifteenth day after the enactment of the act as proposed by the House. The amendment continues the present tax on the consumer until September 1 with appropriate provision for collection of tax on payments made on or after September 1 for electrical energy furnished before that date. The amendment omits the provision of the Senate amendment imposing a tax on the consumer of industrial energy. The section as agreed to in conference also omits the Senate amendment exempting publicly owned electric and power plants. The section as agreed to in conference also provides that in the case of electrical energy sold to an owner or lessee of a building for resale to his tenants the tax shall not be paid by the owner or lessee but by his vendor.

R. L. DOUGHTON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

EXTENSION OF REMARKS

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD the number of men, by classes, who will be employed in supervising the work of the 274,375 registrants for reforestation work.

Mr. SNELL. Mr. Speaker, reserving the right to object, I wish to ask the gentleman a question or two. I would like to know how many civilian employees there are in connection with this supervisory work.

Mr. COLLINS of Mississippi. Independent of the Indians to be placed in reforestation, this list shows a total of 20,300 civilian employees but this number does not include the Regular Army officers, Navy officers, and the Reserve officers.

Mr. SNELL. What is the average pay of these civilians?

Mr. COLLINS of Mississippi. Looking over this list I imagine that the average pay of these 20,300 men will be around $140 per month.

Mr. SNELL. How many Army officers are connected with the reforestation work?

Mr. COLLINS of Mississippi. I have not the number but I hope later to get it, and if I do I will insert it in the RECORD. I understand the Reserve officers will number about 5,000.

Mr. SNELL. I think it is valuable information. If we are going to have any, we ought to have it all.

Mr. COLLINS of Mississippi. I will insert also the number of Reserve officers employed in this work if I can get their number in larger detail.

Mr. SNELL. Also, I would like to know how many emergency officers have been called back into service.

Mr. COLLINS of Mississippi. I will undertake to supply this information.

Mr. SNELL. It has been rumored around that these men recruited in the eastern part of the United States are sent to the very western part and are transported in Pullman cars. Is this so?

Mr. COLLINS of Mississippi. I understand a large number of them have been transported in Pullman cars, particularly from Fort Slocum to Idaho.

Mr. SNELL. What is going to be the average cost for each man by the time we get through? Has the gentleman from Mississippi any information on this question?

Mr. COLLINS of Mississippi. When this bill was originally on the floor of the House I estimated the cost of each one of these recruits at $3.66 per day. I understand my estimate was low and the cost per day for each recruit will be in excess of that amount.

Mr. SNELL. Will the gentleman put all of this information in any report he files?

Mr. COLLINS of Mississippi. I shall be pleased to give the gentleman all the information I can.

Mr. SNELL. If the gentleman will do that, I shall have no objection to his request.

Mr. HASTINGS. Mr. Speaker, reserving the right to object, has the gentleman any information as to the number of Indians employed? Is he going to include that information in his extension of remarks?

Mr. COLLINS of Mississippi. I shall undertake to do so.

Mr. SNELL. There is one further question I would like to ask the gentleman from Mississippi. Has it been necessary for the Government to purchase any land for the location of these camps; and, if so, at what price?

Mr. COLLINS of Mississippi. I understand that $20,000,000 has been set aside for the purchase of land?

Mr. SNELL. When this matter was originally proposed did the gentleman understand that any such sum of money was going to be set aside for the purchase of land?

Mr. COLLINS of Mississippi. I did not know that any land would be purchased, and I do not believe the Congress contemplated any purchases of land. I doubt the wisdom of such action.

Mr. SNELL. What authority is there for the purchase of land?

Mr. COLLINS of Mississippi. Reading the Executive order on the subject, the authority seems to be based upon the provisions of the act entitled "An act for the relief of unemployment through performance of useful public work and for other purposes."

Mr. SNELL. Does the gentleman think the authority goes to the extent of spending $20,000,000 for temporary camp sites?

Mr. COLLINS of Mississippi. It has been held so by the Executive. I have a copy of the Executive order dated May 20 authorizing out of that appropriation the expenditure of $20,000,000.

Mr. BLANTON. Mr. Speaker, will my colleague from Mississippi yield?

Mr. COLLINS of Mississippi. I yield.

Mr. BLANTON. I was just wondering whether our distinguished minority leader voted for that bill. Did the gentleman vote for it?

Mr. SNELL. If I did, I made a mistake, I will tell the gentleman that.

Mr. COLLINS of Mississippi. There was no roll call on the bill. It is difficult to tell how any one voted.

Mr. BLANTON. I did not hear the usual very vigorous and able voice of the great minority leader [Mr. SNELL] fighting anything about that bill.

Mr. SNELL. If there is one thing that has absolutely disappointed the American people it is this reforestation proposition, and the gentleman knows it.

Mr. BLANTON. Then the gentleman made a mistake.

Mr. SNELL. I have made more than one mistake.

Mr. CLARKE of New York. Mr. Speaker, reserving the right to object, I think my leader, for once, has gone wrong upon this reforestation policy—the only time I ever knew him to make a serious mistake.

Mr. BLANTON. Well, then, he must have made a mistake, both coming and going.

Mr. CLARKE of New York. I believe the national reforestation policy has been one of the finest, most constructive, and outstanding pieces of work that ever was enacted into law, and the gentleman from New York, Mr. CLARKE, had a hand in it. [Applause.]

Mr. BLANTON. But, according to the statements of both gentlemen from New York, the minority leader made a mistake, both coming and going.

Mr. SNELL. Well, the gentleman from Texas has made a couple of mistakes himself.

Mr. TABER. Mr. Speaker, reserving the right to object, I wish to ask the gentleman from Mississippi a question.

As I understand it, either today or tomorrow, in order to meet these terrific expenses that we have been pulling off, there will be advertised a bond issue of from $600,000,000 to $1,000,000,000. Has the gentleman any information as to that situation?

Mr. COLLINS of Mississippi. No; I have no information on that subject, I regret to say.

Mr. TABER. The bids for this bond issue are returnable on the 22d of June. The gentleman understands, of course, that such a thing is deflationary.

Mr. COLLINS of Mississippi. I am sorry I do not have the information for the gentleman.

Mr. TABER. And as these bonds are issued, we will have to have another shot in the arm of inflation, and this will keep on month after month.

Mr. BLANTON. Mr. Speaker, until we can get the Republican leadership together, I ask for the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS of Mississippi. The matter referred to is as follows:

Number of men, by classes, who will be employed to supervise and facilitate the work of 274,375 enrolled men

[Salary rates given represent net payments to men; 15 percent salary reduction required by act of March 20, 1933, has been deducted in arriving at salary rates given]

Title	Number employed	Net pay after deduction of 15 percent
Camp superintendents	8	$142
Do	42	149
Do	821	170
Do	68	178
Do	110	180
Do	200	184
Do	122	187
Foremen:		
Cultural camps	3,917	142
Clean-up camps	337	127
Do	361	134
Do	699	136
Insect-control camps	25	119
Do	183	127
Blister-rust-control camps	409	127
Rodent-control camps	17	119
Do	92	127
Truck-trail construction camps	436	106
Do	219	119
Do	1,947	127
Miscellaneous construction camps	20	106
Do	2,411	119
Do	626	127
Erosion-control camps	58	127
Do	63	140
Do	526	142
Fire-suppression camps	98	136
Spotting foremen at insect-control camps	127	$102
Do	178	106
Do	42	110
Do	25	115
Checkers at blister-rust-control camps	59	127
Do	331	142
Machine operators	102	76
Do	471	102
Do	327	106
Do	1,197	115
Blacksmiths and tool sharpeners	107	89
Do	638	102
Do	410	106
Skilled workers at miscellaneous construction camps	239	127
Historical technicians (parks)	5	170
Landscape foremen for park work	780	142
Foresters	14	142
Do	93	149
Do	71	170
Do	3	198
Do	8	206
Do	76	212
Supervising mechanics	63	106
Do	47	127
Do	5	149
Tractor and pump mechanics	102	85
Do	34	105
Do	64	106
Truck-trail locators	102	$85
Do	8	102
Do	98	106
Park engineers	27	170
Do	20	212
Do	2	255
Landscape architects (park)	27	170
Do	20	212
District officers	8	255
Clerks	105	85
Do	76	105
Do	266	106
Do	42	107
Do	66	110
Total	20,300	

Number of men, by classes, who will be employed to supervise and facilitate the work of 274,375 enrolled men—Continued

H.R. 4544—EXTENSION OF REMARKS

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to insert in the RECORD a copy of a joint resolution adopted by the General Assembly of the State of California. The petition has been filed, but I would like to have the words of the petition inserted in the RECORD. It is very brief and will only occupy about a half column of the RECORD. It has to do with a bill which I have introduced, H.R. 4544.

The SPEAKER. The gentleman from California asks unanimous consent to extend his remarks in the RECORD, as indicated. Is there objection?

There was no objection.

The joint resolution is as follows:

STATE OF CALIFORNIA,
DEPARTMENT OF STATE.

I, Frank C. Jordan, Secretary of State of the State of California, do hereby certify that I have carefully compared the transcript, to which this certificate is attached, with the record on file in my office of which it purports to be a copy, and that the same is a full, true, and correct copy thereof. I further certify that this authentication is in due form and by the proper officer.

In witness whereof I have hereunto set my hand and have caused the great seal of the State of California to be affixed hereto this 26th day of May 1933.

[SEAL]

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Assembly Joint Resolution 29

Adopted in assembly April 14, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

Adopted in senate May 12, 1933.

J. A. BEEK, *Secretary of the Senate.*

This resolution was received by the governor this 17th day of May, A.D. 1933, at 1:45 o'clock p.m.

WM. A. SMITH,
Private secretary of the Governor.

CHAPTER 104

Assembly Joint Resolution 29, relative to memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts

Whereas the oil industry not only of this State but of other States in the United States has found it necessary to curtail production of crude petroleum and the byproducts thereof; and

Whereas the petroleum industry is one of the major industries of California and is vital to the welfare of this State and its citizens; and

Whereas one of the reasons it has been necessary to so curtail the production in this State, thereby preventing many of our citizens from obtaining a livelihood, is that crude petroleum and crude petroleum products are being imported into this country; and

Whereas the prohibition of such importation would foster the petroleum industry in this State and, by furnishing employment to thousands of our citizens, thereby substantially contribute to the termination of the present economic depression; and

Whereas the Honorable Henry E. Stubbs has introduced in the Congress of the United States a measure, numbered H.R. 4544, which will forbid the importation of crude petroleum and crude petroleum byproducts, which measure has been referred to the Committee on Ways and Means in the House of Representatives of the Congress of the United States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature of the State of California

most respectfully urges the Congress of the United States to enact H.R. 4544; and be it further

Resolved, That His Excellency the Governor of the State of California be requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairman of the Committee on Ways and Means of the House of Representatives, and to the Senators and Representatives from California in Congress.

WALTER J. LITTLE,
Speaker of the Assembly.
FRANK F. MERRIAM,
President of the Senate.

Attest:
[SEAL] FRANK C. JORDAN,
Secretary of State.

(Enclosed:) Filed in the office of the secretary of state of the State of California May 17, 1933, at 4 o'clock p.m.
FRANK C. JORDAN, *Secretary of State.*
By CHAS. J. HAGERTY, *Deputy.*

ADMINISTERING OF OATHS BY MEMBERS OF INTERNATIONAL TRIBUNALS

Mr. BANKHEAD. Mr. Speaker, the Committee on Rules has unanimously voted out a rule for the consideration of the bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, and so forth. After conference with the minority members of the Rules Committee, in order to save time, I ask unanimous consent that instead of calling up the rule, we may have the privilege of considering this bill in the House, under the general rules of the House.

The Clerk read the title of the bill.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, unless the gentleman from Massachusetts [Mr. TINKHAM] is permitted to address the House for 15 minutes, I shall object.

Mr. BANKHEAD. In reply to that statement I may say that the majority leader has had a conference with the gentleman from Massachusetts and I think a satisfactory arrangement has been made.

Mr. McFADDEN. Will the gentleman assure us that this has been arranged?

Mr. BANKHEAD. It has been arranged, so far as the majority leader can arrange it.

Mr. BYRNS. And I hope no one will object to the gentleman's request when it is submitted.

Mr. McFADDEN. I know nothing about any private arrangement. I ask unanimous consent that the gentleman from Massachusetts [Mr. TINKHAM] be permitted to address the House for 15 minutes; otherwise I shall object.

Mr. BYRNS. I have an agreement with the gentleman, and certainly the gentleman from Massachusetts will be permitted to control his own actions.

Mr. McFADDEN. Will not the gentleman present the request to the House at this time?

Mr. BYRNS. I have an agreement with the gentleman from Massachusetts, and certainly he knows what he wants to do.

Mr. McFADDEN. The gentleman knows very well that he cannot control the Membership of this House.

Mr. BYRNS. Let me get through with my statement, if you please. After these rules are disposed of, the gentleman from Massachusetts will ask unanimous consent to speak for 20 minutes, and I hope no one on this side of the House will object.

Mr. McFADDEN. Will not the gentleman submit the request?

Mr. BLANTON. And the gentleman from Pennsylvania ought to realize that the Democrats on this side of the aisle follow their leaders. [Laughter.]

Mr. SNELL. As a matter of fact, I can say to the gentleman that they did not follow him yesterday.

Mr. BYRNS. Of course, the gentleman from Pennsylvania [Mr. MCFADDEN] realizes that if he objects to this request, he will be pursuing a course that may prevent the gentleman from Massachusetts making the speech.

Mr. McFADDEN. Unless the majority leader submits the request and gets such permission, I shall object.

Mr. BANKHEAD. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. McFADDEN. Mr. Speaker, I object.

PURCHASE OF PREFERRED STOCK OR BONDS OF INSURANCE COMPANIES

Mr. STEAGALL presented a conference report on the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies.

ADMINISTRATION OF OATHS BY MEMBERS OF INTERNATIONAL TRIBUNALS

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules I call up the resolution H.Res. 168.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 1581, a bill to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc. After general debate, which shall be confined to the bill and shall continue not to exceed 40 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I have no inclination or, indeed, the strength this morning to make any extended statement with reference to the provisions of this rule or the Senate bill for which it provides consideration. This will be fully explained by the Chairman or the Acting Chairman of the Judiciary Committee.

This is a bill that originated in the Senate and passed the Senate unanimously a few days ago upon the urgent recommendation of the Secretary of State and also a representative of American interests on the German Claims Commission.

Mr. FISH. Will the gentleman tell me what committee it was referred to in the Senate?

Mr. BANKHEAD. I regret that I cannot give the gentleman that information.

Mr. FISH. The gentleman states it was recommended by the Secretary of State. Should it not have come to the Committee on Foreign Affairs of the House?

Mr. BANKHEAD. It relates purely to judicial procedure, I may say to the gentleman, and that is the reason it was referred to the Committee on the Judiciary.

Mr. FISH. But it was recommended by the Secretary of State.

Mr. BANKHEAD. It was recommended by the Secretary of State and it was introduced by the Chairman of the Committee on Foreign Affairs, and with his permission, and I presume at his request, it was referred to the Committee on the Judiciary.

As I stated, it is a very brief and simple proposition. It was unanimously reported by the Committee on the Judiciary, and after hearing the parties the Rules Committee has unanimously reported the rule for its consideration.

The substance of the bill merely provides for the use of the auspices of the United States district court in order to give the American citizens who have claims before the Mixed Claims Commission the same authority that the German citizens have to present their evidence, which has heretofore been denied them before the Commission.

I trust there will be no opposition to the bill when it is explained, and that it may have the unanimous support of the House. There is no partisanship involved in it. It is merely an effort to protect legitimate claims of American citizens who have claims before the Mixed Claims Commission.

Unless there is some desire for time on the rule——

Mr. RANSLEY. Let me say to the gentleman that there is no demand for time on this side of the aisle. It is an open rule, and no opposition.

Mr. BANKHEAD. Then, Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering S. 1581, to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, and so forth.

The motion was agreed to.

Accordingly the House resolved itself in the Committee of the Whole House on the state of the Union, with Mr. JONES in the chair.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the Committee, I will try to explain the bill in less time than the 20 minutes allotted to me. I will give you a short explanation of the bill, and then will try to answer questions that may be asked me in further explanation of the bill.

The American agents representing the Government before the German Mixed Claims Commission, dealing with claims, found themselves at a definite disadvantage in trying to prepare their cases for trial. We had not given to our agent any power to take testimony. That is a practical statement of the facts.

When they sought the right to take oral testimony the Commission held that they had not been given the authority to authorize the taking of testimony in that way, and that if the Commission were to attempt to grant the requested authority it would be acting beyond the power given them in the treaty between this Government and Germany creating the Commission.

The German Government has given the power to their agent which, by this bill, is being given to our agent—power to take testimony in the preparation of their cases.

So you see the situation we are in. We have to have this authority in order to place ourselves on an equal footing with Germany.

There was no objection in the Senate Judiciary Committee. The bill passed the Senate unanimously and was reported by the Judiciary Committee of the House unanimously.

There is a good deal of evidence I could offer, and much more could be said in explanation, but realizing the necessity is obvious I do not feel that I should take up further time of the House in explanation.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. As I understand from the statement of the gentleman, our attorneys or agents have not the same privilege in preparing their cases that the Germans have.

Mr. SUMNERS of Texas. That is correct.

Mr. SNELL. This is simply to put them on a par with the Germans in preparing cases to be presented before the Mixed Claims Commission?

Mr. SUMNERS of Texas. That is correct.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. McFADDEN. This bill provides for commissioners or members of international tribunals to administer oaths. Is that authority confined entirely to the question of war claims?

Mr. SUMNERS of Texas. Will the gentleman direct my attention to the particular language he has in mind?

Mr. McFADDEN. It is on line 4, page 1, of the bill, and the language authorizes commissioners or members of international tribunals to administer oaths. What I want to know is whether or not that will commission people who are connected with the League of Nations and the World Court to administer oaths and compel American witnesses to furnish information to those organizations.

Mr. McKEOWN. Mr. Chairman, will the gentleman from Texas yield to me——

Mr. SUMNERS of Texas. Yes.

Mr. McKEOWN. To say to the gentleman from Pennsylvania that he is referring to the matter of the bill as it was. That is what we are trying to amend.

Mr. McFADDEN. That is the law now?

Mr. McKEOWN. Yes.

Mr. McFADDEN. And this does not grant any additional authority?

Mr. SUMNERS of Texas. Not on that point.

Mr. McFADDEN. To people who might be sent abroad to administer oaths and compel Americans here to furnish testimony in connection with diplomatic matters.

Mr. SUMNERS of Texas. No.

Mr. McFADDEN. The gentleman can assure us it does not involve that kind of a transaction?

Mr. SUMNERS of Texas. I was thinking of the question in the light of this proposed legislation. This proposed legislation begins with section 5.

Mr. McFADDEN. Let me say to the gentleman further, in illustration of what I am driving at, that the French Government is preparing to present four or five billion dollars' worth of claims against the United States when the United States becomes a member of the World Court, and I want to know whether or not officers or supposed representatives of the United States over there can subpena Americans to substantiate their claims if and when that takes place.

Mr. SUMNERS of Texas. If we may assume that this Government becomes a member of the World Court, this legislation would merely give to our representatives, where property interests are involved, the same power to take testimony as other governments have given to their representatives, and nothing more.

Mr. McFADDEN. The gentleman can see the importance of what I am mentioning?

Mr. SUMNERS of Texas. I can.

Mr. McFADDEN. If and when we join the World Court, international law will bring us into that Court; and I am against our ever entering the World Court, where those French claims will be presented.

Mr. SUMNERS of Texas. Yes.

Mr. McFADDEN. The United States would be at a tremendous disadvantage, and I want to make sure that this is not any authority that will permit that.

Mr. SUMNERS of Texas. This authority is given merely to the American agent in those cases where there is a conflict between governments in their own behalf or between governments representing their nationals, and provides that the representative of the American Government shall have the same authority to prepare his case for trial as have the agents of foreign governments.

Mr. McFADDEN. What I want to be assured of most particularly is that if and when the United States should be drawn into the World Court, which I am very much opposed to—and the United States has an unofficial representative abroad of the type of Norman H. Davis, who is a well-known internationalist—I do not want such representatives as he to force Americans to give testimony which might be detrimental to the best interests of the people of the United States.

Mr. SUMNERS of Texas. I can only repeat myself, that this is merely giving authority to the agent of the Government to take testimony and to be equally as well prepared as his opponent is when the case comes to trial before the Commission.

Mr. HOOPER. Mr. Chairman, will the gentleman yield to me?

Mr. SUMNERS of Texas. Yes.

Mr. HOOPER. It is merely the matching of the power upon the part of members of our Commission that members of a foreign commission have in procedure?

Mr. SUMNERS of Texas. Yes; and I appreciate my friend's statement, because perhaps he can get by with it.

I have stated it four or five times, but it does not seem to stick. Unless somebody else wants to ask questions, I suggest the gentleman from Pennsylvania [Mr. KURTZ] use some of his time.

Mr. KURTZ. Mr. Chairman, as I understand the attitude of this side of the House, it agrees with the majority in every particular. There was no dissenting voice before the committee in reference to this legislation, and it in no way applies to the League of Nations. It merely permits the people of America to have the same rights in commissions that the people of a foreign nation have, and with this bill unpassed we do not have that privilege. Therefore, the members of the minority on the Judiciary Committee are unanimous in favoring the passage of this bill in its present form. I yield back the remainder of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the act of July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, and so forth, be, and the same is hereby, amended by adding at the end thereof the following additional sections:

"SEC. 5. That the agent of the United States before any international tribunal or commission, whether previously or hereafter established, in which the United States participates as a party whenever he desires to obtain testimony or the production of books and papers by witnesses may apply to the United States district court for the district in which such witness or witnesses reside or may be found, for the issuance of subpenas to require their attendance and testimony before the United States district court for that district and the production therein of books and papers, relating to any matter or claim in which the United States on its own behalf or on behalf of any of its nationals is concerned as a party claimant or respondent before such international tribunal or commission.

"SEC. 6. That any United States district court to which such application shall be made shall have authority to issue or cause to be issued such subpenas upon the same terms as are applicable to the issuance of subpenas in suits pending in the United States district court, and the clerk thereof shall have authority to administer oaths respecting testimony given therein, and the marshal thereof shall serve such subpenas upon the person or persons to whom they are directed. The hearing of witnesses and taking of their testimony and the production of books and papers pursuant to such subpenas shall be before the United States district court for that district or before a commissioner or referee appointed by it for the taking of such testimony, and the examination may be oral or upon written interrogatories and may be conducted by the agent of the United States or his representative. Reasonable notice thereof shall be given to the agent or agents of the opposing government or governments concerned in such proceedings who shall have the right to be present in person or by representative and to examine or cross-examine such witnesses at such hearing. A certified transcript of such testimony and any proceedings arising out of the issuance of such subpenas shall be forwarded by the clerk of the district court to the agent of the United States and also to the agent or agents of the opposing government or governments without cost.

"SEC. 7. That every person knowingly or willfully swearing or affirming falsely in any testimony taken in response to such subpenas shall be deemed guilty of perjury, and shall, upon conviction thereof, suffer the penalty provided by the laws of the United States for that offense when committed in its courts of justice. Any failure to attend and testify as a witness or to produce any book or paper which is in the possession or control of such witness, pursuant to such subpena, may be regarded as a contempt of the court and shall be punishable as a contempt by the United States district court in the same manner as is provided by the laws of the United States for that offense in any other proceedings in its courts of justice.

"SEC. 8. For the purposes of sections 5, 6, and 7 of this act, the Supreme Court of the District of Columbia shall be considered to be a district court of the United States."

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 1581, and pursuant to House Resolution No. 168, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion by Mr. MCKEOWN, a motion to reconsider the vote by which the bill was passed was laid on the table.

NATIONAL EMPLOYMENT SYSTEM

Mr. O'CONNOR. Mr. Speaker, I call up the resolution, H.Res. 157, a privileged resolution, with an amendment.

The Clerk read as follows:

House Resolution 157

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 4559, entitled "A bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes", and all points of order are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

With the following amendment:

On page 1, line 10, strike out the word "three" and insert in lieu thereof the word "two."

Mr. BLANTON. Mr. Speaker, I reserve a point of order just for the purpose of getting some information.

From what committee does this bill come?

Mr. O'CONNOR. From the Committee on Labor.

Mr. BLANTON. Is it a unanimous report?

Mr. O'CONNOR. I understand so.

Mr. BLANTON. Is this a bill that was sent here by the President?

Mr. PEYSER. Yes.

Mr. BLANTON. The President sent it here?

Mr. PEYSER. Yes.

Mr. BLANTON. This has not only the approval of the President but it is the expressed wish of the President that it pass?

Mr. PEYSER. Yes.

Mr. BLANTON. I withdraw the reservation of objection.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, this rule provides for the consideration of the House bill, H.R. 4559, introduced by the gentleman from New York [Mr. PEYSER], and reported by the Committee on Labor of the House in a report filed by the chairman of that committee, Mr. CONNERY. I understand, however, there is a Senate bill on the desk practically identical which it is desired should be considered.

I move to amend the rule, Mr. Speaker, in line 4, by striking out "H.R. 4559" and inserting "S. 510", and by striking out the words "a bill" and inserting the words "an act."

The Clerk read as follows:

Amendment by Mr. O'CONNOR: Page 1, line 4, strike out "H.R. 4559" and insert in lieu thereof "S. 510"; in the same line, on the same page, strike out the words "a bill" and insert in lieu thereof the words "an act."

Mr. GOSS. Is the Senate bill identically the same?

Mr. O'CONNOR. Not quite. It is practically the same.

Mr. MARTIN of Massachusetts. Will the gentleman explain what the differences are?

Mr. O'CONNOR. In reply to the gentleman from Massachusetts [Mr. MARTIN] and also the gentleman from Connecticut [Mr. GOSS] the differences between the bills will be met by amendments offered by the Committee on Labor. The House committee put some amendments on the Wagner bill, and they propose now to consider the Wagner bill and offer amendments which they want adopted to the Wagner bill in the House.

Mrs. ROGERS of Massachusetts. Will the gentleman yield for a question?

Mr. O'CONNOR. Yes; I yield.

Mrs. ROGERS of Massachusetts. Will the veterans' employment offices be in the bill with the amendment which the committee will offer?

Mr. O'CONNOR. They will be maintained separately, I understand.

Mrs. ROGERS of Massachusetts. They are desperately needed at this time.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, by the passage of this resolution we will accomplish what we tried to accomplish in the last Congress. As Members of the House who were Members of that Congress will recall, the House and Senate passed the so-called "Wagner employment bill" (S. 150), but it was vetoed by pocket veto by President Hoover. This bill sets up Federal employment agencies to work in cooperation with the State agencies, and grants aid to State agencies which do cooperate. The veterans' employment agencies now maintained by the Federal Government will be maintained separately for the veterans.

There is an authorization of an approprition of $1,500,000 for the coming fiscal year and $4,000,000 for each of the 4 years thereafter.

The House, after thorough consideration in the last Congress, enthusiastically supported the Wagner bill as one of the best methods of obtaining employment for the unemployed of America, and I am sure that spirit still prevails in this House, and that the House will again pass this employment agency bill.

Mr. DOWELL. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DOWELL. In what respect does the present bill differ from the bill that passed in the House at the last session?

Mr. O'CONNOR. I understand one of the two amendments that will be offered pertains to the veterans' employment agencies, and the other, as I understand, pertains to giving the States an opportunity to cooperate, but if they do not cooperate within a certain time the aid will be withdrawn from them.

Mr. DOWELL. As I understand the gentleman, the veterans' department will be separate from the other department in the legislation?

Mr. O'CONNOR. So I understand.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. CONNERY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 510, with Mr. HASTINGS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. CONNERY. Mr. Chairman, this bill is what was known originally as the Wagner bill. It is the bill which passed the Senate and the House during the last session of Congress and was vetoed by President Hoover.

This is a bill to provide for the establishment of a national employment system throughout the States and for cooperation with the States in the promotion of this system. In other words, the States are to be given an opportunity to cooperate with the Federal Government in this employment measure.

The Secretary of Labor lately closed all of the Federal employment offices except the veterans' offices. This bill will start a new system of cooperation with the States. The States will have an opportunity to save their own offices with aid from the Federal Government in these offices.

There has been a duplication of this work and that is the main reason they would like to do away with the Federal offices as such and cooperate with the States, making the offices combined Federal and State offices.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MARTIN of Massachusetts. Are we to understand, then, that every employment office must have State contribution in order to be maintained.

Mr. CONNERY. Yes.

Mr. MARTIN of Massachusetts. There will be no office where the Federal Government will bear the entire expense?

Mr. CONNERY. No. In future offices the States will contribute toward their establishment and they will be combined Federal and State offices.

Mr. MARTIN of Massachusetts. And the procedure, if any of these offices should close would be for application to reestablish the office to be made to the State authorities.

Mr. CONNERY. Yes. We have made an exemption here. We have put in a committee amendment in reference to the veterans. We have provided that the veterans' offices must be kept up in every State where there is an employment office. We feel that the veterans' problem is different from the general unemployment problem.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mrs. ROGERS of Massachusetts. Must the States subscribe to the veterans' offices or will they be maintained by Federal appropriations?

Mr. CONNERY. They will be maintained by Federal appropriations.

Mrs. ROGERS of Massachusetts. I understand also that a veteran must be appointed as the head of a veterans' employment office, and also that everyone employed in the office must be a veteran or a relative of a veteran.

Mr. CONNERY. Yes; the committee amendment so provides.

Mrs. ROGERS of Massachusetts. Thus, it will mean more work for the veterans. They need work desperately at this time.

Mr. CONNERY. Yes. We feel that the veterans' problem is different from the ordinary employment problem and that a veteran would be a little more interested in getting his "buddy" a job. We have provided that in these veteran employment offices in the States the director must be a veteran.

We found from the hearings and experience in the past that in many cases an employer did not want to hire a veteran because he figured the veteran may have been gassed or disabled and could not do the work as well as somebody else. So we have provided that a "buddy" will be in charge of the veterans' office, feeling that he will be more interested in securing work for his comrades than a man who is not a veteran.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DOWELL. In the matter of the cooperation of the several States we assume, of course, that all the States will cooperate. How is the division of expenditure to be made as between the Federal Government and the States?

Mr. CONNERY. The bill provides that no payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated or otherwise made available for that year by the State.

Mr. DOWELL. In other words, if the State does not make provision for the taking care of unemployment the Government does not open an office in that State?

Mr. CONNERY. We have a provision to take care of that also, reading as follows:

During the current fiscal year and the 2 succeeding fiscal years the Director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the Director.

(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperate Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the Governor of the State and the Director.

The authority contained in this section shall terminate at the expiration of the period specified in the first paragraph of this section, and thereafter no assistance shall be rendered such States until the legislatures thereof provide for cooperation with the United States Employment Service as provided in section 4 of this act.

In other words, some of these legislatures do not meet until 2 years from now and we did not want any of these States to be deprived of an employment office for 2 years, or until their legislatures met, knowing they would be willing to cooperate with the Federal Government in contributing to the expense of this proposition.

Mr. DOWELL. In other words, the Federal Government takes care of the situation until the States have the opportunity to take care of it.

Mr. CONNERY. Yes.

Mr. DOWELL. But the veterans' department, however, is maintained by the Government and continues from the passage of the act?

Mr. CONNERY. That is maintained by the Federal Government.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. JOHNSON of Texas. Is this measure substantially the same as the bill known as the "Wagner bill" which was vetoed by President Hoover?

Mr. CONNERY. It is.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield at this point?

Mr. CONNERY. I yield.

Mr. ARNOLD. I wish the gentleman would give us some idea as to the personnel and salary set-up in each of these agencies.

Mr. CONNERY. If my memory serves me right, I think the director in the State offices got about $3,000 a year. Then we cut them down. I think the highest salary paid was $4,000 a year in some States.

Then we cut them down to $3,200 or $3,000.

Mr. ARNOLD. What is the number of the personnel?

Mr. CONNERY. Some offices have 2, some 3, and some 4. It depends on the population of the State or the condition in the city where the offices are opened.

Mr. ARNOLD. Can the gentleman advise us how much per annum it will take to run each one of these offices, approximately?

Mr. CONNERY. They gave us some figures about that in the hearings; and if my memory serves me right, the total cost was around $250,000.

Mr. PEYSER. If the gentleman will yield, I think I can answer that question.

Mr. CONNERY. Yes; I yield to the gentleman from New York [Mr. PEYSER], the author of the bill, to answer the gentleman.

Mr. PEYSER. The entire appropriation in connection with the service which has been maintained, it was shown in the hearings, was about $978,000, of which seven hundred and some odd thousand dollars was used for salaries in the Washington offices. So there was very little used in the offices throughout the country, which is evidently the reason they are disposing of them. They were not functioning properly, and the hearings also brought out that the veterans' offices are maintained at about $8,000 per office per year. They maintain 30 offices, which it was shown cost about $250,000 to keep up.

Mr. ARNOLD. I thank the gentleman for the information.

Mr. CONNERY. In further answer to the gentleman there are 30 offices in which the manager gets $2,200 or $2,000, and there are 22 of these managers getting $2,400. It was $3,000 and we cut them down to this amount.

Mr. ARNOLD. That is the information I wanted, and I thank the gentleman.

Mr. GRANFIELD. Will my distinguished colleague from Massachusetts yield?

Mr. CONNERY. Yes.

Mr. GRANFIELD. As I understand the gentleman's statement, this bill is substantially the same as the Wagner bill which passed both branches of the Congress about a year ago.

Mr. CONNERY. Yes.

Mr. GRANFIELD. And it was pocket-vetoed by President Hoover.

Mr. CONNERY. Yes.

Mr. GRANFIELD. My recollection is that at that time President Hoover stated the employment service in this country was adequate. What are the reasons for bringing in this resolution now if the employment service under the last administration operated properly and met the needs of the country?

Mr. CONNERY. The employment system under the last administration was not adequate—not only that, but it did not function. Many of these employment offices should have been abolished long ago because they did not do the work. They could not cooperate with the States. They were duplicating the functions of employment offices in the States, and Senator WAGNER was fighting on this bill for a long time to get it before the Congress so we could do away with the duplication and get real efficiency in these employment offices.

Mr. GRANFIELD. And the proposed legislation will do away with that system?

Mr. CONNERY. It will do away with that system and cause the formation of real employment offices.

Mr. GRANFIELD. Will the gentleman yield further?

Mr. CONNERY. Yes; I yield to my colleague.

Mr. GRANFIELD. I would be amiss in my duty to the Members of this House if I did not take the time this afternoon to bring to their attention the attitude of the last administration toward the Wagner unemployment relief measures. The older Members will recall that Senator WAGNER, after spending months of study, evolved three measures, which were presented to the Congress for consideration. His program of unemployment relief was proclaimed throughout the country as the most constructive program offered to meet the crisis which was then confronting the Nation. The Hoover administration received this program very coldly and immediately displayed an unsympathetic attitude toward it.

Although the three measures were approved by the Congress, President Hoover affixed his signature to one of them without comment; he signed the second measure, and in a public declaration attempted to take from Senator WAGNER the great credit that was due him. The third measure, which is embodied substantially in the legislation under consideration today, received his pocket veto. At that time he declared the bill was unnecessary. Those of us who supported the Wagner measures were in absolute disagreement with the President's opinion and with his action.

We are informed today by the distinguished chairman of the Committee on Labor that the Hoover employment service has been valueless as an aid to the jobless in this country, and that the legislation before us is indispensable.

In reading over this bill I find a provision for the continuance and promotion of a system which will place in employment veterans of our wars. I am happy that this

service is to be afforded our veterans. In view of the manner in which the Economy Act is being administered—and I must say its administration at present is unjust and is working great hardships upon our veterans—that this system which will enable veterans to be cared for in employment is a praiseworthy adjunct to the bill. It is apparent that this bill will receive the unanimous support of the Membership of this House, and I am happy to have the opportunity to vote again for this constructive piece of legislation which is so essential to unemployment relief and which provides a system of procuring jobs which will prove indispensable as the years go by.

I wish to thank my distinguished colleague from Massachusetts for this opportunity to address the House.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman from Massachusetts should know how the employment service was conducted by the last administration. We practically had nothing but a political set-up.

Mr. CONNERY. That is right.

Mr. COCHRAN of Missouri. Men who were not qualified were placed in charge of the offices, and yet this bill provides for the holding-over of the same men for 6 months. What explanation can the gentleman give for that?

Mr. CONNERY. It does not provide for holding them over because they have already been fired.

Mr. COCHRAN of Missouri. I take issue with the gentleman because they have not been discharged.

Mr. CONNERY. All these offices have been closed except the veterans' offices.

Mr. COCHRAN of Missouri. And you have men in the veterans' offices who are not subject to the Civil Service and have not been giving the service they should give.

Mr. CONNERY. We have an amendment here to take them out of the Civil Service so the Secretary of Labor can appoint real, efficient men to do this job.

Mr. BACON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BACON. I think the gentleman from Missouri exaggerates somewhat. As far as my own experience is concerned, I had a very efficient Democrat appointed in the New York office. [Laughter and applause.]

Mr. DINGELL. Is it not true that the real difference in the new set-up as compared with the old is the abolishing of the centralized agency, which took up most of the appropriation here in Washington, and to establish these offices far and wide throughout the Nation?

Mr. CONNERY. Spread them throughout the Nation; yes.

Mr. DINGELL. Where they can, in fact, perform the service to the workingmen of the Nation.

Mr. CONNERY. Make them really efficient and have all the States cooperate. Now the States just look on it as a little branch of the Federal Government and do not pay much attention to these offices.

Mr. DINGELL. In other words, we were spending about $700,000 here in Washington when the agencies should have been in the hinterland or in the backwoods.

Mr. CONNERY. I may say to the gentleman that in many cases, to be just to the directors of these offices, very fine work was done. It all depended on the personnel of the offices, but they could not cooperate with the States, and that was the trouble.

Mr. DINGELL. And there were altogether too few of them in the field.

Mr. CONNERY. Yes.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. CONNERY. Yes.

Mrs. ROGERS of Massachusetts. I am very glad the gentleman made that statement, because I know that business men and the industries were very much interested in having these offices continued, as well as the men who were receiving jobs. They all found them very helpful. The director of the offices in the State was very able, and his office has been highly endorsed. In my own city of Lowell we were supposed to have had the finest branch office in the entire State.

Mr. CONNERY. Outside of Lawrence.

Mrs. ROGERS of Massachusetts. And very fine work was done by that office. They were both fine.

Mr. KENNEY. This employment service will be rendered entirely free, and the applicant will not be charged anything for the service.

Mr. CONNERY. That is true.

Mr. BLANTON. There was a small employment office placed in my district and it served 150 square miles of territory.

It has only three employees, and the highest paid was $2,000 a year. It had its rent furnished by the people. The fixtures and paraphernalia were furnished free, and I am sorry to say that the present department entered an order abolishing the office when it was placing a large number of deserving people in positions. Under this bill we have been promised that these offices will be restored.

Mr. CONNERY. They will be restored.

Mr. HEALEY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. HEALEY. What is to be done to cooperate with the States who already have employment service?

Mr. CONNERY. It will be just the same as it is in the highway system; they will cooperate with the Federal Government and thus do away with duplication.

Mr. PARSONS. Will the gentleman yield?

Mr. CONNERY. I will yield.

Mr. PARSONS. Does the gentleman mean to say that this set-up will be new, that it will be apart and separate from the agencies of the State?

Mr. CONNERY. We are setting up these to encourage the States to set them up, and we will go on a 50–50 basis. It is to aid and to encourage the States to start employment offices, if they have not got them already.

Now, I do not want to take up any more time, I want to yield to some other gentlemen. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, Decoration Day in memory of and honor to the dead comes but once a year. I believe in memorializing the living as well as the dead. To do that we can utilize any one of the 365 days of the year.

To our appreciated new Members of the House, I want to say that the distinguished chairman of the very important Committee on Labor, Hon. WILLIAM P. CONNERY, Jr., of Lynn, Mass., is one of the most delightful personalities we have in Congress. He is an earnest, honest, conscientious, able, and energetic representative of the people. He may lack several inches of being 6 feet tall, and he may not weigh over 140 pounds, and yet in my judgment he is one of the really big men of this House of Representatives. [Applause.]

BILL CONNERY is one of the most lovable characters I ever knew. He is everybody's friend. And everybody is his friend. With his genial disposition he radiates sunshine around his colleagues constantly. Although he has a Master of Arts degree, he is not a lawyer, or a doctor, or a preacher, but in his warm heart he has a deep and eternal affection for his fellow man.

No other Member of this Congress is better qualified than he to serve as Chairman of the Committee on Labor. He has an intimate knowledge of the struggles, and trials, and tribulations of the great army of men who must labor for their daily bread. He knows how much it takes to feed them. He knows what it requires to clothe them. He knows just what it costs to house them. He knows the great sacrifices that families of the workingmen must undergo to pay for medicine, doctor bills, dentist bills, schooling and books for the children, and for the other many necessities of life. He knows how little time, and opportunity, and means they have for pleasure and recreation. He is in a position to sympathize with their walk in life. And he has for them a sympathy deep and unshakable. He is their loyal, dependable friend.

As a skilled actor in the theatrical profession he was a great entertainer. He received his training in Lynn, Mass., Montreal, Canada, and Worcester, Mass. He first chose a profession which gave him the opportunity to put gladness in people's hearts and divert their minds from cares and troubles. And then the cruel World War called him to our colors.

On August 23, 1917, WILLIAM P. CONNERY, Jr., enlisted as a private in Company A, One hundred and first Regiment United States Infantry, and served 19 months in France, taking part in all major operations, engagements, and battles of that regiment in the Twenty-sixth (Yankee) Division, and won promotion for meritorious service. The people of the Seventh District of the great Commonwealth of Massachusetts honored themselves by electing him to Membership in this House in the Sixty-eighth Congress. He has been reelected ever since, and on one occasion received the nomination of both major parties. And with his experience and his general knowledge of governmental affairs and the prestige that goes with his seniority, I feel sure that his worthy constituents will keep him here for many years to come. He deserves it all. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. The gentleman has said so many nice things about me I now yield him 2 minutes on the bill. [Laughter.]

Mr. WELCH. I yield the gentleman 5 minutes more.

The CHAIRMAN. The gentleman from Texas is recognized for 7 additional minutes.

Mr. BLANTON. Mr. Chairman, I am deeply grateful to my good friend from Massachusetts [Mr. CONNERY] and to my good friend from California [Mr. WELCH] for their kindness in yielding additional time. Both are to be commended for efforts they are continually exerting in behalf of labor. This Senate bill they have favorably reported from their committee is one they have been seeking to pass for several years. President Hoover stood in the way of their passing it in the last Congress.

I will show you exactly why it is needed. Until May 1, 1933, there was a United States employment office in my home city of Abilene, Tex., conducted by three small-salaried Government employees, Mr. Roy Savage receiving $2,000, Mr. Lloyd B. Thomas receiving $1,800, and Miss Kate Rathmell receiving $1,500 per year. The Government paid no rent. My constituents furnished them an office free. It gave them furniture free. It had the help and friendly cooperation of the chamber of commerce and of all the clubs of Abilene.

During last year, with this very small cost to the Government, this one office placed 9,500 idle men in employment. During January, February, March, and part of April this year this one office, manned by only three low-salaried employees, found jobs for and placed in employment 3,490 heads of families. But to the great surprise of everyone, there was sent to it on April 22, 1933, the following telegram:

WASHINGTON, D.C., *April 22, 1933.*

ROY R. SAVAGE,
United States Employment Service,
917 North Second Street, Abilene:

By direction of the Secretary of Labor your office will be closed April 30 and your services as manager and those of Lloyd B. Thomas, assistant, and Kate Rathmell, stenographer, will terminate that date. Arrange to keep office records intact pending later instructions regarding their disposition. Acknowledge by wire.

JOHN R. ALPINE.

While the above telegram was sent over the name of John R. Alpine, former director of the United States Employment Service, I was informed that he had been succeeded by a woman as director, appointed by Miss Frances Perkins, Secretary Department of Labor. My office immediately sent the following telegram:

ABILENE, TEX., *April 25, 1933.*

Hon. FRANCES PERKINS,
Secretary of Labor, Washington, D.C.:

Your director Alpine has wired United States employment office here to close April 30. I sincerely hope that you will not permit such foolish and ridiculous action. During last year after January 16 this Abilene office placed 9,500 men in employment. During less than 4 months this year it has found jobs for 3,490 heads of families, and is vital factor serving area of 150 miles square, at an expense of only three low-salaried Government employees. There would be just as much wisdom in abolishing entire Department of Labor. I respectfully request that such closing order should be rescinded, and this most valuable office continued. Please wire me your reaction.

BLANTON, *Congressman.*

Hon. C. W. Woodman, of Fort Worth, Tex., was the State director for Texas of this service. He sent me glowing reports of the splendid work of this Abilene office. He was getting wonderful results all over the State. To show that this office was closed without his approval I quote his letter as follows, to wit:

DEPARTMENT OF LABOR,
UNITED STATES EMPLOYMENT SERVICE,
April 24, 1933.

Mr. ROY R. SAVAGE,
Manager United States Employment Service,
917 North Second Street, Abilene, Tex.

DEAR MR. SAVAGE: The first intimation I had of the closing of the Abilene office was your letter of the 22d quoting wire received by you and the one that you wired Washington. It must be a matter of finances that brought about this change.

I think you know how I feel in matters of this kind.

Yours truly,

C. W. WOODMAN, *Texas State Director.*

Immediately upon learning that this employment office had been ordered closed, 468 citizens of Abilene, Tex., signed the following petition to the Secretary of the Department of Labor, which my office, on April 25, 1933, forwarded to said Department of Labor, to wit:

ABILENE, TEX., *April 25, 1933.*

We, the undersigned citizens of Abilene, Tex., all having our application for work placed with the local office of the United States Employment Service, hereby endorse the Abilene office and its personnel. For more than 1 year we have been in constant contact with the employees of this office, during which time they have assigned to us the distribution of relief work, as well as placed men in outside work.

We have found the United States employment office of great benefit and service to ourselves and the community. We have found the officials in charge of the office always fair and courteous, and we believe they have at all times favored the best interests of the unemployed.

It is our hope that the present office and personnel will be continued until normal times return.

I have a copy of this petition in my office signed by said 468 citizens, and some of them I know to be as worthy as any citizens in the United States. It was an inexcusable error to close up that office. The Government got more of value out of the small amount of money expended than it has received from any similar amount ever expended for any purpose.

I took this matter up personally with the new Director of Employment down at the Department of Labor, and I learned that the only chance to get this office restored was through the passage of this bill now before the House. I am confidently expecting and depending upon the Department of Labor and the United States Employment Service to restore this office as soon as this bill becomes effective.

From the official report of this Abilene, Tex., office for the 1 month of March 1933, I quote the following:

Of the 925 placements for the month, 160 were permanent or became inactive on the file by reason of having secured regular part-time jobs. The total number of days' work resulting from all placements, both permanent and casual, was approximately 9,250 days.

From the special report sent me by this office I quote the following:

In canvassing the town I find practically every business man, salaried man, and rent house owner is doing something for someone less fortunate; but when we talk with these people they generally become convinced they have not done enough and give us a few days' work for some good man in their yard, garden, or house. As you doubtless realize, our unemployed consist chiefly of common laborers who are in conditions of actual want, and our first efforts have been toward somewhat alleviating this suffering.

When we remember that all the foregoing was accomplished by three low-salaried Government employees, and then remember the facts given us by the gentleman from Mississippi [Mr. COLLINS] that there has been employed a civil personnel of 20,000 employees drawing an average of about

$140 per month used to give forestry work to the young boys now in camp drawing $1 per day, it will convince anyone that a great mistake and blunder was made by some official in the Department of Labor in closing this employment office at Abilene, Tex., on May 1, 1933. I sincerely hope it will be restored. The facts about this one office illustrate and exemplify the purpose and scope of one of the main features of this bill now before this House for passage.

On April 30, 1933, most of the employment offices in the United States were abolished. We have no chance whatever to reestablish those offices except under this bill. I shall have the opportunity to revise and extend my remarks, of which I intend to avail myself, and I shall not impose further upon the time of the Committee. I ask unanimous consent to insert certain extracts in my remarks, and yield back the remainder of my time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. THOM].

Mr. THOM. Mr. Chairman, I feel there is an opportunity for great usefulness under the terms of this bill for the creation of a national system of employment agencies. It is my belief that even with the return of normal business we shall have to deal with the problem of chronic unemployment. I believe that the displacement of men by machinery is so wide-spread that it presents to us, at least temporarily, one of the most serious problems that confront us as a people. I am hopeful that this system of employment agencies will not only seek to find jobs for men but that it will collect statistics and facts about the causes of unemployment, so that we may take steps to remedy the evil. After all, if in this society we have liberty and freedom, those things are insufficient and wholly inadequate, if we do not have the opportunity to work. In our complex civilization the right to work is becoming a sacred right in the minds of a great many progressive thinkers.

Up to this time we have never had correct statistics on unemployment. It is a reflection on our Government that we have failed in this respect. It will be recalled that at the outset of the depression the discussion centered largely around the number of unemployed in this country. It was a very futile argument, because it mattered not a great deal how many were unemployed, because the very fact of unemployment should have served as a danger warning, as a notice to Congress and to legislators that something must be done. As it was, we wasted a great deal of our time discussing the question of how many unemployed there were. I feel safe in saying that the estimate now given of 12,000,000 unemployed cannot be substantiated. I do not think there are any services, either private or otherwise, that can be accurate about these figures.

It is ridiculous that we, as a government, have been collecting statistics as to the number of cotton spindles, for instance, in operation; as to the number of bushels of wheat that are milled, which reports come to us practically every week; and yet have neglected to have definite and concise, thoroughgoing, and reliable statistics on this problem of human unemployment. The very basis of solution is first a knowledge as to its extent and as to its causes.

I feel very friendly to this legislation and I hope the system will be officered by men of vision and competency, so that it shall become not merely a system to provide a few jobs for employment-agency clerks, but that the staff shall consist of men who are principally interested in the solution of the problems of unemployment.

May I be permitted to make a few observations on the road back to employment and especially of the part the public works bill, already passed by the House of Representatives, will have in hastening our recovery, in the event this measure is finally enacted into law?

It is my understanding that in our economic history panics have usually seen the building industry and/or the railroads take the lead in recovery. Cheap material and cheap labor, together with easy money, induced capital to come out of hiding. This brought large-scale building with growing employment. The capital investment in turn gave men consuming power with which to purchase shoes, clothing, and other consumers' goods for themselves and their families. Benefits thus rapidly flowed to the so-called "lighter industries", such as textiles and shoes. Usually in step with the construction business, the railroads, foreseeing an increased movement of freight, began buying rails and setting hundreds of men to work on roadbeds, doing the necessary repairs that had been neglected during the period of a depression.

But these are different times. The construction industry seems to show little or no life, due to the utter collapse of our banking and credit system. Where at the present time are long-time loans available for permanent construction? To me it seems utterly out of the question for building, privately financed, to help lead us up out of the depression in the near future.

I now call your attention to the plight of the railroads. Their credit is gone, their dividends suspended. A new competitor in the field—the automobile truck—has disorganized the transportation business. As a result, those wholesale orders for car equipment that so often in the past transformed poor business into thriving business in a remarkably short time are not in sight. It is to be noted also that the private passenger automobile has given each man his own railroad. These automobiles, by and large, are in a dilapidated condition and many need replacement. Unfortunately this private rolling stock cannot be replaced through the use of credit on the broad scale that has marked railroad financing.

Now the public works bill undertakes the business of bringing to life the construction and building industry of the country, so much of which is centered in the great industrial States of Ohio, Pennsylvania, New York, and Illinois, where unemployment has produced its great distress. I see no way out of the situation except through a public works bill, administered sanely, and including truly beneficial projects to be carried on simultaneously with an encouragement of private industry. Of course, the public-works program to help break the depression involves Government financing, for credit is not obtainable elsewhere.

Some idea of the slump in building may be gained by these figures: All contracts in the United States in 1929 amounted to over $10,000,000,000; in 1932 the total was $2,839,000,000. How many men were sent into the unemployed ranks by this slump in this one field of activity it is hard to estimate. However, we know from our own observations that the carpenter, bricklayer, plumber, and other building mechanics have long been idle in our large cities.

Much of the work proposed in the public works bill is of such nature as sewers, grade-crossing removals, roads, and so forth, that can under no circumstances be considered economic waste. These projects eventually will be needed unless our whole society falls back into a state of unprogressiveness. I am not pessimistic enough to believe this will happen. Slum clearance in the large cities is another project that will contribute greatly to social welfare, and it has been executed through limited-dividend corporations, owned by private stockholders, in New York City, with great success.

Our first public-works programs were not as stimulative of business as they might have been, for the reason that the competition for these public jobs was so intense as to depress unduly the prices of materials, and the fierce rivalry sent labor in many instances down to starvation wages.

I have reports from Ohio made by a public-relief committee in my district, showing that plants furnishing material for public buildings have been paying such low wages that a worker and his family the next day after factory labor stopped, or even before, had to be transferred to the public-relief rolls. A specific instance is cited by this relief committee of a concern that has been furnishing material for Government work whose employees agreed to forego wages and participate in profits. Under this arrangement one man by affidavit says he received $1.29 for 44½ days'

labor and another 93 cents for 48 days of labor. This sort of wage payments depressed the price of building products, so that other concerns paying the low wage of $1.50 a day could not compete. No wonder then that this relief committee was constrained to say:

From the foregoing those engaged in the work of administrating relief are compelled to feel that the public-works programs of the past have not greatly helped in reducing unemployment, nor have helped to restore any measure of self-support to the men engaged. Instead the work of relief is made more difficult by the fact that owing to the extremely low wages are being reconciled to living on public help. Under the competitive conditions heretofore, it is almost impossible for anyone to be successful in obtaining a Government contract at a price which does not require orders for materials to be placed at such a level as to force manufacturers greatly to reduce their normal cost. These reductions must finally rest upon the shoulders of labor, since in the last analysis labor is the principal cost in the production of raw materials.

This sort of unfair competition, that makes for long hours and starvation wages, is sought to be reached in the codes of trade practices prescribed for industry by the terms of the public works bill. This self-regulation of industry under Government control is to continue for the emergency period. It is the hope that these stabilizing factors which will tend to assure a profit to manufacturers will invite the use of bank credit, that is now so slow in expanding. It is to be remembered, however, that self-regulation of industry calls for a great measure of restraint, to the end that the consuming public shall not be oppressed. Even those who hope for high results from this type of legislative control realize that it is highly experimental and that it will require sound judgment on the part of participants, both labor and capital, to prevent it from being a burden that will invite public condemnation.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CONNERY. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I want to add, if I can, to the remarks of the gentleman from Texas [Mr. BLANTON] in regard to the sterling character and worth of the gentleman from Massachusetts [Mr. CONNERY], the chairman of this committee. When I arrived in Washington the week of March 4, one of the first gentlemen I had the pleasure of meeting in this House was Mr. CONNERY, through a mutual friend back home in Akron, Judge O'Neil, who was a classmate of the gentleman from Massachusetts in college. I think while we are passing bouquets, it would not be a bad idea for some of us Democrats to thank the gentlemen on the minority side for the splendid cooperation they have given us in practically all bills affecting labor and agriculture.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. PARSONS. Is this a testimonial meeting this morning or is it a session for the purpose of explaining the merits of this bill?

Mr. TRUAX. It is a little of each. The great problem in all of our minds has been the unemployment problem. Twelve million men are out of work. While those who do toil are fighting a losing battle, wearing out hand, head, and heart for a crust that becomes scantier, evermore bitter, there have been millions, tens of millions, who cannot even obtain the poor privilege of tramping on this treadmill, and they are sinking deeper day by day into the slough of despond, deeper into that most frightful of all Gehennas, the hell of want, and so this bill, with its companion bill and these amendments thereto, the Wagner bill, in my humble judgment, is one of the most important measures that this Congress will have enacted. We have restored already a very marked advance in the price of agricultural commodities through the anticipation of what the farm relief bill will accomplish.

Stocks and bonds and securities have mounted in value in anticipation of what inflation and abandonment of the gold standard will do for this country, but as yet the men back in the cities, the men in the small towns, and the men in the villages are still idle and unemployed and must depend upon charity and upon Government doles for support. For the first time in the history of this Government, I believe, the Wagner bill, authorizing an appropriation of $500,000,000 for the employment of men who do not wish to be dependent upon charity, who do not seek Government doles, but who want to earn their bread honestly and by the sweat of their brow, will provide employment for such men.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has expired.

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. WOOD].

Mr. WOOD of Missouri. Mr. Chairman, after the many eloquent speeches that have been made I do not desire to take up much time, but there are a great many salient features of this bill that have not yet been touched upon.

This bill is not for the purpose of creating jobs. The bill mainly is for the purpose of connecting the men with the jobs; not only getting employment for as many people as possible, but getting men who are skilled in certain lines of occupation jobs in that particular line. It is very necessary that some tribunal or some agency or instrumentality of Government be set up that will systematically ferret out among various industries the jobs that will be suited to those who are unemployed who happen to be skilled in a certain line of employment. To my mind that is one of the greatest accomplishments of this legislation.

It will do another thing. There are a great many States in the Union that have no State free employment bureaus. A great many States have such bureaus. Those State free employment bureaus are maintained by the State alone, and, due to that fact, those State employment bureaus, or those who are operating them, are somewhat subservient to certain political or industrial interests; the State bureaus do not function as they should. I feel that the passage of this legislation, with the setting up of these various Federal free employment bureaus, working in cooperation and coordination with the State free employment bureaus, will have a great effect upon our free employment bureaus of Missouri. It will tend to encourage our State employment bureaus to make an exceptional effort. It will make possible for our State free-employment bureaus not to be just State institutions, but the benefit of those bureaus will be interstate. Therefore our State bureaus will be of an interstate character. That will be of great benefit to the State free employment bureaus.

Mr. Chairman, there is another thing that I feel is more important than anything else, which I am sure this legislation will accomplish. With the perfect coordination between Federal and State employment bureaus, it will have the effect of abolishing one of the most nefarious occupations that I know of, those human vipers that own and operate private employment bureaus, whose stock in trade is the practice of forever and eternally robbing the unfortunate man or woman who happens to be in need of employment. There is no more vicious aggregation of racketeers in this United States than the owners and operators of the private employment bureaus, which are operated for the express purpose of robbing the unfortunates who are in need of employment more than anything else.

That, together with connecting the workman and the mechanic with the proper job, the job that he is fitted to perform, I think will be of great service to the people of this Nation, and I hope this bill will be passed unanimously. [Applause.]

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back 5 minutes.

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, one thing in this bill which at this particular time should have the real interest of Congress is the change made by the House Committee on Labor leaving in this bill the present veterans' employment agencies, and leaving it there not under the Veterans' Bureau but leaving it there under the Department of Labor.

There is reason for that, especially at this time. That reason is that the Veterans' Bureau, insofar as its entire

set-up is concerned on things of that kind, has used money injudiciously.

When Brigadier General Hines took over the active management of the Veterans' Bureau it was a service of 0,000 employees. It was an Army brigade in numbers. But General Hines had hopes of promotion. He built it up in numbers until he had under his command an Army division. He commanded as many as a major general. He built it up to 39,000—the strength of an Army corps, the command of a lieutenant general.

On the 1st day of July, after the present regulations start in effect, there will be eliminated entirely from the rolls 165,000 veterans with non-service-connected disabilities. Only those with service-connected disabilities will remain, and they will be cut from 20 to 40 percent. General Hines was responsible for figures on which these regulations were based. In view of that fact, it might be well to give some attention to the way in which he built up the Veterans' Bureau and how the money is spent which is appropriated for his use. When the last bonus army came to Washington and were out at Fort Hunt, General Hines decided that there should be a judge advocate. No one knows why. As many of you know, in the Army the judge advocate is the law member of the courtmartial. The bonus army was subject to the civil law of the State of Virginia. The only question that might have involved the Federal Government on military law would have been the question of jurisdiction, because these men were on Army post property. Even then the Veterans' Bureau would have no connection with the case. But General Hines decided that he must have a judge advocate for the bonus army, and proceeded to get him.

There were dozens of lawyers of all classes here in Washington on the Bureau pay roll, but General Hines got his judge advocate by sending out to Chicago and bringing in from there Mr. Harry Poole, who is classified in the Veterans' Bureau as a grade 5 lawyer. He brought Mr. Poole to Washington and his transportation was paid by the Government and he is keeping him here at $5 per day expense money in addition to his salary. But this was not expensive enough for General Hines. To take the place of Mr. Poole and do his work in Chicago while Mr. Poole was so busily engaged doing nothing as judge advocate of the bonus army in Washington, the General sent to Chicago, at Government expense, Mr. T. R. Callahan and Mr. Tom Eggleson, both grade 5 lawyers like Mr. Poole. They are still in Chicago, and while they are in Chicago they will each draw from the Government $5 per day expense money in addition to their salaries. This is the way General Hines is spending the money that he wanted Congress to take from the service-disabled veteran.

There are other peculiarities of the system by which the Veterans' Bureau handles its business and expends its money. If you, as a lawyer in your district, write the Veterans' Bureau about any case under litigation in the courts, the answer to your letter is reviewed five times. The answer to your letter is written by a $6,000 per year lawyer, and this lawyer's work is reviewed by a $6,400 per year man, who is reviewed by a $6,500 man, who is reviewed by a $7,000 per year man, and the final reviewing man draws $8,000 per year. It has never been determined why, if the work must finally, after passing through four other hands, be reviewed by the $8,000 man, that the $8,000 per year man at the head of the litigation division should not write the letter in the first place. And it would be well to know, also, some of the lawyers and some of the types of lawyers that are reviewing these decisions.

From July 1, 1924, to December 1, 1928, there was on the pay roll of the House Committee on Veterans' Affairs a man by the name of Carl Walker who drew $2,800 per year for his services as a clerk. On the 11th day of November 1929 he secured employment in the Veterans' Bureau in Class CAF 9, which is a clerical class, and was designated there as a control officer at a salary of $3,200 per year. In the course of his duties he was sent to Indiana and there he was peddled to the Howard Circuit Court at Kokomo, Ind., as an attorney and admitted to the bar on July 22, 1930, despite the fact that section 1033 of the Revised Statutes of the State of Indiana provides that one must be a voter, and that under the laws of the State of Indiana it is a misdemeanor punishable by a fine and imprisonment for one to gain admission to the bar fraudulently. After qualifying himself as a lawyer in this manner, Carl Walker returned to Washington at Veterans' Bureau expense and was appointed, on October 16, 1930, a grade 4 attorney, at a salary of $3,800 per year, and then on the 1st day of December, less than 2 months thereafter, this same Carl Walker was raised to a class 5 attorney at a salary of $4,600 per year. This same Carl Walker, who had never tried a lawsuit, was appointed a class 5 attorney at $4,600 per year. But the most peculiar part of this lawyer's case does not lie in the fact that he became so proficient in one and a half months that he was entitled to an $800 increase in salary, nor in the fact that he was so efficient that the Veterans' Bureau in a year's time gave him an increase of $1,200 per year in salary, but the very astounding circumstance is that at the time he was given his increases, and today he was and is a resident of the State of South Dakota, and that there is now on file as a part of the qualifying of Carl Walker for his present position with the Veterans' Bureau a certificate from a county officer of the State of South Dakota certifying to the fact that in January 1932, and "for 25 years next preceding the date of the certificate" Carl Walker was an actual bona fide resident of the county of Hughes and the State of South Dakota. This certificate was filed by Carl Walker himself to qualify for his position in the Veterans' Bureau, along with his certificate of admission to the bar of the State of Indiana. But Carl Walker did not explain how he could have been a resident of South Dakota and a bona fide resident and voter of the State of Indiana at the same time.

This boosting of Carl Walker into the law division of the Veterans' Bureau and every promotion he has had therein was approved by General Hines. It might be well to remember the oft-repeated statement of General Hines that there is no politics in the Veterans' Bureau, but it also may be well to remember that Carl Walker was the clerk of a former Republican Member of this body who was once spoken of as the successor to General Hines during the last administration.

If economies are to be effected, here are three instances where economies could be effected; where money has been expended improperly and a saving could be made and the money saved could be used where it would benefit some of the thousands of these veterans with service-connected disabilities that Congress has taken from the pay roll.

Because money is spent in this way by the Administrator of Veterans' Affairs when he is insisting that veterans' allowances be cut in the interest of economy, I am opposed to the Administrator having any control whatsoever over the veterans' employment agencies in this bill.

General Hines is also responsible for using the employees of the Veterans' Administration outside of Washington to make a profit for the Government. The employees of these hospitals received a cut of 15 percent in salary. Many of these employees, after deductions, receive less than $1,000 per year. They do not receive $5 per diem in addition to their salary as do the favored employees of the Administrator. They are required to live inside the hospitals and support a family outside. They are charged for their room and board. They pay the Government in one hospital 83⅓ cents a day for meals served to them at the same table with patients to whom the cost is only 35 cents a day. They pay for their sleeping quarters. General Hines fixes the prices to be charged both for meals and quarters. Although these employees were given a 15 percent reduction on the theory that the cost of living had reduced to that extent, the Veterans' Bureau did not take 15 percent off its charges to these employees.

In some cases General Hines actually increased the cost of quarters to them. Was this the intent of any Member of Congress who voted for the economy bill? I do not think it was. For this violation of the intent of Congress, for this

exploiting of the employees, as well as the veterans with service-connected disabilities, General Hines is responsible. I introduced a bill to correct this evil, a bill that would force General Hines to pass on to these employees in the Bureau's charges to them the same percentage of reduction that the Government gave them in salary. That bill has been frozen. This Congress seems to be interested in justice to everyone but the veterans and the Government employees. To them Congress says: "Take a tater and wait." "We must take care of the bankers and Europe, then if any justice is left over perhaps you can have a very small portion." Such an attitude on the part of the Administrator of Veterans' Affairs and of Congress is not only unjust it is intolerable. It violates every principle of equity. It disregards entirely the rights of citizens because they happen to be employees of the Veterans' Bureau. But it is treatment that is to be expected from the powerful tin god of the Veterans' Bureau to whom official Washington bows.

I think it would be well for Congress to scrutinize carefully every grant of power or money to the Administrator of Veterans' Affairs, and after such scrutiny to refuse the grant.

The Veterans' Bureau is not being conducted for the benefit of the veteran but for the benefit of General Hines and the political friends of General Hines. There are some good men in the Bureau. What work is really being done is done by these good men, but at the top we have the drones and political parasites. Under the Hines regime the good men do not reach the top. Those exalted places are held open for Hines' "yes" men.

The CHAIRMAN. The gentleman from Indiana yields back 1 minute.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am quite sure that if you read the hearings on this bill and the hearings on a bill similar to this one which we passed but which unfortunately was vetoed by President Hoover, you will find that there is a clear-cut indication that employers in this country are dissatisfied with the present United States employment system, that the agencies that have been set up heretofore have not inspired very much faith and confidence on the part of employers and they want a different set-up. The set-up they seek and will have is embodied in this bill, which is sponsored in this House by my esteemed colleague and friend, the gentleman from New York [Mr. PEYSER].

One thing that always struck me as peculiar in our country was the fact that we compelled a man out of a job to pay for getting a job. We penalized him when he needed work. We made him pay a fee to private agencies when he could least afford to do it. It is interesting to note that in countries like England, France, Germany, and Italy it is made a criminal offense to exact a penny, a sou, or a mark from anyone out of a job as compensation for getting him a job. I would like to see the day and hope it may be near at hand when we, too, will make it criminal to exact toll from a man who is out of a job in order to place him in a job.

This bill will go far toward bringing men and jobs together. I know from the testimony heretofore given by our very brilliant Secretary of Labor, Frances Perkins, that there have been a number of instances where outside the confines of the State of New York, for instance, there was a demand for a certain type of employee and the workers were in New York desiring to get those positions.

The Bureau of Labor in New York over which Miss Frances Perkins presided was powerless to take those men and ship them across the State border because there was no power lodged in that State bureau to do that very thing.

What this bill does is to make labor mobile so that if, for example, in the city of Brooklyn where there are a great many ladies' shoe factories, there are jobs available but no one to fill them and there are skilled shoe workers, for example, in St. Louis, this bureau to be set up could take those skilled workers in St. Louis and send them to Brooklyn where the jobs were; and they will have the funds from which to advance money for the transportation of these people. Thus the people will be made happy in these newly created jobs.

As another illustration, if skilled ironworkers or sheet metal workers are needed in Youngstown, Ohio, and none are to be found in that locality sufficiently skillful or efficient to take the jobs, and across the State border in Kentucky such men may be found, under the provisions of this bill the jobs can be brought close to the men and the men can be brought close to the jobs through transportation of these workers across State lines by the agency set up by the bill.

For these reasons I am happy to cast my vote for this bill.

Senator WAGNER has labored long to bring this bill about. It was part of his original program to alleviate suffering and misery caused by unemployment and the displacement of labor by machinery. He deserves great credit for his work in this regard. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman, I wish to thank all the previous speakers because they have really made my job as the sponsor of this bill in the House an easy one. I think every point to be covered in this bill has been touched upon by some speaker who preceded me, but there are a few things I would like to bring to your attention which may convince you, in case you are in any way opposed to this bill. However, I really believe and feel very happy to say that I think it will be passed by a unanimous vote.

I may supplement the remarks that have thus far been made by reading into the RECORD a letter I received a few days ago from the Department of Labor. The letter reads as follows:

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, May 25, 1933.

Hon. THEODORE A. PEYSER,
House of Representatives, Washington, D.C.

DEAR MR. PEYSER: Now that the Committee on Labor has unanimously reported on your bill, H.R. 4559, I hope that every possible effort will be made to expedite its enactment by the Congress before this session adjourns.

Plans for industrial recovery make imperative the development of an adequate system of public employment offices. Without such a system, chaos in the labor market is inevitable.

Under the circumstances, may I again stress the need for favorable action on this measure at the earliest possible moment?

Sincerely yours,

FRANCES PERKINS.

I am only bringing this to your attention to confirm the statement that has been made that the Department of Labor is eager that this bill be passed.

When the bill was brought up in the Senate on Monday, for the information of those who did not read the RECORD, the bill was passed in less than 4 minutes. The only question raised at that time was one by Senator KING, who asked whether the Secretary of Labor approved the measure. Outside of that the matter came to a vote and the vote for the bill was unanimous.

I am very glad and proud of the opportunity of being interested in a bill on this side of the Capitol that is fostered by my good friend Senator WAGNER in the Senate after the hard work he has given to this measure for several years. I know that he and all who have been interested in this bill will be most happy at its passage. No one is more deserving, and I consider it a great honor to have my name as a comaker of the bill linked with the name of Senator WAGNER.

I may add that the amendments that are to be introduced to the Wagner bill will bring the bill into the shape approved unanimously by the Labor Committee of the House. I thank you for your kind attention and sincerely hope that you can support the Wagner-Peyser bill, for which I also thank you. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I shall not confine my compliments to the chairman and ranking minority member of this committee but shall extend them to the whole committee, as the country will credit the Congress with passing in

this bill the greatest single measure going with the most directness to providing help to those who need help.

I cannot be otherwise than in hearty sympathy and accord with measures of this kind. Mr. Chairman, it was just 40 years ago that I introduced and put through the Legislature of Pennsylvania the first piece of legislation in my public career. It was a labor bill, which is still in operation. Therefore I am in hearty accord with the bill; and while I know nothing about the technical structure of the measure or how it may work—like any other patent, it is a good thing if it works—the intention is certainly in the right direction.

It is quite manifest to me, Mr. Chairman, that so far as the working qualities of this bill are concerned, no discredit will fall upon any of my Republican friends. It is plain to be seen that while this is the greatest piece of legislation to be offered on this floor at this momentous session, in my opinion, and in the light of an experience of 20 years here, it is clearly manifest that since the States will have nothing to do with appointing the officers who are going to administer the measure, it may well be understood what the political complexion of each division will be, at least so far as they can apply it.

Now, I say this bill and one other bill will be reckoned as the greatest pieces of legislation conceived and executed during this session of Congress. They will restore the country to prosperity if they will work. There are two great fundamental principles in these bills.

One is to furnish employment, which means purchasing power and consuming power, and without these elements you can administer all the financial hypodermics from now until doomsday without bringing about the result that we all desire.

Then the other great element of our body politic is the farmer, and you can use all the hypodermics there without success until we can unfold some method by which the farmer who raises his crop can reach the market and get an adequate price for his product, a price above his cost of production. It does not matter how much his gross is unless he has a net.

You have put through a bill here in the hope of being able to find a way of getting this kind of market for the farmer. Why this problem cannot be solved I do not know. With all the brains we have here and the various and numerous varieties of farm boards, and with the untold millions of dollars that have been spent in my lifetime trying to stimulate agriculture, it does seem strange to me there has not been some way devised to find such a market.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. FOCHT. I want to say to my friends here that the farmer will reach such a market if you will only give him the chance, and we ought to have the brains and the ability, in addition to this, to lift the burden of taxation from the farmer and give him an equal break in taxation, and then, for God's sake, let him alone. He can run his own business if you will just let him alone. I know that they can do this up in my country, and all the farmers of the West came from the East, and the farmer can everywhere take care of his own business if you do not overburden him with taxes and inquisitions.

With these two bills properly constructed I look for a grand gallop of prosperity as soon as we get out of here and the people know what they are to do. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, in the last Congress this same legislation was passed, but, unfortunately, it did not meet the approval of the President.

In the bill which passed in the Seventy-second Congress there was a provision to take care of the States that do not have a State employment service. This was section 10 of that bill, and the committee will offer to the pending bill a similar section to take care of the twenty-odd States in the Union that do not now have any State employment service, and therefore, could not take advantage of this bill without this amendment which the committee will offer, at my suggestion. Section 10, which is to be offered to take care of the situation, reads as follows:

SEC. 10. During the current fiscal year and the 2 succeeding fiscal years the director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the director.

(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the governor of the State and the director.

This means that every State will have an opportunity through its legislature to provide for its participation under the other sections of this bill, particularly under section 4, before this service is taken away from them; otherwise there are some twenty-odd States in the Union that would not be able to participate in this plan.

Mr. DOWELL. Will the gentleman yield?

Mr. RAMSPECK. Yes; I yield to the gentleman from Iowa.

Mr. DOWELL. It occurs to me that there should be an office in every State of the Union, and will not this bill, when it is enacted, be an encouragement and a suggestion to all the States that they should cooperate and assist in putting offices in each State?

Mr. RAMSPECK. The gentleman is correct and this amendment will take care of them until they have had that opportunity. Of course, if they refuse to establish the system and take advantage of this cooperative system, then that is just their hard luck.

There is one other amendment which is to be offered and that I am very much concerned about. It has been discussed by my colleague from Indiana [Mr. GRISWOLD], and I simply want to mention my interest in the maintenance of the veterans' offices.

Unfortunately, the Spanish War and service-connected World War veterans are suffering from a maladministration of the Economy Act, which should and must be corrected before this Congress adjourns. [Applause.]

Mr. O'MALLEY. Will the gentleman yield?

Mr. RAMSPECK. Yes.

Mr. O'MALLEY. I was just going to inquire of the gentleman whether the gentleman knows the reason for striking out the provision that would compel this agency to cooperate with the Veterans' Administration in securing employment for veterans?

Mr. RAMSPECK. An amendment will be offered in place of that to require the maintenance of an office for veterans' employment, in which must be employed only veterans. So instead of simply cooperating, we will have a special division for the veterans.

Mr. O'MALLEY. In other words, this agency is going to try to get some jobs for these veterans that have had their compensation taken away from them.

Mr. RAMSPECK. Absolutely; and if the committee amendment is adopted these offices for veterans will be operated by the veterans themselves. [Applause.]

Mr. O'MALLEY. That seems to me to be the only excuse for appropriating $4,000,000.

Mr. RAMSPECK. I think there are other valuable reasons for establishing the service.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman and members of the Committee, Members frequently ask me if I am totally blind. I tell them that I am; and everyone, of course, expresses sympathy. May I say to Members of the House this morning that I have my sight right now—I have foresight enough to see that this bill is going to pass by a big vote. [Applause.] I am mighty glad that the soldiers are going to get something when this bill is enacted into law. Every man and

woman in this House knows that when a man or woman attains the age of 40 years today it is almost impossible for them to obtain employment. In fact, it is utterly impossible for a war veteran to obtain employment. Why? Because managers of industry do not want an ex-service man because they are convinced that he has some physical defect. This department, which is going to be operated by ex-service men, is, in my opinion, one of the most desirable and progressive pieces of legislation introduced in this House at this special session.

I know that the veterans who will be at the head of the department will go out and demand jobs for their buddies.

I may say, Mr. Chairman and members of the Committee, that it is an outrage and abominable to think that the men on whom our Nation depended, and on whom our Nation must depend in the future, have had to get down on their knees and ask some charitable organization for assistance. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Chairman, the problem of unemployment is a permanent one in this country in my opinion. For that reason I am happy to note that the Committee on Labor has brought back this bill that deals so fully with this problem.

This is not an emergency bill. It is a bill that looks into the problem, as the great Senator from New York [Senator WAGNER] has looked at it for many years. He has envisaged the time when the country will be unable to take care of this unemployment under present conditions, unless a Nation-wide employment service is established under the Federal Government.

It is necessary that we should have a great clearing house for the distribution of available jobs for the working men and women of this country.

In order that such a clearing house may operate at its maximum efficiency, in order that it may do the job and do it well, it is necessary that there shall be in every State in this Union an office to cooperate with the States, and in order that the system may have the necessary cooperation and encouragement locally it is essential that the State itself do something to support this system.

It is well, therefore, that the bill has been drawn in such a way that the States are invited to appropriate in order to relieve unemployment in their particular jurisdictions by setting up State employment offices.

When I first came to Congress it was my happy privilege to vote for a similar bill which was introduced by Senator WAGNER. I was very sorry that the last administration did not feel it possible to approve that bill after the Congress had passed it. I am glad to know that this administration, with an entirely new view of the great problems that affect this country, is welcoming this kind of legislation, and is not only willing but anxious that it be passed without delay. It was a great pleasure, I am sure, to every Member of the House to hear that the Department of Labor is asking for this bill at the earliest possible opportunity, so that it can cooperate with the departments of labor in the several States of the Union in solving this great and pressing problem of unemployment. Unless we tackle that problem and strive to the best of our ability to solve it, there will be continuous trouble in this country. We must organize in every part of the country proper agencies such as this bill provides to take care of the distribution of surplus labor, so that all men and women may have an opportunity to earn an honest living. It is very fortunate indeed that the committee in looking at this question of unemployment looked at it not only from the standpoint of the industrial sections of the country, but also that they have written into the bill a provision that has to do with the agricultural displacement of labor and I sincerely hope that, as has been predicted on the floor of this House, there will not be a single vote against the bill, but that it will receive the same unanimous acceptance in this House as it did in the other Chamber, and that it will go to the President to receive his immediate approval and be enacted into law at the earliest possible moment. I congratulate the Committee on Labor for the assistance which they have given to solving the unemployment problem by so promptly and favorably reporting this bill and I want also to pay my tribute of respect to the chairman, the distinguished gentleman from Massachusetts [Mr. CONNERY], who has worked so long and valiantly for this legislation and who is the greatest friend of labor in this House. Mr. Speaker, I shall gladly vote for this measure. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY.]

Mr. HEALEY. Mr. Chairman, I am happy to have this opportunity to say a few words in support of this meritorious measure brought in here by my distinguished colleague, Mr. CONNERY, the Chairman of the Committee on Labor. I listened with great pleasure to the complimentary remarks of the gentleman from Texas [Mr. BLANTON] concerning my colleague, Mr. CONNERY, and I subscribe to everything that he has said. I think labor in this country is very fortunate indeed to have as chairman of this committee a man with his broad and sympathetic understanding of its problems. For weeks in this present Congress the Chairman of the Committee on Labor and the members of his committee have worked arduously preparing and drafting the Connery 30 hour bill. This committee has held lengthy hearings lasting well into the nights on that bill, and even though the bill has not been enacted into law, and will probably not be in this Congress, that labor has not been entirely lost. There appeared before that committee great industrialists, employers of labor, sociologists, labor leaders, and the Congress as a result has a great deal of valuable data to be found in the record of the hearings to assist it in the future in meeting this great problem of unemployment.

In my State back some years ago the desirability and necessity for conducting free employment service was recognized, and we have for many years maintained a free employment service. This bill will serve to complement and supplement that service, and wherever such a similar service is maintained in the several States of the Union. It will further set up free employment agencies in the States that do not already maintain that service. It will serve to banish forever the private employment agencies that for years have been extorting from a man who so desperately sought a job that of necessity he paid them the tribute they so cruelly demanded. It is a pleasure to add my word to all that gentlemen who have preceded me have said in urging the passage of this legislation. I hope that this humane bill will be passed by a unanimous vote of the House. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

Mr. WEIDEMAN. Mr. Chairman, for many years the emaciated and decaying body of the unemployed worker has been the legitimate prey for the human vultures who have disguised themselves as employment agents. I hope this bill puts an end to that. I will not say that all of these agents should be likened unto vultures, but many of them should, and the more unscrupulous they were the more vulture-like they became, the more promises they made, and the less conscience they exhibited.

I think the unemployment problem is more or less of a permanent nature until such time as men are elected to both Houses of Congress who, by legislation, will make it possible for every man to have that right, God given, to secure free employment, the right to work.

Also, at this time I extend my compliments to all of the members of this committee on both sides of the aisle. I commend the Republican members of the committee for the wonderful cooperation they have put into this bill in working with our chairman of the committee, the gentleman from Massachusetts [Mr. CONNERY]. I think the members of the Labor Committee have the most thankless job of any committee in the House. They serve as a sort of buffer state between capital and labor, and have done so for years. I compliment my friend from Massachusetts. Many times he has voted not with the majority. It is easy to march down the street behind the flag and wave your hat along

with the majority when popular opinion seems to be that way, but the gentleman from Massachusetts has borne the cross for labor in this House when he stood alone, and there is no Member of the House who does not respect him for it. [Applause.]

In metropolitan areas the worker has been the legitimate prey for thievery. He has been charged $3 here and $5 there for just the promise of a job in many of these fly-by-night employment agencies. I hope this bill will abolish those creatures. I hope it coordinates our system of employment so that we will not have a surplus of labor in one part of the country and a dearth in another. It will enable this Government to know at all times just how many men are out of employment, and if we have accurate knowledge of those figures, then we may be able to legislate intelligently on this matter.

GIVE THE OLDER FACTORY WORKER A CHANCE TO LIVE

In metropolitan areas when a man is 40 years old he cannot get employment. I hope the administration of this bill is so worked out that a man who is 40 years old, a man who the highly industralized manufacturing interests say they cannot use because the young boys can work much faster, will be able to get a job. I hope that condition will be equalized to give the man of middle age and past middle age a chance to get a job.

I am glad to see a provision in this bill that will provide employment for veterans. The average veteran of the World War is now past the 40-year mark and he finds it very hard to get a job. They march up to these factory gates in droves and they stay there all day, only to be turned back at night, to go home without a penny in their pocket to feed their children. Now, under a coordinated system of employment agencies, I hope we have intelligent administration so that a man will not have to walk from factory to factory in search of work until his feet burn, until he can walk no longer. I think the day is coming with the establishment of this law and with the sending of men to both Houses of Congress who are favorable to the rights of men as are the members of the Labor Committee in both the House and Senate at this time, this problem may be solved.

I live in hopes that this measure will function so that the men who have been out of work for 3 years can at least have a chance at a job. It is not always the best worker who gets the job. Sometimes it is the man who is most glib with his tongue and who presents himself at the employment gate in better light who gets the job. The man who is the plodder, the man who works day in and day out, never loses a day, and turns his all back to his family, but who may not be quite as good a talker, will under the administration of this law have a chance to work. I hope the men who have been out of work longest will be given the first chance to secure employment under this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WEIDEMAN] has expired.

Mr. WELCH. Mr. Chairman, I yield myself 5 minutes.

There has been but one request for time on this side of the aisle. That request was by the gentleman from Pennsylvania [Mr. FOCHT]. I take it for granted, and I feel safe in saying, that the Republican minority is unanimously in favor of this bill.

Mr. Chairman and members of the committee, the main reason for this legislation is that the present United States Employment Service is most unsatisfactory. The Federal Government has operated employment offices in every State of the Union independently of the State service. The Federal Government service has had no relation to the State service. The Federal service not only does not coordinate with the State service, but, in most instances, is actively competing with the State service and running an independent office in the State when there was already in the same State or the same city a State employment office. Also, there is actual friction between the employment services.

This bill proposes a scheme of Federal leadership, with the placement work done by the States, in cooperation with such leadership. By taking the leadership the Federal Government can set up standards, statistical control plans, give the necessary study, circulate the necessary information, and assist in bringing all of these offices into one general system.

To assist and stimulate the development of a system by the States, the Federal Government will give sums of money to match the moneys already appropriated by the States or set aside by the States, for the development of a free employment service. We should keep the pattern of the States in doing their own work in placement, and put the Federal Government in the position of helping and encouraging them to do so, the Federal Government being responsible for the statistical work and saving the States this expense, and the statistical information being available to all the States. The Federal Government is also to do the research work, which is often too expensive for the States to do individually, the function of the States being to perform the task of getting the jobs and the workers brought together.

Mr. Chairman, as a matter of fact, this bill need not have taken up but very little time of Congress. It is a humanitarian measure. It is one of the few measures that has been passed by Congress thus far this session of a humanitarian nature.

I hope the amendments that will be offered by the distinguished chairman of the committee will be unanimously adopted and this bill be sent on its way to the President, who, I am sure, will gladly give it his approval. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, those of us who come from the large cities realize the necessity for this legislation. My only regret is that the amount appropriated is not equal to the amount that will be appropriated in future years. I am going along with the committee if the chairman is satisfied on the $1,500,000 set aside for expenses and advances to the States for the fiscal year 1934, but I cannot help but express the thought that, with over 12,000,000 people out of employment, it would be well to increase that amount to $4,000,000, the amount set aside for 1935 and other years.

The finances of the various States are at a very low ebb and they need Federal aid. We have extended help to the farmers; we have extended help to the bankers and corporations; but this is the first time we are getting right down to helping the man who is out of a job. I do not think we can spend too much money to place unemployed in jobs.

My distinguished colleague from Missouri [Mr. WOOD] told you something about the private employment agencies. No one on the floor of this House knows more about that situation than does the gentleman from Missouri. For many years he has been president of the State Federation of Labor of Missouri, and only last week he was reelected to that position. He did not tell you half of it, for the want of time. Such vultures who prey upon the unfortunates out of work must be put out of commission, and this bill should put them out of commission. If it is not enough we should put teeth in it.

The man who is depressed, looking for a position to feed his family, will go to any extreme to get work, and when those men require him to agree to give them half of his first week's salary, and sometimes half of his first 15 days' salary, what can he do but agree? And in many instances when this time expires the man loses his position. Investigation has disclosed that the employer is working with the private employment agency, and that there is a big turnover in employees, unskilled laborers, and a splitting of the amount the employment agency receives for getting men work.

I am very pleased the committee is to offer an amendment that will allow the States whose legislatures already have adjourned to participate in this legislation.

During the present week I have received telegrams from the industrial commissioner of Missouri. She is waiting for this legislation. She says we need it and need it badly.

You speak of veterans' employment agencies. We had a veterans' employment agency in St. Louis, and they put it in the dome of the Federal building. You almost had to hire

a scout to find the office. I say it was unworkable just as this committee report states that it was unworkable. I know that it was practically of no value. The money was practically thrown away. The Department of Labor sent a man from Washington to Missouri, to be the director of employment in Missouri, a man who did not know anything about the State of Missouri. To get positions and understand the employment needs the director of an employment bureau should be a man who resides in the community. Such a man who knows those who can hire men. I think extreme care should be taken in the selection of the personnel to carry out this program.

I again say to the chairman and members of the committee who are to be complimented for bringing in this legislation that I feel they should give serious thought to increasing the amount for next year.

I realize that probably the Bureau of the Budget has said this is the limit, but I am in favor, if necessary, of going a little over the Bureau of the Budget. [Applause.]

You are going to end this depression when you place the unemployed back to work, thus increasing the purchasing power of the masses. Until you do that we will not solve the problem that confronts you.

A campaign to induce chambers of commerce, industrial clubs, and other civic and business organizations to cooperate with the Federal and State employment agencies should be started at once and a campaign to place men to work started. You can get a real start to finish the job of ending the depression with this legislation if it is properly administered. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. CONNERY. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, in starting to talk about a bill of this kind, I wish to call attention, if I may, to the fact that at the present moment there are no less than 13,000,000 unwillingly idle men in America. The root of the matter not only goes back further than this bill, but requires very much more fundamental legislation. We have got to recognize certain fundamental things and hold them in mind, not only for the present but for the future. Let us not satisfy ourselves with passing emergency legislation, but let us drive constantly toward the permanent legislation that will reach out year after year in the direction of the rights of men.

The first thing we have got to recognize in legislation of this kind is that the very first human right set out in the old declaration is the right to life; and the right to life depends on the right and the opportunity to labor. We must understand, therefore, that the first duty of government is to assure an opportunity to every man to earn his living by his labor. The Government must guarantee that the man, not one man but all men; not one class but all classes; not to one section but to all sections; that wherever the American flag floats there is understood to be the right of a man to earn a living by his labor. Until we accept this we will fall short of the conception that must hereafter guide us in the social legislation upon which this Government must hereafter rest more and more.

I wish to compliment not only the chairman of this Committee on Labor, but its other members also. However, first I want to compliment the chairman, because BILLIE CONNERY is two things on this committee, not one. He is a man who labored himself and who has the standpoint and viewpoint of men who labor. But he is something more. He is a man who followed the flag across the seas, who went into the front-line trenches with the rest of the boys who went there, and he has the full heart of sympathy for those men. I have sat beside him in the committee room when we had many men tell us of the terrible condition of laboring men in America. I know that he has at heart the interest of every man who labors and every man who followed the American flag. [Applause.]

It would not be fair, however, if I did not at the same time mention the man who preceded him as chairman for a number of years on this splendid Labor Committee. That is the gentleman from California [Mr. WELCH]. [Applause.] He is a man all the way down the line. I do not care anything about his party politics. The fact that he sits on the Republican side cuts no figure with me. He knows what the laboring men of America need, and he is not afraid to say it. His years of experience have been invaluable to this committee.

One more man I want to mention is RAMSPECK, from the Old South [applause], the most progressive man south of the Mason and Dixon line. I hope many more like him will be sent up here by the southern Democrats. He knows that the very same rules that have so long applied to labor north of the Mason and Dixon line will ultimately extend all the way down to the Gulf of Mexico to every man who labors, regardless of color, regardless of previous condition of servitude, regardless of all things except that he be an American. I am glad to welcome him and men of his class, especially from that region.

I ought also to mention the giant young battler from Detroit, WEIDEMAN. He knows how to fight and loves a good fight when it is for something like this. I must not forget DUNN, whose blind eyes see so clearly for men who labor; or Mrs. NORTON, with her fine womanly sympathy; or GRISWOLD; or WOOD; or FITZGIBBONS; or HARTLEY; or, indeed, any other of that splendid loyal committee.

The men who make up the Committee on Labor are men of sympathetic understanding, men who love their fellow beings, and who want to give them a chance in the world. Last year in the wintertime, when men were tramping into the room of the Committee on Labor from the coal regions of Pennsylvania, you did not see any fishy eyes around that committee table. You saw eyes of real men who knew what it meant to labor, and some of them saw that the men who came there barefoot did not leave that way.

I confess that my sympathy may be greater than my ability to achieve. But I thank God that it leads me at least to work, to struggle to do the things that ought to be done for the men who labor in this country. And that includes the farmers of this country, every one of them. They used to be considered capitalists. Today they are laboring men, subject to exactly the same conditions, exactly the same economic laws, causes, and effects as are the men who work in the factories, on the railroads, in the mines, and in the quarries.

And until we come to understand that all men who produce wealth are eternally dependent upon one another; that we cannot have prosperous farmers and poverty-stricken city dwellers any more than we can have prosperous city dwellers and poverty-stricken farmers; that city and country will rise and prosper together or wallow together in the gutters of poverty; that city and country, farmer and laborer are tied together irretrievably. Until we come to a full understanding of all that we will fall short of our duty to our country.

We must awaken fully to the fact that industry is now, and always has been, purely a national matter. Under our Constitution State lines never have been recognized as applying to industry. We must look upon industry as a national matter alone and solve the problems of industry through national laws. Any less a conception of industry will of necessity only handicap and delay the solution of the great question of unemployment, the most ominous problem that has ever faced civilization.

This bill, the Wagner-Peyser bill, as you all know, is for the purpose of establishing national labor agencies to cooperate with the State labor agencies where these now exist, and to induce their establishment where they do not yet exist. This is the attempt to carry out the long-accepted idea of bringing the man and the job together. It will be of tremendous importance in connection with putting into operation our great public-works program now nearing enactment into law. But it will go far beyond that in future usefulness to keep the balance between the man who needs the work and the work that needs the man. I am proud to call attention to the fact that this bill provides for re-

taining the employment offices by veterans for veterans, by the Government which they served. This Labor Committee of the House fought for and won this change from the original bill.

I want to call the attention of the committee, if I may, to the fact that I shall bring up at the next session of this body a child labor law, and I shall lay it before you frankly, under the belief that the general-welfare clause of the Constitution is entirely sufficient to justify the passage and the enforcement of a right and reasonable child labor law without amending the Constitution.

I shall bring up before this body a Federal old-age pension, because we can never solve the question of unemployment until we do away with child labor and the fear of poverty in old age. [Applause.]

I shall bring up before this body a resolution that has been pending for a year and a half before the Rules Committee taking the Government of the United States out of the class that raises the question of a man's age and denies him an opportunity to labor and to live solely because he has passed a certain milestone on the journey of life.

Mr. FISH. Will the gentleman yield?

Mr. KELLER. In just a moment I shall yield.

This will compel the Government of the United States to set an example, so that when we go out and ask that a man may be judged on his fitness for work, the corporation cannot point to the Government and say, "Your Government has age limits and that justifies us in denying a man the opportunity to labor and to live whether he be 40; whether he faces starvation only because he is 40 years of age." We are going to remove these age limits because no government has a right to set any age limit until it stands ready to grant an old-age pension at that limit. [Applause.]

[Here the gavel fell.]

Mr. KELLER. I am sorry I did not get to answer the gentleman's question, but I wanted to finish this statement.

Mr. CONNERY. Mr. Chairman, I yield the gentleman one half minute to answer the gentleman from New York.

Mr. FISH. The gentleman from Massachusetts yields one half minute to the gentleman to yield to me for an observation. I should simply like to observe, as a Republican, that there is not a more courageous Member in the House than Mr. CONNERY, the able chairman of your committee. [Applause.] And there is no better friend of labor, or of the veterans. [Applause.]

Mr. KELLER. I join in cheering the observation. [Laughter and applause.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I had no intention of participating in this debate until a few moments ago, but I feel it is quite proper that I should. Up until the time when I entered public life, in 1913, I was employed on one of our railroads and was president of the Switchmen's Union, and for many years took an active part in labor counsels, and I am, of course, vitally interested in labor legislation. This bill is being supported by labor and by labor's friends.

I should not only be interested because of my former connection with labor organizations but also by reason of the fact that I supported this measure in the last Congress. Senator WAGNER, who sponsored this legislation in the Seventy-first Congress, sensed the approaching depression. He presented a program of legislation which, if enacted, would have lessened the suffering and unemployment resulting from the depression. In my judgment, it would have expedited our return to better times and better conditions. [Applause.] I want to say here that Senator WAGNER, who prepared this program of legislation, made a mighty contribution to the progressive thought of our day and age, and his contribution, large as it is, will serve to guide us in the economic crises of the future.

Two of the bills which he presented were enacted into law. One of them set up a long-time planning body that would plan for the construction of public works during times such as we are now going through. They would set up a reservoir by delaying the construction of public projects when business is otherwise normal, and at the very beginning of a period of depression this program of public works would be released. Such a plan would stop deflation and buoy consuming power. It would also enable our workers to find employment.

The second measure set up a bureau within the Department of Labor to keep an accurate account of unemployment in every section of the country, and no government can tackle the unemployment question intelligently unless it knows where it is and what it is, unless it knows its nature and its extent. The creation of this board is a vital step in the fulfillment of the Senator's program.

The third measure was the bill we are now considering. This measure provides for a national system of employment offices, offices that would cooperate rather than compete with State agencies. A vital necessity to fit in the scheme and complete the program launched several years ago by the able junior Senator from New York.

The plan failed. Of course, it failed. It failed because the administration was wholly without sympathy for the plan. It failed because the administration failed for over a year to admit that the depression was on us. It failed because those that had the direction and the administration of these laws were in nowise sympathetic with their aims and purposes, it failed because the then President of the United States refused to sign the very bill which we now have before us. We will pass the bill again with the votes of Democrats and Republicans alike, and it will be signed by President Roosevelt and sympathetically administered by the Secretary of Labor.

I am happy to see the measure before us, and I, too, congratulate the chairman and the members of the Committee on Labor for giving us an opportunity to vote for it again.

Mr. CONNERY. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. FORD].

Mr. WELCH. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, it seems to me that to make an address urging the passage of this bill at this particular time is something like carrying coals to New Castle, for apparently everybody is in favor of it.

However, I want to make a few observations. The United States Government has in the past years spent annually from seven to fifteen million dollars in sending what was the equivalent of traveling salesmen around the United States and around the world in the drumming up of business.

These traveling salesmen—they were called special agents—were out for the special purpose of looking after the interests of the business and financial interests of the country. We spent that money in the greatest freedom, and there was never any criticism of it.

As it happens the last President was a man who while Secretary of Commerce broadly developed that system.

Then, a year ago, when the Wagner bill—probably one of the greatest pieces of constructive, remedial, and sociological legislation ever conceived in this country—was passed by both Houses and came to him, it was vetoed.

I agree with the last speaker, that it is my judgment if that bill had not been vetoed the impact of the depression would have been considerably relieved, because that bill had within its structure many provisions which would have gone a long way toward mitigating the situation along economic lines.

Now, I really feel, from what various speakers have said in regard to the members of the committee—the chairman, Mr. CONNERY, and the leader on the minority side, Mr. WELCH—that the committee has done a very fine and constructive piece of work, a piece of work for which every Member of the House ought to thank the members individually and the committee collectively.

I look to a situation arising in the country when this bill gets into operation and begins to function where it will be possible for a man looking for a job to get it, although it

does not happen to be in the same town or in the same locality that he happens to be in.

Mr. HART. Will the gentleman yield?

Mr. FORD. I yield.

Mr. HART. I confess that I do not know much about employment offices, but I want to ask the gentleman a question: Are there any employers today looking for men to employ and unable to find them?

Mr. FORD. There are.

Mr. HART. And if there are no jobs, how is the employment agency going to produce any?

Mr. FORD. I will say this, out of experience as a legislator, that in Los Angeles, wherever general constructive, scientific efforts were made to get men jobs, a special agency was able to produce 500 jobs in 3 weeks for 500 men out of work. The only thing that was necessary was coordination and cooperation between the men who wanted jobs and men who wanted to employ them.

Mr. HART. I want to say that if employers insert a notice in the newspaper in the morning, I will guarantee that there will be 10 men in the class in which the advertiser advertises the job. I want to know why we should appropriate a million and a half dollars to start and $4,000,000 to be matched by the States and how we are going to produce the jobs.

Mr. FORD. I only wish we were appropriating $4,000,000 now.

Mr. PEYSER. Will the gentleman from California allow me to answer the gentleman from Michigan?

Mr. FORD. Certainly.

Mr. PEYSER. In the hearings on the bill it was brought out very clearly that where a manufacturer or employer advertised that he wanted a particular man he will have his mill gate crowded with applicants, but when he comes to look them over it may be that he wanted a puddler, and he will only find molders.

With the cooperation of the Federal office, however, with what information the employers will get from the State office through the Federal office, it is going to save lots of work and lots of time, and no fee for the man who wants the job.

Mr. HART. Does the gentleman mean to assume that a steel mill that wants puddlers and does not want molders has not got sense enough to advertise for puddlers?

Mr. PEYSER. I simply used puddlers as an illustration because it happened to come into my mind. It is the same in some other line.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, I have listened to this debate with a great deal of interest. My heart has been with this bill. I campaigned for it and advocated its purpose for the last few years. I am proud to have the privilege of speaking for it, and shortly, when it will have passed this House, I shall feel that something of great good has been accomplished. I believe it to be one of the measures most sorely needed by the people of our country.

I regard the bill as a companion measure to the National Recovery Act, which was passed by this House a few days ago. An eager people were looking to the Congress for the passage of that law which will create public works throughout the country and provide something which this country has until lately always had, jobs, not only for our own people, but for others from other lands. Jobs so thoroughly needed will be supplied by that bill.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. KENNEY. Yes.

Mr. HART. If the gentleman has an oversupply of jobs on hand, I shall be very glad to send him over some of the people who are applying to me.

Mr. KENNEY. Mr. Chairman, it is true there is now what I might call an oversupply of demands for jobs. We want to make a supply for these demands. This companion bill, coming after the act providing for a comprehensive program of public work, in my opinion, will not only serve to distribute the jobs that are to come under the great public-works program, but it will also provide ways to take note and heed of what is going on in our country. We can remember back 4 years ago—when the warning was raised that unemployment was increasing to an alarming extent and it was urged that something should be done and done immediately, and above all that the Congress should consider the question of going into a public-works program to check the progress of unemployment—nothing was done by the Congress—and there followed a wake of disastrous consequences to our people. We will now have the employment agencies under this bill to deal with the jobs that will exist under the National Recovery Act. These agencies will also provide a means of keeping an eye on what is going on in the country; in that way they will not only be of direct service to the unemployed, but they will aid the Congress and the country in keeping informed on the employment situation so that they may better guard against a repetition of the spectacle of a wholesale dearth of jobs.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, it is unnecessary to say a whole lot with regard to this bill. I particularly call attention to the specific fact that as an organizer and worker in the labor movement in this country for over 20 years, I know how hard it was 20 years ago to appear before a committee of Congress and receive the consideration that has been accorded to the working people in this bill. It was an impossibility. I believe that while this depression has caused a great deal of sorrow and suffering and grief and pain and anguish, it has, nevertheless, brought the hearts and minds of the common people together into one channel, and has resulted in considerable constructive thinking, in which the personal animosities that existed in the past have been more or less set aside.

Particularly at this time I wish to pay my respects to the wonderful work of the Committee on Labor and to all the members of the committee, and especially to the chairman of the committee, who has so valiantly and consistently battled in the interest of the common people.

Mr. CADY. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. CADY. I hope the gentleman will pardon the intrusion, but I have been sitting here for some little time, hoping that some speaker would tell us just how the opening of these offices will provide employment. I do not want it understood that I am objecting to the employment of labor, and I do not want the chairman of this committee to feel in any way that I am not cognizant of the work that has been done in this matter. Everyone in the House appreciates that; but I should like to have some speaker, instead of throwing bouquets at the committee, tell us how they are going to provide jobs that are not existent.

Mr. SHOEMAKER. Mr. Chairman, I yield to the chairman of the committee to answer that question.

Mr. CONNERY. Mr. Chairman, this movement was initiated by President Wilson years ago. The idea is not to go out and get these jobs—I mean that they are now there—but with this public recovery bill getting along, this is to coordinate the jobs and not have a plumber running around wild over the city of Los Angeles looking for a plumber's job, when he could save his time by coming in one of these offices and learning that they want a plumber out in such-and-such a place, and go out and fill the job.

Mr. BLANTON. I will say to my friend from Michigan [Mr. CADY], answering his inquiry, that in the agricultural sections where farmers in a certain vicinity want thresher hands, or cotton choppers, or cotton pickers and harvest hands, they go to one of these offices and the offices know where the workers seeking that kind of employment can be found, and the employment office gets them together. If a cattleman wants to employ 25 or 50 men to help him round up his herd, to brand, or ship to market, the employment office can help him to get in touch with them.

Mr. KNUTSON. Does this come out of the gentleman's time?

Mr. BLANTON. Oh, the gentleman's colleague from Minnesota knows how to take care of himself. He yielded to me. If a stockman wants helpers to shear his sheep or goats, he can find them. It is a coordinating office that gets the people who want employees together with the employees who want jobs.

Mr. SHOEMAKER. Mr. Chairman, particularly at this time I want to pay my respects to the Ways and Means Committee for placing upon the Committee on Labor a Farmer-Laborite, one of my colleagues from Minnesota [Mr. LUNDEEN] who has consistently worked with this committee, and I think you Labor members on the committee have found his an asset rather than a liability.

Mr. CONNERY. Will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. CONNERY. The gentleman refers to the gentleman from Minnesota [Mr. LUNDEEN]?

Mr. SHOEMAKER. Yes.

Mr. CONNERY. The gentleman is a valued and wonderful member of that committee and we are very glad to have him there. [Applause.]

Mr. SHOEMAKER. This law will eliminate a very vicious system that has been going on among private employment agencies. They have had a habit of selling jobs for various contractors. The private employment agents have worked together with contractors, and they would hire men and send them out, charging a man $3 for the job and then send them out on the job. They would work about long enough to earn the $3 when they would be fired and then the employment agency would have another bunch coming.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. SHOEMAKER] has expired.

Mr. WELCH. I yield the gentleman 1 additional minute, Mr. Chairman.

Mr. SHOEMAKER. In this manner the private employment agencies were able to keep practically 3 crews on the same job all the time; 1 crew going to the job, 1 crew on the job, and 1 crew leaving the job. It was just a system that fleeced labor and stole money from the poor fellows who did the work for the benefit of a certain contractor who had tied up with a certain employment agency.

This law will eliminate that and put the private employment agencies out of the way and furnish labor with jobs, especially itinerant labor which travels over the country, for instance, threshing in North Dakota, then picking corn in Iowa, and then from Iowa down to the South harvesting cotton, and then back up to the woods over the winter.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. SHOEMAKER] has again expired.

Mr. WELCH. Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, the bill, I think, has been thoroughly explained this afternoon by the different speakers, members of the committee who rose in favor of the bill.

As I said, our idea is to coordinate the job with the man. We do not figure the United States is always going to be in a state of depression. We figure there are jobs to come. Some of them are already starting to come, I think, with the new administration. When we get these employment offices established, cooperating with the States, we will have an organization eventually in every State in the Union which will see to it that the men and the positions are coordinated; that a man can go to an agency, Federal and State combined, and tell what kind of a job he wants. They will tell him where that kind of a job is.

I dislike to take up further the time of the House. I understand there is another rule to be brought up this afternoon, so I yield back the balance of my time, Mr. Chairman, and ask that the bill be read.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That (a) in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the "United States Employment Service", at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $8,500 per annum.

(b) Upon the expiration of 3 months after the enactment of this act the Employment Service now existing in the Department of Labor shall be abolished; and all records, files, and property (including office equipment) of the existing Employment Service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this act without change in classification or compensation, but the term of office of any person transferred by this section to the United States Employment Service, and who was not appointed subject to the provisions of the Civil Service laws, shall expire upon the expiration of 6 months from the date of enactment of this act.

Mr. BROWN of Kentucky. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is a good bill and everybody recognizes that. I have not heard anyone say anything against it. My only reason for using 5 minutes of your time is that the other day when under a closed rule we considered the public works bill I did not have an opportunity to say what I wanted to say. I notice, however, that this bill gives me an opportunity to do that, because you are making here an appropriation of $5,500,000. I want to ask first where are you going to get that money. The next thing I want to do is to tell you where I think you ought to be able to get it. Next, I want to tell you that you cannot get it where you ought to get it, and then I want to tell you why you cannot get it there. I will take about 5 minutes to do that. The gentleman on the other side was kind enough to yield me time, but I was called out of the Chamber and was not here, so it is not his fault that I have to use this method to get the time.

There is no question but what you should get your excess taxes from these fellows who have been evading and defaulting. When Mitchell can evade $6,000,000, when Morgan and the other interests can beat their income taxes, that is the place you ought to get it. [Applause.] But let me say to my colleagues on the floor of this House that you cannot get it there, and I will tell you why you cannot get it. If you will get the income tax law and turn to the page that deals with limitations, you will find that in 1921 there began a conspiracy to defraud the Government of the United States out of its just tax money, and that today if you want to go back and sue for that money that they evaded and out of which they defrauded this country, you cannot do it under the law.

When the income tax law was passed in 1917, it had a 5-year period of limitation. For 5 years the Government could sue you for an evasion. When 1921 came along that was too long, and they cut the statute of limitations down to 4 years. Then in 1926 4 years was too much, and they cut it down to 3 years. In 1928 3 years was too much, and they cut it down to 2 years. Today, if you want to go back and sue those fellows who testified on their oaths that they have evaded their income tax, under the law written by this Congress you cannot do it.

In practically every State the statute of limitations is longer than 2 years. But if you evade the taxes owed the Government of the United States and they do not find it out for 2 years, you are scotfree so far as civil liability is concerned.

Now, I am introducing a bill to amend this section. I do not expect it to get very far, but it may do some good which will, if it can be done legally, make the limitation retroactive, allowing the Government 10 years to sue on the civil liability under those income-tax evasions of the last 10 years.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. BLANTON. I think that every one of those bills he mentions changing the limitation were drawn and specially prepared under the direction of Mr. Mellon and Mr. Mills; every one of them.

Mr. KNUTSON. Is the gentleman from Texas sure that Mr. Woodin did not have something to do with it?

Mr. BLANTON. Oh, yes; I am absolutely sure he did not.

Mr. BROWN of Kentucky. Of course, there is not much question in the minds of the people of the United States but what Mr. Mellon has been the President of the United States for the last 12 years, and undoubtedly it was under his supervision that these changes were made, until today, if you want to go back and collect the money out of which the United States was defrauded in those prosperous years, the law prohibits you from doing it.

You made the law. The power that made the law can change the law. This Congress ought to change that law so it can collect those back taxes. [Applause.]

[Here the gavel fell.]

The pro-forma amendment was withdrawn.

Mr. CONNERY. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment: Section 1, page 2, line 10, after the word "compensation", strike out to the period in line 15.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 2. The Secretary of Labor is authorized, in accordance with the Civil Service laws, to appoint and, in accordance with the Classification Act of 1923, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of Government and elsewhere, and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this act.

With the following committee amendments:

Section 2, page 2, line 16, commencing with the word "in", strike out through the word "with", in line 17, and insert in lieu thereof the words "without regard to".

Mr. CONNERY. Mr. Chairman, with this amendment and another one which is to be reported the bill will read as follows:

The Secretary of Labor is authorized, without regard to the Civil Service laws, to appoint and, without regard to the Classification Act of 1923, as amended—

And so forth.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment to section 2: Page 2, line 17, commencing with the word "in", strike out through the word "with", in line 18, and insert in lieu thereof the words "without regard to".

Mr. CONNERY. That is the other amendment of which I spoke.

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment to section 2: Page 2, at the end of line 24, insert the following: "In case of appointments for service in the veterans' employment service provided for in section 3 of this act the Secretary shall appoint only veterans of wars of the United States."

Mr. CONNERY. Mr. Chairman, this is self-explanatory. It means that in the veterans' offices the Secretary of Labor will be obliged to appoint veterans.

The committee amendment was agreed to.

Mr. CARPENTER of Kansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not taken very much of the time of the House and do not expect to at this moment. I wish to discuss a matter that is in line with unemployment for 3 or 4 minutes, because when this bill comes up I probably will not have an opportunity to say anything.

Mr. Chairman, I arise to make this comment: We as a Nation, during the dark hours of the financial depression that we have been passing through the past 3 years and are now passing through, owe a great debt of gratitude to the labor of this country and especially to organized labor.

They have been true, loyal soldiers, making great sacrifices for their homes and country. It is noticeable we have had less labor trouble and fewer strikes than ever before during a period of like conditions, and during such period labor has suffered more and taken more on the jaw than anyone else. Why have they cooperated with this country to such a great extent? Because of their patriotism and for the reason, first of all, they are true, loyal American citizens. American labor is the last one who wants any communism in this country; it is fighting it harder than anyone else. We cannot therefore pass laws that will result in more unemployment. We should not pass a railroad law that will result in fewer jobs on the railroad. The railroad employees are our finest and highest type of citizen; they have been reduced and cut time after time. When this panic first struck the country and the heads of the railroads met here in Washington with President Hoover, they announced they would not discharge their employees, when as a matter of fact they were discharging them then and continued to do so in increasing numbers in direct violation of this agreement. The railroad brotherhoods and other railroad labor organizations have met every trying situation with great fortitude. They have taken care, through their lodge dues and contributions, of their unfortunate brothers. They are at the end of their rope. It is absolutely impossible for them to take care of and provide for all discharged railroad employees.

We are soon to consider the railroad bill, and if we pass this bill let us pass it with such amendments as will give the utmost protection to the railroad employees and the public. [Applause.]

The pro-forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. (a) It shall be the province and duty of the bureau to promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, to maintain a farm-placement service, to maintain a public employment service for the District of Columbia, to cooperate with the Veterans' Administration in securing employment for veterans and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof. The bureau shall also assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States.

(b) Whenever in this act the word "State" or "States" is used it shall be understood to include the Territory of Hawaii.

With the following committee amendments:

Page 3, in line 4, after the word "occupations", insert "to maintain a veterans' service to be devoted to securing employment for veterans."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 3, line 6, after the word "Columbia", strike out to the word "and" in line 8.

Mr. CONNERY. Mr. Chairman, the language stricken reads: "to cooperate with the Veterans' Administration in securing employment for the veterans." The language of the previous amendment to maintain veterans' offices makes this unnecessary.

The committee amendment was agreed to.

Mr. CONNERY. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. CONNERY: Page 3, line 11, after the word "thereof", insert the words "in which there shall be located a veterans' employment service."

The committee amendment was agreed to.

Mr. DIMOND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: On page 3, line 22, after the word "the", strike out the words "Territory of Hawaii" and insert in lieu thereof the following: "Territories of Hawaii and Alaska."

Mr. DIMOND. Mr. Chairman, the amendment is very plain. We simply wish to have the Territory of Alaska included with the Territory of Hawaii in order to receive the benefits of this bill. The gracious gentleman from Massachusetts has said he has no objection to the amendment and the amendment was actually prepared by my friend the gentleman from California [Mr. WELCH], so I think there is no necessity to speak upon the amendment further.

Mr. CONNERY. Mr. Chairman, I will be pleased to accept the amendment, but I dislike to see Puerto Rico left out. I wonder if the gentleman could change the amendment to read "Territories."

Mr. KNUTSON. If the gentleman will yield, Puerto Rico is not a Territory, and that change would not include Puerto Rico. There are only two Territories. The others are insular possessions.

Mr. CONNERY. Then I withdraw my suggestion, Mr. Chairman, and I shall be pleased to accept the amendment if the Committee agrees to it.

The amendment was agreed to.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee a question. In section 3 there are several references to "the Bureau", for instance, in line 2, line 11, and so on. There has been no definition of a bureau theretofore mentioned in the bill.

Mr. CONNERY. Yes; on page 1 there is the language—

That (a) in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service.

Mr. GOSS. So the word "bureau" in all of these sections refers to that particular bureau?

Mr. CONNERY. To that particular bureau in the Department of Labor; yes.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this act. If the legislature of any State has not made provision for accepting the provisions of this act, the Governor of such State may, insofar as he is authorized to do so by the laws of such State, accept the provisions of this act and designate or create a State agency to cooperate with the United States Employment Service until 6 months after the adjournment of the first regular session of the legislature in such State following the passage of this act.

Mr. CONNERY. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. CONNERY: On page 4, line 4, after the word "act", strike out to the period in line 12.

Mr. CONNERY. Mr. Chairman, I may say that we have language in another amendment which will be offered later which clarifies this entire situation with reference to the States, providing that if the legislatures agree to take advantage of the provisions of this act at their first meeting, then they shall receive the benefits of the legislation.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 9. Each State agency cooperating with the United States Employment Service under this act shall make such reports concerning its operations and expenditures as shall be prescribed by the Director. It shall be the duty of the Director to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the Director in accordance with the provisions of this act. The Director may revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State, that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State, in accordance with plans approved under this act. Before any such certificate shall be revoked or withheld from any State, the director shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the director in any such case, and the Secretary of Labor may either affirm or reverse the action of the director with such directions as he shall consider proper.

Mr. CONNERY. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. CONNERY: On page 9, line 4, after the word "proper", insert section 10, as follows:

"SEC. 10. During the current fiscal year and the 2 succeeding fiscal years the director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

"(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the director.

"(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the Governor of the State and the director.

"The authority contained in this section shall terminate at the expiration of the period specified in the first paragraph of this section, and thereafter no assistance shall be rendered such States until the legislatures thereof provide for cooperation with the United States Employment Service as provided in section 4 of this act."

Mr. CONNERY. Mr. Chairman, this is the amendment that provides that the States may receive this aid during the interim or until their legislatures meet. When the legislatures meet and take advantage of this provision and say they will subscribe to the legislation, then they can have their own employment offices.

The committee amendment was agreed to.

The Clerk completed the reading of the bill.

The following committee amendments were reported:

Page 9, line 5, strike out the figure "10" and insert "11."
Page 10, line 3, strike out "11" and insert "12."
Page 10, line 7, strike out "12" and insert "13."

The Committee amendments were agreed to.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. HASTINGS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 510, to provide for the establishment of a national employment system, and for cooperation with the States in the promotion of such system, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended to pass.

The SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment?

There being no demand for a separate vote, the amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. CONNERY, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The bill H.R. 4559 was laid on the table.

THE PROGRESSIVE NATIONAL EMPLOYMENT BILL—EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, this is legislation which Senator WAGNER, of New York, has championed for the past 3 years and which was passed by a former Congress and vetoed by then President Hoover.

This bill is reported out unanimously by our great Committee on Labor, which in itself is sufficient to recommend it to our favorable consideration. Any measure which is endorsed by Chairman CONNERY and his associates is certain to be progressive and in the interests of labor and beneficial to the masses, who produce the wealth and make possible the comfort and happiness of all the people.

I hope and believe that this bill, if properly administered, will do much to end the flagrant abuses and vicious practices of the private employment agencies in this country. It will

provide a medium of contact between the employer and the employee, tend to stabilize employment, and assemble statistical facts and information to preclude the recurring periodical cycles of unemployment with which we have been cursed in the past. I hope this bill will pass without a dissenting vote.

EXTEND TIME FOR FINAL PROOF BY HOMESTEAD ENTRYMEN

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, and that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill as follows:

Be it enacted, etc., That the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, is amended to read as follows:

"That the Secretary of the Interior is hereby authorized to extend for not exceeding 2 years the period during which final proof may be offered by any person who has a pending homestead or desert-land entry upon public lands of the United States on which at the date of this act or on any date on or prior to December 31, 1934, under existing law, final proof is required, showing residence, cultivation, improvements, expenditures, or payment of purchase money as the case may be: *Provided*, That any such entryman shall be required to show that it is a hardship upon himself to meet the requirements incidental to final proof upon the date required by existing law due to adverse weather or economic conditions: *And provided further*, That this act shall apply only to cases where adequate relief is not available under existing law.

"SEC. 2. The Secretary of the Interior is authorized to make such rules and regulations as are necessary to carry out the purposes of this act."

With the following committee amendments:

Page 2, line 1, after the word "which", insert "annual or."
Page 2, line 3, after the word "law", insert "annual or."
Page 2, line 8, after the words "incidental to", add "annual or."

The SPEAKER. Is there objection?

There was no objection.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was read the third time, and passed.

On motion of Mr. DEROUEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ONE YEAR'S SEA PAY TO SURPLUS GRADUATES OF NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, I present a conference report on the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, for printing under the rule.

OFFICIAL CONDUCT OF HALSTED L. RITTER

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to consider in the House, as in Committee of the Whole House on the state of the Union, House Resolution 163, which is a privileged resolution, and which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 163

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to inquire into and investigate the official conduct of Halsted L. Ritter, a district judge for the United States District Court for the Southern District of Florida, to determine whether in the opinion of said committee he has been guilty of any high crime or misdemeanor which in the contemplation of the Constitution requires the interposition of the Constitutional powers of the House. Said committee shall report its findings to the House, together with such resolution of impeachment or other recommendation as it deems proper.

SEC. 2. For the purpose of this resolution, the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia and elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearing, to employ such clerical, stenographic, and other assistance, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, to have such printing and binding done, and to make such expenditures, not exceeding $5,000, as it deems necessary.

With the following committee amendments:

Page 2, line 5, strike out the words "to employ such clerical, stenographic, and other assistance"; and in line 9, on page 2, strike out "to have such printing and binding done, and to make such expenditures, not exceeding $5,000."

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. Does the gentleman say that this is a privileged resolution?

Mr. SUMNERS of Texas. Yes; but I am asking now unanimous consent that it be considered in the House as in Committee of the Whole.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. WARREN. Do I understand that the resolution has been reported striking out those lines that would be subject to a point of order?

Mr. SUMNERS of Texas. It does strike out all the proposed appropriation.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask some questions. This is more than a request that the resolution be considered in the House as in Committee of the Whole. It is asking for immediate consideration, and in the House as in Committee of the Whole, because otherwise it would not be in order and would necessitate calling up a rule; but I want to ask my colleague from Texas some questions. The striking out of all of this language which limits the expense to $5,000 leaves the expense open and unlimited. We want all expenses properly limited.

Mr. GREEN. Oh, there will be no expense.

Mr. BLANTON. Oh, there is always expense involved in investigating the conduct of a Federal judge, and there will be expense down in Florida. However, I am not uneasy about my colleague from Texas [Mr. SUMNERS] incurring unreasonable expense if he is going to look after this matter himself and keep the expense within bounds. I think the whole Congress owes a debt of gratitude to the gentleman from Texas [Mr. SUMNERS]. In the last investigation he made, on a 3 weeks' investigation, instead of sending in a bill of several thousand dollars, he ended with a bill of less than $200 for his expenses. That is commendable, and I would like to ask the gentleman whether or not he is going to keep these expenses within the $5,000?

Mr. SUMNERS of Texas. For investigation?

Mr. BLANTON. Yes; the expenses under this resolution.

Mr. SUMNERS of Texas. I can assure my colleague—and I know that I can do it—that the expenses will not be half of $5,000.

Mr. BLANTON. Mr. Speaker, I withdraw my reservation of objection.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. Do I understand that all the provisions for expenses have been stricken out of this resolution?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. Does this come with a unanimous report from the Committee on the Judiciary?

Mr. HOOPER. Mr. Speaker, if the gentleman will allow me, it is a unanimous report as far as the committee is concerned—not the entire committee, but practically so. In addition to that, I would be the last person in the House to sanction an assault upon the Federal judiciary which seems to be in the air in the House at this time, but I do believe that this is a matter where a good prima facie case has been made out for an investigation.

Mr. SNELL. I think we ought to have notice of when matters of this kind are going to be brought up. I do not think they should be brought in here and passed hastily by unanimous consent.

Mr. SUMNERS of Texas. I am perfectly willing to let it go over if the gentleman desires.

Mr. SNELL. No; not this time. But I think in future that notice should be given to us when matters of this kind are to be brought up.

Mr. SUMNERS of Texas. I think the gentleman is right about that as a matter of practice.

The SPEAKER. The gentleman from Texas asks unanimous consent that the resolution be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk again reported the resolution and the committee amendments.

The SPEAKER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The SPEAKER. The question now is on the adoption of the resolution.

The resolution as amended was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

RELIEF OF EXISTING NATIONAL EMERGENCY IN RELATION TO INTERSTATE RAILROAD TRANSPORTATION, ETC.

Mr. POU, from the Committee on Rules, submitted the following privileged resolution (H.Res. 169) for printing under the rule:

House Resolution 169

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1580, an act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute committee amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute, for the purpose of amendment, shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

INVESTIGATION OF CIVIL SERVICE COMMISSION

Mr. COX. Mr. Speaker, I call up the resolution H.Res. 146.

The Clerk read as follows:

House Resolution 146

Resolved, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on Civil Service, as a whole or by subcommittee, is authorized to investigate the Civil Service Commission, the heads of all the departments, commissions, and independent offices, to determine whether the third paragraph of section 2 of the act of January 16, 1883, being "An act to regulate and improve the Civil Service of the United States", as follows:

"Third, appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census",

has been enforced and whether each State has its quota of Federal employees in the District of Columbia in the several departments, commissions, or independent offices, as required by said act.

The committee shall report to the House the results of its investigation, including such recommendation for legislation as it deems advisable.

The committee or any subcommittee thereof is authorized to hold such hearings, within the District of Columbia, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony and report its recommendations to the House.

With the following committee amendment:

On page 2, in line 11, after the word "hearings" insert "within the District of Columbia."

Mr. BLANTON. Mr. Speaker, I want to ask some questions. Will the gentleman yield?

Mr. COX. I yield to the gentleman.

Mr. BLANTON. I should like to say to the gentleman from Georgia, that while I am in sympathy with the purpose of the resolution 100 percent, I should like for him to state what is the necessity of passing it? My friend from Oklahoma [Mr. HASTINGS] put in the RECORD on May 10 (p. 3195) authentic statistics and figures showing just exactly the quota of Civil Service employees due each State and the District of Columbia and the number of Civil Service employees employed from each State and from the District of Columbia. He then showed the amount of the quota that was short in the various States and the amount of the quota that was specially long in three States and the District of Columbia. For instance, if I remember correctly, the District of Columbia was entitled to 132 Civil Service employees. Yet the District of Columbia has had 10,778 people placed in positions, and thus has 10,646 more employees given positions than it is entitled to, while from the entire State of Texas only 433 Texans have been given positions. This is not fair. Now, those figures are authentic. That data is correct. The Senate of the United States is familiar with that data. There is now pending in the Senate, as the gentleman knows, our House bill to correct it.

Mr. MAPES. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MAPES. I wonder how the gentleman from Texas got the floor?

Mr. BLANTON. My friend from Georgia yielded to me. He is in charge of the time.

Mr. COX. I cannot yield to the gentleman to make a speech.

Mr. BLANTON. But I wanted to get through with this question. [Laughter.] When the Senate knows of those facts, and we have a proper bill there to remedy the situation, why do we allow the Senate to amend it? Why do we not make our fight on that amendment? If the Senate does change it when it comes back here let us stand pat and require these inequities to be remedied and not spend our time and money uselessly in investigating.

Mr. COX. The purpose of the resolution is to enlarge the power of the Committee on the Civil Service and to authorize it to sit while the Congress is not in sesison.

Mr. BLANTON. What is the use of the committee sitting and getting facts that we already know?

Mr. COX. It is the purpose to get information to be used as a basis for legislation, if from those facts the committee finds it necessary.

Mr. BLANTON. I am in favor of the committee sitting from now until January if it takes that to give the States their just quotas, and they will produce legislation to correct this situation.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. WARREN. Will the gentleman yield?

Mr. COX. I yield.

Mr. WARREN. Is this going to be followed by another resolution asking for an appropriation?

Mr. COX. I take it, Mr. Speaker, that the Committee on the Civil Service may have to come with a resolution asking for an appropriation to meet expenses necessary to carry on its work later on. Let me say to the gentleman, the resolution provides that the sittings of the committee and the hearings which it conducts shall take place in the city of Washington. I take it if there is any expense incident to the hearings, it will be very little.

Mr. HASTINGS. Will the gentleman yield?

Mr. COX. I yield.

Mr. HASTINGS. I am the author of the resolution. Let me say the hearings will all be held in the District of Columbia, and it is not contemplated there will be any expense at all. The hearings will be conducted by the House Committee on the Civil Service. All of the witnesses who are expected to appear before the committee are in the District of Columbia, and it is not expected there will be any requests for any appropriation.

Mr. COX. Mr. Speaker, there is a feeling in this House to the effect that the Civil Service Commission has not, in good faith, undertaken to put into effect that provision of the act amending the Civil Service Act, which provides that appointments to public service in the departments in Washington shall be apportioned among the several States and

Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census. Rather than undertaking to carry out this provision of the act there is a feeling here that the Commission has intentionally carried on its work in such a way as to defeat the purpose of the law. An examination of the records will make disclosures that seemingly give complete justification for the conviction that the Commission has not acted in good faith. For instance, the District of Columbia at the present time is entitled to 131 places, and it has 10,695. The State of New York is entitled to 3,400 places, and it has but 1,864. Virginia is entitled to 654, and it has 2,251. New Jersey, entitled to 1,092, has but 406. Georgia, entitled to 786, has 382. In other words, the Commission has gone about the performance of its work in such manner as to indicate that it has a feeling that these places in the city of Washington belong to the District of Columbia and to neighboring States.

If I know the sentiment of this House, it is that these places shall be apportioned in accordance with the provision of law. I believe it to be the determination of Congress that equitable treatment shall be given all of the States, and that the Congress is going to have this kind of treatment, if it be even at the expense of repealing our Civil Service law. [Applause.]

Mr. Speaker, I want to say for myself and upon my own responsibility, that I believe the Civil Service is responsible for more deadheading, for more inefficiency, and for more disloyalty to the Government than all other agencies, public and private, combined. [Applause.] The Civil Service Commission has coming to it all the unfavorable implications that arise out of the adoption of this resolution, for it is a protest against the manner in which the Commission has done its work.

I believe this resolution ought to pass, that the investigation ought to be made, believing there will be forthcoming suggestions of legislation that will cure the evils which everybody knows exist.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. COX. Yes.

Mr. SNELL. What else is back of this resolution, considering the fact that in practically every piece of legislation you have passed this session you made a special provision doing away with the Civil Service requirements as for the appointment of individuals to these positions? Within 15 minutes you have just struck out of a bill a provision for the appointment under Civil Service Act of the employees needed to carry out the legislation; and, considering that you do not intend to pay any attention to the Civil Service Act, why is there any necessity for this resolution at the present time?

Mr. HASTINGS. If the gentleman from Georgia will permit, I may say to the gentleman from New York there are about 33,000 Civil Service positions here in Washington. The act of January 16, 1883, enacted 50 years ago, provided that these places should be apportioned among the States in accordance with the population.

Mr. SNELL. I grant that. The gentleman has all that information at the present time. If it is anything more the committee needs they can get it by calling up the Civil Service Commission with practically no expense or trouble.

Mr. HASTINGS. And we do not intend to incur any expense in the investigation.

Mr. SNELL. The gentleman from Georgia himself said they proposed to go to the Committee on Accounts for authorization to make expenditures.

Mr. COX. That statement was made by me without having consulted the chairman of the committee. I naturally expected that if the committee summoned witnesses and conducted hearings that it would incur some small expense.

Mr. SNELL. The Chairman of the Civil Service Commission can give the committee this information without a particle of expense.

Mr. HASTINGS. If the gentleman from Georgia will yield further, we do not expect any expense to be incurred in connection with it except the expense of stenographically taking the testimony. It is expected that the House committee, if it conducts an investigation, will call before it members of the Civil Service Commission and the heads of departments and others who have information, for the purpose of making inquiry why this law has not been carried into effect for the past 50 years.

Mr. SNELL. If that is all the committee intends to do it does not need this resolution. It has that power at the present time.

Mr. BLANTON. Not to sit in vacation.

Mr. SNELL. Any man in the service of the Government will respond when a committee of Congress asks him to come before it.

Mr. BLANTON. If they are going to do a thorough job, they must sit in vacation, and to do that they must have authority.

Mr. SNELL. If they are to sit in vacation, that is another thing.

Mr. BLANTON. That is what they intend to do.

Mr. SNELL. I want to know the reason why these gentlemen are so much interested in Civil Service at the present time. This has not been brought out. There is something behind this bill, for so far this session the only interest shown is to do away with it.

Mr. HASTINGS. I have been trying to tell the gentleman from New York that according to the records the State of California is entitled to a certain number of employees and has but 22 percent of its quota. Texas is entitled to a certain number and has but 27 percent of its quota. Oklahoma has but 30 percent of its quota.

We have had this law on the statute books for 50 years, and it has been evaded by the Civil Service Commission. What we want to do is to call them before the committee, place them under oath, take testimony, and then determine why this law has been evaded. Then, if it is found necessary to strengthen the law, the committee, of course, is authorized to report such legislation back to the House.

Mr. SNELL. The committee has that information. The committee has the facts. What else is there behind it?

Mr. HASTINGS. The hearings may develop a method by which the Civil Service law can be strengthened.

Mr. SNELL. The Democrats in power now do not intend to follow the Civil Service law, and the gentleman knows they do not. Why is the gentleman worried about the Civil Service law?

Mr. HASTINGS. The gentleman from New York will admit that the spirit of this law has been evaded and that the various States of this Union have not been fairly dealt with.

Mr. SNELL. What right have you got to call them to task for not obeying the Civil Service law when every single bill you have passed here in the House says it is not necessary to obey it? When you yourselves are doing everything possible to destroy it?

Mr. HASTINGS. That is new legislation.

Mr. SNELL. You did that again 15 minutes ago here in this House.

Mr. COX. Will the gentleman permit me to answer?

Mr. SNELL. The gentleman has the floor.

Mr. COX. There has been no legislation to the effect that the Civil Service laws should not be enforced. There has been legislation providing that places to be distributed should not come under the Civil Service rules.

Mr. SNELL. Certainly.

Mr. COX. But nothing has been said that the Civil Service regulations should be suspended.

Mr. SNELL. Does not the gentleman call it suspending them when an organization of 5,000 employees is set up and the law setting them up says they need not come under Civil Service regulations? That has been done in every im-

portant job-creating bill passed this session. You did it today. You will do it again tomorrow in the railroad bill.

Mr. COX. No; it just simply states that the work shall not be under the Civil Service.

Mr. SNELL. Certainly; so you can make purely political appointments, and that is what you have been doing with respect to every one of these bills.

Mr. BANKHEAD. If the gentleman will permit, I may say to the gentleman from New York that in all probability the reason these recent provisions have been put in the bill is because of knowledge of the fact that the Civil Service Commission itself has been violating existing law.

Mr. SNELL. That is not the real reason, and the gentleman from Alabama knows it just as well as I do.

Mr. COX. Mr. Speaker, I yield to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Since the gentleman from New York expresses such great solicitude about the matter——

Mr. SNELL. I am not expressing solicitude, I am trying to get information.

Mr. OLIVER of Alabama. Well, I will say since the gentleman has been informed that there will be no expense incident to the investigation——

Mr. SNELL. The gentleman will recall that the gentleman from Georgia who presented the resolution said there would probably be some expense.

Mr. OLIVER of Alabama. Surely, then, since the House is sufficiently interested to direct that the committee make an investigation this should carry with it a good deal of force and should be a complete answer to the question the gentleman from New York asks. Within the scope of this investigation, I am inclined to think that since some question has been raised as to whether the law has been carried out in good faith relative to appointments within the District, it would be well within the powers of the committee to ask of witnesses, qualified to give the facts, the number in the unclassified service from the different States. It might be very informing to the gentleman to have such information.

Mr. SNELL. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. SNELL. If you intend to honestly and fairly enforce the Civil Service law, I think it is all right; but, certainly, from your acts so far in this special session of Congress you have not given the impression to the country that you intend to pay any attention to the Civil Service law. Is not that the fact, honestly?

Mr. OLIVER of Alabama. The gentleman will find out when this investigation has been completed.

Mr. SNELL. That is not answering my question.

Mr. OLIVER of Alabama. May I say to the gentleman that he is speaking without accurate information and my answers to questions he asks would also be without information further than what the gentleman from Oklahoma [Mr. HASTINGS] has already given the House. The gentleman will find, I think, that there will be very interesting data disclosed both as to appointments in the classified and unclassified services. I venture to predict that the gentleman will find there has been some favoritism shown to the political party in power since 1921, and of which he is a member.

Mr. SNELL. Let me say to the gentleman that I have accurate information that 15 minutes ago you struck out the Civil Service provision in regard to the new employment bureau that you are going to set up, and will employ hundreds of employees. That is accurate information, is it not?

Mr. COX. Is the gentleman satisfied with the work of the Civil Service Commission so far as it affects the State of New York?

Mr. SNELL. The gentleman said I did not have accurate information. I am talking about what you have done on these important bills, and to that extent my information is accurate.

Mr. COX. Is the gentleman satisfied with the work of the Civil Service Commission insofar as it affects the State of New York?

Mr. SNELL. I am frank to say I do not know very much about it, and if that was all you had in mind I would not care.

Mr. COX. If New York is entitled to 2,400 places here in the District of Columbia and only has 1,800——

Mr. SNELL. You have that information, you have the law, and all that has to be done is for the Civil Service Committee of the House to see that the law is followed. You have full control and you can make your own people abide by the law.

Mr. GREEN. This is one of the ways we are trying to do that, and does not the gentleman believe that the States that have not their quota ought to have them?

Mr. SNELL. I agree to that, and I have no objection to that.

Mr. GREEN. That is what we are trying to do and my people want positions.

Mr. COX. May I inquire of the gentleman from Michigan [Mr. MAPES] if he would like me to yield to him now?

Mr. BLANTON. Will the gentleman yield to me for just one moment?

Mr. COX. If the other gentleman will defer a moment; yes.

Mr. BLANTON. I want to state to the gentleman from New York [Mr. SNELL] that he has overlooked what this resolution provides in that it authorizes this committee "to make such recommendations for legislation as it deems advisable."

Mr. SNELL. Will the gentleman yield there?

Mr. BLANTON. Yes.

Mr. SNELL. They can make that recommendation now. They have all the information available, and the gentleman knows they have it. They need no new authority to recommend changes in the law.

Mr. BLANTON. But without this resolution that authorizes it they cannot sit after this Congress adjourns on the 10th—and we are hoping to adjourn on the 10th.

Mr. SNELL. They cannot pass any legislation then, anyway.

Mr. BLANTON. But they can ascertain facts and make recommendations. We want to authorize them to sit during the vacation.

Mr. SNELL. Then it is going to cost some money, and the gentleman on your own side said it would not cost anything.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, unless something more is intended by this resolution than appears on its face, it is wholly unnecessary and useless; but, as has been suggested in the colloquy between the gentleman from New York and others on the Democratic side, probably more is intended than is shown on its face. The gentleman from Georgia, in the course of his remarks, said something to the effect that—

> the Civil Service Commission is entitled to such a riding as this committee is prepared or proposes to give it.

If this resolution is for the purpose of riding the Civil Service Commission, that is one thing. If it is for the purpose of getting the information which the resolution refers to, then it is entirely unnecessary because the Civil Service Commission can give the information to anyone within a few minutes. It is available at the office of the Commission upon request.

Yesterday afternoon, about 4 o'clock, I called the Commission over the telephone and asked if I could get the information the resolution calls for or authorizes the Civil Service Committee to get. This morning before 11 o'clock there was delivered to my office a statement giving all the

information asked for as of the close of business yesterday afternoon. The statement is as follows:

UNITED STATES CIVIL SERVICE COMMISSION, WASHINGTON, D.C.

Condition of the apportionment at the close of business Wednesday, May 31, 1933

State	Entitled	Received
IN ARREARS		
1. Puerto Rico	416	20
2. Hawaii	99	11
3. California	1,530	337
4. Texas	1,570	428
5. Arizona	117	33
6. Oklahoma	646	197
7. Alaska	16	5
8. Michigan	1,305	440
9. Arkansas	500	178
10. Louisiana	566	204
11. New Jersey	1,089	406
12. Alabama	713	307
13. Oregon	257	125
14. Georgia	784	382
15. South Carolina	469	230
16. Mississippi	542	270
17. Wisconsin	792	403
18. Ohio	1,792	921
19. New Mexico	114	59
20. Illinois	2,057	1,112
21. New York	3,393	1,864
22. North Carolina	855	480
23. Washington	421	239
24. Connecticut	433	252
25. Nevada	25	15
26. Montana	145	88
27. Tennessee	705	438
28. Wyoming	61	39
29. Kentucky	705	481
30. Florida	366	274
31. North Dakota	183	130
32. Colorado	279	211
33. Pennsylvania	2,596	1,966
34. Idaho	120	92
35. Minnesota	691	536
36. Missouri	978	773
37. Kansas	507	405
38. Indiana	873	699
39. Nebraska	371	304
40. South Dakota	187	159
41. Utah	137	123
42. Rhode Island	185	170
43. Massachusetts	1,145	1,098
44. Delaware	64	63
45. Maine	215	212
46. West Virginia	466	464
IN EXCESS		
47. New Hampshire	125	126
48. Iowa	666	739
49. Vermont	97	124
50. Virginia	653	2,246
51. Maryland	440	2,088
52. District of Columbia	131	10,659

GAINS	
By appointment	2
By transfer	7
By correction	1
Total	10
LOSSES	
By separation	75
By transfer	7
Total	82
Total appointments	33,625

As the information is so readily available to anyone, it may be assumed that the purpose of the resolution is now, as stated by the gentleman from Georgia, to give the Civil Service Committee a chance to ride the Civil Service Commission, or, as the gentleman from Alabama [Mr. OLIVER] disclosed, to inquire about the unclassified service as well as the classified. It is quite probable that the sponsors of the resolution are more interested in the unclassified Civil Service than they are in the classified.

As the gentleman from New York has pointed out, there has been a persistent policy through this session of Congress to inject into all special legislation that has been passed a provision to take out of the classified Civil Service the positions created thereby to such an extent that the friends of the merit system have become alarmed.

The same subject matter embraced in this resolution has been gone into several times in recent years. I am told by the gentleman from New York [Mr. TABER] that the matter was gone into by the Committee on Appropriations in the hearings held recently on the independent offices bill. Three or four years ago a Senate committee went over the same matter, and I have here a pamphlet issued by the Civil Service Commission, dated January 1932, which treats of the entire matter in detail.

The people from the States distant from the District of Columbia have not cared to leave their homes to take the positions in the Government service in the District of Columbia. They have not taken the necessary examinations to get on the eligible lists.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 5 minutes more.

Mr. MAPES. Furthermore, legislation has been passed from time to time giving veterans a preference when it came to making up the eligible lists and in making appointments so that it has been impossible for the Civil Service Commisison to apportion the employees in the District according to the population of the States. I have before me here a copy of the hearings before the Senate committee to which I have referred. The then chairman of the Commission, Mr. William C. Deming, appeared before that committee at that time and among other things said:

> So far as the disparity in the State apportionment of appointments is concerned, the Commission is able and ready to state the full reasons why the disparity exists, to point out its constant efforts to maintain approximate equality in the apportionment, and, of course, to give to the committee of the Senate any other information regarding its work that is available or can be made so.
>
> The Civil Service Commission is not interested in the residents of one State above those of another. The Commission is wholly in favor of the apportionment provision of the Civil Service law. It is beyond the power of the Commission, however, to create eligibles from the States that are in arrears under the apportionment. If the residents of the States in arrears are not sufficiently interested in positions in the departmental service at Washington to apply for them and become eligible for appointment, after having had due notice of examinations and full opportunity to enter them, they cannot reasonably object if residents of other States who have applied are examined and appointed. The vacancies must be filled. The Civil Service Commission has no alternative, but is required to certify for appointment the available eligibles, regardless of their residence.
>
> The purpose of Government employment is not to provide places for individuals but to transact the public business. If some States do not supply the workers, others must.

He then goes on to say that when examinations are to be held, the Commission sends notices of them to every postmaster in the United States, asking the postmaster not only to place a copy of the same on the bulletin board in his office but to notify the newspapers of them as well, so as to give as much publicity about them as possible. It is not the fault of the Commission that more have not taken the examinations and qualified. What more can the Commission do and what more facts can the Civil Service Committee of the House of Representatives ascertain than are already available?

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. HASTINGS. Does the gentleman know that in his State of Michigan only 32 percent of the Michigan quota is employed? Does not the gentleman believe that in the State of Michigan there are plenty of well-qualified men and women to fill that quota 100 percent; and does he not believe that his constituents and the people of Michigan are desirous of having their quota filled to the limit?

Mr. MAPES. I know from the information the Civil Service Commission furnished me this morning that at the close of business last night Michigan's quota was 1,305.

The SPEAKER. The time of the gentleman from Michigan has again expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes more.

Mr. MAPES. And that it actually had only 440 employees in the Government service in the District of Columbia.

Mr. HASTINGS. That is 33 percent.

Mr. MAPES. About that; but the gentleman has all that information now.

Mr. HASTINGS. We want to know why the law is not complied with, and the only way that we can do that is through an investigation of how it is being administered by the Civil Service Commission.

Mr. MAPES. But the resolution only asks for the facts, and the common sense of the gentleman from Oklahoma will tell him why the law cannot be fully complied with. It it because the people of Oklahoma and other States until the last few years have not qualified, have not cared to enter the Government service in the District of Columbia. They have preferred to enter the Government service either in their home States or to remain in private business.

Mr. HASTINGS. That does not answer the question.

Mr. MAPES. And it should not be lost sight of that only about 6 or 7 percent of the classified civil service of the Government comes within the District of Columbia. The rest is in the gentleman's State and in other States. As far as possible local people are selected to fill local jobs.

The gentleman will find that the passage of this resolution will not produce any more information than is now available to anyone upon the asking.

Mr. HASTINGS. Then, why does the gentleman object to the passage of the resolution and having a fair investigation by a committee of this House, without any expense, here in the District of Columbia?

Mr. MAPES. I object to doing useless things, and I object to the inference in this resolution, criticizing and finding fault with the Civil Service Commission, when it is not at fault at all.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. OLIVER of Alabama. The gentleman is aware of the fact that when a Civil Service examination is held and a register established, such register does not die with the filling of the vacancies that then exist, but it is continued on.

Mr. MAPES. Oh, not indefinitely.

Mr. OLIVER of Alabama. Well, for quite awhile.

Mr. MAPES. For 1 year.

Mr. OLIVER of Alabama. But the gentleman is further aware that oftentimes there are many in a State like Michigan and other States with an under quota that would like to have a new examination held so that citizens of such States may have an opportunity to qualify.

Mr. MAPES. But there are very few on the eligible lists now, because examinations have not been held recently. I should like to call the gentleman's attention to the fact that when the Commission is requested to furnish appointing officers with a list of eligibles, if the States that are behind in their quotas have people on the eligible list, those people are certified to the appointing officers, rather than eligibles from States that have more than their quota.

Mr. COX. Does the gentleman believe that to be the case?

Mr. MAPES. Yes.

Mr. COX. Does the gentleman not understand that the Commission has been reducing those places credited to States that are under their quota all along? For instance, the State of New Jersey in July 1932 was entitled to 1,256 places and it has but 465. In July 1933 entitled to 1,032, and, instead of letting it remain at 465, they took away 59 more from them.

Mr. MAPES. The gentleman is questioning the accuracy of my statement.

Mr. COX. No. I do not question the accuracy of the gentleman's statement. I asked the gentleman if he understood that to be the fact.

Mr. MAPES. Just a minute and I will answer the gentleman. Somewhere in the documents I have here the very definite statement is made that, in certifying the list of eligibles for vacancies, if there are eligibles from States that have not used all of their quota, the eligibles from these States are certified, and not ones from the States where the quota has been exceeded.

The SPEAKER. The time of the gentleman from Michigan [Mr. MAPES] has expired.

Mr. COX. Mr. Speaker, I yield to the gentleman from Alabama [Mr. JEFFERS] for the purpose of offering an amendment.

Mr. JEFFERS. I offer an amendment, Mr. Speaker, which I send to the desk.

Mr. SNELL. How can an amendment be offered under the rule?

Mr. COX. The resolution itself is privileged.

Mr. SNELL. Is it an open resolution, so that anybody may offer amendments as they see fit?

Mr. BLANTON. The chairman certainly has the right to yield for the purpose of offering an amendment.

The SPEAKER. The Clerk will report the amendment offered by the gentleman from Alabama [Mr. JEFFERS].

The Clerk read as follows:

Amendment offered by Mr. JEFFERS: Page 2, line 10, strike out lines 10 to 14 and insert in lieu thereof the following: "The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the District or Columbia, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony as it deems necessary. Subpenas may be issued under the signature of the Chairman of the Civil Service Committee or of the chairman of any subcommittee, and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, wilfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States."

Mr. SNELL. Mr. Speaker, I make a point of order against the amendment.

The SPEAKER. The gentleman will state the point of order.

Mr. SNELL. I did not understand the amendment very clearly. As I understand, this provides for holding examinations and investigations outside the District of Columbia.

Mr. JEFFERS. No, no; within the District of Columbia. If the gentleman will reserve his point of order.

Mr. SNELL. I will reserve the point of order.

Mr. JEFFERS. Mr. Speaker, as Chairman of the Civil Service Committee to which this investigation is assigned, I have looked over this resolution, and I find it needs to be strengthened in some respects, and that is the object of this amendment.

The amendment provides, for one thing, that if the chairman of the committee or any subcommittee thereof deems it necessary, they may have the power of administering oaths to witnesses. That authority is not in the resolution, but should be.

Mr. SNELL. I withdraw the point of order.

Mr. JEFFERS. It still confines the investigation to the District of Columbia. There is no change in that.

Now, let me say to the gentleman from Michigan [Mr. MAPES], a great many of the things which he has pointed out regarding the Commission are true, particularly with regard to information which we have been able to secure in the past without such resolution as this. The Committee on Civil Service has for some time been giving consideration to the matter of trying to work out something which can later be written into law to help the Civil Service Commission to work out some of the complications they have run into in the past, so that they can administer the law with better results. We are not unduly critical of the Commission. We desire to help them.

This resolution gives the authority to the Civil Service Committee to administer oaths and to sit while Congress is not in session. Therefore, this resolution is absolutely necessary.

Mr. Speaker, I yield to the gentleman from Michigan for a question.

Mr. MAPES. Mr. Speaker, I did not want the gentleman to yield so much to ask a question as for the purpose of giving the gentleman from Georgia and the House the basis for the statement which I made in answer to the question which the gentleman from Georgia [Mr. Cox] asked me.

I have here a bulletin of the Civil Service Commission issued in January 1932 and in which is this very definite statement:

> The Commission does not certify eligibles from any State in excess so long as eligibles are available from States in arrears under the apportionment except that those who are allowed preferences because of military service are certified without regard to the apportionment.

This is the basis for the statement, the correctness of which the gentleman from Georgia was inclined to question.

Mr. COX. Of course, the gentleman realizes that the Civil Service Commission knows in advance when occasions will arise for the putting of more people on the rolls.

Mr. MAPES. I do not know that. I have no information about it.

Mr. COX. At the same time they also know in what particular class certain States under the quota have nobody on the eligible list; and in order that they may continue to show favoritism, as has been the case throughout the years, they do not take steps to hold Civil Service examinations, and when the necessity comes for filling the places they name persons from the District of Columbia or some other State which has far exceeded its quota who happen to be on an eligible list that the Civil Service Commission has made up.

Mr. MAPES. Let me ask the gentleman from Georgia what earthly reason the members of the Civil Service Commission have for preferring people in the District of Columbia or Virginia or Maryland over those from other States?

Mr. JEFFERS. That is what we want to find out. We want to investigate the handling of these matters, and want things changed so as to give these underquota States some of these places here in the District of Columbia.

Mr. MAPES. It tries to do so.

Mr. JEFFERS. Mr. Speaker, I yield to the gentleman from Kentucky to ask a question.

Mr. BROWN of Kentucky. Since it now appears beyond question that there can be no partisanship applied by the Civil Service Commission, may I call attention to a situation in my own State, and ask how in the city of Louisville, under a Republican administration, with a Republican mayor last year, the registration books of that city showed that with 800 policemen on the police force 799 of them were registered as Republicans and 1 of them was registered as a Democrat. I wish to know how under a system where you cannot play politics something like that happens. [Applause.] I want to know how that one single Democrat got there.

Mr. OLIVER of Alabama. Mr. Speaker, will the gentleman yield?

Mr. JEFFERS. I yield for a question.

Mr. OLIVER of Alabama. To be so credulous as to accept without question a statement made by a party to be investigated as being full, complete, and altogether satisfying may be virtue which I do not possess and fail to appreciate. However, even the distinguished gentleman from Michigan has not always exhibited that degree of credulity in reference to other matters where like questions have arisen. He bases his objection to this resolution solely on the ground that what the Commission has reported to him is absolutely correct and complete and insists it contains all the information any Member of the House should want or should desire. Please remember this statement is submitted by the Commission which is to be investigated and is responsive only to such questions as the gentleman from Michigan asked. I assume that if the pending resolution passes, the Civil Service legislative committee will broaden the field of inquiry, and will no doubt elicit much information not called for by the gentleman from Michigan.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. JEFFERS. I yield.

Mr. GREEN. Any adverse criticism aimed at the Civil Service Commission, or any unfavorable criticism of it, has been brought about by the other party. They are absolutely responsible for it. During the past 12 years the Civil Service has been used as a medium to absolutely load the Government in every department with Republicans, and you know it. [Applause.] They do not want to have us get the information that we need in order that those States that do not have their quota may get it. I hope this resolution will be passed.

Mr. Speaker, I now move the previous question on my amendment.

Mr. JEFFERS. Mr. Speaker, I move the previous question on the amendment.

Mr. BOILEAU. Mr. Speaker, is it possible to secure recognition in opposition to the amendment?

The SPEAKER. No; not now.

The question is on ordering the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the amendment.

Mr. BOILEAU. Mr. Speaker, I move to strike out the last word.

The SPEAKER. The previous question has been ordered on the amendment.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. The gentleman from Georgia opened up the rule for amendment, and the gentleman from Alabama offered an amendment. I claim that other amendments are in order if one amendment is in order.

The SPEAKER. The previous question has been ordered on the amendment.

Mr. SNELL. It was ordered on the amendment offered by the gentleman from Alabama, but the previous question has not been ordered on the rule.

Mr. BLANTON. Mr. Speaker, I make the point of order that the gentleman in charge of the resolution [Mr. Cox] is in control of the floor; that he can yield to those to whom he wants to yield; and that no one else has any right to offer an amendment unless he yields to him.

Mr. SNELL. When the gentleman yields for an amendment he yields the floor.

Mr. BLANTON. No.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

Mr. COX. Mr. Speaker, I move the previous question on the adoption of the resolution.

Mr. SNELL. Mr. Speaker, I wish an answer to my question why the gentleman from Wisconsin cannot offer an amendment so long as the resolution has been opened up to amendment.

The SPEAKER. If the Chair recognizes him, he can do it.

Mr. COX and Mr. BOILEAU rose.

The SPEAKER. The Chair recognizes the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I move the previous question on the resolution.

Mr. SNELL. Mr. Speaker, I understood the Speaker to say that he would recognize the gentleman from Wisconsin [Mr. BOILEAU].

The SPEAKER. The Chair did not say that the Chair would recognize the gentleman from Wisconsin. The Chair said that if the gentleman from Wisconsin were recognized, he would be entitled to offer an amendment.

Mr. SNELL. Mr. Speaker, one further question, and I am perfectly honest about this. If I understand the parliamentary situation, when a resolution of this kind is opened up for amendment, the gentleman in charge of the resolution loses control and another Member may offer another amendment. Is this correct or not?

The SPEAKER. If recognized; yes.

Mr. SNELL. If recognized? I do not think that answers the question, with all due respect to the Speaker.

Mr. BLANTON. Regular order, Mr. Speaker.

The SPEAKER. The Chair recognized the gentleman from Georgia and the gentleman from Georgia moved the previous question.

Mr. MAPES. Mr. Speaker, I make a point of order——

Mr. BLANTON. I call for the regular order, Mr. Speaker.

Mr. MAPES. A point of order, Mr. Speaker.

Mr. SNELL. The gentleman need not get excited over this. We are going to take a little time on it.

Mr. BLANTON. Mr. Speaker, with all due respect to our good friend, the distinguished minority leader, who I recognize has a perfect right to fight for these things, he is fighting a losing game; and I ask for the regular order, which is on the motion for the previous question.

Mr. SNELL. Mr. Speaker, I raised the point of order, and did not yield to the gentleman from Texas.

The SPEAKER. The Chair will hear the gentleman on the point of order.

Mr. SNELL. The point of order which I tried to make, and which I thought the Chair sustained, was that when the gentleman in charge of the resolution opened it up for amendment the gentleman from Wisconsin [Mr. BOILEAU] had the right to offer a further amendment.

The SPEAKER. If recognized; yes.

Mr. BLANTON. But he has not been recognized.

Mr. SNELL. I understood the Chair to say he would recognize the gentleman.

The SPEAKER. No.

Mr. SNELL. That is mighty poor procedure.

Mr. BLANTON. Regular order, Mr. Speaker.

Mr. MAPES. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MAPES. Mr. Speaker, I desire to make a further point of order. Upon the introduction of the resolution the gentleman from Georgia [Mr. COX] was entitled to 1 hour, and one half of that time he yielded to the gentleman from Pennsylvania [Mr. RANSLEY], and that 30 minutes of time has not yet expired.

Mr. COX. Mr. Speaker, let me make this explanation: I went over to the other side and consulted, not with the gentleman from Pennsylvania [Mr. RANSLEY], but with another member of the committee who was sitting by, and asked if they desired more time, because I wanted to move the previous question on the resolution, and I was informed it would be satisfactory for me to move the previous question.

Mr. BLANTON. And the previous question has been moved. and I ask for the regular order.

Mr. TABER. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. BLANTON. Oh, we can get a quorum here.

The SPEAKER. The Chair will count.

Mr. BLANTON (interrupting the count). Mr. Speaker, I make the point of order that they cannot break a quorum here by the Republicans now leaving the Chamber.

Mr. BYRNS. Mr. Speaker, at least half a dozen Republicans have just walked out of the door, and I want the RECORD to show that.

The SPEAKER. The Chair will commence the count on that side.

Mr. SNELL. The Republicans have not enough Members in this House to even break a quorum. [Laughter.]

Mr. BYRNS. I want the RECORD to show that the Republicans are deliberately trying to break a quorum while the House is endeavoring to pass this resolution.

Mr. SNELL. Oh, that is not the case at all.

Mr. BYRNS. There were at least half a dozen Republicans who went out of the door there just a few minutes ago.

Mr. SNELL. The Chair can count a dozen of them.

Mr. BLANTON. The Chair should also count the Members who are in the gallery.

Mr. SNELL. Mr. Speaker, I make a point of order against any suggestions to the Chair during the count.

The SPEAKER (after counting). One hundred and forty-eight Members are present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry. Is this a call of the House or is it an automatic vote on ordering the previous question?

The SPEAKER. This is not an automatic vote on ordering the previous question.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 53]

Abernethy	Corning	Kahn	Pettengill
Adams	Cross	Kee	Polk
Andrews, N.Y.	Dear	Kemp	Pou
Auf der Heide	De Priest	Kennedy, N.Y.	Ragon
Ayers, Mont.	DeRouen	Kleberg	Randolph
Bankhead	Disney	Kramer	Rayburn
Beck	Dondero	Lambertson	Reed, N.Y.
Beedy	Douglass	Lanzetta	Reid, Ill.
Bland	Doutrich	Lea, Calif.	Robertson
Bolton	Eaton	Lehlbach	Robinson
Britten	Ellzey, Miss.	Lemke	Schulte
Brumm	Fitzgibbons	Lewis, Md.	Simpson
Buchanan	Fitzpatrick	Luce	Sirovich
Buckbee	Ford	McClintic	Snyder
Burke, Calif.	Gasque	McLeod	Steagall
Cady	Gavagan	McMillan	Stokes
Caldwell	Gifford	McReynolds	Stubbs
Carpenter, Nebr.	Gillette	Maloney, La.	Sullivan
Cary	Goldsborough	Marland	Sumners, Tex.
Celler	Goodwin	Martin, Oreg.	Sweeney
Chavez	Hancock, N.Y.	Merritt	Terrell
Christianson	Hart	Montague	Treadway
Clark, N.C.	Higgins	Moynihan	Underwood
Cole	Hoidale	Muldowney	Vinson, Ky.
Collins, Miss.	Hornor	Norton	Wadsworth
Connery	Hughes	Oliver, N.Y.	Whitley
Cooper, Ohio	James	Perkins	Woodruff

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, is unavoidably detained on account of important business.

The SPEAKER. Three hundred and twenty-one Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question now is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. SNELL) there were—54 noes, 177 ayes.

So the resolution was agreed to.

On motion of Mr. COX, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

INVESTIGATION OF CIVIL SERVICE COMMISSION—EXTENSION OF REMARKS

Mr. HASTINGS. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. HASTINGS. Mr. Speaker, the people of the entire country are intensely interested in this resolution which I have introduced providing for an investigation by the Civil Service Committee of the House to determine whether the Civil Service law of January 16, 1883, has been enforced, and if not why it has not been enforced. The people are not going to be satisfied until each State has its fair quota of Federal employees in the District of Columbia.

The third paragraph of section 2 of the act of Congress of January 16, 1883, being "An act to regulate and improve the Civil Service of the United States", is as follows:

> Third, appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

The records disclose that there are approximately 33,000 Federal employees in the District of Columbia and that the 4 States of Virginia, Maryland, Iowa, and Vermont, and the District of Columbia, have 16,033 employees, approximately 50 percent of the entire number when they are only entitled to 2,005. In other words they had an excess of appointments, over and above their quota, in the very face of the above statute, of 14,026. The States of Delaware and New Hampshire have their exact quotas, and all the other States have less than their quotas.

I am inserting a table showing the quota to which each State is entitled:

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933

States	Entitled to	Received	Excess appointments
QUOTAS IN EXCESS			
District of Columbia	132	10,778	10,644
Virginia	659	2,273	1,614
Maryland	444	2,112	1,668
Iowa	672	745	73
Vermont	98	125	27
Total	2,005	16,033	14,026
QUOTAS FILLED			
Delaware	74	74	----------
New Hampshire	145	145	----------

Present condition of the apportionment detailed by States

States	Entitled	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	384	407	48
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	51
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	485	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	85	26	78
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	171	80
Nebraska	375	305	70	80
Missouri	987	780	207	79
South Dakota	188	160	28	85
Kansas	511	409	102	80
Utah	138	123	15	89
Rhode Island	187	173	14	92
Massachusetts	1,155	1,103	52	96
West Virginia	470	467	3	99
Maine	217	213	4	98

I was surprised at the opposition on the Republican side of the House to the passage of this resolution. I cannot see how anyone can justify opposition to this investigation. Surely no Member will want to say in the House or to the people of his own State that his constituents are not competent or worthy to serve the Federal Government. Opposition was voiced by the gentleman from Michigan [Mr. MAPES] who seemed to be anxious to bear the brunt of the fight.

According to the above table Michigan is entitled to 1,317 appointments, has received 442, or only 33 percent, and is in arrears 875 appointments. Will the gentleman from Michigan, or any other Member of the House be bold enough to say that out of the splendid citizenship of that State, so ably represented throughout the years both in the House and Senate, that competent men and women cannot be found in Michigan to fill the State's quota. I am sure no Member would give voice to such a suggestion within his own district.

Let us take the great State of Texas for example: It is entitled to 1,584 appointments, has received 433, or only 27 percent, and is in arrears 1,151 appointments. With all the splendid men and women who make up the citizenship of that State, will anyone rise and say that Texas should not have full opportunity to fill its quota of Federal employees.

My own State of Oklahoma is entitled to 651 appointments, has received 196, or only 30 percent of its quota, and is in arrears 455 appointments. The people of Oklahoma, men and women, are urging their delegation, both in the House and Senate, to see that they are fairly dealt with, and I am determined, insofar as I am concerned, to press this matter until the act of January 16, 1883, is complied with.

I direct the attention of every Member of the House to the above table and to the quota to which each State is entitled and has received, and ask them to answer by their vote whether they are willing to allow 3 or 4 States surrounding the District of Columbia to have one half of the employees of the Government in the very face of the mandatory statute of January 16, 1883.

I know some will say it is impossible to get the exact quota for each State. If not, it should be approximated. I feel absolutely sure, aside from a few extremely technical positions, that every State in the Union could furnish splendid men and women to fill its quota at least to 99½ percent. Now, we are going to know the reason why this statute is not enforced, and we are going to insist that as to future appointments under the Civil Service that no more appointments will be made from those States which now have more than their quotas until the States having less than their quotas are recognized.

The Civil Service Committee of the House is one of the outstanding committees, and it has an able chairman in the person of the gentleman from Alabama [Mr. JEFFERS], and I am sure that under his leadership that the committee will call before it the members of the Civil Service Commission and its subordinate officials and not be satisfied until all the facts are disclosed. The committee is also authorized to call before it the heads of the various departments and bureaus to ascertain whether or not lists of eligibles who are residents of the States which have not received their full quotas of Federal employees have been regularly furnished by the Commission from which appointments could be made.

The Membership of the House has great confidence in the Civil Service Committee and confidently expect that all facts will be developed and that a report will be made to the House at an early date which will disclose why the Civil Service Act of January 16, 1883, has not been complied with, and if additional legislation is necessary for the enforcement of that act, that recommendations for such legislation will be embodied in the report of the committee.

Let me repeat that in the face of the Civil Service Act of January 16, 1883, I cannot follow the reasoning of any Member of the House in opposing the resolution to make this investigation. If there is any reason why the law cannot be complied with, as was indicated by the gentleman from Michigan, it should be reported to the House. However, I know, as every other Member of the House knows, that the law has not been complied with and that there has really been no serious effort to comply with it. There was more partisanship disclosed in connection with the consideration of this resolution than with any other during the present session of Congress. The point of no quorum was made in the hope that the House would adjourn without action, and when the Speaker began counting the number of those present a large number of Republicans absented themselves from the floor in order that it would be disclosed that no quorum was present. I submit that no one can satisfactorily explain this opposition. It may be that our friends on the other side fear an investigation of the partisan Executive orders issued in the past 12 years covering so many partisans into the Civil Service. They should all be revoked.

I have no feeling about the matter except that I want to see fairness and justness done and the Members of the House will not be satisfied without a full, fair, and complete investigation, and then not until the Civil Service Commission, and the heads of the various departments and bureaus, comply with the provisions of the Civil Service Act of January 16, 1883, to the end that each State shall receive its

quota of Federal employees in the District of Columbia, as provided by that act.

The House placed a provision in the independent offices appropriation bill, 1934, as follows:

In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

This raised a storm of opposition. The Washington newspapers discussed it at length from day to day. Attempts were made to amend, weaken, or destroy it.

Let us examine the provision a little more closely. If the act of January 16, 1883, requires that each State shall have its fair quota of Federal employees according to population, and if a large number of the States do not have their quota, then where is an injustice done any State, when Federal employees are about to be dismissed, to have them dismissed first from the overquota States. There is absolutely no argument against it. It is urged by some that efficiency should be considered, but in answer to that statement, efficient men and women can be found to fill every place in the Government service, except perhaps in a very few technical positions. Everybody admits that. Then, again, if we must fill the positions in accordance with the act of January 16, 1883, in proportion to population, why not take into consideration the quota each State has received in making the reduction of Federal employees? It is perfectly absurd to say that we cannot find efficient men and women from each State with which to fill their quotas.

MEMORIAL DAY—EXTENSION OF REMARKS

Mr. MONAGHAN. Mr. Speaker, I ask unanimous consent to extend my remarks by printing in the RECORD a speech by the Honorable WILLIAM M. COLMER, a Memorial Day address delivered at Charles Town, W.Va.

There was no objection.

Mr. MONAGHAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following Memorial Day address delivered by my colleague, Hon. WILLIAM M. COLMER, at Charles Town, W.Va., May 30, 1933:

Mr. Chairman, ladies, and gentlemen, permit me first to assure you of my very keen appreciation of the honor you have bestowed upon me by inviting me to participate with you in the observance of this Memorial Day. I am not unmindful of this honor any more than I am aware of the unfortunate fact that due to the stress and the demands made upon one's time incident to the gigantic legislative program which is being rushed through the American Congress, I have been unable to give the time and attention to the preparation that your courtesy and the occasion justify.

On this, the occasion of my first having set foot upon historic West Virginia ground, I wish that time would permit my giving expression in some detail to my deep appreciation of the wealth of the history of this great Commonwealth and the substantial contribution that your magnificent State has and is making to the construction and maintenance of this great Republic. The wealth of your natural resources, coupled with your industrial accomplishments, are exceeded only by the fine and genial quality of your enlightened citizenship. On my short trip traversing that portion of your State through which I have this day traveled, I have been impressed profoundly with these facts. And may I not digress here, in expressing my appreciation of your uniform courtesy and hospitality, to congratulate you upon that outstanding, fine specimen of young manhood whom this district has honored with a seat in the Halls of the American Congress, Young, affable, intelligent far above the average, genial in his nature, and possessed of oratorical ability to subdue a mob or please an audience of the most intellectual, your Representative in Congress, JENNINGS RANDOLPH, is fast attaining the position of prestige and respect to which he is so surely destined.

How fitting and appropriate that on this occasion, in every hamlet and in every urban center throughout the United States, a patriotic and grateful American people have gathered to pay their homage and respect to those of the Nation's sons who have fought their country's battles and who have now finally and eternally passed from the gory battlefields of war into the eternal solace and quiet of the fields of peace. No longer do they hear the tramp of marching feet, the thunder of murderous cannon, or witness the carnage of modern warfare. With the boundless army of the dead, they await the triumphant bugle call of Gabriel himself into a life of everlasting peace. What a colorful occasion—the boys who wore the gray mingling with and joining in the comradeship of the boys who wore the blue and the khaki; youth, maturity, old age; the flower-bedecked stand; the colorful draping of the flag; the pleasing spectacle of the Stars and Bars interwoven with the Stars and Stripes; witness the Confederate veteran, adorned in the uniform of gray, with stooped shoulders, faltering steps, and eyes dimmed with age, a uniform the sight of which once drove the enemy into hasty retreat, shoulders that once were so broad and manly, eyes that once directed a deadly fire and an accurate aim down a glistening rifle barrel, a faltering step that once proudly marched to victory against great odds. Though the shoulders be stooped, the step faltering, and the eyes be dimmed, there is in that weakened old heart as strong a love for the cause for which he fought as that which spurred him on at Chancellorsville and Gettysburg. His lines are fast diminishing. These brave heroes who brought honor to the South are falling under the fire of age and nature almost as fast as they fell under the murderous fire of the enemy in Pickett's gallant charge at Gettysburg. But a few more years will have elapsed before the last of them will have answered the last roll call. All hail these surviving heroes who so ably upheld the traditions of the South! All honor to their departed comrades who sleep the sleep of death!

It is not my purpose on this occasion to fight anew the cause of the South. Recorded history has determined that question beyond the realm of controversy. In spite of the efforts of sectional historians and partisan minds, the greatest fratricidal strife that was ever fought, when the blood of the brother of the North ran down through the same rivulet with the blood of the brother of the South, was not fought on the question of slavery. Its basis was more fundamental, its grounds more justified. The question purely and simply was: Did a sovereign State have the right to secede from the Union? The South maintained that it did—the North successfully opposed, by arms, that view. This inherent right, provided for by the Articles of Confederation and the Constitution itself, could not successfully be denied. It could only be overthrown by expediency. That right was maintained by the New England States long prior to the Civil War. It was jealously guarded by those States south of the line created by Messrs. Mason and Dixon. The cause of the South was as morally and legally right as was the expediency and fortunate culmination of the position maintained by the North.

We are told that the cause of the South is a lost cause. But can it be successfully maintained that any cause is a lost cause, the justice and the morality of which is right? But, approximately 70 years have elapsed in the space of time since that unfortunate strife was fought. That it was best that the Union should have prevailed is now as indisputable as was then the justice of the cause of the South. I shudder to think of what might have happened had the South prevailed. Unquestionably, other States, even of the Confederacy, would soon have maintained their right to secede because of some real or imaginary cause, and in the end might we not have had 48 separate and sovereign nations; or, worse still, weakened by the lack of union, might we not have soon fallen prey to some aggressive and unscrupulous foreign foe? In the memories of that deadly strife when our Southland was handicapped and overshadowed in money, men, and the other sinews of war, there is enough glamor and honor and justice to the valor of the South as there is fortune and wisdom in the happy culmination of the war.

But, any discussion of that tragic period between 1860 and 1865 of this Nation's history could not be considered complete without some reference and tribute to that great leader of the cause of the Confederacy and citizen of my own State, the indomitable, courageous, genteel leader from Mississippi, the first and only president of the Confederacy, Jefferson Davis. No cause ever had a more courageous and able leader than did the South in Jefferson Davis. No nation records in its history the parallel of one of its sons being more unjustly accused and maligned than in the case of this southern gentleman and American patriot.

It is easy to conceive how a military leader like Lee could be hailed even by his enemies as a great general. It has ever been the custom of a people to pay their homage and respect to their soldiers. There is, and always will be, a certain glamor about those who lead their men on the field of battle. It is equally difficult to justify the attitude taken by even a biased section in the futile effort that has been made to draw a distinction between the civil leader and the father of the Confederacy—on the one hand, Jefferson Davis, and on the other, that outstanding general of all times, Robert E. Lee. Jefferson Davis never advocated a principle in the cause of the South or promulgated an order for the effectuation of that principle that the idol of the South and the commander of the southern armies, General Lee, did not whole-heartedly approve and endeavor to carry out in blood, if necessary. There attaches to the one the glamor and the color of a great military career, hailed by all the world as comparable with that of Napoleon and Washington. In the unpartisan minds of those who think, and in the hearts of the southern citizenship, there is a love and devotion to the memory of the civil leader, Jefferson Davis, that comes only from the knowledge and the memory of a truly great man. Within my own congressional district and within a 15-minute drive of my own home, there nestles upon the shore of the Mexican Gulf kissed coast that historic shrine to which all true southerners turn their eyes and their steps to pay respect and homage to this magnificent specimen of American manhood—Beauvoir—that stately old southern home, nestled amid the oaks and the pines, where Jefferson Davis spent his last days in peace and quiet.

Almost daily it is my privilege and my pleasure to gaze upon the statue of Jefferson Davis in the Hall of Fame of the Nation's Capitol where it rightfully belongs with the other truly great Americans like Washington, Lincoln, and Lee. History in the future, written by an unbiased hand, will place this man's name in the everlasting memory of those who appreciate the great. A few weeks ago there was a whisper of a suggestion that due to the

tremendous weight of the statues of America's noted men the floor of the Capitol was weakening and that it might be necessary to remove approximately half of these statutes of our heroes. It was rumored that the statue of Davis might be one of those. Immediately there was a substantial and vigorous protest filed to the effect the statue of Jefferson Davis must not be removed from the Nation's Hall of Fame. But, after all, there is no need for a statue of bronze or marble erected to this much maligned and abused and misunderstood man of the South. He already has and always will have in the hearts of the true southerners a monument with which no monument of bronze or stone can compare. If every southerner who loved the name of Jefferson Davis should but bring a pebble to this spot today and pile them in order, there would be a monument erected that would pierce the ethereal blue of these southern skies. If I am appreciative of the significance of this occasion, I fear that I have already given too much space in the allotted time to the memory and the cause of the South. Those were the stirring days about which the poets love to sing and the artists like to paint. But those tragic days are but history. Thank God the Union was saved.

The scene must be shifted in the progress of the Nation, for in 1917 and 1918 America contributed in a substantial manner to the winning of another strife. When the Germans were hammering at the gates of Paris, America's pride—the flower of its young manhood—was called upon to go across 3,000 miles of trackless ocean, infested with deadly submarines, there to fight a foreign enemy upon a foreign soil. Need I remind you that it was the American soldier who, when it appeared that the sun of civilization was about to set and it looked as though 2,000 years of Christianity had been in vain, at the battles of the Argonne and Chateau-Thierry turned back the invading Germans and saved for posterity the wealth of civilization accumulated throughout the Christian era.

Sometimes when legislation is being enacted in the present strife I wonder if, after all, we are as appreciative and grateful as we should be to those heroes who so valiantly fought the Nation's battles in the recent World War. And may I not digress to state in passing that the apparent injustices which are threatening to result from certain legislation to our veterans will be righted in the very near future. I say this as one who in this great crisis of the Nation has steadfastly and consistently, as a Member of Congress, supported the President, the Commander in Chief, in his war against the depression. With a love for the cause of the veterans of all wars, surpassed only by the love and devotion which I harbor for my own immediate family, I have reason to believe after having discussed these matters with him. who himself is a disabled American veteran of the World War, the present occupant of the White House, that he has a heart as full of gratitude and sympathetic understanding as it is of courage and devotion to country, and he will take—nay, he is taking—steps, with the power that was entrusted to him by Congress, to right these wrongs before they are inflicted.

It was my privilege some 5 years ago to make a pilgrimage along with some 20,000 other legionnaires to France to attend an American Legion convention in Paris. On that trip I had occasion to visit an American cemetery at Chateau-Thierry. I shall never forget the scene I witnessed there. There on the sloping hillside of that famous battle ground I saw row after row of tiny white crosses glistening against a green background in the morning sunlight, marking the last resting place of many a devoted American mother's son. I saw an American mother who, too, had made the pilgrimage over there to this international shrine to locate and view for the only time in her life that sacred plot of earth which entombed all that was sacred and dear to her. I saw her garbed in her simple black gown as she walked between the rows of crosses seeking the legend that marked the spot of him she had given in the cause of God and country. Her step was faltering, her eyes were dimmed with tears and with age. I saw that tiny, feeble, white hand as it rested upon that tiny white cross, and with hot tears of sorrow and pride dropping in christening drops upon the poppies and grass that there grew. I stood in awe and respectful silence and wondered what must be the thoughts that welled up within her. I thought if she must not be wondering how that boy's precious blood must have colored the stream of civilization as it ran in tiny rivulets into the stream of death. America must not, America will not forget the debt of gratitude that she owes to the memory of those who died that we might live and those who fought that we might prosper in that great strife.

But we are discussing our yesterdays. Today this reunited country, reunited from the Gulf of Mexico, which borders my own native State on the south, to the Lakes, which separate us from our neighbors on the north, is engaged in another war—a peaceful but deadly economic war against the threat of a collapse of our economic structure. In my opinion, and I say this advisedly, this country today faces the greatest crisis it has ever faced in its history. It is not overshadowed by the doubtful days of the Revolution, the tragic days of the Civil War, or the threat of destruction of civilization of the World War. A brave fight is being waged by a reunited, patriotic American people. It is true that no foreign foe threatens to invade our sacred soil. The dove of peace appears to flit tranquilly about the Nation's horizon, but the potentialities of another great internal strife are seething beneath the surface. As a result of the great world-wide war, the whole economic structure of the world has been upset. Trade relations have almost ceased between the nations of the world. The wheels of industry have become corroded with idleness. People have become despondent, and until recently, with the advent of that superb and courageous leader, Franklin D. Roosevelt, into the White House, there was almost a collapse of confidence in our Government and our Government officials. Legislation having for its purpose the relief of the distressed, the employment of the idle, and above all the restoration of confidence is being enacted by your National Congress. There must be, I know there will be, a revival of business and a restoration of confidence among our sorely distressed people as a result of this indomitable leadership and this remedial legislation.

But, may I not remind my patriotic hearers who have evidenced their patriotism and their love of country by their presence here on this occasion that legislation and leadership, however wise and courageous, alone will not restore prosperity and confidence and America to its just place in world affairs? The unprecedented and unnatural prosperity which followed in the wake of the World War has, to a great extent, brought with it attendant sordid lust for gain and material things. It was not prosperity of this sort that made this country truly great, for—

"Ill fares the land, to hast'ning ills a prey,
Where wealth accumulates and men decay."

It was rather the intelligence, patriotism, and the Christian fortitude of our forefathers that gave America its enviable position in the sun of world affairs. So, hand in hand, with the courageous and intelligent leadership of the great Franklin D. Roosevelt must come an old-fashioned revival of American patriotism, fortitude, and Christianity. There must be a "renaissance", a rededication of those great and everlasting principles which really made America. We must forget the desire for material and sordid wealth, even as we have buried sectional jealousies and hatred. United, as one people, with these lofty principles of our forefathers to guide us in the future as they have steadied us in the past, America will survive this crisis and come out triumphant, resplendent in its glory, overcoming all obstacles in the future as it has in the past, looking to the establishment of peace throughout the world.

Mr. BYRNS. Mr. Speaker, at the request of the Interstate and Foreign Commerce Committee, I ask unanimous consent that that committee may have until 12 o'clock tonight to file a report.

The SPEAKER. Is there objection?

Mr. ROGERS of Oklahoma. Reserving the right to object, gentlemen on the Republican side mentioned my State in discussing the Civil Service changes, and said that the people from Oklahoma and some other States had not been able to qualify and did not want the jobs. I do not want the RECORD to show that. I am willing that the statement should stand that they were not able to qualify, but I do not want the RECORD to show that they did not want the jobs. [Laughter.]

Mr. TINKHAM. Reserving the right to object, Mr. Speaker, before that consent is granted, I desire to ask that I may address the House tomorrow morning for 20 minutes.

Mr. O'BRIEN. I object.

Mr. KENNEY. I object.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that the Committee on Interstate and Foreign Commerce have until midnight tonight to file a report upon the railroad bill?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object.

Mr. BYRNS. Mr. Speaker, let me say to the gentleman from Pennsylvania [Mr. McFADDEN], if he will reserve his objection, that his objection to the filing of this report between now and 12 o'clock tonight means that this bill cannot be taken up tomorrow, and that this House will be absolutely without any business to do tomorrow. If the gentleman wants to go before the country with the responsibility that this House loiters tomorrow because it has no business, of course, that is his privilege, but when everybody here is desirous of adjourning and getting away, when the country is anxious to have the Congress adjourn, I do hope that there will be no objection. If objection is made, it will take two or three times longer than otherwise would be taken. I hope the gentleman will be reasonable about the matter and permit us to file the report between now and 12 o'clock tonight.

Mr. SNELL. Mr. Speaker, to a certain extent I think the statement made by the gentleman from Tennessee is correct. Of course, there has been a little misunderstanding here. The gentleman from Massachusetts [Mr. TINKHAM] asked for 15 or 20 minutes yesterday, and I think he ought to have been granted that time. I think perhaps we can make some arrangement whereby the gentleman can file his report and

the gentleman from Massachusetts can get 15 minutes in which to address the House.

Mr. FISH. Mr. Speaker, further reserving the right to object, may I say this to the gentleman from Tennessee. About the only right left to a Republican in this House is to speak on the floor of the House. We have not any right very often, even to discuss or offer amendments to legislation. I think a gentleman who has served 20 years in the House, who wants to talk on foreign affairs, who is a member of the Committee on Foreign Affairs, should have the right to do so. It is the only right left to the opposition in the House.

Mr. BYRNS. That is not involved in the matter before the House now. That matter can come up and be considered. The question is on the request that I make that the Committee on Interstate and Foreign Commerce have until midnight tonight to file a report, a usual request, and one that I never heard denied before.

Mr. FISH. It is a proper request, but so is the request of the gentleman from Massachusetts a proper request.

Mr. BYRNS. Let me say to the House that we have a rule here which makes it possible to take up this bill tomorrow. If the gentleman from Pennsylvania [Mr. McFADDEN] wishes to take the position that we shall take the bill up without printing, then, if this side of the House will agree, we will take it up anyway. [Applause on the Democratic side.] There is no sense in objecting to it.

Mr. FISH. We are not trying to get into any row, but we are trying to get the right of one Member to speak.

Mr. BYRNS. I do not object to the gentleman from Massachusetts speaking. I have declared my willingness and have urged gentlemen on this side not to object, but I cannot control that.

Mr. BLANTON. Mr. Speaker, the gentleman from Massachusetts [Mr. TINKHAM] has been a Member of this House for 19 years. On many questions he and I have vitally disagreed; but I believe that he should be accorded the privilege of speaking here, regardless of whether or not we like his speech. This is his public forum. This House is the public forum of every Member in it. There would be no such thing left as free speech if we seek to censor a Member's speech before he makes it. I sincerely hope that it will be arranged for the gentleman from Massachusetts to have 15 minutes as soon as the House meets tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. McFADDEN. Mr. Speaker, I object.

Mr. BYRNS. Mr. Speaker, I serve notice that we have a rule, an open rule, which will come up tomorrow at 12 o'clock, and while we may not have the printed bill, I hope that the majority of the House will agree to go on with the rule and discuss the bill tomorrow.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. SNELL. Will the gentleman be willing under general discussion of the bill to give the gentleman from Massachusetts 20 minutes? [Cries of "No!" on Democratic side.]

Mr. BYRNS. I am not going to be driven into this matter by tactics which have been shown here this afternoon by one gentleman on the Republican side. I had an agreement with the gentleman from Massachusetts and with the gentleman from Alabama [Mr. BANKHEAD] that he should have time at the conclusion of those rules, and one single objection on the Republican side increased by an hour's time consideration of the first rule presented.

If that objection had not been made it could have been disposed of in 5 minutes.

Mr. McFADDEN. Mr. Speaker, in view of the statement just made, I want to remind the gentleman from Tennessee [Mr. BYRNS] and the Members of the House, of the colloquy that took place between us two gentlemen this morning when I asked him to yield to the gentleman from Massachusetts, and to ask unanimous consent that the gentleman from Massachusetts [Mr. TINKHAM] should be permitted to speak, and the gentleman from Tennessee [Mr. BYRNS] himself refused to do that.

Mr. BYRNS. I am not going to ask unanimous consent for any gentleman upon that side to take 15 or 20 minutes to discuss the subject which I understand is in the mind of the gentleman.

Mr. McFADDEN. That proves the statement that the gentleman did not intend to carry out his agreement.

Mr. BYRNS. That is not true, and the gentleman knows it. The gentleman undertook to interfere in an agreement in which he had no part and with which he is not concerned, and if the gentleman had kept out of the proposition this morning, the gentleman from Massachusetts [Mr. TINKHAM] would have finished his speech and we would all have been home by this time. [Applause.]

Mr. McFADDEN. I will say to the gentleman——

Regular order was demanded.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. PARKER of New York. Reserving the right to object——

The SPEAKER. Is there objection.

Mr. PARKER of New York. Yes. I object.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 285. An act to authorize the addition of certain lands to the Ochoco National Forest, Oreg.; to the Committee on the Public Lands.

S. 317. An act authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund; to the Committee on Banking and Currency.

S. 324. An act to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes; to the Committee on the Public Lands.

S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau; to the Committee on Foreign Affairs.

S. 1103. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla.; to the Committee on Naval Affairs.

S. 1104. An act to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola (Corry Field), Fla.; to the Committee on Naval Affairs.

S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; to the Committee on Indian Affairs.

S. 1536. An act giving credit for water charges paid on damaged land; to the Committee on Irrigation and Reclamation.

S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations; to the Committee on Banking and Currency.

S. 1738. An act authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes; to the Committee on Banking and Currency.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J.Res. 48. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 4 minutes p.m.) the House adjourned until tomorrow, Friday, June 2, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

84. Under clause 2 of rule XXIV, a letter from the Chairman of the Reconstruction Finance Corporation, transmitting a report of the activities and expenditures of the Reconstruction Finance Corporation for the month of April 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 59), was taken from the Speaker's table, referred to the Committee on Banking and Currency, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. House Resolution 163. Resolution authorizing the Committee on the Judiciary to investigate the official conduct of Judge Halsted L. Ritter; with amendment (Rept. No. 191). Referred to the Committee of the Whole House on the state of the Union.

Mr. POU: Committee on Rules. House Resolution 169. Resolution providing for the consideration of S. 1580, an act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; without amendment (Rept. No. 192). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas: A bill (H.R. 5862) to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction; to the Committee on the Judiciary.

Also, a bill (H.R. 5863) to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription; to the Committee on the Judiciary.

By Mr. KNUTE HILL: A bill (H.R. 5864) to authorize the payment of expenses of delegates of the Yakima Confederated Tribes of Indians while on a mission to represent such tribes before Congress and the executive departments at the seat of government, and for other purposes; to the Committee on Indian Affairs.

By Mr. MARTIN of Oregon: A bill (H.R. 5865) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; to the Committee on Indian Affairs.

By Mr. SMITH of Washington: A bill (H.R. 5866) to reenact provisions of law relating to disability compensation for World War veterans and to pensions for Spanish-American War veterans, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. WEIDEMAN: A bill (H.R. 5867) to amend the Public Utilities Commission law embodied in section 8 of the act making appropriations to provide for the expenses of the government of the District of Columbia for fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913; to the Committee on the District of Columbia.

By Mr. MAPES: A bill (H.R. 5868) to fix the rate of interest on loans secured by Government life-insurance policies; to the Committee on World War Veterans' Legislation.

By Mr. PETERSON: A bill (H.R. 5869) to prevent discriminations in the granting of financial aid to farmers; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H.R. 5870) to permit the manufacture, sale, and/or possession of 3.2 percent beer in the Chippewa Indian Territory in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. HOWARD: A bill (H.R. 5871) to provide for the protection and conservation of the grazing resources of the undisposed of ceded Indian lands, the tribal title to which remains unextinguished; to the Committee on Indian Affairs.

Also, a bill (H.R. 5872) to provide for the more efficient administration of the Indian Service, and for other purposes; to the Committee on Indian Affairs.

By Mr. POU: Resolution (H.Res. 169) providing for the consideration of S. 1580, an act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; to the Committee on Rules.

By Mr. LAMNECK: Resolution (H.Res. 170) to investigate alleged irregularities in connection with the purchase of materials or equipment for the use of the reforestation program; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. EATON: A bill (H.R. 5873) to refer the claim of General Textile Corporation against the United States to the Court of Claims for a report on the facts relating to such claim, and for other purposes; to the Committee on the Judiciary.

By Mr. HOIDALE: A bill (H.R. 5874) for the relief of the Waterous Co.; to the Committee on Claims.

By Mr. LUNDEEN: A bill (H.R. 5875) for the relief of Edwin Lockwood MacLean; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H.R. 5876) for the relief of William Larson; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 5877) granting a pension to Tanner S. Litton; to the Committee on Pensions.

By Mr. SHOEMAKER: A bill (H.R. 5878) granting a pension to Mary O. Lyman; to the Committee on Invalid Pensions.

By Mr. WEIDEMAN: A bill (H.R. 5879) for the relief of Joseph Zebelian; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1249. By Mr. AUF DER HEIDE: Memorial in the nature of Senate Joint Resolution No. 20 of the Senate and General Assembly of the State of New Jersey, requesting an appropriation be made to construct a ship canal across the State of New Jersey from Raritan Bay to Delaware River; to the Committee on Rivers and Harbors.

1250. By Mr. BEITER: Petition of Erie County committee, the American Legion, Buffalo, N.Y., endorsing any act of the President to safeguard the peace of the world, and urging Congress and the President to adopt a system of universal draft and conscription of all the country's resources and industries as well as the man power, in the event of war, and to advance the policy of universal draft in all international conferences on disarmament and peace; to the Committee on Foreign Affairs.

1251. By Mr. JOHNSON of Minnesota: Petition of the Order of Railroad Telegraphers, protesting against the passage of the bill entitled "Emergency Railroad Transportation Act, 1933"; to the Committee on Interstate and Foreign Commerce.

1252. By Mr. KENNEY: Petition of the State of New Jersey, that the President and Congress of the United States are hereby memorialized and requested to provide a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State; that a copy of this

resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives of the United States from the State of New Jersey; and that a committee of 3, 1 to be appointed by the Governor, 1 to be appointed by the President of the Senate, and 1 to be appointed by the Speaker of the House, be constituted to further this project and to personally present the same to the President of the United States from the State of New Jersey, and to take other steps as to such committee shall seem proper; to the Committee on Rivers and Harbors.

1253. Also, petition of Woodcliff Council, No. 237, of North Bergen, N.J., Sons and Daughters of Liberty, an organization composed of upwards of 100,000 native-born American men and women representing 26 States, urging upon Congress the immediate passage of House bill 4114, introduced by Hon. MARTIN DIES, having for its object a fixed quota pertaining to the admission of alien immigrants to this country, stating that the bill is a necessary one and cannot be objected to by any person having the interests of the country at heart; to the Committee on Immigration and Naturalization.

1254. By Mr. LINDSAY: Petition of Daniel Maltby Rugg, of Brooklyn, N.Y., opposing increased income tax and gasoline tax, and favoring a manufacturers' sales tax; to the Committee on Ways and Means.

1255. By Mrs. ROGERS of Massachusetts: Petition of Council No. 45 of the Sons and Daughters of Liberty, favoring the passage of House bill 4114 concerning immigration; to the Committee on Immigration and Naturalization.

1256. Also, petition of Council No. 17 of the Sons and Daughters of Liberty, favoring the passage of House bill 4114 concerning immigration; to the Committee on Immigration and Naturalization.

1257. By Mr. SUTPHIN: Petition of Freedom Council, No. 36, Sons and Daughters of Liberty, of Keyport, N.J., urging passage of House bill 4114; to the Committee on Immigration and Naturalization.

1258. By Mr. TRAEGER: Petition of the Legislature of the State of California, dated May 12, 1933, regarding the adoption, as part of an emergency unemployment-relief program, of a plan for the completion of worthy public projects, and to include therein the construction and maintenance of roads and highways; to the Committee on Labor.

1259. Also, petition of the Legislature of the State of California, dated May 12, 1933, regarding the adoption, as part of an emergency unemployment-relief program, of a plan for the construction of worthy public projects, and to include therein the construction of the Central Valley project of the California State water plan; to the Committee on Labor.

1260. Also, petition of the Assembly and the Senate of the State of California, dated May 9, 1933, urging Government use of American-grown rubber; to the Committee on Labor.

1261. Also, petition of the Legislature of the State of California, dated May 17, 1933, in regard to providing for the relief of California Indians; to the Committee on Indian Affairs.

1262. Also, petition of the Legislature of the State of California, dated May 17, 1933, regarding the prohibiting of the importation of crude petroleum and crude-petroleum by-products; to the Committee on Ways and Means.

1263. Also, petition of the Board of Supervisors of the County of Los Angeles, State of California, dated May 22, 1933, regarding unemployment relief and recommending the California community land chest bill for consideration; to the Committee on Labor.

1264. By Mr. WALDRON: Petition of the Pennsylvania Committee for Total Disarmament, urging the Congress to investigate munition manufacturing, propaganda, etc.; to the Committee on Interstate and Foreign Commerce.

1265. By Mr. WHITLEY: Petition of Alfred Dreyfus Lodge, No. 201, of the Independent Order Brith Abraham, and of Louis Ofsovitz, of Rochester, N.Y., urging official protest by the United States against the treatment accorded Jews in Germany; to the Committee on Foreign Affairs.

1266. By the SPEAKER: Petition of Hoboken National Memorial Association, Hoboken, N.J., relative to setting aside a suitable plot of ground at the entrance of the piers, now in control of the United States Shipping Board, at Hoboken, as a national memorial to commemorate the egress and ingress of the valiant sons and daughters of the Nation who left or returned through this portal during the late World War; to the Committee on Public Buildings and Grounds.

SENATE

FRIDAY, JUNE 2, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 29 to June 1, inclusive, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Long	Sheppard
Austin	Caraway	McGill	Steiwer
Black	Erickson	McNary	Thomas, Utah
Bone	Hale	Patterson	Trammell
Borah	Johnson	Pope	
Bratton	Kendrick	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Nevada [Mr. PITTMAN] and the Senator from South Carolina [Mr. SMITH] are necessarily detained on official business.

I also wish to announce that the senior Senator from Tennessee [Mr. MCKELLAR] and the junior Senator from Tennessee [Mr. BACHMAN] are necessarily detained from the Senate.

Mr. KENDRICK. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Washington [Mr. DILL], the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. MCCARRAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], the Senator from Nebraska [Mr. THOMPSON], and the Senator from Arizona [Mr. HAYDEN].

I also desire to announce that the following Senators are absent, attending a meeting of the Committee on Banking and Currency: Mr. ADAMS, Mr. BULKLEY, Mr. COSTIGAN, Mr. FLETCHER, Mr. GLASS, Mr. GORE, Mr. MCADOO, and Mr. WAGNER.

I wish further to announce that the following Senators are detained from the Senate in attendance on a meeting of the Committee on Finance: Mr. HARRISON, Mr. WALSH, Mr. KING, Mr. BARKLEY, Mr. BAILEY, Mr. BYRD, Mr. CLARK, Mr. CONNALLY, Mr. GEORGE, and Mr. LONERGAN.

The VICE PRESIDENT. Twenty-two Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. LOGAN, Mr. OVERTON, Mr. REYNOLDS, Mr. STEPHENS, and Mr. VANDENBERG answered to their names when called.

Mr. BARBOUR, Mr. BROWN, Mr. CAPPER, Mr. COOLIDGE, Mr. COPELAND, Mr. DALE, Mr. DICKINSON, Mr. FESS, Mr. MURPHY, Mr. RUSSELL, and Mr. WHITE entered the Chamber and answered to their names.

Mr. FESS. I wish to announce that the following Senators are detained either in attendance upon meetings of committees or upon official business: The Senator from Ne-

braska [Mr. NORRIS], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Rhode Island [Mr. HEBERT], the Senator from New Jersey [Mr. KEAN], the Senator from New Hampshire [Mr. KEYES], the Senator from Rhode Island [Mr. METCALF], the Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], the Senator from MINNESOTA [Mr. SHIPSTEAD], the Senator from North Dakota [Mr. NYE], and the Senator from Wisconsin [Mr. LA FOLLETTE].

The VICE PRESIDENT. Thirty-eight Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the order of the Senate.

After a little delay Mr. BANKHEAD, Mr. BULOW, Mr. CAREY, Mr. CUTTING, Mr. DIETERICH, Mr. DUFFY, Mr. HATFIELD, Mr. NEELY, Mr. ROBINSON of Indiana, Mr. SCHALL, Mr. VAN NUYS, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from S. F. Snively, mayor of Duluth, Minn., praying for amendment of the Reconstruction Finance Corporation Act so that the Corporation may be authorized to loan to municipalities 75 percent upon estimated tax income for the year 1933, and 50 percent on 1932 tax delinquencies, upon tax anticipation bonds, also amendment of the pending public works bill so as to allow the Government to loan 70 percent of the total upon bonds to be redeemed over a period of years after the present economic depression is over, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by U.S.S. Jacob Jones Post, No. 2, the American Legion, of Washington, D.C., protesting against any attempt, by law or regulation, to deprive honorably discharged veterans of preference in retention in the classified service of the Government which they have been granted under previous laws and Executive orders, etc., which was referred to the Committee on Civil Service.

He also laid before the Senate a resolution adopted by Incorporated Chapter 1, of the Purple Heart Association of the United States, Ansonia, Conn., protesting against the operation of the so-called "Economy Act", particularly as it affects veterans' allowances, which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from R. E. Rosenberger, of Garyville, and also a petition of sundry citizens of New Orleans, all in the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

Mr. COPELAND presented a petition of several citizens of Binghamton, N.Y., praying that Congress do not adjourn until action has been taken for the relief of veterans with service-connected disabilities, which was referred to the Committee on Finance.

He also presented resolutions adopted by the New York State Department, Disabled American Veterans of the World War, in convention assembled at Niagara Falls, N.Y., favoring the carrying out by the Government of statements of Federal officials "that battle casualties and direct service-connected cases under the old World War Veterans' Act will be cared for under the new act by extending, through Presidential proclamation, date of stop payment under the new act from July 1, 1933, to January 1, 1934, as this would be the only way whereby justice can be done", etc., which were referred to the Committee on Finance.

He also presented resolutions adopted by Lincoln Council, No. 51, of Jamestown, and Dolly Madison Council, No. 116, of Brooklyn, of the Sons and Daughters of Liberty, in the State of New York, favoring the prompt passage of the so-called "Dies bill" fixing a quota pertaining to the admission of alien immigrants to the United States, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the National Council of the Steuben Society of America, at Baltimore, Md., favoring a study of "the effects of the Sherman anti-trust law and the Clayton Acts on business in general, to the end that these statutes, in our opinion injurious to the common welfare of our communities, be corrected, changed, or amended", which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Joseph A. Wynn Post, No. 260, Veterans of Foreign Wars of the United States, of Brooklyn, N.Y., protesting against the curtailment or abolishment of compulsory military training of young men in colleges and high schools, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the Erie County Committee of the American Legion, Buffalo, N.Y., endorsing any act of the President to safeguard the peace of the world and preserve the honor of the country without entangling alliances, and favoring the adoption of a system of universal draft and conscription of all the country's resources and industries, as well as man power, in the event of war, etc., which were referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Schenectady County (N.Y.) Clearing House Association, favoring the adoption of measures to eliminate the competition of the Postal Savings System with banks and other business, more especially by the cessation of payment of interest to depositors, which was referred to the Committee on Post Offices and Post Roads.

PROTESTS AGAINST RECOGNITION OF SOVIET GOVERNMENT OF RUSSIA

Mr. WALSH. Mr. President, I present and ask to be printed in full in the CONGRESSIONAL RECORD and appropriately referred copy of a telegram sent to the President of the United States as follows:

> Bessie P. Edwards Post, No. 264, the American Legion, Boston, comprising 150 women World War veterans, records itself as vigorously opposed to recognition of Soviet Russia by United States, and respectfully solicits consideration of this opposition.
>
> ALICE E. CAREY, *Commander.*

Similar telegrams were sent to the President by the following organizations of Massachusetts, whose total membership, as indicated, numbers 834,070:

Massachusetts Department, American Federation of Labor	250,000
Massachusetts Department, American Legion	43,000
Massachusetts Department, Veterans of Foreign Wars	20,000
Knights of Columbus (Massachusetts)	53,000
Massachusetts Catholic Order of Foresters	60,000
National Yeomen (F.) (Massachusetts)	1,000
League of Catholic Women	400,000
Spanish War Veterans Auxiliary (Massachusetts)	3,600
Kearsafe Naval Auxiliary (Massachusetts)	100
Daughters of the Union Veterans (Massachusetts)	3,200
Bessie Edwards (Mrs. Clarence R.) Legion Post, No. 264	170
Total	834,070

The VICE PRESIDENT. The telegram will be referred to the Committee on Foreign Relations.

REPORT OF THE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. KENDRICK (for Mr. SMITH), from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such

commerce, and for other purposes, reported it with amendments and submitted a report (No. 105) thereon.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 1, 1933, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 1816) granting a pension to Margaret Griffin; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 1817) granting a pension to Fred Burns; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 1818) for the relief of W. P. Fuller & Co.; to the Committee on Claims.

A bill (S. 1819) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. KING:

A bill (S. 1820) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. COSTIGAN, Mr. ADAMS, Mr. BRATTON, Mr. CUTTING, Mr. SHEPPARD, and Mr. CONNALLY:

A bill (S. 1821) authorizing the construction of a channel for the drainage of the closed basin of the San Luis Valley in Colorado, authorizing an investigation relating to the construction of a reservoir in connection with such channel, and for other purposes; to the Committee on Irrigation and Reclamation.

AMENDMENTS TO INDUSTRIAL-CONTROL AND PUBLIC-WORKS BILL

Mr. POPE and Mr. ROBINSON of Arkansas each submitted an amendment intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial-control and public-works bill", which were referred to the Committee on Finance and ordered to be printed.

Mr. WALSH. I ask that a number of amendments intended to be proposed by me to title I of House bill 5755, the national industrial recovery bill, with an explanation of the amendments, be printed, printed in the RECORD, and referred to the Committee on Finance.

The VICE PRESIDENT. Without objection, that order will be made.

The amendments and explanation are as follows:

AMENDMENTS INTENDED TO BE PROPOSED BY MR. WALSH TO TITLE I OF NATIONAL INDUSTRIAL RECOVERY BILL, H.R. 5755

Amendments suggested to reconcile discrepancies, correct omissions, and clarify certain provisions

AMENDMENT NO. 1

Page 8, line 3, after the word "joining", insert a comma, followed by the following words: "organizing or assisting."

EXPLANATION OF AMENDMENT NO. 1

The major purpose of this bill is to restore employment and maintain purchasing power. The most important safeguard for the maintenance of purchasing power is the preservation of labor's right of collective bargaining. Section 7 (a) has been properly inserted for the provision of this safeguard.

The right of collective bargaining cannot be assured without the abolition of "yellow dog" contracts, and subsection (2) of section 7 (a) is addressed to this aim. "Yellow dog" contracts not only prohibit employees from joining labor organizations but often prohibit them from organizing their fellow employees and prohibit them from doing anything which might tend to lend assistance to any labor organization. Subsection (2) should therefore be amplified to include agreements which compel employees to refrain from organizing or assisting labor organizations.

AMENDMENT NO. 2

Page 8, line 13, strike out the word "working", and after the word "conditions" strike out the comma and insert the words "of employment." Line 21, strike out the word "working", and on line 22, after the word "conditions", insert the words "of employment." Page 9, line 3, strike out the word "working", and after the word "conditions" insert the words "of employment."

EXPLANATION OF AMENDMENT NO. 2

On page 8 the expression "working conditions" is used four times. "Working conditions" might be construed as limited to physical conditions within a factory. "Conditions of employment" is a much broader phrase and might include the problem of night labor by women and children and other employment restrictions as well as the physical condition of the factory.

AMENDMENT NO. 3

Page 4, strike out lines 12 to 14.

Page 6, strike out the portion of line 8 after the word "law" and strike out lines 9 to 14, inclusive.

Page 10, strike out the portion of line 5 after the word "competition" and strike out all of lines 6 and 7.

Page 10, after line 12, insert a new section, to be numbered 10, reading as follows:

"SEC. 10. Any person who violates any provision of this title, or who violates any provision of any code of fair competition approved under this title, or who violates any agreement entered into or approved under this title, or who carries on any business without a license required under this title or after such license shall have been canceled, or who violates the conditions of any license, or who violates any rule or regulation prescribed under this title, shall be fined not more than $500 or imprisoned not more than 6 months, or both, and each day any such violation continues shall be deemed a separate offense."

EXPLANATION OF AMENDMENT NO. 3

Sections 3 (b), 4 (b), and 9 (a) provide varying forms of penalties, while section 4 (a) does not provide any penalty for the violation of an agreement.

It is suggested that all penalties be made uniform and that they cover violations of agreements as well as all codes, licenses, rules, and regulations.

AMENDMENT NO. 4

Page 4, strike out lines 15 to 21, inclusive, and on line 21 change "(d)" to "(c)".

Page 10, insert a new section, to be numbered 11, as follows:

"SEC. 11. The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of the provisions of this title, and violations of any code of fair competition approved under this title, and violations of any agreement entered into or approved under this title, and the carrying on of any business without a license required under this title or after a cancelation of any such license, and violations of the conditions of any license, and violations of any rule or regulation prescribed under this title; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations."

EXPLANATION OF AMENDMENT NO. 4

Section 3 (c) provides for injunctive relief for violation of a code, but no injunctive relief is provided for other violations. It is suggested that injunctive relief apply to all violations.

AMENDMENT NO. 5

Page 6, strike out all of lines 4 and 5 and the first four words of line 6, concluding with the word "thereof."

Page 10, line 8, after the word "cancel", insert a comma, followed by the words "revoke, suspend."

EXPLANATION OF AMENDMENT NO. 5

Page 6, lines 4 to 6 authorize the President to suspend or revoke any license after notice and hearing. This contradicts section 9 (b), on page 10, which authorizes the President to cancel or modify any license. It seems as though the latter provision of section 9 (b) supersedes the former provision on page 6, which is part of section 4 (b).

AMENDMENT NO. 6

Page 6, strike out the last five words of line 6 beginning with "any", all of line 7, and the first three words of line 8, concluding with "law."

Page 10, line 10, after the word "title", strike out the semicolon and insert a comma followed by the following words: ", and any such action of the President as well as any other action of the President pursuant to this title shall be final."

EXPLANATION OF AMENDMENT NO. 6

On page 6, the second half of line 6, all of line 7, and the first three words of line 8 provide that an order of the President revoking a license shall be final. This might be more properly inserted in section 9 (b) to cover all acts of the President.

AMENDMENT NO. 7

Page 10, line 5, after the word "competition", strike out the comma and insert the words "and agreements."

EXPLANATION OF AMENDMENT NO. 7

Section 9 (a) authorizes the President to prescribe fees for licenses and for filing codes of fair competition. He should also be authorized to prescribe fees for filing voluntary agreements under section 4 (a).

AMENDMENT NO. 8

Page 9, strike out line 14 and insert the following: "any individual, firm, partnership, company, association, joint-stock asso-

ciation, trust and corporation, and any assignee for the benefit of creditors, committee, receiver, or trustee operating any business, and every other person, natural or artificial, engaged in commerce."

EXPLANATION OF AMENDMENT NO. 8

Section 7 (d) defines the word "person." This definition might be amplified.

ALLOCATION OF HIGHWAY FUNDS UNDER PUBLIC WORKS BILL

Mr. WALSH. I ask unanimous consent to have printed in the RECORD a letter addressed to me from A. W. Brandt, State Highway Commissioner of New York. This letter is relative to the allocation of highway funds under section 204 of the public works bill. It contains a tabulation showing the amount that will be allotted to each of the States under the different methods of allocation. It favors the provisions contained in the House bill dealing with this subject.

I ask that the letter and table may be printed in the CONGRESSIONAL RECORD and referred to the Committee on Finance.

There being no objection, the letter and table were ordered to be printed in the RECORD and referred to the Committee on Finance, as follows:

WASHINGTON, D.C., *May 29, 1933.*

Hon. DAVID I. WALSH,
United States Senate.

MY DEAR SENATOR WALSH: I am attaching hereto a copy of a letter written to Senator HARRISON, Chairman of the Senate Finance Committee, of which you are also a member, relative to the allocation of highway funds under section 204 of the public works bill. I am also attaching a copy of the tabulation showing the amount of money per capita by States under this $400,000,000 allocation, the amount per gainful worker, and the amount per unemployed worker, if the money is allocated under the Federal Highway Act only. Column 4 shows the amount per unemployed worker by States in case the money is allotted—three quarters on the basis of the Federal Highway Act, and one quarter on the basis of population.

Inasmuch as your State is one of those that will lose heavily in case the allocation in the fourth column as passed by the House is not followed, I am sure you will resist all efforts in the Finance Committee to change the allocation.

Very truly yours,

A. W. BRANDT,
State Highway Commissioner, New York State.

P.S.—The loss to your State in case the three-fourths, one-fourth allocation is not maintained will be $2,037,300.

MAY 29, 1933.

Hon. PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: The House when it passed the public works bill provided that the $400,000,000 authorized under section 204 should be allocated to the States, three fourths on the basis of the Federal Highway Act and one fourth on the basis of population. This method of allocation was endorsed by a subcommittee representing the executive committee of the American Association of State Highway Officials. It was accepted by the President and included in the bill transmitted to Congress. Copies of this bill were sent to all State highway officials, and not one protest against the method of allocation has been received.

The American Association of State Highway Officials realizes that this is not in the strict sense of the word a public works bill, but is an emergency relief measure, and that more consideration than the Federal Highway Act provides should be given to the unemployed in each State.

I am attaching hereto several copies of a tabulation showing the amount per capita by States that this $400,000,000 provides as well as the amount per gainful worker and the amount per unemployed worker under the provisions of the Federal Highway Act. You will notice that the State of Massachusetts receives $7.69 for each unemployed worker under the provisions of the Federal Highway Act, while the State of Nevada receives $362.24 for each unemployed worker, nearly fifty times as much. Certainly there is nothing equitable in the way of relief in any such allocation as that. The fourth column of this tabulation shows the amount that each unemployed worker receives on the basis of three fourths of the money allocation under the Federal Highway Act and one fourth on the basis of population. That is by no means an equitable distribution; that is, the State of Massachusetts will only receive $10.42 per unemployed worker, while the State of Nevada receives $276.80 per unemployed worker.

As a member of the committee representing the State highway officials, I urge that your committee oppose any effort to change the allocation in the bill as passed by the House. I am sure by looking over this tabulation the members of your committee will agree that the sparsely settled States are being treated more than fairly, and that if there is any just grievance it is in the States which are densely populated, where the intensity of unemployment is the greatest.

I am also attaching hereto a chart showing the intensity of unemployment in each State.

Very truly yours,

A. W. BRANDT,
For the Committee Representing American Association of State Highway Officials.

State	Apportionment of $400,000,000 on the basis of sec. 21 of the Federal Highway Act			Amount per unemployed worker; apportionment on basis of three quarters, sec. 21, Federal Highway Act, and one quarter on population
	Amount per capita	Amount per gainful worker	Amount per unemployed worker	
Alabama	$3.22	$8.31	$59.63	$59.81
Arizona	13.47	35.51	123.82	100.36
Arkansas	3.78	10.49	78.61	75.92
California	2.74	6.22	16.42	17.20
Colorado	7.27	18.69	49.02	42.26
Connecticut	1.62	3.83	11.29	14.16
Delaware	8.39	20.39	107.53	91.09
Florida	3.69	9.04	27.26	26.47
Georgia	3.58	8.96	51.95	50.80
Idaho	11.28	30.95	134.58	110.66
Illinois	2.22	5.33	12.96	14.47
Indiana	3.15	8.15	26.18	26.41
Iowa	4.28	11.58	69.32	65.20
Kansas	5.79	15.68	82.26	73.29
Kentucky	2.89	8.32	38.67	39.92
Louisiana	2.77	7.13	28.71	29.98
Maine	4.46	11.53	36.37	33.92
Maryland	2.08	5.05	22.63	25.83
Massachusetts	1.35	3.15	7.69	10.42
Michigan	2.60	6.54	13.78	14.66
Minnesota	4.38	11.31	39.78	37.24
Mississippi	3.58	8.52	91.61	89.55
Missouri	3.45	8.58	31.38	30.96
Montana	15.66	38.88	119.90	96.17
Nebraska	6.16	16.73	85.60	75.53
Nevada	57.68	122.44	362.24	276.80
New Hampshire	4.30	10.38	33.17	31.17
New Jersey	1.37	3.23	8.58	11.56
New Mexico	15.48	45.85	193.26	155.13
New York	1.60	3.66	10.06	12.66
North Carolina	3.04	8.44	46.67	47.53
North Dakota	9.46	26.83	160.76	134.41
Ohio	2.25	5.72	15.09	16.79
Oklahoma	4.02	11.63	44.93	42.82
Oregon	7.00	16.29	43.27	37.56
Pennsylvania	1.82	4.72	12.65	15.15
Rhode Island	2.91	6.73	12.54	12.92
South Carolina	3.20	8.08	57.10	57.39
South Dakota	9.64	26.98	284.34	237.29
Tennessee	3.32	9.06	60.10	59.83
Texas	4.39	11.58	52.94	49.54
Utah	9.16	27.36	89.61	75.19
Vermont	5.56	14.16	51.02	45.74
Virginia	3.11	8.54	43.72	44.27
Washington	4.09	9.63	28.51	27.06
West Virginia	2.55	7.74	29.86	31.93
Wisconsin	3.39	8.83	32.95	32.63
Wyoming	22.78	55.55	203.10	159.60
Hawaii	5.43	(1)	(1)	(1)
Average	3.26	8.23	26.84	26.84

[1] Data not available.

PAYMENTS FROM THE TREASURY UNDER THE SETTLEMENT OF WAR CLAIMS ACT

Mr. COPELAND submitted the following resolution (S.Res. 91), which was referred to the Committee on Finance:

Whereas Germany has exercised certain of the rights conferred by the agreement of June 23, 1930, between the United States and Germany permitting the suspension of payments by Germany of the sums payable under that agreement on account of awards of the Mixed Claims Commission, and no such payments have been made under the agreement since March 31, 1931, and suspensions of payments by Germany under the terms of that agreement without the consent of the United States are permitted for a period not exceeding 2½ years from the date of suspension of payment; and

Whereas the Treaty of Berlin of August 25, 1921, provided that "all property of the Imperial German Government, * * * and of all German nationals, which was, on April 6, 1917, in or has since that date come into the possession or under the control of, or has been the subject of a demand by the United States of America or of any of its officers, agents, or employees, from any source or by any agency whatsoever, * * * shall be retained by the United States of America and no disposition thereof made, * * * until such time as the Imperial German Government * * * or their successor or successors, shall have * * * made suitable provision for the satisfaction of all claims against said Government * * * of all persons, wheresoever domiciled who owe permanent allegiance to the United

States of America and who have suffered, through the acts of the Imperial German Government, or its agents, * * * loss, damage, or injury to their persons, or property, directly or indirectly"; and

Whereas the Settlement of War Claims Act of 1928 was enacted upon the understanding by the Congress that suitable provision would be made for all claims against Germany of American nationals who have suffered through acts of Germany, or its agents, loss, damage, or injury to their persons or property, in accordance with the provisions of the Treaty of Berlin, and would be paid out of the German special deposit account in the Treasury of the United States which was created by said act; and

Whereas there are on file in the Department of State unadjudicated claims against Germany of more than 3,000 American nationals who have suffered loss, damage, and injury to their persons and property, principally as a result of Germany's submarine warfare; and

Whereas the full amount of all of the principal of awards of the Mixed Claims Commission heretofore entered has already been paid by the Secretary of the Treasury under the provisions of the Settlement of War Claims Act of 1928, as well as the full amount of interest on the smaller awards of less than $100,000 and certain payments to German nationals; and there is no requirement by law for payment by the Secretary of the Treasury of further amounts under the Settlement of War Claims Act of 1928 prior to the completion of the work of the Mixed Claims Commission; and

Whereas the Secretary of the Treasury, before the Congress again convenes, before suitable provision has been made for the adjudication and payment of the claims of American nationals against Germany now on file in the Department of State, and before the German Government resumes its payments under the agreement of June 23, 1930, may make further payments out of the German special deposit fund, including payments to German nationals which will inure to the benefit of Germany: Therefore be it

Resolved, That it is the opinion of the Senate that the Secretary of the Treasury should not make further payments out of the funds in the Treasury under the Settlement of War Claims Act, or release any of the bonds of Germany now held in the Treasury of the United States pursuant to the terms of the agreement between Germany and the United States signed June 23, 1930, until suitable provision shall have been made by Germany for the adjudication and payment of all the claims of American nationals now on file in the Department of State; and, furthermore, that the Secretary of State should not consent to the discontinuance of the work of the Mixed Claims Commission until suitable provision has been made and consented to by the Government of Germany for the full ascertainment of Germany's liability to the United States under the treaty of Berlin with respect to all claims of American nationals now on file in the Department of State, and until the discontinuance of the labors of the Mixed Claims Commission shall have been approved by the Congress of the United States.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 510) to provide for the establishment of a national employment system, and for cooperation with the States in the promotion of such system, and for other purposes, with amendments in which it requested the concurrence of the Senate.

PURCHASE OF PREFERRED STOCK AND BONDS OF INSURANCE COMPANIES—CONFERENCE REPORT

Mr. FLETCHER submitted the following report, which was ordered to lie on the table:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 6.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 3, 4, 7, 8, 10, 11, and 12, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert: "The total face amount of loans outstanding, preferred stock subscribed for, and capital notes purchased and held by the Reconstruction Finance Corporation, under the provisions of this section and section 2, shall not exceed at any one time $50,000,000, and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section and section 2" and a period; and the House agree to the same.

Amendment numbered 5: That the Senate recede from its disagreement to the amendment of the House numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert "The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company, (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital stock, or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be subscribed for or purchased by the Corporation, equal to the amount of said preferred stock or capital notes so subscribed for or purchased by the Corporation: *Provided*, That the Corporation may make loans upon said preferred stock or capital notes, if, in its opinion, such loans will be adequately secured by said stock or capital notes, and/or such other forms of security as the Corporation may require"; and on page 3, line 13, of the Senate bill, strike out "acceptance" and insert in lieu thereof "loan"; and the House agree to the same.

Amendment numbered 9: That the Senate recede from its disagreement to the amendment of the House numbered 9, and agree to the same with an amendment as follows: On page 6, line 16, of the Senate bill, after the period, insert quotation marks; and the House agree to the same.

That the title of the bill be amended to read as follows: "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes."

DUNCAN U. FLETCHER,
ALBEN W. BARKLEY,
R. R. REYNOLDS,
JAMES COUZENS,
HAMILTON F. KEAN,
Managers on the part of the Senate.

H. B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

HOUSE BILL REFERRED

The bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

ESTABLISHMENT OF NATIONAL EMPLOYMENT SYSTEM

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, which were on page 2, line 10, after "compensation", to strike out all down to and including "act" in line 15; on page 2, line 16, after "authorized", to strike out "in accordance with" and insert "without regard to"; on page 2, line 17, after "and", to strike out "in accordance with" and insert "without regard to"; on page 2, line 24, after "act", to insert "In case of appointments for service in the veterans' employment service provided for in section 3 of this act, the Secretary shall appoint only veterans of wars of the United States."; on page 3, line 4, after "occupations", to insert "to maintain a veterans' service to be devoted to securing employment

for veterans"; on page 3, line 6, after "Columbia", to strike out all down to and including "veterans" in line 8; on page 3, line 11, after "thereof", to insert "in which there shall be located a veterans' employment service"; on page 3, line 22, after "the", to strike out "Territory of Hawaii" and insert "Territories of Hawaii and Alaska"; on page 4, line 4, after "act", to strike out the remainder of the paragraph; on page 9, after line 4, to insert:

SEC. 10. During the current fiscal year and the two succeeding fiscal years the director is authorized to expend in any State so much of the sum apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment officers under the control of the director.

(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the Governor of the State and the director.

The authority contained in this section shall terminate at the expiration of the period specified in the first paragraph of this section, and thereafter no assistance shall be rendered such States until the legislatures thereof provide for cooperation with the United States Employment Service as provided in section 4 of this act.

On page 9, line 5, to strike out "10" and insert "11"; on page 10, line 3, to strike out "11" and insert "12"; and on page 10, line 7, to strike out "12" and insert "13."

Mr. WAGNER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

UNFAIR TRADE PRACTICES

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Mr. Adam Kessler, Jr., of N. W. Ayer & Son, of Philadelphia, relative to unfair trade practices.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Masses must earn before they can spend.

Masses must be employed at fair wages before they earn.

Manufacturers must see the opportunity to profitably produce before they will employ.

When masses have not buying power, trading instinct cries for lower prices. Then destructive operations start and continue until there is no profit for a manufacturer, little if any profit for wholesalers and retailers, and the result is production of inferior, misrepresented merchandise produced with underpaid labor to keep within a so-called "buyers' market."

The unscrupulous buyer grinds away and away until honest businesses are forced to close, more people are thrown out of employment, and there is no profit for the legitimate channels of trade with a continued decimation of these forces. Thus we go from bad to worse, finding ourselves in the hands of the selfish, unscrupulous manufacturers, wholesalers, and retailers—always destroying, never creating except for their few selves at the expense of the masses—and so parasite destroys parasite.

The destruction of production forces and trade channels must stop and construction must begin. Inventories are depleted—an excellent point from which to start. They will be replenished when confidence is restored through an appreciation that honest goods can be sold at an honest price, giving a living to the handlers and a value to the buyers, as well as a profit to the manufacturer. By this reaction the wholesaler benefits as do the honest factors in production, their workers, those from whom they in turn buy supplies, and in turn their workers, until we come to the labor and raw-material basis of each and every manufacturing fabrication.

Until the unscrupulous manufacturers and tradesmen are controlled they will continue their devastating practices. As President Roosevelt so ably said in his speech on Sunday night, May 7, in speaking of further legislation:

"Well-considered and conservative measures will likewise be proposed, which will attempt to give to the industrial workers of the country a more fair wage upturn, prevent cutthroat competition and unduly long hours for labor, and at the same time to encourage each industry to prevent overproduction."

He further told us:

"We cannot ballyhoo ourselves back to prosperity."

And in speaking further on the bad practices that conditions have developed, he said:

"Let me illustrate with an example. Take the cotton-goods industry. It is probably true that 90 percent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses.

"But what good is such an agreement if the other 10 percent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills, and turn out burdensome surpluses?

"The unfair 10 percent could produce goods so cheaply that the fair 90 percent would be compelled to meet the unfair conditions. Here is where government comes in. Government ought to have the right, and will have the right, after surveying and planning for an industry, to prevent, with the assistance of the overwhelming majority of that industry, unfair practice and to enforce this agreement by the authority of Government."

In speaking of the antitrust laws he said:

"* * * but these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages, and overproduction.

"The same principle applies to farm products and to transportation and every other field of organized private industry."

Control the 10 percent or give the other 90 percent the power to control them and there will have been taken one of the fundamental steps of rehabilitation.

How?

Honest manufacturers have for years placed their names on the merchandise they have produced—that is, where it was practical to do so—and we have seen these names appear on many articles where in previous years we did not believe it practical. An honest man will not only sell his name with his goods as a mark of identification and guaranty of value but will invest, and has invested, part of his profits that people may know of same for their own protection in their safe buying of merchandise.

When a man sells his name on his merchandise, he is selling something more than a mere fabricated commodity. He is selling a part of his capital investment, the skill and livelihood of men and women he has trained in his business and who are gainfully employed.

He should be equally insured with all these people he employs, directly and indirectly, by being permitted to participate in the life and trade of this Nation, free from the ravages of the unscrupulous, destructive factors that have so imperiled the livelihood of our millions of workers.

Production cannot and must not be divorced from distribution. Correction and control must carry down to the very doorsteps of the smallest retail establishment, the community market, and the sidewalk merchant because, first, many manufacturers have fostered the cut-price movement by selling their merchandise at a differential to selected buyers, enabling this class to sell to the consumer at a price that the same manufacturer would sell the same article to many thousands of merchants who may not be classified in the group of selected buyers; second, the retailers and wholesalers falling in this latter class have been forced, in an effort to protect themselves, into forming almost every character of association. Their intentions have been good but the results not particularly beneficial.

The law says in a broad way that you cannot take another man's life by premeditation. Here we have a practice which, in the guise of benefits to the masses, is in itself insidious, vicious, torturingly destructive, and equally deadly.

Therefore, if the honest manufacturers are permitted by law to name the consumer price on their merchandise, with equal regulatory control over the channels of distribution through wholesaler and retailer, then there would be formed the first important step in correcting this great existing evil.

This does not mean that, in a given industry, and let us use for illustration here the food industry, all branches should be on the same percentage basis above a given plane, nor does it mean that every manufacturer in any one branch of this industry should be on a given percentage basis above a given plane. But it does mean that every manufacturer would have a right to set a minimum wholesale, retail, and consumer price on the product he produces and that that price would be officially registered, that he could not depart from this minimum price without proper record and consent, that anyone departing from this list of minimum prices in their particular functioning in the channel of distribution would be guilty of violation of the law, subject to confiscation of property, fine, and imprisonment.

"Minimum price" is used here rather than a definite price for the reason that we must recognize that certain variations of price within reasonable limits are fair and permissible on the basis of service and nonservice distributive organizations. However, as an illustration, the price that an article is sold for by a corner grocery store and the price the same article is sold for by a cash-and-carry store in the grocery field should be such that the minimum price so regulated would not be more than 10 percent less than the basic list price at which the corner grocery would sell, this differential not to exist however in the wholesale channels but only in the retail field. Such an arrangement would still return a fair profit to all classes of retailers in relation to turn-over and volume.

There is another factor in the channels of distribution that has contributed chaos and destruction in the retail selling field.

Chain stores in their early beginning developed in the 5-cent and 10-cent field, or what may be known as the "novelty field", then rapidly spread into groceries, tobacco, meats, etc.

In the course of this development and in the desire to corral business on an unfair basis, grocery stores expanded to include

meats and green goods and candy, and have even gone so far in many cases as to sell housefurnishings.

In the drug field they have departed from drugs and the immediate allied articles of that trade until the vast majority of drug stores are unrecognizable today, having largely the semblance of lunch rooms and novelty stores.

There is correction needed in this retail scheme of distribution providing that a man in the drug business confine his selling to drugs and those things definitely allied with them, that a chain in the tobacco field should confine itself to tobacco products and those things definitely allied with them, in the grocery field the same thing, likewise in the meat field, and in the green-goods field, and so on. Likewise there should be a clear definition as to the departmentalization of department stores and that group of stores that fall into the classification known as the "5-cent, 10-cent, 25-cent, and $1 stores."

Retail-trade activities definitely prescribed and regulated along these lines, together with price control on the part of manufacturers who elect to apply same on the goods they produce, would give a method under which honest retailing would be conducted, yielding a fair living to those participating. As the situation exists today, they operate at a loss and in distress through the unfair and greedy practices of those who have been able to corral capital, take advantage of distress merchandise, and thereby operate a destructive scheme of selling.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is, Will the Senate suspend rule XVI for the purpose of considering the amendment offered by the Senator from Florida?

Mr. TRAMMELL. Mr. President, I want to take just a little time to explain my amendment. When we had the matter up yesterday I believe there were not more than 30 Senators present.

The amendment which I propose to offer, if the rule is suspended, is one that provides that service-connected veterans and pensioners shall not have their compensation reduced in excess of 15 percent. Another important provision of the amendment, as I conceive it to be, is that where a veteran is already upon the roll as a service-connected case drawing compensation or is on the roll as a pensioner, his case having once been thoroughly considered and a decision reached that he was entitled to the compensation or the pension, in any effort thereafter to review that case, the object being to bring about some reduction, the law should require that the burden of proof be upon the Government. If the Government seeks either to reduce or take away from the veteran an allowance which has previously been made to him upon the record furnished, after deliberate consideration by the Veterans' Administration, then the necessity for proof should rest upon the Government. I added that feature to the amendment because in reading the regulations, in some respects at least, I have been impressed that the effort on the part of the Veterans' Administration is to require a veteran to furnish proof himself for the purpose of reestablishing his claim, which I think is an absurd and ridiculous proceeding after the former decision had been rendered and he is already upon the rolls.

I mentioned yesterday, and I repeat, that the President, in his generosity and spirit of fairness, so the regulations state, advised the Veterans' Administration that in the cases of Spanish-American War veterans it would be difficult for them at this late day to furnish additional evidence to establish service connection, and that he therefore believes they should remain upon the roll as presumptive service-connected cases. Of course, that policy is absolutely correct, in my opinion. The Veterans' Administration in carrying out those regulations refers to this generous and righteous policy of our good President, but in addition to that they call upon the veterans to send proof to establish their service connection. We know what will be the consequence. In a very large majority of cases, the Spanish-American War having taken place 35 years ago, the veteran receiving a questionnaire will find that many of his witnesses are dead and gone. There were poor and very inadequate records kept during the Spanish-American War, as we all know who have given any consideration to the matter. All the veteran can do is to send back the questionnaire with very little information upon it except his own statement as to service connection. That reaches the Veterans' Administration and they say at once that the man has disproved his own case and removed the right of presumption of service connection which the President had declared would be a just policy in dealing with cases of that kind.

All through the regulations and questionnaire in regard to other features of the law there runs a similar effort to entrap the veteran on account of absence of additional proof and to get him in a position whereby the Veterans' Administration, upon a man's own statement, can declare that his is not a service-connected case.

Another very unreasonable feature is that they ask the veteran to give proof of the time of the inception of the case. The average veteran that might be stricken with tuberculosis and many other diseases cannot tell just when it began. Unless it is an injury or wound, he is unable to give any definite information. I dare say the average capable physician, when he diagnoses a case and finds tuberculosis or some other severe disease, could not tell what the causes were or when they occurred definitely. They could only give an approximate idea. Yet the Veterans' Administration seeks information of that character, which in my opinion is an unfriendly thrust toward the veterans and another effort to get an advantage of them in reviewing the cases.

I have been impressed, upon the information which I have received from time to time from veterans, which in many instances has been corroborated by the records in the Veterans' Administration, that there are hundreds and thousands of service-connected cases where the veteran is being mistreated and where his compensation has been reduced by an unreasonable percentage. My own records disclose reductions ranging from 30 percent to as high as 70 percent. The reductions approximating 70 percent mostly apply either to the blind or the bedridden or to veterans who lost a limb. I mentioned some of these instances yesterday.

In this morning's paper I notice a full page of propaganda addressed to Congress by the American Veterans' Association, signed by a man named Williams. It is not signed by any veterans' organization with which we are all familiar, not signed by a post of the American Legion or by a post of the Veterans of Foreign Wars, but is signed by the "American Veterans' Association." I have not been able to ascertain just what that organization is. At any rate, it is the desire on the part of that organization to persuade Congress not to correct the abuses which I think every Senator realizes exists, but to leave the matter an open chapter to be corrected by the Commander in Chief, though, in fact, of course, we all know the details and planning of these matters are handled by the Veterans' Administration and by Mr. Douglas, Director of the Budget, and not the President. No one man can serve as President and have the time to give personal attention to such details.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I yield.

Mr. WALSH. Is the Senator's amendment confined exclusively to service-connected cases?

Mr. TRAMMELL. Absolutely.

Mr. WALSH. It does not include presumptive cases?

Mr. TRAMMELL. No; it is confined to service-connected cases.

Mr. WALSH. The purpose of the amendment is to prohibit the Veterans' Administration from changing the ratings of service-connected disabled veterans by more than a 15-percent reduction?

Mr. TRAMMELL. Not in excess of a 15-percent reduction. That is the maximum. They can only reduce by not to exceed 15 percent, under my amendment. That is not an arbitrary percentage. That percentage is arrived at in view of the fact that Congress in its wisdom has deemed it proper to provide a reduction of only 15 percent as applied to civilian employees. That 15 percent applies as much to

the $10,000 salary or the $15,000 salary as it does to the smaller salaries. I take the position that if Congress says that a man who is receiving a salary of $18,000 per annum—I mention that because there is one $18,000 per annum salary allowed in the very bill we are considering—if Congress takes the position that that man's salary should be reduced only 15 percent, it is the height of injustice to take the position, upon the other hand, that a patriotic veteran who served his country with credit and with loyalty and devotion should have his compensation of $20, $30, $40, to $100 reduced more than 15 percent. I cannot find any justification for saying that the man who receives a salary of $10,000 shall have his salary reduced only 15 percent, while the veteran receiving $90 a month, because through the misfortunes of war he lost his sight completely, shall have his compensation reduced from $90 a month to $20 a month.

Mr. COPELAND. Mr. President, I have just come into the Chamber. The Senator was speaking about veterans who were injured in battle, was he not?

Mr. TRAMMELL. I was referring to service-connected cases. This amendment does not apply to those that are not service connected.

Mr. COPELAND. Does the Senator know that there are now in Mount Alto Hospital veterans who have lost both arms, veterans who have lost both legs, men who were gassed in actual battle and now are suffering from active tuberculosis, who, under the operation of the present law, have their compensation cut one half?

Mr. TRAMMELL. I thank the Senator for mentioning those cases. I mentioned yesterday a case where one of these poor fellows was suffering from having been gassed during the war, and has been confined to hospitals practically all the time since, and was receiving a compensation of $100 a month, which, under the order of the Veterans' Bureau, has been reduced to $23 per month. He is a hospital subject now, and a very pitiful case, according to what he wrote me—and I believe he wrote me the truth in regard to the matter.

Mr. RUSSELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Georgia?

Mr. TRAMMELL. I yield.

Mr. RUSSELL. I am very much in sympathy with placing some fixed limitation on the amount of reduction that can be made in strictly service-connected cases. I think every Member of the Senate has been absolutely shocked at individual cases that have been brought to our attention where men who even today are carrying German bullets in their bodies have had their compensation cut to as low as $8 a month; but would not the effect of the Senator's amendment as written be to freeze all of the existing service-connected cases, whether connected by presumption or otherwise, as well as battle casualties?

Mr. TRAMMELL. I think that even in the presumptive cases, if the Government sees fit to attack those cases, the burden of proof should be upon the Government.

Mr. RUSSELL. I am referring to the presumption established by statute.

Mr. TRAMMELL. This amendment would not bar them. As the Senator knows, nearly all the statutes are repealed by the Economy Act. That is one of the tragedies of this situation.

Mr. RUSSELL. Yes; but the Senator's amendment says that regardless of any provision of the Economy Act, the compensation in these cases shall not be reduced more than 10 percent.

Mr. TRAMMELL. But it does not bar the Government officials from making further inquiry into a case; and if they make inquiry into the case I do not think there is any law then that would authorize them to carry a presumptive case on the rolls if they find that it is merely presumptive.

Mr. RUSSELL. The Senator's amendment, though, would freeze the presumptive cases as of March 20, 1933.

Mr. TRAMMELL. Of course, if the Senator feels that way about it, he might propose an amendment to cover that feature of the matter. I should prefer not having an amendment of that kind, however. I remember that the first statute extending presumptions was in regard particularly to cases of tuberculosis. It was believed that where this disease had made itself so apparent that the doctors so diagnosed the case within a certain given time after the war the presumption would be that it had been contracted during the time of the war. If we do away entirely with the idea of any presumptive cases, of course we then enable the Veterans' Bureau, following out up to the present time what seems to be a very harsh policy, to strike off a great many people who probably are justly entitled to compensation on account of injuries or disease acquired during the war.

I should much prefer, of course, not to go into any details about the matter of presumption. I was not thinking particularly about that, however, when I prepared the amendment. I was thinking principally of trying to retain upon the rolls those who had service connection without their compensation being reduced in excess of 15 percent. Of course, I first placed the percentage at 10 percent instead of 15, and the amendment will be read in that form; but I propose to offer a modification to change that to 15 percent.

I do not see how we can possibly, with consistency, authorize a reduction in excess of 15 percent in view of the record of Congress. There is not anything offensive, there is not anything objectionable, in placing a limitation upon the amount of reduction that may be made. Are not the rights of the soldiers as sacred to Congress and to the American people as the rights of the civilian employees of this country? Yet Congress prescribed definitely that the President should not reduce the salaries of civilian employees in excess of 15 percent. Are we willing to prescribe definitely a maximum of reduction which may be made in regard to civilian employees and then refuse to prescribe a maximum reduction that may be made in soldiers' compensation?

I cannot see any consistency in a policy of that kind. Some others may entertain the view that we may treat with indifference the rights of the soldiers of our country; that we may not consider that we owe to them the duty of preserving their righteous interests by prescribing a maximum; but I do not think there is anybody in the Senate who feels that way. That, however, will be the consequence if the rules are not suspended and this amendment is not adopted. The past best tells the story of what we may expect in the future. The story of the past has been a wholesale, arbitrary abuse of reduction of the compensation of the service-connected veterans. There is ample proof here to show that.

Do we expect the men who were so heartless and so inconsiderate of these patriots of our country, who have served the Nation with a fidelity unexcelled by that of the soldiers of any land, as to promulgate and to put into execution such orders as they have in the past, to deal very generously with the veterans in the future?

Unless the President takes the situation in hand himself, and, through his generous and just spirit, directs definitely what shall be done, I anticipate that there is not going to be any very substantial remedy of the critical situation which exists at the present time, even in regard to the service-connected cases.

Of course, people have their own ideas as to how they will administer laws; but, while I do not like to call names, I should not expect the different agents in the Veterans' Administration, nor should I expect those who direct the Budget Bureau, so completely to face about and change their hearts of stone, as I see it, as to give any very generous treatment to our veterans.

It is these circumstances, these abuses, this lack of consideration and sympathetic consideration toward our veterans in the past, that make me think we might well judge the future by the past; and for that reason I should like to do what I conceive to be my duty. I therefore have proposed this amendment, hoping that it would correct in a degree a most tragic and pitiful situation that exists with

thousands of America's heroes and veterans who in 1917 and 1918 went across the sea and fought the battles of the Nation, many of them falling upon Flanders fields while serving their country. Instead of trampling upon, as I see it, the right and the justice which should be extended to them, I would pay tribute to the living; I would revere the memory of those dead boys who sleep beneath the sod of Flanders fields, and rest beneath the sod in their homeland.

I never get any inspiration from people who are fighting justice, who would have an injustice done to their fellowman, whether he be a soldier or whether he be a civilian. I do not know the origin of this organization that wrote the page advertisement that appeared this morning, fighting against any adjustments, urging us to let the situation just rock along and take care of itself. I venture the assertion, however, that those back of that propaganda, if veterans, probably were, most of them, swivel-chair artists; most of them today live in affluence and plenty; and I dare say further that the propaganda inserted in the page advertisement in the Post this morning was inspired by the Economy League.

That organization ought never to have been called an "economy league." It ought to have been called a "tax-dodgers' league." That would have been a more appropriate name to apply to the so-called "Economy League", because it was supported mostly by the big interest of the country, by people who were afraid they would be taxed a little more. I would call them the "tax-dodging league" instead of the Economy League. I dare say they had something to do with the page advertisement that appeared in the Post this morning.

Regardless of that, I feel that I have a duty to perform. I think it is nothing at all out of the ordinary for Congress to exercise its authority and place a limitation upon the reductions that may be made in the compensation of veterans, just as Congress placed a limitation upon the reductions that could be effectuated in the salaries of civilian employees of the Government.

Mr. President, I hope very much that the motion for suspension of the rules will be adopted, and then that the amendment can be proposed and agreed to.

Mr. CAPPER. Mr. President, I intend to support the amendment offered by the Senator from Florida [Mr. TRAMMELL] to limit the power of the Executive in reducing compensation, pension, or allowance of any veteran or dependent to not more than 15 percent where the injury or disability is service connected.

It is not my intention to evade any responsibility of my own by attempting to pass it to the President or the Budget Director or the Administrator of Veterans' Affairs in this matter, but I do want to say that it never entered my mind, when I voted for the economy measure giving those broad powers to the President, that they would be abused as I believe them to have been abused in the regulations and rulings made by the Veterans' Administration regarding service-connected cases, and also pensions for the Spanish-American War veterans.

We have been promised, as I understand it, that these regulations will be liberalized. They should be liberalized. A great wrong has been done these veterans. As I have said before, this Nation's honor is just as important as a balanced Budget, and, as I see it, the Nation's honor is involved in fair and humane treatment of the veterans of our wars and their dependents.

The economy program approved by Congress reduced salaries of Government officials and employees only 15 percent. I say there is no good reason why we should reduce the compensation or allowances of the Nation's defenders more than 15 percent, especially when it applies to disabilities that are service connected.

There is no doubt that the Veterans' Administration has gone too far in its drastic economy program at the expense of the veterans. We have been assured that changes in regulations to correct this maladministration of the Economy Act will be made. But it seems to me that perhaps the Congress could make the job easier for the Veterans' Administration, for the Budget Director, and for the President, if we placed some limitation such as has been suggested by the Senator from Florida on the powers of the Executive.

Perhaps it is true that 90 percent of the most glaring injustices complained of could and will be corrected by changes in regulations and more leniency in applying the regulations; but I believe it also would be sound policy for Congress to indicate that the Veterans' Administration is expected to liberalize these regulations as to service-connected cases and interpret them fairly, instead of using them to cut and slash the compensation and allowances and pensions in every case.

The country desires that every deserving disabled veteran be adequately cared for. If it is necessary to make a larger appropriation than is called for in the pending bill, I am willing to vote for a larger appropriation. The Congress should not permit such outrages against justice as are contemplated in the Veterans' Administration's present program, even in the name of economy. I hope the Congress will not adjourn until the regulations issued under the Economy Act are liberalized or modified.

Mr. HATFIELD. Mr. President, I have listened with a great deal of interest to the discussion of the amendment presented by its author, the junior Senator from Florida [Mr. TRAMMELL], and I find myself very much in sympathy with it. The attitude of the lay mind upon the subject of presumption is a problem which I have never been able to solve, for the reason that I cannot understand how the lay mind can ever interpret what is a reasonable presumptive period within which certain forms of disease may enter a soldier's body, or the body of any other human being, and remain there for an indefinite period of time and then become an outspoken manifestation.

Tuberculosis is one of those diseases which enters the human body without any definite period of incubation before it becomes an outspoken disease. The same principle applies to many of those diseases which are classified now under the neuropsychiatric rule. Yet we have laymen in control of and directing the destiny of the Veterans' Bureau, men recognized by the American people, even up to the President of the United States, taking the position and speaking definitely upon the presumptive period of many of the diseases to which the body of the American soldier is heir, limiting, by law, through their influence, the period in which presumption can be established so as to enable them to deny the soldier the care of the Government he has so well served.

Mr. President, in 1929 I discussed the subject of presumption before the Committee on Finance, and at that time I presented authorities upon the subject whose reputation and standing in the medical profession of the world is unquestioned. They state definitely and positively that tuberculosis may be taken into the human body, remain dormant there for even the period of a natural lifetime, or it may remain dormant for a long period of time, anywhere from 10 to 15 or 20 years, and then, because of lack of resistance, because of the lowering of the resistance of the body, because of mental worry, because of some condition that has broken down the resistance of the individual, the tubercular manifestation stored up in some little cavity, surrounded by a calcareous deposit, may break out, and the unfortunate individual develop a definite case of tuberculosis and rapidly pass into a state which ultimately saps from him his life.

The same history is applicable to neuropsychiatric conditions, starting in with a molecular involvement of small particles of brain tissue, resulting in a break of the electrical connection furnished by the brain cells which control the muscular and other coordinating systems of the human body, resulting in a beginning with a small yet detectable tremor of the extremities, which finally becomes an outspoken manifestation, resulting finally in the inability of the unfortunate individual who has developed this mental or neuropsychiatric condition to feed himself. The coordinating power of the individual becomes so impaired that it renders him a

hopeless cripple, and often a subject of charity, or he must be protected and cared for by the Government of the United States.

Mr. President, this picture portrays the condition which confronts many of the American veterans at the present time. These manifestations have developed far beyond the period of presumption that is laid down by law, and in many cases they are directly traceable to the soldier's service.

Now we hear that the presumptive period is to be limited to 1 year. I want to say that 5 years is not enough. As I advocated before the Finance Committee of the Senate in 1929, 10 years will not cover the presumptive period in the cases of many of those boys who served in the World War.

When we consider the Spanish-American War veteran, and when we are told that diseases such as typhoid fever, paratyphoid, dysentery, amoebic, catarrhal, and the form of dysentery that is brought about by the Shiga bacillus; that out of 280,000 soldiers in the Spanish-American War who served in defense of this country, 289,000 cases of hospital admissions were recorded at one time or another, some of which were duplicates, as some of these men were hospitalized more than once; and when I say that out of the entire group of 280,000 men, 57,024 were stricken with some form of dysentery; and when I say that 20,904 were stricken either with typhoid or paratyphoid, then it seems to me that, with this kind of a record made by these men who so faithfully served our country in the Spanish-American War, when 3,362 died from various maladies and 379 were killed in action, I am impressed with the thought that our Government, through lack of the proper sanitary care, did not sufficiently protect the Spanish-American soldier or he would not have been stricken by these diseases whose mark upon his physical structure has not been eradicated by the passing of time; indeed, to the contrary, the seeds of these diseases are no doubt stored up in their bodies, serving as a basis for acute and new manifestations of diseases.

Mr. President, when a typhoid infection is developed the patient lies upon a sick bed suffering with a temperature averaging anywhere from 100 to 105 or 106, subjected in many instances to a disintegration of the glandular structure that is found in the alimentary canal. Not only that but the complications which arise result in some cases in infection of the gall bladder, reflecting itself in a general cholecystitis, or an infection of the common and cystic ducts, including the gall bladder, resulting in the forming of gall stones, 25, 30, yea 40 years after the primary involvement of typhoid fever was experienced by the individual soldier. This last-named disease reflects a new involvement in the soldier's body, springing from the primary disease, typhoid fever, and as a conclusive proof of the typhoid infection being the cause, typhoid bacilli is found to form the nucleus around which the stone is formed.

The same condition applies to dysenteric conditions, such as the amoebic form, causing abscesses of the liver, involving every part of the body because of this infection, and only the primary disease can be cured, in many cases, by surgical procedure, in which copious amounts of, or large antiseptic solutions are utilized for the destruction, by chemical action on the amoeba as it inhabits the human alimentary canal.

Take the manifestations of typhoid fever primarily, take the manifestations of typhoid fever secondarily, which involve the circulatory system of the human body, resulting in what is known as "phlebitis", or an infection of the venous part of the circulatory system resulting in the forming of emboli in the circulation, which in some instances are carried to the brain, producing paralysis, and in other instances to the heart, causing some form of an infection of the heart, bringing about a gluing of the valves, resulting in an organic condition of the heart. Is it any wonder that the Congress of the United States in years past, based no doubt upon some medical information they had, gave to the Spanish-American War veteran the opportunity to establish his claim, even to the point of permitting all those with a disability to be placed on the pension rolls? But today we find that same group of patriotic Americans whose names appeared upon the pension rolls almost obliterated therefrom because of their inability to come within the presumption that their disability is service connected. They cannot prove to the satisfaction of some man who, though not a trained physician, directs the destiny of the veterans and deals with these problems, that some bone lesion, which, from the medical point of view, is directly traceable to the primary typhoid infection, is thus directly traceable to it, and so the soldier is refused a service connection which will enable him to draw a pension. The same condition prevails in the case of other manifestations that secondarily develop, possibly years and years after the veteran has suffered the primary lesion from typhoid fever or some form of dysentery.

There were no accurate medical records kept of those veterans of the Spanish-American War. I want to say, Mr. President, perhaps, by way of forecast and recommendation to the Congress of the United States, that if the Government of the United States would do its plain duty toward this group of men it would put them upon a parity with those men who so valiantly served this Nation when there was a threatened destruction of the Union of the States from 1861 to 1865.

Mr. President, for the Government to say that we will not continue to protect these men who so faithfully and so patriotically served their country, regardless of any depression that may exist at the present time, regardless of any depression that may exist in the future, is, indeed, a disservice and a failure to pay rightful tribute to those who were patriotic and are devoted to the flag.

The Spanish-American War soldier did not have the advantage, Mr. President, of immunization from typhoid or from paratyphoid, for the reason that at that time there had not been completed and made practicable the discovery of the methods for immunization from these direful and distressing diseases.

I could go along, Mr. President, and give many reasons why I support this amendment. I spoke upon this subject in no uncertain terms on March 15, 1933, when the economy bill was before this body. I then pointed out the attitude of the former President upon the subject of presumption; also I pointed out the training and qualifications of the present Chief Executive, but, Mr. President, if it be correct, as I have heard it is, that the present Chief Executive is in sympathy with only a year being allowed as a presumptive period within which a soldier may connect his disability with some disease which he contracted in the service, I want to say that a great injustice will be done to the World War veterans. But, as I see it today, the greatest injustice that has been done is to the Spanish-American War veterans. In that war 280,000 men were in service; 57,024 were stricken with dysentery and 20,904 with typhoid fever, with all the complications that visit the human body as a result of the seeds left by these diseases, which extend over a period of development of 35 or 40 years. When I say 35 or 40 years, I make the statement advisedly, for it is supported by authority, and there is no dispute as to the long-continued period of incubation between the primary development and the secondary involvement from which many of the Spanish-American War soldiers are suffering today. Indeed, Mr. President, I have demonstrated this fact in my own professional experience. Yet we find that they are stricken from the roll, and must in many instances be the objects of charity.

A gentleman, 60 years of age, came into my office about 3 weeks ago, who had served all through the Spanish-American War, and who had served in the Philippines, and told me of the meager pension he was receiving in his disabled condition. He was suffering with an organic heart disease, which possibly was primarily developed from a typhoid infection which he incurred during his service in the Spanish-American War; it had become a heart involvement caused possibly from phlebitis, a complication from his typhoid, that made it impossible for him to walk up as many as three flights of steps without stopping to take his breath.

These are the pictures, Mr. President, that are being portrayed to the medical profession from one end of this Nation to the other; and I am just wondering whether or not there is enough patriotism left in the Congress of the United States to extend a helping hand to this class of patriotic Americans. I want to say that the distinguished Senator from Florida must have had the same experience that has come to my office, and I shall be glad to vote for and support his amendments in every way I can.

Mr. President, I have as another exhibit a report in the case of a ragged colored man who served overseas and whose loyalty and devotion to his country is attested by the captain under whom he served. His name is Marshall Clark. My experience with him reminds me of the poem, a paragraph of which portrays the old colored man as a worn-out rudder, broken and thrown away. He came into my office a few days ago clothed in rags, barefooted, Mr. President, and hungry. Here is the history of the case: The number of the case is C-1381119. The veteran filed application about March 4, 1932, with the regional office of the Veterans' Administration at Pittsburgh, giving his place of residence at that time as near Benwood, W.Va., where he worked in a coal mine. The allowance was awarded him on April 27, 1932, effective March 4, 1932, in the amount of $12 a month.

The veteran states that at the time he filed application for disability allowance he also asked for hospitalization, which was not furnished because no beds were available. He therefore left his place of residence and started for Washington on foot, with the hope of receiving hospitalization in one of the Washington hospitals. Thus he indicated his confidence, Mr. President, in the Government of the United States, for he felt if he could reach the central part of his Government that he would there find men who would extend a helping hand, because he had given his service and offered his life, if the country needed it, in support of his country. He became sick en route and was picked up on the road near Kingwood, W.Va., and sent to Washington by the American Legion at Kingwood. Arriving in Washington he applied to the Veterans' Administration for hospitalization, which was granted, and the veteran was sent to the Veterans' Home at Hampton, Va., on March 9, 1932, where he remained until December 25, 1932.

It appears from the records that the Pittsburgh regional office made several attempts to locate the veteran, which were not successful, and a stop payment was issued on the account September 7, 1932. In other words, Mr. President, there was no connection between the Pittsburgh office and the Veterans' Administration office in the city of Washington that would enable them to keep in touch and in control of those who were upon the hospital rolls of this country.

While the regional office at Pittsburgh was enlisting the assistance of the American Red Cross at Wheeling to locate the claimant, the veteran was under the care of the Veterans' Administration in the Veterans' Home at Hampton, Va.

Here we have the spectacle of one part of the organization seeking the location of the veteran, while another part of the Veterans' Administration was extending to him domiciliary care at Hampton, Va. It would seem that the records of his hospitalization should have been contained in his folder and that it would be an easy matter for any office, division, or section of the Veterans' Administration to consult this folder in order to obtain the proper address.

While at the home at Hampton, Va., the veteran was not aware that an award had been granted, and consequently had no knowledge that checks were due him and that another part of the Bureau was looking for him.

I am in receipt of a letter from the Veterans' Administration which reads in part, as follows:

> In view of the fact that no payments were made under the award prior to March 20, 1933, the date the World War Veterans' Act was repealed, no payments are now in order in view of precedents of the administration in this regard.

And so, Mr. President, this ragged soldier of fortune is without shelter, without clothes, without food, and is today an object of charity in the city of Washington.

The Veterans' Administration refuses to pay the veteran the amounts due him for disability allowance in accordance with the award made him, of $12 a month, commencing March 4, 1932, because no payments were made under the award prior to March 20, 1933, the date when the World War Veterans' Act was repealed. In other words, Mr. President, the administration of the Veterans' Bureau undertakes by regulation to make the law which was passed at this special session of Congress retroactive in dealing with this unfortunate veteran.

Thus it is shown that through no fault of the veteran the Veterans' Administration failed to deliver to him amounts due him under their own award, although he was for almost 10 months in the Veterans' Administration Hospital at Hampton, having been sent there by the Washington office, through Dr. W. L. Kline, an outstanding physician, a man who is entitled to the confidence of the soldier because of his great ability as a physician. The veteran's folder, if the papers were properly kept, should have had a record of his hospitalization.

This is just a sample of the injustice that is being done to many of those who served their country in its time of need; just like the picture I portrayed yesterday of the treatment being accorded the unfortunate World War veteran who lost his limb at the hip in the Argonne; just like the picture of the manner in which the boy who sustained a fracture of his spine, and who is now in a state of progressive paralysis, which will finally become complete, is being treated under the guise of economy by the Federal Government. He has been reduced from $90 to $40 a month for himself and his wife.

But due to the repeal of all veterans' laws by the so-called economy law the veteran has no redress, and section 5 of that obnoxious measure provides that the decision of the Administrator of Veterans' Affairs shall be final and not subject to review by the courts.

The veteran, the old colored soldier, is now in Washington, penniless and hopeless, although by every just and moral right he is entitled to clothes and $150, but due to the inefficiency of the Government or its lack of sympathy for these ragged soldiers no relief apparently is to come. He has been deprived of what is justly due him.

Mr. President, in support of what I have said and in support of the patriotism of this veteran, black though the texture of his skin may be, I offer for the RECORD a letter, not addressed to him but "to whom it may concern", signed by Frederick F. Wright, formerly first lieutenant of Company M, Eight hundred and second Pioneer Infantry, American Expeditionary Forces, whose home address is Newark, Ohio, and who is connected with the First National Bank of that city. I ask that the letter may be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. WHEELER in the chair). Without objection, it is so ordered.

The letter is as follows:

To those whom it may concern:

This is to certify that the bearer, Marshall Clark, was a corporal in the third platoon, Company M, Eight hundred and second Pioneer Infantry, of which I was first lieutenant. That he served with me faithfully and well from the time that we left the United States, about September 13, 1918, until we returned, July 1, 1919. That he was on active duty during our tour of duty in the Meuse-Argonne offensive, incurred neuritis, and after our return to Sable, Department of the Sarthe, was sent to the hospital in Angiers, where he stayed about two months. That he rejoined the company and came back with us to the United States, being honorably discharged at Camp Lee, Va. That his record was good, that his disability was incurred in line of duty. I will be glad to make further affidavits or answer any further questions concerning this man and his case.

FREDERICK F. WRIGHT,
Formerly First Lieutenant, Company M,
Eight hundred and second Pioneer Infantry, A.E.F.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate longer in the discussion of this question. My position is well known. My convictions are based upon a study of my profession extending over a period of 40 years and in active application of the principles of that profession which I learned in my early life and which I carry on at the present time. Soon after I took the oath

in the Senate I raised my voice in protest against the kind of treatment that was being given to the veterans. I went before the Finance Committee. Knowing that there was only one other member of the medical profession who is a Member of this honorable body, I felt that I should endeavor to present a picture based upon the medical authorities of this and other lands dealing with the subject of presumption. I have followed up this admonition at every opportunity that has presented itself down to the present time, even in dealing with the economy legislation which struck a fatal blow to the protection which the veterans of all wars have looked forward to in this period of depression.

I took this position not because of poltics—not because it was my purpose to criticize anyone, either Democrat or Republican—but because I was impressed, as I always have been, with the patriotism, the genuineness of the devotion of the soldiers who have served our country from the beginning down to the present time, feeling because of the knowledge I possess in a professional way that my colleagues in the Senate of the United States would want to know what was fair and just and equitable to the soldiers of the Civil War, to the soldiers of the Spanish-American War, and to the soldiers of the World War.

Mr. President, I offer some telegrams from Spanish-American veterans' posts of West Virginia and ask that they may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

HUNTINGTON, W.VA., *June 1, 1933.*

Hon. H. D. HATFIELD:
We respectfully urge that Spanish War veterans be accorded the same treatment as Civil War veterans under the economy program.

W. S. TABOR,
James Russell Camp, United Spanish War Veterans.

SPENCER, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD,
United States Senate:
Would greatly appreciate your influence in having Spanish War veterans accorded same treatment as Civil War veterans under economy program.

W. WRIGHT,
Commander Spencer Camp, No. 16, U.S.W.V.

CHARLESTON, W.VA., *June 1, 1933.*

H. D. HATFIELD,
United States Senator:
It is urgently requested and very imperative Spanish War veterans be accorded same treatment under economy program as Civil War veterans. To pauperize us at an average age of 60 is unfair and unjust.

H. J. CHURCHMAN,
Commander Kanawha Camp, Spanish War Veterans.

PARKERSBURG, W.VA., *June 1, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:
We trust that you vote that Spanish War veterans and their dependents be accorded same treatment under economy program as Civil War veterans.

PARKERSBURG CAMP, NO. 6, UNITED SPANISH WAR VETERANS,
E. E. TOWNSEND, *Commander.*
JOHN R. KENNEDY, *Adjutant.*

HARTFORD, W.VA., *June 1, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:
Use influence secure same treatment Spanish veterans given Civil War veterans.

O. T. GIBBS, *Commander.*

WILLIAMSON, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD:
You are urged that Spanish War veterans be accorded same treatment under economy program as Civil War veterans.

JOHN STANLEY, *Commander.*

WESTON, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD:
Weston Camp, No. 8, United Spanish War Veterans urge you to support us and help us to be accorded the same treatment under the economy program as Civil War veterans.

WESTON CAMP, NO. 8.
L. A. GRIGGS, *Commander.*

WHEELING, W.VA.

HENRY D. HATFIELD,
Senate Office Building:
Urge that Spanish War veterans be accorded same treatment under economy program as Civil War veterans.

L. D. POTT.

BUCKHANNON, W.VA., *June 1, 1933.*

Hon. H. D. HATFIELD,
United States Senator, Washington, D.C.:
Buckhannon Camp, No. 12, United Spanish War Veterans, urge that Spanish War veterans be accorded same treatment under economy program as Civil War veterans.
Very truly,
Bert Windon, H. B. Hickman, W. L. Loudin, C. I. Loudin, Rule Hander, B. C. Radabough, George Mayo, M. E. Hymes, J. R. Swiger, H. L. Price, Glen Gilmer, W. P. Brennon, Noah Oaster, Wm. Zaner, Loran Loudin.

FAIRMONT, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD,
Washington, D.C.:
We are counting on your support for the same treatment for Spanish War veterans as that accorded the Civil War veterans under the economy program.

HUGH HARR, *Commander.*
COLONEL C. L. SMITH CAMP 10,
United Spanish War Veterans.

CLARKSBURG, W.VA., *June 1, 1933.*

Hon. H. D. HATFIELD,
Washington, D.C.:
Spanish War veterans of Harrison County, W.Va., urge that they be accorded same consideration as Civil War veterans under economy program. A large number of them cannot perform manual labor and their pension is their only income.

HOMER B. GRAPES, *Commander Post No. 7.*

MORGANTOWN, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD,
Washington, D.C.:
United Spanish War veterans of Colonel Cramer Camp, Morgantown, urgently request that you use your influence toward placing Spanish War veterans pension on the same basis which applies to Civil War veterans.

ANTON E. HELGREN, *Adjutant.*

WELCH, W.VA., *June 2, 1933.*

H. D. HATFIELD,
United States Senator, Washington, D.C.:
We urge that you use your influence to postpone adjournment of Congress until adjustment of veterans' cut is made, especially in regard to service-connected disabilities.

E. E. CASSELL,
Post Commander Painter Porroni Post 1021,
of Coalwood, W.Va.

WELCH, W.VA., *June 2, 1933.*

Senator H. D. HATFIELD,
Senate Office Building, Washington, D.C.:
Urge that you use influence against adjournment of Congress until adjustments are made in veterans' cuts.

R. H. POWELL,
Department Commander V.F.W.

ELKINS, W.VA., *June 1, 1933.*

Senator H. D. HATFIELD:
Earnestly urge use your influence to put Spanish War veterans under economy program same plane as Civil War veterans. Our men voluntarily gave their services and are now too old to procure work or to perform work if procured. Drastic cuts in compensation would cause hardship and suffering. Almost impossible to prove claims of service origin on account deaths of witnesses. Injustice should not be done us.

CRAWFORD SCOTT,
Commander Zan F. Collett Camp, No. 4,
United Spanish War Veterans.

WHEELING, W.VA., *June 2, 1933.*

Senator HENRY D. HATFIELD,
Senate Building:
Urge Spanish-American War veterans be accorded same treatment under economy program as Civil War veterans.

C. E. O'BRIEN.

PIEDMONT, W.VA., *June 2, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:
Potomac Camp, No. 5, W.S.W.V., urge that you use every influence to have Spanish War veterans accorded same treatment under economy plans as Civil War veterans.

T. FRED KLENCKE, *Commander.*

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Dickinson	La Follette	Schall
Barbour	Dieterich	Lewis	Sheppard
Black	Duffy	Lonergan	Shipstead
Bone	Erickson	Long	Steiwer
Borah	Fess	McAdoo	Stephens
Bratton	Fletcher	McCarran	Thomas, Okla.
Brown	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Thompson
Bulow	Glass	McNary	Townsend
Byrd	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Murphy	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Van Nuys
Carey	Hatfield	Overton	Wagner
Clark	Hayden	Patterson	Walcott
Connally	Hebert	Pope	Walsh
Coolidge	Johnson	Reed	Wheeler
Copeland	Kean	Reynolds	White
Costigan	Kendrick	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, may I inquire what is the pending question?

The VICE PRESIDENT. The pending question is the motion to suspend rule XVI for the purpose of considering the amendment of the Senator from Florida [Mr. TRAMMELL].

Mr. LONG. If, as I understand it, there is going to be no objection to that procedure, I do not desire to say anything at this time. I understood there was some effort being made to bring about a harmonious understanding, and I do not want to delay consideration of the bill if that is going to be the result.

Mr. BYRNES. I intended to make a statement. If the Senator will yield to me, I will make a short statement to the Senate; and then I should like to ask for a vote on this amendment.

Mr. LONG. Go ahead and make the statement. Then we will see about the vote.

Mr. BYRNES. The Senator from Louisiana has the floor.

Mr. LONG. That is all right. I mean to yield to the Senator, so that he may take the floor. I mean to give the floor to the Senator.

Mr. BYRNES. Mr. President, I hope that the motion to suspend the rules for the consideration of the amendment offered by the Senator from Florida [Mr. TRAMMELL] will not be adopted.

Before the appropriation bill was reported to the Senate the President announced that he believed, as a result of the application of the regulation adopted governing service-connected disabilities, that the cut in such cases was too severe, and that he would cause a review to be made of the regulation as to this class and all other classes affected by the regulation.

Two days ago I announced in the Senate that as a result of this review the President had determined that before July 1 a new regulation would be adopted, under which the cut in the compensation of the service-connected disabilities would be approximately 18 to 20 percent below the average compensation for such disabilities under the old law.

While this regulation would provide payments upon a different basis from the old law, the amount of money that the new regulation to be announced by the President would provide for service-connected disabilities is approximately the amount that would be provided by the amendment offered by the Senator from New Mexico [Mr. CUTTING].

Therefore I have no objection to the adoption of the Cutting amendment. I am authorized to state to the Senate that the President, following his announcement of a review of other classes and groups, has determined that the new regulation affecting Spanish-American War veterans will provide that those veterans over 62 years of age shall receive a minimum of $15. The rate of compensation in the case of the Spanish-American War veterans over 62 and suffering from disabilities has not been definitely determined, but will be determined within a very few days. Nor has there been a definite determination as to the regulation to be adopted affecting cases presumed to be of service origin or of widows who were affected by the original regulation; but in accordance with the statement issued by the President some days ago, and before this bill was reported to the Senate, consideration is now being given by him to these other groups and to all other classes affected by the regulation with a view of effecting the most humane treatment of veterans.

Mr. President, I believe that the adoption of the motion to suspend the rules would be unwise, because, according to the information I have received, the Trammell amendment would cost approximately $190,000,000; and I believe that if the President is given an opportunity to proceed to work out in an intelligent and in a humane way the compensation to be paid to the veterans justice will be done. Under the Trammell amendment all manner of cases—misconduct cases and all others—would be restored, and the compensation would be paid, less the 15 percent. In other words, under it there could not be a reduction greater than 15 percent.

I ask that the motion be not adopted.

Mr. BRATTON. Mr. President, I desire to ask the Senator a question.

Mr. BYRNES. I yield to the Senator from New Mexico.

Mr. BRATTON. I am in full sympathy with the amendment my colleague [Mr. CUTTING] intends to offer later, and I shall support it. I do not know whether the distinguished Senator from South Carolina, in charge of the bill, is in position to quote the President, and I do not ask him to do so; but I should like to know whether he thinks adequate provision will be made in the modified regulations to take care of the so-called "presumptive cases."

The Senator is mindful of the fact that there are many presumptive tubercular cases which are easily distinguished from other classes of disability, because of the peculiar characteristics of that disability. Does the Senator believe that adequate provision will be made through the modified regulations to care for the so-called "presumptive tubercular cases" and other presumptive cases?

Mr. BYRNES. Mr. President, as I stated a moment ago, I am not in position to state what amount will be allowed or what is to be done with those cases. I am in position to state that the question as to the presumptive cases and as to the status of the widows who formerly received pensions is now being considered by the President; and while I cannot state what is going to be done, I express my own opinion that they will be handled in a satisfactory way. I am not, however, authorized to make a statement as to what the President intends to do on that question.

I desire to repeat what I stated a few moments ago, that I am in favor of the Cutting amendment, and I do not intend to make a point of order on that amendment provided it is not materially changed hereafter.

Mr. HEBERT. Mr. President——

Mr. BYRNES. I yield to the Senator from Rhode Island.

Mr. HEBERT. The Senator from South Carolina has stated that a minimum allowance will be given Spanish War veterans over the age of 62. Is the Senator in position to tell the Senate what proportion of the men of that service are included within that provision?

Mr. BYRNES. No. That refers to the class of Spanish-American War veterans who, under the old law, automatically receive a pension at the age of 62. As to those cases, under the regulation a minimum of $15 will be provided; and then if a man over 62 and in that group is disabled the compensation will be higher, the exact amount not having been determined.

Mr. HEBERT. In proportion to disability?

Mr. BYRNES. Yes.

Mr. HEBERT. Another question, Mr. President: I have had numerous complaints from World War veterans about the reduction in their compensation. I had one only yesterday. A man told me he was totally disabled, permanently disabled, and had been given compensation at the rate of $100 per month, and that compensation was reduced to $40 a month.

Mr. BYRNES. Under the Cutting amendment, if the disability was of service origin, such cases could not be reduced more than 25 percent; and that, as I say, is the amendment I intend to agree to and vote for.

Mr. HEBERT. So that with the passage of this amendment that particular veteran would have $75 in the future?

Mr. BYRNES. Seventy-five dollars; that is right.

Mr. HEBERT. I thank the Senator.

Mr. HAYDEN. Mr. President——

Mr. BYRNES. I yield to the Senator from Arizona.

Mr. HAYDEN. I should like to ask one other question with respect to the Spanish-American War veterans. The answers made by the Senator from South Carolina to other Senators are reassuring to me so far as they go; but how about the presumption with respect to Spanish-American War veterans? Does the Senator mean, when he states to the Senate that the entire question of presumption is now being considered by the President, that that includes not only presumption of World War veterans but presumption of Spanish War veterans?

Mr. BYRNES. My understanding as to the question of presumption is that the whole question is to be gone into and is being considered by the President now.

Mr. HAYDEN. I ask that question because, as to Spanish-American War veterans, the difficulty is to obtain proof 30 years after the military service was rendered.

Mr. BYRNES. Absolutely.

Mr. HAYDEN. And the presumption is essential to them.

Mr. BYRNES. The principle must be settled definitely as to all.

Mr. TRAMMELL. Mr. President, before the question is put before the Senate I desire to state that if this motion to suspend the rules prevails, I expect to ask to modify my amendment so as to strike out the maximum of 10 percent reduction and provide that no reduction in excess of 15 percent shall be made. Of course, these figures are largely arbitrary, but I base the 15 percent upon the policy laid down by Congress in dealing with civil employees of the Government, the policy laid down in regard to dealing with a $10,000 salary, a $12,000 salary, and a $15,000 salary.

The Government, through its Congress, has refused to reduce any salaries more than 15 percent. I think that is a righteous position in regard to the smaller salaries, of course. We do not want absolutely to deprive the persons receiving such salaries of sufficient to live upon. When, however, it comes to the question of salaries of $10,000, we do not leave it to the President to say that he can reduce them over 15 percent, but we say that he must not reduce them more than 15 percent. In other words, in the case of a person who is so fortunate today as to have a salary of $12,000 per annum, if the President wanted to reduce him 25 percent, we have barred him from doing so by providing by legislation that he shall not reduce the employee below 15 percent. I think the soldiers, the veterans of the country, are entitled to equal consideration and that their compensation or pension should not be reduced in a larger percentage than we authorize the President to reduce the salaries of civilian employees.

Of course, if, when the economy bill was up, we had provided by an amendment that these larger salaries could be reduced 25 percent, then there would be some consistency in refusing to place a limitation upon the reduction of the veterans' compensation above 25 percent. But when Congress has gone on record at this session a number of times in opposition to reducing the salaries of civilian employees in the higher brackets more than 15 percent, even in the case of the person, as I say, who is fortunate enough to have a salary of ten, twelve, or fifteen thousand dollars—and there are several $10,000 salaries involved in the very bill we are considering; there is one $18,000 salary involved in this bill, and there are two other $12,000 salaries—if we say that we are not going to make a reduction of over 15 percent in those salaries and will not allow the President to do it, why do we not amend the law and allow the President to reduce the salaries of civilian employees without any limitation, or amend it so that he can reduce them 25 percent?

The only group of our people that have been picked out as the targets of this character of policy are our veterans. We propose to allow a reduction in their compensation in excess of what we are willing to permit under legislative enactment. We have tied the hands of the President and said that he could not reduce the salaries of civilian employees exceeding 15 percent; and that applies to the high salary just as it applies to the low salary. Yet the Senator in charge of the bill prefers now an amendment that would permit the President to reduce the compensation of veterans and of pensioners 25 percent.

I am appealing for the same kind of treatment for the veterans of our country that we are according to the civilians of our country. I think the veterans are worthy and deserving of it, and that the Nation can do no less in honor and in tribute to these gallant men who fought for our country than to deal justly by them.

I hope the motion will prevail.

Mr. WALSH. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I do.

Mr. WALSH. One of the things that trouble me about the Senator's amendment is that it removes any elasticity in the making of rates by the Veterans' Administration in cases where there has been improvement in the physical condition of a veteran. In other words, the flat restriction which the Senator makes in the amendment would prevent the Administrator of Veterans' Affairs from reducing 40 or 50 percent the compensation to a given veteran where medical authorities state there has been an improvement in his condition that justifies it. I ask the Senator whether, in case the rules be suspended by vote of the Senate, the Senator will be willing to modify his amendment so that there would be an opportunity to vest in the Veterans' Administration the power to exercise a little elasticity in adjusting rates?

Mr. TRAMMELL. Mr. President, I appreciate the wisdom of the Senator's suggestion, but I think he is laboring under a misapprehension as to the effect of and the construction which should be given to the amendment which I have proposed. The amendment does not bar a reclassification, it does not bar a review of a case; but it provides that if the administration attempts to review, the burden of proof shall be upon the Government. I think that is a very righteous policy. It is the character of procedure which prevails in all the courts and other tribunals of the country. When a man once establishes his case and somebody wants to disestablish it, the burden of proof is upon the one who complains.

Mr. WALSH. With the permission of the Senator from Florida, I inquire of the junior Senator from Georgia whether he has not been informed, as I understood I was informed, by one of the experts or legal advisers of the Veterans Administration, that this amendment would prevent any elasticity in adjusting rates in the event of improved physical condition on the part of the veteran.

Mr. RUSSELL. Mr. President, I did not inquire of the expert as to that particular point.

Mr. TRAMMELL. Mr. President, I do not care what the expert said. If the expert made that statement, his legal knowledge and his legal interpretation would not go far with me. I have heard a great deal about these legal experts and such people to whom matters are referred. A fourth of the time we find such an expert to be some little incompetent who is called an expert, and Senators come into the Senate and vote his views, when he is no lawyer at all of any consequence, probably some favored pet who has gotten on the pay roll at $2,000, and has been boosted to seven or eight thousand dollars per year in 2 or 3 months. He knows probably less law than some of the students up in Georgetown University or George Washington University. I do not give much weight to them.

TWO-BY-FOUR RULERS OVER VETERANS

Mr. LONG. Mr. President, I was about to propound a question to the Senator from Florida about these little 2-by-4 experts, if they could be given that dimension. I was going to put a statement in the form of a question to the Senator from Florida, had he not taken his seat, by saying that these 2-by-4 experts, if they could have credit for that dimension, are exercising more power over the veterans than the 96 Members of the United States Senate. How long are we going to sit here and see people turned out of hospitals and starved to death by these little 2-by-4, squint-eyed experts, fumbling around under their desks and issuing pronunciamentos, and exercising more authority than the 96 Members of the United States Senate? It is one of the most disgraceful things that have ever occurred in the history of our country.

They are brought here from one side of the country to the other, looking for jobs. Some of us may land some one of them a job—no; I will say some of you. I have not landed any. I have not been that lucky. I have tried my hand at it, but I have not succeeded. You land them here in a little office, trying to get them something to eat, and find them up there parceling out rules and regulations—"class Z", "class XY", "subsection 2", "rule AB-1." By the time you get the things in your mind, all they have ever managed to do around here is to confuse matters and do nobody any good. But we allow them to come in and draw as high as $10,000 a year, when, even if they would take the gum out of their mouths, they could not be sold into slavery for $500. Half of them could not be sold into slavery for their lifetime for $500. [Laughter.] Then they get a piece of confidential information and get a radio contract at a thousand dollars a week to let the public in on the inside of what is going to happen next week or tomorrow morning.

Mr. President, that is the kind of messing we are doing around here. Instead of being men, standing up on 2 legs and 2 feet, and running this Government for the people of the United States, we are authorizing some little 2-by-4, two-bit job-hunting politician to prescribe limits and rules under which he will work, and then he goes off and does what he pleases. That is the trouble with the whole "plague-take-it" outfit, and that is the reason why the veterans are in the fix in which they find themselves today. I favor suspending the rule.

Mr. GOLDSBOROUGH. Mr. President, I should like to ask the Senator from New Mexico a question. There is a very small group of soldiers who are totally blind, who sustained their injuries in combat, who, under the regulations as now promulgated, following the Economy Act, are cut 12½ percent. Would the amendment of the Senator from New Mexico cut such men 25 percent?

Mr. CUTTING. Oh, no, Mr. President; the Senator is in error if he thinks that. My amendment contemplates a limit of 25-percent reduction over what the veterans were getting under the old regulations. It does not mean that anybody needs to be cut at all. It merely fixes a limit of 25 percent beyond which the President cannot go.

Mr. GOLDSBOROUGH. It fixes a maximum to which the President may go?

Mr. CUTTING. That is it. Under the present regulations, as they have been issued, in many cases the totally blind veteran may have been cut 75 or 80 percent. I do not know of any particular case, though I have heard of cases where they have been cut that far.

Mr. GOLDSBOROUGH. I might say to the Senator that I know of one case where a totally blind soldier, who also lost his leg, has actually been cut 55 or 60 percent; I do not know whether it was quite as much as 75 percent or not.

Mr. CUTTING. I mentioned the fact yesterday that Mr. Douglas, the Director of the Budget, in testifying before the Committee on Finance, said he thought those veterans ought to get $275 a month. That is more than they are getting at the present time.

Mr. GOLDSBOROUGH. I am very much obliged to the Senator.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida [Mr. TRAMMELL] to suspend the rules.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BAILEY (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. HASTINGS]. Not knowing how he would vote, I withhold my vote.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I do not know how he would vote if present. I therefore withhold my vote.

Mr. McADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. I do not know how he would vote, and I therefore withhold my vote.

The roll call was concluded.

Mr. LEWIS. I desire to announce the absence of the senior Senator from Nevada [Mr. PITTMAN] on international matters for the Government, and the absence of the senior Senator from South Carolina [Mr. SMITH] on official business.

I also desire to announce that the Senator from Washington [Mr. DILL], the Senator from Iowa [Mr. MURPHY], the Senator from Colorado [Mr. ADAMS], and the Senator from Alabama [Mr. BANKHEAD] are absent on official business.

Mr. BARKLEY. Mr. President, on this vote I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is absent. If he were present, he would vote "yea." If permitted to vote, I would vote "nay."

Mr. HEBERT. I desire to announce that the senior Senator from Delaware [Mr. HASTINGS] has a pair with the senior Senator from North Carolina [Mr. BAILEY].

I am informed that if the Senator from Delaware were present, on this vote he would vote "yea."

I also desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent. If present, he would vote "yea."

Mr. FRAZIER. I wish to announce that my colleague [Mr. NYE] is absent on official business. If he were present, he would vote "yea."

Mr. BAILEY. Mr. President, it having been announced that the Senator from Delaware, if present and voting, would vote "yea", I wish to say that if I were permitted to vote I would vote "nay."

The result was—yeas 59, nays 21, as follows:

YEAS—59

Ashurst	Cutting	Lonergan	Russell
Austin	Dickinson	Long	Schall
Bachman	Duffy	McCarran	Shipstead
Barbour	Erickson	McGill	Steiwer
Black	Fletcher	McKellar	Stephens
Bone	Frazier	McNary	Thomas, Utah
Borah	George	Metcalf	Townsend
Bulkley	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Vandenberg
Caraway	Hale	Overton	Van Nuys
Carey	Hatfield	Patterson	Walcott
Connally	Hebert	Pope	Walsh
Copeland	Johnson	Reed	Wheeler
Costigan	Kean	Reynolds	White
Couzens	Keyes	Robinson, Ind.	

NAYS—21

Bratton	Coolidge	Kendrick	Thompson
Brown	Dieterich	King	Tydings
Bulow	Fess	Lewis	Wagner
Byrd	Glass	Robinson, Ark.	
Byrnes	Harrison	Sheppard	
Clark	Hayden	Thomas, Okla.	

NOT VOTING—16

Adams	Dale	La Follette	Norbeck
Bailey	Davis	Logan	Nye
Bankhead	Dill	McAdoo	Pittman
Barkley	Hastings	Murphy	Smith

The VICE PRESIDENT. Two thirds of the Senators present having voted in the affirmative, the rule is suspended, and the amendment of the Senator from Florida [Mr. TRAMMELL] is declared to be in order. The question is on the amendment offered by the Senator from Florida.

Mr. TRAMMELL. Mr. President, I wish to suggest a modification of the amendment.

The VICE PRESIDENT. The Senator from Florida modifies his amendment. The clerk will state the amendment as modified.

Mr. TRAMMELL. I have sent to the desk the modification and ask that the clerk may report the amendment as modified.

The VICE PRESIDENT. The clerk advises the Chair that he has the amendment as modified.

The LEGISLATIVE CLERK. The amendment, as modified, is as follows:

On page 61, between lines 6 and 7, add a new section, as follows:

"That title I of Public, No. 2, is hereby amended by adding thereto the following:

"'SEC. 21. That regardless of any provisions embraced in title I of an act to maintain the credit of the United States Government, being Public, No. 2, Seventy-third Congress, the compensation or the pension of those veterans who on March 20, 1933, were drawing compensation or pension or may hereafter be granted compensation or pension on account of service-connected disability, shall not be reduced more than 15 percent below the compensation or pension to which they were entitled on March 20, 1933. In any review of a veteran's case by the Veterans' Administration with a view to reducing the rating of or change the cause of his disability the burden of proof shall rest upon the Government.'"

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Florida, as modified.

Mr. ROBINSON of Arkansas. Mr. President, unless the Senator from New Mexico [Mr. CUTTING] chooses to offer the amendment himself, I shall propose an amendment to the amendment, as follows: On line 8, to strike out "15" and insert "25."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas to the amendment of the Senator from Florida.

Mr. NORRIS and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I want to call attention to what seems to me to be an error in the amendment of the Senator from Florida. As I understand the reading by the clerk of the amendment, as modified, it provides that the limitation on the reduction shall apply as to any soldier who on a certain date was on the rolls, and shall also apply as to any soldier who hereafter shall be placed on the rolls. That leaves a gap between the date named in the amendment and the present time to which the amendment would not apply. There probably are a good many who between the date named and the present date have been placed on the rolls. Their compensation could be reduced, regardless of this amendment, if I understand the reading of the amendment correctly. I may be wrong; I have not examined the amendment but merely heard it read.

Mr. TRAMMELL. Mr. President, I do not know but that the amendment is probably subject to that criticism.

Mr. NORRIS. If I may have the copy of the amendment, I will read it.

The amendment reads as follows:

That regardless of any provisions embraced in title I of an act to maintain the credit of the United States Government, being Public, No. 2, Seventy-third Congress, the compensation of those veterans who on March 20, 1933, were drawing compensation or pension or may hereafter be granted compensation or pension—

That would leave those veterans between this date and March 20, 1933, outside the provisions of the amendment. It seems to me that is plain, and I want to suggest to the Senator from Florida further to modify the amendment so as to read:

Or may after said date be granted compensation or pension.

Mr. TRAMMELL. How would the amendment then read?

Mr. NORRIS. The amendment now reads "hereafter." That means after the passage of this act.

Mr. TRAMMELL. I realize that there is a little period which the language of the amendment would not cover. I desire that it shall be covered. What is the suggestion of the Senator from Nebraska in regard to that? What does the Senator suggest?

Mr. NORRIS. I suggest that, instead of "hereafter", the Senator use the words "or may after said date be granted compensation or pension."

Mr. TRAMMELL. I am agreeable to the suggestion made by the Senator from Nebraska. I think that it is a very desirable correction to be made.

The VICE PRESIDENT. The Senator from Florida further modifies his amendment. The question now is on agreeing to the amendment offered by the Senator from Arkansas [Mr. ROBINSON] to the amendment of the Senator from Florida [Mr. TRAMMELL], as modified.

Mr. STEIWER. Mr. President, before the amendment to the amendment shall be voted on I should like to direct attention to the feature of this amendment which I think is fundamentally important, and I especially should like the attention of the Senator from Florida with respect to it. Both the amendment which he had printed and the amendment which I understand he now offers as a modification commences with the language:

That regardless of any provisions embraced in title I of an act to maintain the credit of the United States Government, being Public, No. 2—

And so forth.

This amendment is offered as an amendment to Public Law No. 2. It could very well provide, "That nothing contained in this act shall have a certain effect." It strikes me that it is a little awkward, and it may be hurtful, to word the amendment as it is presently phrased. Would not the Senator look with favor on a proposal to simplify the language so as to take away the incongruity of referring in the amended act to the act itself?

Mr. TRAMMELL. Mr. President, I am rather of the impression that the way the amendment is drawn is better. As it is now drawn there is nothing that is offensive, and it will, I think, accomplish the purpose. Of course, it is merely a matter of the selection of phraseology. Some people would like to amend the Lord's Prayer.

Mr. STEIWER. The Senator realizes that I am trying to be helpful.

I think there is another thing the Senator from Florida and all of us should consider with respect to this matter. The Economy Act, so called, in section 17, contained a limitation provision which was known at the time the matter was under debate as the "Walsh amendment" and which provides as follows:

The provisions of this title shall not apply to the compensation or pension (except as to rates, time of entry into active service, and special statutory allowances), being paid to veterans disabled, or dependents of veterans who died, as the result of disease or injury directly connected with active military or naval service—

And so forth.

That will still be in the law.

Mr. ROBINSON of Arkansas. Will the Senator yield to me?

Mr. STEIWER. Yes; I yield if I have the floor.

Mr. ROBINSON of Arkansas. In place of the amendment which I offered a few moments ago it is my purpose to offer a substitute for the amendment offered by the Senator from Florida, which substitute, I think, will meet the criticism which the Senator from Oregon is now making. The language I shall propose as a substitute is the language of the so-called "Cutting amendment", the Senator from New Mexico having indicated his intention not to offer the amendment. I ask, with the permission of the Senator from Oregon, that the amendment in the nature of a substitute may be read at the desk.

Mr. TRAMMELL. I shall be glad to have it read.

The VICE PRESIDENT. Without objection, the clerk will report the amendment in the nature of a substitute proposed by the Senator from Arkansas.

The Chief Clerk read as follows:

Section 17 of title I of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Gov-

ernment", is amended by adding at the end of the section the following:

"Nothing in this act shall authorize the President to reduce to a degree greater than 25 percent the compensation, pension, or allowance of any veteran or dependent of a veteran whose disability has hitherto been traced officially to direct connection with military or naval service (otherwise than by benefit of presumption)."

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Texas?

Mr. STEIWER. I desire to make some observations about the proposal last submitted, but I shall be glad to yield to the Senator.

Mr. CONNALLY. I should like to suggest to the Senator from Arkansas that, while I agree with his amendment as far as it goes, it will not take care of Spanish-American War veterans at all, because the service connection in those cases cannot be established, as is admitted by all. If the Senator from Arkansas would also provide something like the following to be added at the end of his amendment, I think it would be unanimously agreed to:

Pensions of veterans of any war prior to the World War shall not be reduced more than 25 percent of the rate being received on March 15.

That would conform to his idea as to World War veterans and would make the same rule applicable to Spanish-American War veterans.

Mr. ROBINSON of Arkansas. Mr. President, the objection to that suggestion is that it would apply to non-service-connected disability cases as well as to service-connected disability cases.

Mr. CONNALLY. The point is, if the Senator will permit me further, with the indulgence of the Senator from Oregon, that under the old law there was not that distinction between service-connected and non-service-connected cases; and the act granting——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield in just a moment. The act granting Spanish-American War veterans pensions was based not upon service-connected disability but actual physical disability, and there was no necessity for those veterans proving service connection. Consequently they did not prove it; and now it is too late; they cannot prove it; and the operation of the present regulations, according to the Veterans' Administration, will be that more than half of all the Spanish-American War veterans will be cut entirely off without any pension whatever, they having been recognized for years as pensioners.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Missouri?

Mr. STEIWER. I yield.

Mr. CLARK. There is no way for the Spanish War veterans to prove their service-connected disability for the reason that records were not kept during the Spanish-American War in the way they were kept during the World War.

Mr. DILL. Mr. President, it is for that reason that I have an amendment pending providing that veterans of the Spanish-American War past 62 years of age shall be presumed to be properly on the roll.

Mr. STEIWER. Mr. President, I believe I have the floor?

The VICE PRESIDENT. The Senator from Oregon has the floor.

Mr. STEIWER. The proposal which the Senator from Arkansas has just offered is also subject to certain objections which he probably has not had opportunity fully to consider. One objection is in case a veteran shows marked improvement he could not be rerated and his pension could not be cut even though he would effect complete recovery. Another is that there will be no opportunity for the Government to protect itself against the so-called "fraud cases."

Another possible objection relates to the form in which it is stated at the end of section 17. I am not sure that I am correct in this, but it occurs to me that there is some conflict between the proposal made and the language contained in the Walsh amendment. I observe the Senator from Massachusetts [Mr. WALSH] is here, and I am wondering if he does not agree with me that if an adequate and proper proposal were agreed to in the Senate which would protect the service-connected cases his amendment might well be removed from the act, and that the proper way to make the amendment, in order to avoid conflict and confusion, is to strike from section 17 the language of the amendment secured by the Senator from Massachusetts to that act and to substitute for it language that will effectually carry out the purpose which the Senator from Massachusetts had at the time he offered his amendment. I am not speaking of either the 15-percent or 25-percent proposal. I hope the Senator from Arkansas will withhold his suggestion until we can agree on the structure of the amendment itself.

Mr. WALSH. Mr. President, if the Senator from Oregon will yield——

Mr. STEIWER. Certainly.

Mr. WALSH. I think my amendment that is now in the law should be further amended so as to take care of the cases that the Senator from Florida [Mr. TRAMMELL] and the Senator from Arkansas [Mr. ROBINSON] desire to take care of.

May I add to what the Senator has already said that the amendments are drawn so broadly that they would violate the provisions of the Presidential regulations—which we all agree should not be done—in two particulars in addition to what he has already mentioned, namely, veterans who are members of veterans' administrative facilities. There is a provision that when a veteran goes to a hospital his compensation will be suspended, and he will get only $15 if single; and if he is married, then his family will get the balance. Nobody wants to bring that back. Everybody agrees that regulation is correct.

A further regulation that would be interfered with by the other amendment is one providing that those who live outside of the continental limits of the United States under these regulations will be cut 50 percent. I think most would agree that that is reasonable in any case.

Mr. STEIWER. I have that in mind.

Mr. WALSH. Though most of us do not feel they are in condition to require any correction of the regulations, both those classes would be given the benefits of these amendments. If opportunity presents itself, I would offer an amendment to my amendment which would take care of that particular class of veterans we all are desirous of taking care of, and yet not permit the elasticity in which the Veterans' Administration has indulged in rerating the entire number of service-connected veterans.

Mr. STEIWER. Let me advise the Senator of a step I have taken with respect to the matter, with the knowledge that the amendment offered by the Senator from New Mexico [Mr. CUTTING] and other amendments offered here do not deal with all of the incidents or detailed matters that are involved. I asked the legislative counsel to prepare a form of substitute amendment, and in their preparation of it they consulted the Veterans' Administration, I am told. I personally did not do so. They have prepared a form of substitute which would permit the regulations now made by the President to remain in force and effect so far as the veterans outside of the United States are concerned and to remain in effect so far as those enjoying hospitalization are concerned. I should like to send this proposed substitute to the desk and have it read for the information of the Senate.

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

On page 1, strike out lines 1 to 12, both inclusive, and insert in lieu thereof the following:

"The second paragraph of section 17 of title I of the act entitled 'An act to maintain the credit of the United States Government,' approved March 20, 1933, is amended to read as follows:

"'Nothing in this title shall authorize the President to reduce by more than 15 percent the rates of compensation, pension, or emergency officers' retired pay heretofore authorized for death or disability resulting from disease or injury connected with military or naval service, either directly or by statutory or regulatory presumption of service connection, by any law in effect on the date of

enactment of this act; except that the provisions of this paragraph shall not apply with respect to veterans residing outside the limits of the continental United States or with respect to any veteran who is being furnished hospital treatment, institutional, or domiciliary care by the United States, or any political subdivision thereof, if such veteran has neither wife, child, nor dependent mother or father.'"

Mr. ROBINSON of Arkansas rose.

Mr. STEIWER. Mr. President, before the Senator from Arkansas cross-examines me with respect to the matter, let me make a brief further statement regarding it. It does not attempt to change the basic principle of the amendment offered by the Senator from Florida [Mr. TRAMMELL]. It provides a limitation of 15 percent in cut of service-connected pension, compensation, and retirement fee; unlimited, however, with respect to the method by which they have been connected. That is to say, it gives the same protection to those compensations and pensions that have been service connected by presumption as it does to those who have been directly connected by proof. It is noticed that the proposal would strike from Public, No. 2 the amendment known as the "Walsh amendment", and would replace it with this language, which I think would carry into the law every purpose of the Senator from Florida, but it would enable the Veterans' Administration to rerate cases where there have been recoveries, it would enable them to remove fraud cases, it would enable them to maintain present regulations with respect to veterans outside of the United States, and to maintain the proposed regulations in respect to those men who are enjoying or receiving hospitalization. Of course it does not deal with the question of percentage, as suggested by the Senator from Arkansas.

I have some doubt whether it is in order, so I am wondering whether the Senator from Arkansas will not withdraw his proposal and let me offer this one so he may then offer his amendment with respect to the question of percentage.

Mr. ROBINSON of Arkansas. Mr. President, the difficulty of writing a complex bill on the floor of the Senate is well exemplified in connection with the amendments proposed to the independent offices appropriation bill, particularly those relating to veterans' allowances. It is almost impossible to work out changes in the law that will be effective and satisfactory. I wish to make clear the position which I occupy on this subject.

It is fully realized that the announcements which have been made touching some of the rules and regulations that have been framed for the enforcement of the so-called "Economy Act" and their application to particular cases have created a somewhat stormy reaction in both Houses of the Congress. Let me say in all fairness that it could not have been reasonably expected that a subject matter of so great importance, one which discontinues or contemplates the discontinuance of allowances in the aggregate amount made possible by the Economy Act, could be accomplished without some instances of injustice, without mistakes, and without necessity for corrections.

The President has no purpose to commit himself or his administration to any rules or regulations that work injustices to beneficiaries of veterans' allowances. On the contrary, it is his desire to make such readjustments as will eliminate frauds, as will protect the Treasury of the United States against expenditures that are not just, as will safeguard fairly the rights and interests of the veterans.

We might well have foreseen that the matter could not be worked out to the satisfaction of everyone. We might not, however, readily have anticipated that the cases of hardship which have been described on the floors of the two Houses would have arisen. We should have known, in our anxiety to accomplish the general purpose of economy by limiting veteran allowances to just and necessary cases, that complaints inevitably would follow, and that readjustments would become essential.

My view is that the President should be given the opportunity to work out the difficulties that have arisen; that the Senate should not undertake, in the consideration of an appropriation bill, to rewrite veteran legislation; and if it does so there probably will result mistakes which will call for correction hereafter.

Probably no plan that we can adopt will prevent the possibility of injustice in some cases, either to the Government itself or to the veterans who are to receive benefits under the legislation.

The adoption of the Trammell amendment is in large measure a repeal of the Economy Act. The eagerness demonstrated in the Senate in the matter not only illustrates and emphasizes a desire to correct mistakes and errors that have been made, but it also exemplifies the correctness of the position taken, that it is very difficult—in fact, next to impossible—for the Congress to work out these details in legislation without reference to the action of a committee.

I know perfectly well the sentiment that prevails here. I know the forces that are driving to what may prove to be mistakes, to what may result in the final defeat of the independent offices appropriation bill; but I am taking my measure of responsibility now by proposing that instead of a 15-percent maximum limitation on the amount of reduction that may be made we agree to a 25-percent reduction.

There are many cases in which a maximum reduction of 25 percent may be applied without unfairness and without injustice; and I believe every Senator here knows that there is no sound basis for any arbitrary percentage. If we are to adopt an arbitrary percentage limiting the reductions we must adopt such a percentage as will permit a fair readjustment in a large number of cases. In my opinion, the 15-percent limitation will not accomplish that result. It will occasion such expense to the Government that it will operate in a practical sense as a repeal of the provisions of the Economy Act having relation to veteran compensation.

Mr. FESS. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Ohio.

Mr. FESS. Without taking the time of the Senate, I should like to state that the Senator from Arkansas has expressed my conviction on this particular legislation. I should like to see some of these errors corrected; but I should not want to vote, nor shall I vote, for any amendment that virtually repeals the Economy Act. I should be glad to accept the amendment the Senator from Arkansas is proposing.

Mr. ROBINSON of Arkansas. I thank the Senator from Ohio for his interruption and statement. I do not know how the Senator from Florida [Mr. TRAMMELL] considered this matter. I know that he has given thought to the subject. Others have done so, and the arrangement which will be effected by the legislation we shall probably pass here will in itself cause some measure of difficulty in its application; but in our anxiety to respond to the pressure, which admittedly is very great, which comes from powerful organizations as well as from individuals with whom we are in sympathy, let me suggest that we do not undo all that has been done in an effort to readjust veteran expenditures so as to be fair to the veterans and to the Treasury and the taxpayers of the United States.

I know it is easily said that nothing the Congress can do is too liberal for the men who sustained our cause when civilization hung trembling in the balance. By describing their sufferings and their sorrows, one can stimulate and quicken a sense of sympathy in connection with their appeals. I wish to avow myself as fairly and fully responsive to proposals that are just and fair; but I think a maximum limitation of 15 percent will make the Economy Act, insofar as it relates to veteran compensation, largely ineffective. I believe that a 25-percent maximum is a fair compromise. Evidently the Senator from New Mexico [Mr. CUTTING] thought that. I am willing, in compliance with the suggestion of the Senator from Oregon [Mr. MCNARY], to have a vote on the insertion of 25 percent instead of 15.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. ROBINSON of Arkansas. I yield to the Senator from Michigan.

Mr. VANDENBERG. Do I understand that the Senator's pending amendment has no relationship whatever to Spanish War claims? Is it confined exclusively to World War claims?

Mr. ROBINSON of Arkansas. Yes; that is my understanding.

Mr. VANDENBERG. Would the Senator reject the suggestion submitted by the Senator from Texas [Mr. CONNALLY], if we could agree upon the 25-percent limitation, to extend it also into the Spanish-American field?

Mr. ROBINSON of Arkansas. Mr. President, I think there is much force in the suggestion made by the Senator from Oregon and by the Senator from Texas, but it occurred to me that perhaps that could be disposed of in a separate amendment.

Mr. VANDENBERG. I think perhaps we could rather readily agree upon the formula if the two could be put together.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LONG. I think there is a separate amendment coming on the Spanish-American War veterans anyway.

Mr. ROBINSON of Arkansas. I believe it would be better to deal with the Spanish-War veterans separately, although it might require more time to do that; and I am anxious to conserve time, as is also the Senator from Oregon [Mr. MCNARY].

Mr. President, believing that 25 percent is a fair compromise, I ask the Senator from Florida [Mr. TRAMMELL] and the Senator from Oregon [Mr. MCNARY] if they do not feel that they are in a position to accept that suggestion?

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Florida?

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. TRAMMELL. Of course, I appreciate the position of the Senator from Arkansas, and the sincerity of his desire in this matter; but I have been fighting for a provision that the reduction should not be in excess of 15 percent. I have given my reasons for that. My amendment does not interfere with reclassification. If the condition of the veteran has changed, the officials have a right to reclassify him. That within itself might bring down the compensation more than 15 percent; but I do provide in my amendment that the burden of proof shall be upon the Government when it attacks a man's claim which has previously been approved by the Board. I think we ought to limit the reduction to 15 percent.

I cannot agree with the Senator from Arkansas that that is destructive of the Economy Act. There are many other provisions of that act. The amendment gives them a good deal of latitude. I do not believe that the compensation ought to be reduced over 15 percent, so I do not like to vote to reduce it more than that.

I am sorry I do not feel that I could agree to that for the purpose of having a vote on it in the Senate.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield to the Senator from New Mexico.

Mr. CUTTING. In view of the fact that the Senator from Arkansas has made the statement that I must have thought that 25 percent was a fair reduction or I would not have put that in my amendment, I think, perhaps, he will pardon me if I express, as briefly as possible, my exact purpose in offering that amendment.

As the Senator from Arkansas will realize, legislation is a matter of compromise between varying views. I offered that amendment hastily the other day in order to serve notice, in accordance with the rules of the Senate, that I was going to make a motion to suspend the rules. I offered it after hurried consultation with the Senator from Missouri [Mr. CLARK], who now occupies the chair. I thought probably that was the maximum that the Senate would agree to accept. I did not think that the limitation of 25 percent was a fair limitation. I much prefer the limitation of 15 percent. I should much prefer, Mr. President, no reduction at all. I am one of the people who do not believe that there was a single fair line in the so-called "Economy Act." I believe it was the most infamous act ever passed by the Congress of the United States. I believe it ought to be repealed from top to bottom. When I offered the amendment, however, I was merely trying to get what I thought the Congress would be willing to accept; and I do not wish to be quoted as stating or implying that that was a fair measure of justice to the disabled veterans.

Mr. ROBINSON of Arkansas. Mr. President, I have not tried to analyze the mental processes of the Senator from New Mexico. As stated a few moments ago, I did assume that he thought 25 percent was a fair compromise, or he would not have committed himself to it by offering it. It is rather an anomalous situation that the Senator so completely repudiates his own proposal; but that is a matter that addresses itself to his own discretion. It seems to me that 25-percent maximum is a fair compromise; but I assume from what has been said that it will be necessary to take a vote on the matter.

Mr. LEWIS. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. ROBINSON of Arkansas. Certainly.

Mr. LEWIS. Mr. President, I wish to attract the attention of the Senator from Michigan [Mr. VANDENBERG] and the Senator from Arkansas [Mr. ROBINSON] in view of the colloquy between them respecting the omission of the Spanish-American War soldier. The eminent Senator from Arkansas correctly ascribes what might result from that, namely, that it might produce a class of claims where there was not an immediate connection between the illness and the service, known as the "service-connected disability".

I take the liberty of calling to the attention of both Senators to whom I refer the fact that as to the Spanish-American veterans we take into consideration the fact that the service of the soldiers was in the Tropics. The very service itself was disease. When the soldiers returned, it took a year before that disease took on a form which made them utterly incapable of self-support. Therefore, they cannot come within the law which applies to World War soldiers, and there was no law at the time existing such as we have now, and since eminent Senators have no desire to omit them, but, on the contrary, desire to include them, might we not now call attention to the fact that the connected liability of the service which applies to the World War cannot make its application to the Spanish-American War veteran, but that he ought to be included in the pending amendment, upon the theory that his service itself, in the land where it was given, with the natural result that would follow from it, makes the liability connection?

Mr. VANDENBERG. Mr. President, if the Senator will permit me, that was precisely my idea. I entirely agree with the Senator, and my only thought was that perhaps we could combine all forces and put the 25-percent limitation in, and vote upon one motion, both upon the theory of the Senator from Arkansas and the theory of the Senator from Illinois, to which I heartily subscribe.

Mr. LEWIS. I was calling the attention of the Senator from Arkansas to the fact—knowing how pressed he was—that he probably had not had his attention called to why the Spanish-American War veteran could be included here without a violation of the general law.

Mr. ROBINSON of Arkansas. Mr. President, of course the Spanish-American War pensions are on a different basis from those of the World War veterans, and, in my opinion, it would be quite difficult to incorporate in the bill on the floor a provision which would be satisfactory in regard to the Spanish War veterans. I will move an amendment to the text of the Trammell amendment.

The PRESIDING OFFICER. The Senator has already offered one amendment. Does he withdraw that?

Mr. ROBINSON of Arkansas. I do not now propose the substitute. I offer now the original amendment I proposed: On line 8, to strike out "15" and to insert "25."

The PRESIDING OFFICER. The Senator from Arkansas offers an amendment, which the clerk will report.

Mr. DILL. Mr. President, of course it is not in order to amend the Senator's substitute, because that would be an amendment in the third degree, unless the Senator would modify his amendment to include my amendment, which would take care of the veterans past the age of 62, which amendment I had printed and offered. I may say to the Senator that I want to modify my own amendment to include the regulation, which I think is entirely proper, namely, that this shall not apply when any veteran gets a thousand dollars if he is a single man, or $2,500 if he is married or has dependents.

Mr. STEIWER. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEIWER. Am I not right in my understanding that the Senator from Arkansas did not offer his substitute, but merely offered an amendment to the amendment proposed by the Senator from Florida?

Mr. ROBINSON of Arkansas. That is correct.

The PRESIDING OFFICER. As the Chair understands the matter, the Senator from Arkansas had his substitute read for the information of the Senate, and has not yet offered the substitute.

Mr. ROBINSON of Arkansas. I may offer it later. If I may have the opportunity, while the Senate proceeds with its discussion of the matter, to consider the amendment of the Senator from Washington [Mr. DILL] having relationship to Spanish War veterans, I may revise the substitute so as to include that amendment, in compliance with suggestions which have been made. I yield the floor for the present.

Mr. TRAMMELL. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. The question now is on the amendment which I proposed, providing for a reduction not to exceed 15 percent. The Senator from Arkansas proposes to increase that figure and make it 25 percent, so that it would be 25 percent instead of 15 percent?

The PRESIDING OFFICER. The amendment of the Senator from Arkansas is to strike out the numeral "15" and insert in lieu thereof the numeral "25."

Mr. LONG. Mr. President, inasmuch as considerably more than two thirds of the Senate has already voted to suspend the rules to vote on the 15-percent reduction, I hope there will be no change in this amendment. I would feel better if we reduced salaries 25 percent and the compensation of wounded soldiers 15 percent than to reduce salaries of $10,000 employees only 15 percent and reduce the soldiers' compensation 25 percent. I ask for the yeas and nays on this.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. ROBINSON] to the amendment of the Senator from Florida [Mr. TRAMMELL]. The yeas and nays have been demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE], who is not present. I do not know how that Senator would vote, and I therefore withhold my vote. If I could vote, I should vote "yea."

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER]. I understand that if he were present he would vote "yea." If I felt free to vote, I should vote "nay."

Mr. LEWIS (when Mr. SMITH's name was called). I announce the absence of the senior Senator from South Carolina [Mr. SMITH] on official business, and ask that this announcement stand for the day.

The roll call was concluded.

Mr. HEBERT. I desire to announce a general pair between the Senator from Delaware [Mr. HASTINGS] and the Senator from North Carolina [Mr. BAILEY]. I am informed that if the Senator from Delaware were present he would vote "nay" on this question.

I also desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent. If present, he would vote "nay."

Mr. LEWIS. I desire to announce that the senior Senator from Utah [Mr. KING] is absent attending a committee meeting. If present, he would vote "yea."

I also desire to announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

I wish to announce the absence on official business of the following Senators: Mr. ASHURST, Mr. BULOW, Mrs. CARAWAY, Mr. GEORGE, Mr. GORE, Mr. HARRISON, Mr. PITTMAN, Mr. WAGNER, and Mr. THOMAS of Oklahoma.

Mr. BAILEY. Mr. President, I have not voted because I have a pair with the Senator from Delaware [Mr. HASTINGS]. I am informed that it has been announced that if present the Senator from Delaware would vote "nay" on this question. If I were permitted to vote, I should vote "yea."

The result was announced—yeas 25, nays 51, as follows:

YEAS—25

Adams	Connally	Glass	Stephens
Bankhead	Coolidge	Hayden	Thompson
Barkley	Dickinson	Kendrick	Tydings
Bratton	Dieterich	Lewis	Walsh
Brown	Dill	McNary	
Byrd	Fess	Robinson, Ark.	
Byrnes	Fletcher	Sheppard	

NAYS—51

Austin	Duffy	McCarran	Russell
Bachman	Erickson	McGill	Schall
Barbour	Frazier	McKellar	Shipstead
Black	Goldsborough	Metcalf	Steiwer
Bone	Hale	Murphy	Thomas, Utah
Borah	Hatfield	Neely	Townsend
Bulkley	Hebert	Norris	Trammell
Capper	Johnson	Nye	Vandenberg
Carey	Kean	Overton	Van Nuys
Clark	Keyes	Pope	Walcott
Copeland	La Follette	Reed	Wheeler
Costigan	Lonergan	Reynolds	White
Cutting	Long	Robinson, Ind.	

NOT VOTING—20

Ashurst	Dale	Hastings	Patterson
Bailey	Davis	King	Pittman
Bulow	George	Logan	Smith
Caraway	Gore	McAdoo	Thomas, Okla.
Couzens	Harrison	Norbeck	Wagner

So the amendment of Mr. ROBINSON of Arkansas to Mr. TRAMMELL's amendment was rejected.

Mr. CONNALLY. Mr. President, I offer an amendment in the nature of a substitute for the amendment of the Senator from Florida.

The PRESIDING OFFICER. The Senator from Texas offers an amendment in the nature of a substitute for the amendment of the Senator from Florida, which the clerk will report.

The CHIEF CLERK. In lieu of the amendment of the Senator from Florida [Mr. TRAMMELL] it is proposed to insert the following:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government," in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War be reduced more than 25 percent of the rate being received prior to March 15, 1933, subject to regulations as to payments to unmarried persons with incomes exceeding $1,000 or to married persons or to persons with minor children whose annual income exceeds $2,500.

Mr. LONG. Mr. President, this amendment, as I understand, purports to do what the Senator from Arkansas sought to do by his amendment in the case of all veterans, except those of the Spanish-American War, and to limit the reduction that may be made to 25 percent. If I understand correctly, what the Senator is proposing to do is to provide

a substitute that would prohibit a reduction of more than 25 percent being made in the case of all veterans?

Mr. CONNALLY. For service-connected disabilities.

Mr. LONG. For service-connected disabilities.

Mr. President, we have, apparently, by an overwhelming vote, reached the conclusion that we will not permit a reduction below 15 percent in World War veterans' compensation, and we expect that an amendment will be offered providing the same thing for the veterans of the Spanish-American War.

Mr. CONNALLY. That is in the amendment I have offered.

Mr. LONG. I know; but we do not want to vote to permit a reduction of 25 percent. I think we would be in sympathy with the Senator if he would make it 15 percent. The Senate is pretty well on record, since it did not consider it wise to reduce its own salaries by more than 15 percent, that it cannot afford to cut the men who were wounded in the Army more than that amount. That seems to be the position of the Senate. So I was hoping the Senator from Texas might withhold his amendment and support a later amendment, which is going to be offered, to do exactly the same thing for the Spanish-American War veterans that we hope to do for the World War veterans by the amendment of the Senator from Florida.

I do not know just what the substitute proposed by the Senator from Oregon proposes. As I understand, it has not as yet been offered. May I ask the Senator from Oregon if the amendment in the nature of a substitute which he intends to propose covers only World War veterans or does it cover the case of soldiers who served in the Spanish-American War and in the Philippines?

Mr. STEIWER. It covers all service-connected disabilities of veterans of all wars, whether directly connected or presumptively connected; that is to say, so far as we have discussed the compensation of World War and the Spanish-American War veterans; but there is one class of Spanish-American War veterans not covered by the proposal which I had read a little while ago, and that is those Spanish-American War veterans whose disabilities are not service connected.

Mr. CONNALLY obtained the floor.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I yield.

Mr. JOHNSON. May we again have read the amendment in the nature of a substitute offered by the Senator from Texas? I was confused from the way in which it was read.

The PRESIDING OFFICER. Without objection, the clerk will again read the amendment in the nature of a substitute offered by the Senator from Texas.

The CHIEF CLERK. In lieu of the amendment offered by the Senator from Florida it is proposed to insert the following:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War be reduced more than 25 percent of the rate being received prior to March 15, 1933, subject to regulations as to payments to unmarried persons with incomes exceeding $1,000 or to married persons or to persons with minor children whose annual income exceeds $2,500.

Mr. CONNALLY. Mr. President, the purpose of this amendment is to get results rather than to make a gesture. The 15-percent amendment of the Senator from Florida for which Senators are contending will never get results. I believe I speak advisedly when I say that in the final analysis—it may get the result here today; it may get the notice of the newspapers—but when all is over and the smoke of battle is cleared, the veterans will not get it. I had rather vote for an amendment preventing a cut of more than 25 percent and have it become law so that the veterans may get 75 percent of their old rate, than to read a newspaper story to the effect that I voted not to cut the veterans' compensation below 15 percent, and then not let the veterans get anything.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from New Mexico?

Mr. CONNALLY. I yield.

Mr. CUTTING. I agree with the Senator in everything he has said; but why does he assume that it is impossible to limit the cut to 15 percent and possible to restrict it to 25 percent?

Mr. CONNALLY. The Senator, I hope, is a practical statesman, and we know that this amendment has got to go over several hurdles before it becomes a law. It has to go back to the other House; after it shall have been acted upon there it has got to go to the White House; after it goes to the White House it will probably be referred to the Veterans' Bureau; and the Senator knows what tremendous influence the advice of that Bureau will have upon the final action upon this bill. I have just as great sympathy as has any Senator upon this floor for the disabled service-connected veterans, but they will be glad to have an act limiting their cut to 25 percent; they will be happy to receive it. Why not let us be practical? Why not let us do something that we can hope to accomplish, rather than simply to spend a lot of time in making gestures that may not accomplish the result?

What does my amendment provide? My amendment provides that in the administration of the veterans' law, notwithstanding any provision of the National Economy Act, veterans having service-connected disability compensation—not the men whose disabilities are non-service-connected, but the service-connected disability cases—shall not be cut more than 25 per cent. It further provides that in the case of Spanish-American War veterans, not simply those above the age of 62, but all Spanish-American War veterans who were on the rolls, who were adjudged by the Government to have been disabled, who were adjudged by the Government to have been entitled to a pension, shall under this bill, if it shall become a law, not be reduced more than 25 percent. It is putting them upon the same plane with the World War veterans.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from West Virginia?

Mr. CONNALLY. I yield.

Mr. HATFIELD. Not all the Spanish-American War veterans drawing pensions have service-connected disabilities.

Mr. CONNALLY. No; I shall say to the Senator that some of them are not service connected, because in the old days there was no difference, under the law, between a service-connected disability and a non-service-connected disability. Those veterans whose cases have been settled, and who are lawfully on the rolls under the old law, would be left there and could not be cut more than 25 percent. They have all been adjudged to be worthy cases; the pensioners have all been adjudged to have been disabled. The records are not now available; and there is not one Spanish-American War veteran in a hundred who if he had today to prove service connection for his disability could do it.

Mr. HATFIELD. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Texas yield further to the Senator from West Virginia?

Mr. CONNALLY. I yield.

Mr. HATFIELD. The Spanish-American War veterans with service-connected disabilities represent 12½ percent of the total number; those who cannot prove service connection represent 87½ percent.

Mr. CONNALLY. Exactly.

Mr. HATFIELD. How many of the 87½ percent would the amendment of the Senator from Texas take care of?

Mr. CONNALLY. It would take care of all of them. If they were on the rolls and had been adjudged to have been entitled to pension, they would stay on the rolls and the cut could not be over 25 percent.

Let me suggest to the Senator from West Virginia that most of the Spanish-American War veterans are getting old.

Old-age pensions are now being advocated. Here is a veteran who has become old; he is disabled, and the Government has determined that he was disabled. In his declining years, why cut him off simply because after more than 30 years he cannot go back and get the records of his service in the Spanish-American War to prove that his disability was caused by his service in that war?

Mr. HATFIELD. Mr. President, will the Senator from Texas yield further?

The PRESIDING OFFICER. Does the Senator from Texas further yield to the Senator from West Virginia?

Mr. CONNALLY. I shall yield in just a moment.

Under the pension laws when these men went on the rolls there was no requirement of the law that a disability be service connected. Consequently those soldiers made no effort to service connect their disability; then it was not required. Now, years and years afterward, when the records are not available, to require such a soldier to do something which he ought, perhaps, have been required to do away back yonder, would be unjust and unfair. Now I yield to the Senator from West Virginia.

Mr. HATFIELD. Not only is the Spanish-American War soldier growing old but he became diseased because of the exposure to typhoid fever and dysentery, the seeds of which still remain in his body, and in many instances are only manifesting themselves at the present time in the period of his old age.

Mr. CONNALLY. The Senator is exactly right. Those who served under the Philippine's scorching sun or in the swamps of Cuba could not go up to the medical office the day they contracted an infection and say, "Doctor, I am service-connected disabled." Years afterward, in time of peace after they came back home and were integrated into the civilian population of the country, the germs of the disease and the seeds of illness sowed in their bodies under the Tropics and in the swamps began to germinate and propagate and develop in that soldier. The Congress passed no Spanish-American War pension act until 22 years after that war, and when the Congress did pass such an act, it did not require that the soldiers prove service connection, but the Government said, "Here is a veteran of 20 years and more ago; today he is physically disabled so that he cannot perform manual labor, and the Government, out of its bounty, will award him a slight pension." Now, years after his case was proven, years afterward, when the proofs are no longer available, it is unjust for a great and generous Government to insist that that veteran shall go back to the bread line unless he can resurrect some medical records, when there were no medical records.

Senators will remember in the Spanish-American War how inadequate were the hospital facilities; they will remember how poor the medical service was; they will remember how inefficient was the administrative machinery of that war; and it is now physically impossible for those veterans to obtain proof of the service connection of their disabilities.

Let me appeal to Senators. There will be many amendments offered here. This is one amendment upon which we can all stand. This is one amendment which will get results. This is one amendment that will take care of the World War veterans and also will take care of the Spanish-American War veterans. If Senators want to get results, if they want to do something substantial for the World War veterans, accept this 25 percent cut and do not insist upon only 15 percent, which cannot ever be attained.

Mr. FLETCHER. Mr. President, the Senator stated that his amendment provides for a cut of 25 percent.

Mr. CONNALLY. That is the limitation.

Mr. FLETCHER. Then it does not provide that a cut must be made?

Mr. CONNALLY. Oh, no. The Senator from Florida is right. He makes a very pertinent observation. The amendment does not automatically make the cut. The amendment is a limitation upon the power of the President and the Veterans' Administration and provides that they shall not make a cut of more than 25 percent.

Mr. LEWIS. Not that there shall be a cut, but if there is a cut it shall not be in excess of 25 percent.

Mr. CONNALLY. The Senator from Illinois, with his usual perspicacity and alertness, calls my attention to the fact that the effect of the amendment is not to require a cut, but if there is to be a cut it shall not exceed 25 percent. I thank the Senator from Illinois for his illuminating suggestion.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. I yield.

Mr. GEORGE. I wish to inquire if the Senator's amendment now pending provides for the continuance of pensions to widows and dependents?

Mr. CONNALLY. It does; to veterans or their widows or dependents. It expressly so provides.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I should like to ask the Senator for an interpretation of his own language. Section 18 of the Economy Act makes a specific 10 percent reduction in Civil War pensions. Would the language of the Senator's amendment go back to the Civil War?

Mr. CONNALLY. It would not. My amendment simply provides the veterans of prior wars shall not be cut more than 25 percent. It would not in any wise refer to those cuts, because they are specific. It would not repeal that section. It is not my purpose to repeal that section.

Mr. McKELLAR. Mr. President, may I ask the Senator from Texas what effect this would have on the pensions of Spanish-American War veterans?

Mr. CONNALLY. Not exceeding 25 percent cut.

Mr. McKELLAR. But how much in money would they be affected? What do they now get under the regulations?

Mr. CONNALLY. Under the maximum they get $60, and then $45, and then $35, and then $25. Those are the four classifications. The maximum would be $60 less 25 percent, which would be $45; then $45 less 25 percent, and so on down.

Mr. McKELLAR. That is, if the amendment is adopted?

Mr. CONNALLY. Yes.

Mr. McKELLAR. What would they get under the present regulations?

Mr. CONNALLY. Under present regulations more than half of them go off the rolls entirely and most of the others get only $6.

Mr. McKELLAR. Of course that is indefensible. It seems to me we ought to do justice by the Spanish-American War veterans.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. As I understand the Senator's amendment, the maximum reduction is 25 percent. If there are serious cases, such as have been presented to us in the last 2 days, they need not be reduced at all?

Mr. CONNALLY. The Senator is correct.

Mr. FESS. Or they may be reduced along the line from zero to 25 percent?

Mr. CONNALLY. The Senator is correct. Under my amendment no one need be reduced at all unless the President and the Veterans' Administration decide to reduce him. If they do reduce him, he is to be reduced not exceeding 25 percent.

Let me appeal to Senators who are supporting the 15-percent cut to vote for this substitute of mine. It is well considered. On March 15, 1933, when the economy bill was pending, I offered substantially this pending amendment, and had it been adopted then we should not have had the chaos and cruel injustices that have arisen in prospect under the regulations of the Veterans' Administration.

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. I yield.

Mr. RUSSELL. I am very much in sympathy with what the Senator is saying. I supported his amendment originally when offered to the Economy Act. I would like to inquire if the 25-percent limitation applies to direct service-connected cases and to presumptive cases or only to the direct service-connected cases?

Mr. CONNALLY. The language is "service-connected cases." I am not prepared to say how that language would be construed. Even though it applies only to direct service-connected cases, it is so much better than what we have, it is so much metter than what we are going to get unless we unite on some amendment, that I hope the Senator will support the amendment in its present form. The presumptive cases can be worked out by the Veterans' Bureau, we hope in a liberal spirit; but let us not divide our counsel; let us not break up our ranks. Here is a chance to put this amendment over, and if Senators will not insist on the 15-percent cut only, we shall accomplish something; but if some of us vote for 15 percent and some vote for 25 percent, we may finally adopt the 15-percent cut, and that is the last we will probably ever hear of it.

Mr. RUSSELL. I want to say to the Senator from Texas that I am going to support his amendment regardless of the final form it takes. I think it is a logical solution of the entire matter. But I wonder if the Senator from Texas would not modify his amendment by inserting the word "direct"? In order to avoid any possibility of confusion, I wonder if the Senator would not accept a modification inserting the word "direct"?

Mr. CONNALLY. Yes; I will accept that modification. Let it read "direct service-connected." I know the Senator from Georgia [Mr. RUSSELL] is a sincere friend of the veterans, since he has been State commander of the American Legion of Georgia.

Mr. President, I have said all I want to say on the subject, but I do want to impress Senators with the seriousness of the situation. The time is here now to act, to act together; and if we do, we shall put this over. But if we divide over 15 percent and 25 percent, we may improve our own particular political fortunes, but we are going to harm the veterans whom we are trying to aid.

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Washington?

Mr. CONNALLY. I yield.

Mr. DILL. I want to make this suggestion to the Senator from Texas. It was made to me a moment ago by another Senator. The sentiment that exists in the Congress now against the Veterans' Administration and its regulations is due to the fact that those who wrote the regulations went crazy, figuratively speaking. They went beyond all reason in their reductions. We are likely here, in trying to adopt the 15-percent reduction only, to lose the support of the country and lose the very thing we are trying to accomplish. I believe the country will look upon a 25-percent reduction as a decent reduction. I think the veterans will accept it as a decent reduction, and I think if that provision is put in the bill it will stand. If we make a 15-percent reduction and have a Presidential veto, I do not know what will happen, and no one else knows what will happen.

Mr. CONNALLY. The Senator is right. The country will support us if we make a 25-percent reduction. The veterans will be happy to accept that sort of an amendment. If we insist on cutting off only a small amount and the President should veto the bill, the country will rally to the support of the President and will condemn the Congress for undertaking to antagonize his policy.

Mr. HEBERT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Rhode Island?

Mr. CONNALLY. I yield.

Mr. HEBERT. I want to propound this inquiry to the Senator from Texas. Has he agreed to the suggestion of the junior Senator from Georgia [Mr. RUSSELL] to make this apply to direct service-connected disabilities?

Mr. CONNALLY. Yes; I agreed to that.

Mr. HEBERT. Does not the Senator think that will restrict his amendment very materially?

Mr. CONNALLY. It will, but I accepted the modification in deference to the Senator from Georgia.

Mr. HEBERT. Moreover, will it not be more difficult in many cases to prove direct service connection?

Mr. CONNALLY. There are thousands of those cases that are on record as direct service-connected.

Mr. HEBERT. But there are thousands that are not, and it would be impossible for the veterans to prove direct service connection. It would be doing an injustice to those men.

Mr. CONNALLY. Will the Senator from Rhode Island support the amendment if that word is eliminated?

Mr. HEBERT. Yes; I will support the amendment if that change is made.

Mr. RUSSELL. Mr. President, in making the suggestion to the Senator from Texas I made the statement that I would support his amendment whether this word is added or not.

Mr. CONNALLY. In view of the very practical consideration now appearing to the Senator from Texas, I ask unanimous consent to withdraw the modification and leave the amendment in its original form.

The PRESIDING OFFICER. The Senator from Texas may modify his amendment as he desires.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. I yield.

Mr. GEORGE. I desire to call the Senator's attention to his amendment. I merely want to call attention to the fact that the amendment as now offered provides only for the compensation of any veteran or the pension of any veteran of a war prior to the World War.

Mr. CONNALLY. In another draft it covered widows and dependents, and I ask unanimous consent to modify the amendment to include widows of veterans and their dependents.

The PRESIDING OFFICER. The Senator has a right to modify his own amendment.

Mr. CONNALLY. I shall modify it in that manner.

Mr. McGILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kansas?

Mr. CONNALLY. I yield.

Mr. McGILL. I should like to ask the Senator from Texas a question. The amendment offered by the Senator from Texas contains the following provision:

> Subject to regulation as to payment to unmarried persons with incomes exceeding $1,000 or to a married person or person with minor children whose income exceeds $2,500.

I should like to inquire of the Senator from Texas who is to ascertain those facts in order to enforce the regulation?

Mr. CONNALLY. The Veterans' Bureau promulgated the regulations and, of course, they would be charged with the administration of them.

Mr. McGILL. Will they not be required to keep books on practically every veteran or every widow of a veteran in this country?

Mr. CONNALLY. Oh, no. I am sure they could require a return from a veteran just as we require a return with reference to incomes for the purpose of income taxes. It would be simple. They could require a sworn statement from the veteran which would be accepted in the absence of proof of fraud or some other improper motive. That would not be a difficult matter.

Let me say to the Senator from Kansas that I am including that provision in the amendment not because I approve it but because those are the regulations, and I want to go

along with the Veterans' Administration just as far as I can. If a single man has $1,000 independent income, I am willing for him to forego his pension if by so doing we can get a pension for the veteran who has no income at all and who is disabled.

If a married man has an income of $2,500 a year, I am willing that he shall lose his pension if by losing it we are able to get a pension for a disabled comrade who has no income, and is physically disabled and incapable of earning a livelihood.

Mr. McGILL. Mr. President, if the Senator will yield just a moment further, suppose a single man receives a compensation of $900 a year, but does not quite receive $1,000. His compensation or pension could not be reduced more than 25 percent.

Mr. CONNALLY. That is true.

Mr. McGILL. In other words, it would be advantageous to him to earn a little less than $1,000 annually.

Mr. CONNALLY. I shall say to the Senator that that is a difficulty we shall encounter in any administration of the law. I am adopting that simply as a practical proposition, not to encounter any more opposition than is unavoidable from the administration and from the Veterans' Bureau. I want results. I want this amendment adopted, and I believe that in its present form it can be adopted; but if we mutilate it, we shall not get it adopted.

Mr. McGILL. Mr. President, I feel that the amendment is far more impracticable with the provision in it to which I have called attention than it would be with the provision eliminated.

Mr. TRAMMELL. Mr. President, I wish to say a few words with regard to the amendment I have proposed. I desire first to suggest that we add, at the conclusion of that amendment for which the substitute has been offered, the following:

Provided, That Spanish-American War veterans shall not be required to make proof of service-connected disability.

I do that to meet the suggestion made by the Senator from Texas [Mr. CONNALLY]. Of course, the President, in his instructions—at least I presume they are instructions, because they are carried forward in the regulation—had advised that there should be a presumption of service-connected disability in Spanish-American War cases. However, in practical operation the instructions have not been carried out in just that way. I propose to modify my amendment as I have stated.

The PRESIDING OFFICER. The Senator from Florida modifies his amendment. The question is on the amendment, in the nature of a substitute, proposed by the Senator from Texas [Mr. CONNALLY] for the amendment offered by the Senator from Florida.

Mr. TRAMMELL. Mr. President, I desire to say a few words on that subject.

Throughout my career in this body I have observed Senators who felt that a situation was not going just as they preferred to have it go, getting up on this floor and trying to intimidate Senators into voting as they wished to have them vote by threats of what would happen to the measure if it was not as they willed it to be.

That is true in this instance of the Senator from Texas [Mr. CONNALLY]. Of course, it is a great pity that nothing can go through here in regard to legislation to help the veterans unless it meets the entire approval of my good friend from Texas. I do not know where he gets his information that a measure which provides not exceeding 15-percent reduction cannot ever become a law, but a measure which provides 25-percent reduction he thinks will become a law. I have heard statements of that kind made on this floor many times. I think the Senator from Texas is a good friend of the veterans; but I do not understand why the Senator has not actively supported and tried to foster in this body a measure or amendments which provided for a 25- or 30-percent decrease of salaries to civilian employees who were drawing salaries of ten or fifteen thousand dollars per annum, and now says that we ought to amend the law so that we can reduce the veterans 25 percent.

I want to be consistent. My amendment for a graduated reduction in governmental salaries failed. I believe we should have reduced the big salaries in a larger percentage; but if this amendment, in the form in which the Senator from Texas has sent it to the desk, will meet with the approbation of the Veterans' Bureau, the other would just as well meet the approbation of the Veterans' Bureau.

As far as I am concerned, I am getting tired of and disgusted with the bureaucratic control of Congress by the Veterans' Bureau or any other bureau. Some people want to allow them to dictate everything. Just as man to man I have a respect, of course, for those gentlemen up there. I would have had a great deal higher respect for some of them, however, if it had not been for the travesties of justice and of good ethics involved in their maintaining at big salaries a number of Army officers who were drawing large retirement pay. When it came to those people it was all right, in their estimation, to have no reduction of their compensation through the Veterans' Bureau. We know of the disgrace and the travesty which arose in the investigation of the Veterans' Bureau here a few years ago. I do not remember the figures; but, to take a typical case, an officer is on retirement pay at about $6,000 a year. He goes into the Veterans' Bureau, and they pay him $8,000 or $10,000 a year in addition to his retirement pay. So I do not rely too much upon the judgment of people of that conception of public duty.

I believe almost every Senator here knows that the attitude of the Veterans' Bureau and the Director of the Budget has not been generous and sympathetic toward the veteran. It was, however, generous and sympathetic toward the retired officer with his $6,000 or $7,000 of retirement pay to the extent that they gave him a salary of $8,000 or $10,000 additional.

When I go to some source from which to get information for my guidance, I shall not seek that information and guidance from the Veterans' Bureau. Their record does not justify me in doing so. The whole cause of this discussion, the whole reason that we have before us the very problem which is now confronting us, is not on account of any Member of the Senate or the House of Representatives that I know anything about. It is on account of the abuses of the Veterans' Bureau and the Director of the Budget, who cooperated with them in making these unreasonable regulations and these ridiculous and outrageous reductions in compensation.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. As I understand the Senator from Texas, if the Veterans' Bureau does not want us to do anything, it is not going to do any good to do it anyway. Why not just pass a little resolution here and let us adjourn over the week-end and let the Veterans' Bureau sit down here and write the thing up? That would be a practical way of getting at it, instead of spending a lot of time and money, as we are doing now.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield; but I do not want Senators to make speeches in my time.

Mr. CONNALLY. The Senator yielded to the Senator from Louisiana to make some remarks about the Senator from Texas.

Mr. TRAMMELL. I yield to the Senator from Texas.

Mr. CONNALLY. No; Mr. President, the Senator from Louisiana did not understand the Senator from Texas to say anything of the kind, or to entertain any suspicion that he has to get the consent of the Veterans' Bureau or anybody else. The Senator from Louisiana seems to labor under the delusion that nothing can happen here unless he consents to it; and his subconscious mind probably drew some deduction that the Senator from Texas was operating in the reverse in some sort of fashion.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. The RECORD will show that the Senator from Texas took up 30 minutes' time not only saying in exact words but saying in substance also that he was going to give us a bill that the Veterans' Bureau would allow us to have. That is what the distinguished Senator from Texas said; and he has nodded "yes" to what I have just said.

In line with what the distinguished Senator has just said, I do not want my friend from Florida and others of us to be laboring here in vain. Let us just send this thing down to the Veterans' Bureau; and if they do not want to come up here, let them send us word, or let them come up here and write the thing out. Why not admit that we are not running the Senate any more; that we are running under the squint-eyed, two-bit, 2-by-4 Veterans' Bureau skinflint politicians that have been brought in here to run us? [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair must admonish the occupants of the galleries that any demonstrations of approval or disapproval of the proceedings on the floor are strictly prohibited by the rules of the Senate.

Mr. CONNALLY. Mr. President, the Senator from Louisiana, in saying "we", evidently employs the editorial "we."

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield for a question. I do not want to yield for any length of time, because I want to get through; but if it is for a question, all right. I do not yield for a speech.

Mr. SHIPSTEAD. Will the Senator inform us how many veterans there are on the rolls whose disabilities are directly connected with service, so far as he knows?

Mr. TRAMMELL. I do not know. I have not looked into that.

Mr. SHIPSTEAD. Is there anyone here who can tell us?

Mr. TRAMMELL. I do not know whether anyone here has those data or not. I think the Senator from West Virginia [Mr. HATFIELD] did have some data upon that subject, but I do not know whether they show that or not.

Mr. President, I do not want to be alarmed and I do not want to be scared off the track by any suggestion that if the legislation is not for a 25-percent reduction there is no probability of its bringing practical results. I think Congress is in a position where it should be consistent; and we should not attempt to reduce the compensation of these service-connected veterans any more than we have reduced our own compensation. I have not liked to talk about that. I have supported a reduction of as much as 25 percent in our own salaries; but a majority have not done that, either in the House or in the Senate.

When I go back home, when I face the veterans—these heroes, as I regard them, these valiant men who responded to their country's call without qualifications and without limitations when they were called—I do not know how to answer them when some of them in an audience to which I am speaking say, "Well, you fellows up there in Congress would not cut your own salaries over 15 percent. Why did you want to have a veteran's compensation or pension reduced as much as 25 percent? They tell me that up there in the United States Senate this question confronted you directly; that you could either save us from a reduction of not exceeding 15 percent, or you could see fit to raise it up to where they could reduce us 25 percent. Why did you support the 25-percent reduction for us when you had refused to support an amendment proposed by certain Senators in a bill proposed by another certain Senator to make a reduction exceeding 15 percent in your own salary?"

I do not like to refer to anything about the Senate in this discussion; but if we are going to take such an inconsistent attitude, I know and I forecast just how the public will feel about it.

Senators talk about an aroused public sentiment against the Economy Act because justice is not done the veterans of this country. There will be—and there is brewing today—an aroused public sentiment against the Congress of the United States because they do not reduce in a more substantial percentage these big salaries of ten, fifteen, eighteen, and in some instances thirty-five thousand dollars. That sentiment is already aroused so far as the public is concerned.

Mr. BORAH. Mr. President——

Mr. TRAMMELL. I yield to the Senator from Idaho.

Mr. BORAH. The Senator from Florida proposed an amendment to his amendment with the view, I suppose, of including the Spanish War veterans.

Mr. TRAMMELL. That was the idea—to remove the necessity of proof. I did that to perfect my amendment in order to meet the situation as contended for by the Senator from Texas and some other Senators.

Mr. BORAH. The question with me is, Does the amendment offered by the Senator from Florida include as many soldiers as the amendment of the Senator from Texas?

Mr. TRAMMELL. The amendment is as follows:

Provided, That Spanish-American War veterans shall not be required to make proof of service-connected disability.

That, of course, includes everybody who can get on the roll under the Senator's amendment or under this amendment.

I do not see that there would be any difference in the number that would be entitled to compensation under the provisions of the two amendments. The only thing is I would protect these veterans against a reduction exceeding 15 percent. When a review is attempted by the Veterans' Bureau I would place the burden of proof upon the Government. The Senator from Texas does not do this. The Senator from Texas would allow their compensation to be reduced up to 25 percent. The Senator from Texas said otherwise, but I rather think his construction of his own amendment is wrong. He says that the wording of his amendment does not open the door for a reduction up to 25 percent against Civil War veterans. It does say that veterans of all wars prior to the World War shall be subject to a reduction of as much as 25 percent. It says, notwithstanding the provision of the title being amended, that there is authority given for a reduction up to 25 percent as to the veterans of all wars prior to the World War.

The original Economy Act, title I, dealing with the question of compensation of soldiers, and so forth, specifically provides that there shall not be a reduction in excess of 10 percent in the case of Civil War veterans. As I construe it, the amendment of the Senator from Texas unquestionably repeals the limitation on the amount of reduction in the original act for Civil War veterans, and opens the door for a reduction of as much as 25 percent against the Civil War veterans. It applies to all veterans of wars prior to the World War. There are better lawyers here than myself, but I do not think I am mistaken in my construction of the Senator's provision as to Civil War veterans. I think it would unquestionably repeal the provision that a Civil War veteran's pension shall not be reduced more than 10 percent, and it would give the administration authority to reduce their pensions 25 percent.

Mr. President, I have occupied much time on this matter because I have taken an intense interest in it. I have been working hard on it for 3 days in order that I might try to do my little mite in behalf of the men of this country who I believe deserve it, believing that their Nation owes them a debt of gratitude, and that they should be defended, if necessary, by Representatives and by Senators against the attack, cruel as it has been, which has been directed at them by the Veterans' Administration, or whoever it is who has promulgated these regulations, the application of which, in many instances, has been cruel and brutal.

I do not want to rely on the Veterans' Bureau particularly to make corrections. To my mind they have already displayed heartlessness; they have displayed a lack of interest in giving sympathetic treatment to our veterans; and I do not propose to have them direct what kind of legislation shall be enacted. I would come nearer opposing a 25-percent proposal if I knew it came from the Veterans' Administration instead of favoring it. I do not want to have them

think they carry me around in their vest pocket, or have any of these other bureaucrats around Washington entertain such an idea. They think that as to certain Senators and Representatives, whatever they say goes, and they want to dominate and control Congress. It is time the Congress was not only asserting its independence but performing its duty as the Constitution of the country requires and the people of the country expect.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. COPELAND. As I understand it, the Senator has modified his amendment so that the Spanish War veterans are taken care of in the same way the World War veterans are?

Mr. TRAMMELL. They would not have to make proof of the service connection of their disabilities if they are on the roll.

Mr. COPELAND. And the cut shall not be more than 15 percent?

Mr. TRAMMELL. Not exceeding 15 percent.

Mr. COPELAND. And the Senator does not require a pauper's oath?

Mr. TRAMMELL. Oh, no. I did intend to say something about that, but I have been so intense in this matter that I thought I had already talked too long.

In my State, Mr. President, ever since I entered public life, the people and the legislative body of that State have felt a pride in paying honor to the Confederate veterans. We long since got away from the idea of making a pauper list of the Confederate veterans of the State who were given pensions. When people began to talk about a pauper list for the Confederate veterans, it was not only resented by the veterans themselves, but it was resented almost unanimously by the people of the State of Florida. We have no pauper list there, and I do not think one should be established here.

If the necessity is so acute and there is such a demand for economy and the saving of money—and I think we ought to save all possible—we can trim enough out of the very bill to which I have offered this amendment to match all we could possibly save by adopting as the policy of the Congress a pauper-role requirement to be applied to the patriots and the heroes of this country.

Mr. President, I have gone over the independent offices appropriation bill; I have read its provisions; and I say that we could eliminate, without hurting the public service, items which would afford sufficient savings to more than balance every dollar that would be saved by establishing the pauper list proposed in the amendment of the Senator from Texas.

The main question now is whether or not the Senate wants to place a greater restriction upon the rights of the veterans by allowing a decrease of 25 percent or whether they prefer to leave open the opportunity to reduce only 15 percent.

I think Senators will thoroughly remember that this question of limitation is not a new feature or departure in legislation of this character. In former legislation we fixed a limitation in regard to Civil War veterans. We fixed a limitation in regard to salary reductions in the legislation, and we fixed other limitations. Only the group of our people who served us in war, who have been the Nation's defenders, have heretofore been left without any limitation upon what reduction may be made in their compensation and pensions. That is the discrimination which I am trying to repeal and to overcome.

Mr. COPELAND. Mr. President, will the Senator yield again?

Mr. TRAMMELL. I yield.

Mr. COPELAND. The difference between these two pending matters is this, is it not? The Senator from Florida proposes that, as to certain disabilities, whether incurred in the World War or in a previous war, the Spanish War, for instance, the cut shall not exceed 15 percent, which is the cut which we imposed upon ourselves and upon employees of the Government. That is what we have in the proposal of the Senator from Florida. On the other hand, we have the proposal of the Senator from Texas, which is that there shall be a cut of 25 percent, and then, besides that, the requirement of a pauper oath. Am I correct?

Mr. TRAMMELL. That is correct.

Mr. LONG. Mr. President, the Senator being a lawyer, I should like to ask him this question: Is the Veterans' Administration, under this amendment of the Senator from Texas, to decide whether or not a veteran made a thousand dollars? If so, what is to be the yardstick in determining that fact? They can say he made a thousand dollars a year before, and, therefore, that they will not put him on the roll. They can say he made $83 in the month of January, and that, therefore, they will not put him on the roll, and that will practically make the pauper's oath necessary.

There is something further about it. Even though we make the figure 10 percent, the Veterans' Administration will make it 25 percent anyway. Do not worry about that. In the administration of it they will make it 25 percent. When they come to administer the act, surrounded by all these exceptions to be included, Senators will find that far more men will be cut 25 percent than will be cut just 15 percent in the administration of the act.

Under the amendment offered by the Senator from Texas a man would have to prove that he could not make $1,000 a year. If he went out the year before and worked and made $83 a month, then he would not get any pension; but if he does not work, he will get something in the way of a pension. It would be far better to encourage these men to work all they could, rather than to hook the pauper's oath onto the legislation, in effect telling a man he has to be able to show that year in and year out he never made $1,000.

Just one more word about the Veterans' Administration. My friend the Senator from Texas says that if the Veterans' Bureau sits down on the bill the President will veto it. We have shown here this morning that we have enough votes to override a veto. We have voted already by about 60 to 20 to suspend the rules and to put this amendment over, or perhaps I overstated it a little and should have said 55 to 21 or 22 or 23.

Mr. President, that is not all. This is part of the independent offices appropriation bill, and there is not so much danger. Nor is that all. The people of this country are demanding justice for the soldiers, and I want to say this: That I do not think we ought to cut the salaries of Congressmen from $10,000 down to $8,500, because I cannot live and support a family on $8,500, and I do not believe any other Member of this body is doing it in Washington if his family lives in anything like the comfortable circumstances in which they lived back home. But I would far rather go back and face the American people and be able to say that I had voted to cut our salaries 25 percent than to cut my own salary 15 percent and cut the disabled veterans more than 15—up to as high as 25, or perhaps more than that.

Mr. President, if we feel that we are going to turn these people over to the mercies of an administration that has already proved itself to have been so merciless that Congress had to pass an act in order to undo what they have done, if, regardless of what they have done, we are going to turn them over, under such an amendment, to that kind of an administration, there is no use passing any law, anyway. We voted twice on this matter, and I am hoping that Senators will not now change their minds and make the figure 25 percent, and make a soldier take the pauper's oath and prove he had a pauper's income in order to qualify at all; but that is what the amendment of the Senator from Texas means.

I predict that if we adopt the amendment of the Senator from Texas we are going to arouse the public to a greater extent than they are aroused now, because under the exemptions and qualifications the bill makes it is not going to do the soldiers very much good. It will perhaps do them less good than what they might get without our doing anything at all. I hope we will stand by the amendment of the Senator from Florida, approval of which we have already expressed by a vote of 2 to 1, and not nullify what a good amendment is intended to accomplish.

Mr. TRAMMELL. Mr. President, just one word. There was one feature I overlooked mentioning in connection with my amendment, that is, the feature which provides that when the Veterans' Administration is ready to review a case, where the man is already on the roll with service connection established, instead of requiring that poor fellow to reestablish all over again his service connection, where it is attacked by the Veterans' Administration, the burden of proof shall be upon the Government agency.

I think that is really an important feature of my amendment which is not in the amendment proposed by the Senator from Texas.

Mr. LONG. Mr. President, I want to call to the attention of Senators the fact that not only would this amendment of the Senator from Texas require a veteran to go into court and establish his case again, and bear the burden of proof, but it would wipe out that part of the amendment of the Senator from Florida which undertakes to correct that injustice, but he has to go back all over again. There is something else. He has not only to go through the mill again, but he has to prove he is not making $1,000 or cannot inherit $1,000, and that there is no one who is going to give him $1,000, in order to get a pension.

Mr. STEIWER. Mr. President, I do not care to detain the Senate to debate this matter further, but I want to make this announcement, that I have modified the language of the proposal which I sent to the desk earlier in the afternoon to have read, so that it now provides all the protection that was provided at the time it was read, and, in addition to that, contains a provision against the reduction by more than 15 percent of the pensions of the veterans of the Spanish-American War or of the widows, orphans, children, or dependents of such pensioners.

This proposal is substantially the proposal of the Senator from Florida [Mr. TRAMMELL], except for some changes in language. I do not care to argue it at this time. I speak of it merely for the reason that if the desire of the Senate is to vote for a provision limiting the cut to 15 percent, instead of 25 percent, it will have the opportunity to do that without voting for the substitute offered by the Senator from Texas; but in case his amendment shall be voted down, I will offer mine. Of course, if his amendment should be agreed to, mine would not be in order.

Mr. COPELAND. Mr. President, I am sure every Senator has been shocked by the administration of the veterans law. I know I have been. I am not going to take the time of the Senate to recite cases beyond those I have already mentioned, but I know that Congress never intended that there should be such radical reductions as have been made in the cases of veterans who lost in combat both legs and perhaps both arms or their sight. I know that we never intended to have things like that happen. No Senator ever expected they would happen.

My feeling now, Mr. President, is that we must be very sure that we are enacting into law terms so definite that nobody called upon to administer the law can fail to do justice to the veterans. I, myself, am not satisfied with the substitute proposed by the Senator from Texas. To begin with, it is shocking to think that a pauper's oath must be taken. We have been appealed to year after year by veterans not to have such a provision in any law which we might enact. It is humiliating to the man who has fought for his country to have to take the oath that he is so poverty-stricken that his income falls below the limit proposed by the law itself.

Mr. President, the Senator from Florida has modified his amendment in such a way as to take care of the Spanish-American War veteran. As I view it, this group of veterans has been outrageously treated; and when I know that a man who is past 70 years of age, who is almost ready to die of heart disease, a man who was a major in the Spanish-American War and who was wounded in that war, whose compensation was cut down within 1 week—only last Saturday—from $50 to $8, I, myself, do not want to depend upon regulations. The Senator from Texas, in his amendment, has proposed regulations.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from New York yield to the Senator from Texas?

Mr. COPELAND. I yield.

Mr. CONNALLY. The Senator from Texas inserted that provision not because he favored it, but because he thought it would be more practicable. So far as the Senator from Texas is concerned, he is willing to modify his amendment and eliminate the clause about regulations.

Mr. COPELAND. I am glad to hear what the Senator has said. We do not want any regulation provided for.

Mr. CONNALLY. If I may do so at this time, I will now modify the amendment in that respect.

Mr. COPELAND. Mr. President, so far as I am concerned, I shall vote for the Trammell amendment. Perhaps 15 percent is not the figure which should be fixed, but after we shall have finished this bill it must go to conference. There will be a real conference. This country has been aroused by the injustices and the cruelties perpetrated in the interpretation of the law which we passed last spring. In consequence of the fact that the country is aroused, the administration is aroused.

I would be among the last to believe that the great-hearted President of the United States knew anything about the cruelties imposed by these regulations; he did not know that; he cannot know everything that is going on. But the administration now knows that the Congress wants justice done to the veterans who were disabled in combat during their service.

Mr. President, we can well afford to accept the amendment of the Senator from Florida. Then if in conference it seems wise to change the figure from 15 percent to 20 percent or to 25 percent, the proposition will come back to us for our approval. The amendment proposed by the Senator from Florida, however, is clear-cut; he who runs may read; and there will be no doubt about how the veterans will be treated if it shall become a law.

Mr. President, I hope that the Connally amendment will be defeated and that the Senate may adopt the amendment offered by the Senator from Florida.

Mr. KING. Mr. President, I have been in attendance upon the Committee on Finance and the dirigible investigation, so that it has been impossible to be present during the consideration of the bill now before the Senate.

I am advised, however, that amendments have been adopted to the pending bill which will necessitate an appropriation of more than $160,000,000. This means a material modification of the program of economy which it was expected the administration would carry into effect. The Democratic administration has been receiving no little praise on account of the economies which it was believed were being effected. Democratic leaders, as well as the press of the country, have claimed that the policies inaugurated by the President would reduce governmental expenses for the next fiscal year at least $1,000,000,000. Much of the enthusiasm for President Roosevelt has grown out of the belief that he has earnestly contended for the reduction in the expenses of the Government and has suggested plans to accomplish that result.

The people of the United States were dissatisfied with the enormous expenses of the Federal Government under the last administration, and they likewise were dissatisfied with the heavy burdens of taxation which were imposed upon them by the States and their political subdivisions. It is not too much to say that there was a revolt against the heavy burdens of taxation. State legislatures were compelled to inaugurate reforms in most if not all of the branches of the State governments, and the officials in counties and municipalities and school districts, under the pressure of public opinion, were likewise forced to reduce administrative expenditures. During the past few years the burden of taxation throughout the United States has created resentments and indignations among the people until many law-abiding citizens have indulged in most violent criticisms of public officials and of the Government itself.

The triumphant election of Mr. Roosevelt was in part due to the conviction that he would inaugurate reforms in the Government and reduce its expenses. The platform of the Democratic Party which pledged a 25-percent reduction in the expenditures of the Government met with the hearty approval of the people.

I repeat when I state that the people believed the promises made in the platform; they had confidence in Mr. Roosevelt; and the various addresses which he delivered in the campaign strengthened their confidence in him. His inaugural address confirmed the high esteem in which he was held by the people, and they looked to him to inaugurate reforms and carry out economic and political policies that would lift our country from the valley of depression and restore prosperity to the people. That he has earnestly addressed himself to accomplish the promises made by the party, all must concede. His leadership has been unchallenged, and measures which he has supported have won the approval of the people. Of course no party can avoid errors, and no leader no matter how great he may be, will prove infallible. But it must be conceded that the measures adopted by the administration arrested dangerous forces which threatened the integrity of our industrial and political system. It is not too much to say that he turned the tide of disaster and converted sinister forces into instruments of progress and victory.

Speaking in a general way and without having in mind the provisions of the bill before us, I beg leave to suggest that there must be no faltering upon the part of the Democrats in carrying to fruition those measures and policies that will revive business, restore confidence, and bring concord, peace, and happiness to the people of our country.

The overwhelming victory gained by the Democrats at the last election imposes serious and solemn obligations upon the Democratic Party. History is replete with examples of great victories being turned into defeats by reason of the follies and blunders of the victors. The Democratic Party cannot assume that its great victory will carry the party forward indefinitely to succeeding successes and triumphs unless the members of the party individually and in their corporate form hold high the standard of justice and execute sound and rational policies.

The party, to commend the confidence of the people, must live up to high standards of morality and justice; it must possess courage and resoluteness; it must execute plans resting upon solid foundations; it must not be a party of opportunism or be led by every wind of doctrine which for the moment may meet with current approval.

The Democratic Party has before it a heavy responsibility. It must not depart from policies resting upon morality and justice. It must build not alone for the present but for the future. It must appreciate that society is not static, that evolutionary forces operate in the economic and political world as they find expression in the biological world.

Democracy is not a class political creed, but it is a philosophy broad enough to envelope people everywhere and to bring to them the rich fruits of progress and national and international peace and prosperity.

Recurring to the question of economy, we must not forget that for a number of years the Democrats have been denouncing the Republican Party for its unwise and unsound policies and for the unnecessary and indeed extravagant appropriations made in behalf of the Federal Government. It has been charged that the Republican Party has built up a powerful bureaucracy, increased the number of bureaus and Federal agencies, and added tens of thousands of names to the list of the Federal personnel. We insisted that taxes should be reduced, Federal expenses should be cut, and that the Budget should be balanced.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New York?

Mr. KING. I yield.

Mr. COPELAND. If we had reduced our own salaries 25 percent, if we had applied the 25-percent reduction to the employees of the Government, then I would take the position the Senator takes; but when we dealt with ourselves we made a 15-percent cut, and we ought not to do more in reducing service pensions than we have done in the reduction of our own salaries.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. Senators who have made that statement must know that the 15-percent reduction was a uniform reduction applicable to all, and that this amendment provides the maximum reduction which may be made even in case of one who does not need any Government aid at all, and the reductions on the average may be much less.

Mr. KING. Mr. President, the Senator from Arkansas has made a suitable reply to the interrogatory of the Senator from New York. More could be said showing its inapplicability to the bill under discussion, but I shall not be diverted from the thesis to which I was directing my attention.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. KING. I yield to the Senator from Minnesota at his request.

Mr. SHIPSTEAD. I thank the Senator. I wish to compliment him for the fine addresses he has made in the Senate on the subject of economy. I know the Senator is a humane man. I have here a memorandum showing the reductions made in pensions to wounded soldiers of the last war, and to show what the reduction means, I will read a typical case. Gunshot wound——

Mr. KING. I do not want to yield for the Senator to make a speech. I suggest that he make the statement in his own time.

Mr. SHIPSTEAD. I wanted to ask the Senator if he considers that it was an extravagance to cut the compensation of the wounded veteran of whom I am about to read, in the manner in which it has been cut?

Mr. KING. Mr. President, I am not discussing particular cases, nor am I contending that some proposed reductions in the claims and allowances and compensation of some veterans are just. Indeed, it is quite likely, in examining and classifying the various claims for compensation, mistakes have been made which call for correction. I think before I conclude—and I shall be very brief—that the Senator's question will have been answered, if I have not already answered it.

Mr. SHIPSTEAD. Very well. I will not impose upon the Senator.

Mr. KING. Mr. President, as I have indicated, I have been speaking in a general way and without reference to the bill before us or the amendments which have been recently under consideration. It has been my purpose rather to direct the attention of Democratic Senators to the pledges of their party, and to impress upon both Republicans and Democrats the importance of economy in the administration of the Government. Notwithstanding the improved condition of the country during the past 2 or 3 months, there are still obstacles to overcome and thorny paths to tread.

It is no easy task to rescue a patient who has been suffering for a long period and to bring back health and strength to the afflicted one. We have been suffering for a number of years from serious maladies which have produced a most serious if not a dangerous condition. A restoration to health will not come promptly, and, as I have said, we will reach the summit only after overcoming difficulties and encountering many vicissitudes.

Notwithstanding the heavy burdens of taxation, the deficits during the past 3 years have been stupendous. The deficits for 3 years will aggregate nearly $6,000,000,000. To meet the confused situation in our country, to relieve unemployment, and to provide for the destitute will require further enormous sums. Additional borrowings will be required by the Government if a program for economic rehabilitation is carried out. Such a program, all agree, is imperatively required; and yet the credit of the country and the Government must not be impaired; its prestige must not be weak-

ened. Reforms must be inaugurated in the Government, and every reasonable effort must be made to reduce the operating expenses of the country to the lowest possible level consistent with efficiency and imperative requirements.

Responsibility rests upon the Democrats to meet the situation. If they fail they will be subject to severe criticism and their great victory may be turned into defeat. It has been said that the expenses of the Federal and State governments and their political subdivisions impose tax burdens upon the people greater than those which the people of any other country are compelled to meet. Certain it is that between 25 and 30 percent of all the earnings of all the people of the United States during the past 3 or 4 years have been taken from them by the taxgatherers to meet governmental expenditures. These heavy burdens are obstacles in the pathway of economic recovery, and, therefore—that is the point which I am attempting to make—every reasonable effort should be made to reduce expenses and lessen the burden of taxation.

The people have been following President Roosevelt because they believed that he stood for economy and would put into execution plans that would materially improve the condition of the people, and he has received generous support in his efforts to obtain the results desired.

Mr. CUTTING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New Mexico?

Mr. KING. I yield.

Mr. CUTTING. The Senator says that the Democratic Party pledged that the expenses of the Government should be reduced 25 percent. Does the Senator consider that the Democratic Party pledged that one half of that saving should be taken out of the disabled veterans?

Mr. KING. Mr. President, as I have stated—and the Senator, of course, was not paying attention to what I said, and I cannot blame him for that——

Mr. CUTTING. I have been listening with great care to the Senator.

Mr. KING. I was not directing myself specifically to the measure under consideration or to any of the amendments which have been offered to the bill before us.

However, I do not hesitate to state that appropriations have been made to individuals who were not entitled to the same. Mr. Hoover made recommendations calling for reductions in appropriations made to veterans in various categories. The investigations which were made by committees of the House and Senate, in my opinion, revealed that there should be reductions in appropriations carried in pension and veteran appropriation bills. Some veterans were not adequately provided for, and some were receiving compensation in excess of what was fair, and others were entitled to no compensation. One of the purposes of the so-called "Economy Act" was to enable the administration to make a searching investigation of the entire matter, with a view to correcting any injustices either to the Government or to the veterans or to their families. The President is a man of broad sympathies and of exalted ideals. He desires to see that no injustice is done to anyone, and the authority conferred upon him will not be abused, but, upon the contrary, will be exercised in a manner that will meet the commendation of all patriotic and right-minded people. As I understand the fact, the President and his assistants have not yet completed their investigations under the Economy Act. They are ready to make such adjustments and such changes as will meet every situation and provide just and adequate compensation to all entitled to the same.

From what I can learn I fear that some Senators have been too impatient and have been too much inclined to criticize the administration before knowing all the facts or knowing just what the final judgment of the President and his advisors will be with respect to the matters submitted for their consideration in the economy measure heretofore passed. I feel certain that the President's final judgment upon the matter referred to will measure up to the highest standard of justice and that no one will have any reasonable ground to complain.

It is quite likely that some persons will be denied all that they demand. It has been demonstrated that some reserve officers were not entitled to the retirement privileges and emoluments which they have received. I think it is admitted that compensation and payments have been made to persons who were not justly entitled to the same. In my opinion the President will deal with this question in a sympathetic and a just manner. To deny him the opportunity to go forward and complete the task assigned to him is, in my opinion, not the wisest course to pursue. I am willing to trust the President in this matter, believing that his decision will meet the approval of all patriotic and fair-minded people. But as stated, I rose not for the purpose of discussing the bill under consideration but rather to challenge attention to the promises made by the Democratic Party and the responsibility which rests upon that party to inaugurate reforms in the administration of the Government and to bring about economies that will reduce the burdens of taxation, which bear so heavily upon the people.

Mr. BYRNES. Mr. President, solely because of the statements made as to the cost which would result under the Connally amendment if it were adopted, I want to state that insofar as the Spanish-American War veterans are concerned it would result in an expenditure of $65,000,000 in addition to the amount provided for by the regulations as at present. As to the World War veterans, under the language of the amendment as modified by the Senator from Texas so that it now includes all presumptive cases, it would add $105,000,000. That is a total of $170,000,000 that would be added to our pension bill by the amendment.

Mr. CONNALLY. O Mr. President, the Senator does not mean that. The rolls have not yet been prepared under the new regulations.

Mr. BYRNES. It would be that much more than the estimate of the Administration based upon the regulations. I want to state that I intend to vote for the Connally amendment. I am going to do it because I believe it superior to and wiser than the Trammell amendment.

Mr. WALSH. Mr. President, this is a most regrettable situation. It is unfortunate that these proceedings correcting the alleged errors in veterans' regulations should be taking place in the Senate without committee consideration or action by the Executive. It might be well to inquire why we are taking the course that we are now assuming as Democrats here in the Senate.

First of all, everybody was agreed in the beginning of the administration that there was need of rigid economy in the Federal Government and we willingly consented to give unlimited powers to the President for the purpose of reducing the expenses of Government. Among other powers delegated him was the power to change and modify the compensation and pensions of war veterans. Since the President promulgated his regulations some weeks ago it has become apparent to everybody everywhere, that there are certain unmistakable injustices in those regulations. It has been apparent for weeks even to the opponents of veterans' benefits that those regulations went too far. They are too drastic—this is generally recognized in all quarters. The Economy League, that fought bitterly for reduction in the compensation of veterans, never attempted or suggested the extreme lengths to which some of those regulations have gone.

What is the situation now confronting me and confronting you and you and you? Are we, knowing there is an injustice perpetrated, going to vote to remedy it when we have the opportunity or not? I, for one, did not propose all these amendments. I have been willing to wait until the President acted by modifying the regulations. But when Senators rise here and put the issue to me, "Are you now going to correct these injustices or are you going to wait and take another chance as to whether they will be corrected?" I say there is no other course for us to pursue except the one we are now pursuing, and that is to pass upon each of these amendments on its merits.

It is regrettable and unfortunate, and there is only one way to prevent it, because the Senate is saturated with the

feeling that through these regulations an injustice or several injustices have been done the veterans. The way to accomplish the desired result is for the President to modify the regulations. That is the much better way, the safer way, the sounder way, than to try to legislate here without carefully drafting the necessary changes upon the floor of the Senate.

To be sure my good friend the Senator from South Carolina [Mr. BYRNES] has stated that the President intends to do it, but the answer to that is, that that is the very answer we got when we passed the Economy Act, that the President would do the just thing. He intended to do it. He has indicated that he intends to make necessary changes. The Senator from Idaho [Mr. BORAH] hit the mark the other day when he stated that was the trouble whenever we delegate authority to another; that the man to whom we delegate it does what he thinks is a just thing, but it is not necessarily the thing that is just when we weigh the consensus of opinion of 96 men. What we are confronted with now is whether, knowing there is admitted injustice, we will adjourn and go back to our constituents and hear their complaints and statements of discontent—and I repeat, the worst enemies of the veterans everywhere admit there are injustices in these regulations—or correct them in a sensible way.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from South Carolina?

Mr. WALSH. I yield.

Mr. BYRNES. I simply want to say that I do not believe the Senator from Massachusetts was in the Chamber today when I made the statement, not as to what is to be done, but the definite statement that, so far as Spanish-American War veterans are concerned who are affected by the amendment introduced by the Senator from Washington [Mr. DILL], the President has definitely determined that as to those veterans there will be a fixed mimimum rate of $15, and that as to those suffering disabilities there would be fixed higher rates, not yet definitely determined upon, but to be determined in the future; that the cases of presumptives should be considered not wholly with the idea of going into each case to determine that some should remain and some should not, but to place them on a basis where they could remain and be paid some compensation on a different basis from the directly battle-wounded veterans.

Mr. WALSH. I did not hear the statement. I know the Senator has been most zealous and most desirous of bringing about modifications, and I think it is regrettable that the Senator, fighting for the position of the administration here on the floor of the Senate, should be confronted with a wave of protest resulting from the injustices which we all admit exists. Yet here and now is, apparently, our only chance to correct the injustices in the absence of a proclamation by the President before the Congress adjourns.

Mr. President, I rose simply to show what the feeling is here what it is in the country, namely, that there are injustices that ought to be corrected. But this may not be the place to correct it. The one who can correct it—the President of the United States—ought to modify the regulations and let us end this controversy, instead of having one amendment going to one extreme and another amendment going to another extreme. We have rewritten one proposed amendment at least half a dozen times, and the end is not yet, apparently. I am going to vote for it. The Senator says he is going to vote for it. Why is he going to vote for it? It is because he sees it is the only chance we have to prove that we are trying to correct these injustices in the absence of action by the Chief Executive, who issued the proclamations that changed existing benefits.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. WALSH. I yield.

Mr. CUTTING. Of course I accept every word the Senator from South Carolina says as being 100 percent in good faith, but may I remind the Senator who is speaking that when the bill was under consideration he himself stated on the floor of the Senate that the President would make no cut and no reduction of any appreciable amount in connection with the veteran whose compensation is based upon disability as the result of direct service. Of course the Senator was equally in good faith when he made that announcement. He was taking it from those whom he assumed would live up to the pledges they made. The point I make is, How can we accept any assurance which would prevent us from doing what is the bounden duty of the legislative body?

Mr. WALSH. Mr. President, the Senator from New Mexico has corroborated what I have been trying to say, that when men say injustices have been done and the opportunity is given to correct them, they will not rely upon promises of what may happen in the future. They are going to act when their action can change an injustice into an act of justice. Therefore, I say that what we ought to do is to adjourn now and come back Monday, and let the President in the meantime make the modifications that he feels and that we feel and that I am sure his advisers must feel are necessary in order to correct the errors and yet not destroy the principle of economy that we are all desirous of upholding to reasonable limits. The regulations can be modified reasonably and cautiously and intelligently, and the one person who can do it is the President by proclamation which would remove these injustices.

Am I stating what is in the interest of the administration or what is in the interest of the soldier or what is in the interest of the country, or am I simply here protesting and criticizing without offering anything constructive?

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. WALSH. I yield.

Mr. DILL. I want to say to the Senator that it is my understanding that the administration is unable to revise these regulations at this time, so we are told.

Mr. WALSH. I do not want to criticize the administration, but I believe they have discovered the injustices that every man on this floor has discovered and I believe they will make the necessary changes. But the Congress is impatient and will not delay.

Mr. DILL. They admit there are injustices, but they say they cannot make the changes immediately. It seems to me the Senate can well indicate here and now by this amendment that we propose that at least they shall not go above 25 percent in any of these cases. That is a fair and just and reasonable proposal indicating our view of how the Economy Act should be administered.

Mr. WALSH. Does the Senator believe, in view of what he has seen in the Chamber today, that the Senate is going to stop with this amendment?

Mr. DILL. I do not know. I rather think it will if it is adopted.

Mr. WALSH. I think, before we get through, there will be several amendments to this bill.

Mr. ASHURST. Mr. President, will the Senator yield to me to make one observation?

Mr. WALSH. Certainly.

Mr. ASHURST. Being conscious, as I am sure most Senators are, of some errors and injustices in the regulations, I must say if we, Senators, realizing these errors, fail to correct them when we have the power and the opportunity to do so, how childish and puerile it would then be for us to criticize the President and the Budget Director, when we, having the power to make the corrections, fail to do so because, forsooth, it might not be convenient to us, or because of some parliamentary difficulties!

We should proceed to make needed corrections, and right the injustices and wrongs. Then, at least, we will have done our duty.

Mr. WALSH. I agree with the Senator; but does not the Senator think it would be better if the President would do it?

Mr. ASHURST. It would be well if the President would do so. I prefer that Congress should. It might be easier to leave it to the President. It might not be so irksome to us. It might not be so tedious; but let us do our duty.

Mr. WALSH. It is quite apparent that Congress is going to do it unless the Senate adjourns and the President acts before this bill is disposed of.

Mr. ASHURST. I should prefer that Congress do so, because Congress committed the wrong.

I, somehow, cannot get away from the idea that it is unsportsmanlike and unfair to grant power and then complain.

Mr. WALSH. Of course, logically carried out, that means that the Senator is going to vote for amendments that will correct the injustices called to his attention. Other Senators will do the same, and so will I.

Mr. ASHURST. I shall indeed vote for every amendment that I think tends to correct an evil or an error. I voted for the amendment of the Senator from Florida [Mr. TRAMMELL], and I shall vote for other amendments.

The Economy Act is not sacrosanct. The Economy Act is similar to any other law. We have the right to change the same. We have the power to do so, and I reserve to myself the right to vote to change the Economy Act or any other law.

Mr. WALSH. The Senator's position is absolutely sound.

Mr. ASHURST. I endorse the able speech of the Senator from Massachusetts. He has correctly horoscoped the situation. Unless these obvious errors are corrected, it might have the effect of repealing and nullifying the whole Economy Act.

It is wise, Senators, to make timely concessions. There is no matter of pride involved here. Sometimes a timely concession will avoid the necessity of a humiliating surrender on an important point.

Mr. WALSH. I thank the Senator from Arizona.

Let us be practical. The Congress adjourns in 2 weeks. The Senator goes back to Arizona. I go back to Massachusetts. A constituent confronts you and says, "Do you think those veteran regulations were just and proper?" "No." "Why did you not correct them?" "I left it to the President."

Mr. ASHURST. Mr. President, if the Senator will yield——

Mr. WALSH. I yield.

Mr. ASHURST. No man is going to get me into such a cul-de-sac. I am going to vote against adjourning unless and until these abuses are corrected.

Mr. WALSH. I feel as the Senator does. Especially when the Senator has put up to him, as a Member of the Senate, an amendment correcting obvious injustices, he is going to act.

Mr. ASHURST. Certainly.

Mr. WALSH. The Senator cannot say, "I voted against the amendment because I thought the President would do it. I surrendered my power."

Mr. ASHURST. I do not think it ought to be or will be construed by the President or by the Budget Director to be offensive to say that it is possible for them to make a mistake.

Mr. WALSH. But they may not have appreciated that Congress was rampant with a feeling that they had a duty, before they adjourned, to rectify these alleged injustices.

Mr. ASHURST. That might be true.

Mr. WALSH. That is the whole situation—that Congress is determined to use whatever weapons and means it has, on motions to suspend the rules for amendments, to do what? To embarrass the President? No; to correct what they are convinced and know and believe are injustices in the veterans' law.

Mr. ASHURST. Mr. President——

Mr. WALSH. I yield to the Senator from Arizona.

Mr. ASHURST. I should like to add one sentence. I look upon it, in one phase, just as if Congress had summed up a column of figures and had made an obvious error. Would Congress be so stiff-necked, so arrogant, as to refuse to correct the error?

Mr. WALSH. Especially if the one who set down the figures did not correct the error.

Mr. BORAH. Mr. President——

Mr. WALSH. I yield to the Senator from Idaho.

Mr. BORAH. It appears from the vote here that the Congress has arrived at the conclusion that these injustices have been done, and we ought to correct them. It seems to me that when we go home and meet our veteran constituents, of whom the Senator speaks, they will ask us why we did not correct them. We are the legislative body. We are the body that called them to war. We are the body that placed them in a position where they suffered as they have suffered, and we are the body that passed the law in the first place. They will ask us, "Why did not you, as a legislator, seek to correct these things? Do not put it on the President. Assume the responsibility yourselves."

Mr. WALSH. The Senator is exactly right.

Mr. President, I do not care to say anything more except, in conclusion, that I should like to see those in charge of this legislation, and those who want harmony to exist between the majority party here and the Chief Executive, arrange between now and Monday morning for modification of these regulations in a scientific manner and not in a haphazard manner, such as may be inevitable by reason of voting on the amendments hastily prepared, not in committee but on the floor of the Senate. Without this assurance it will be the duty of many of us to vote for remedial amendments that enlarge the scope of existing regulations, even if not scientifically drafted.

Mr. SHIPSTEAD. Mr. President, I have here a list of 50 typical cases of service-connected disability that were placed in the RECORD on yesterday afternoon. Let me read for you one typical case of a soldier suffering from the following:

> Gunshot wound right thigh, right knee through and through; left leg through and through, with fracture upper part of left fibula, previously rated permanent partial, 15 percent, or $15 per month, under Public, No. 2, Seventy-third Congress, 10 percent, or $8 per month.

I want to know if there is any man here in the Senate who thinks it is extravagant to pay that man $15 a month. Is there anyone here in this Congress who takes that position—a Congress many of whose Members voted to cancel the debt to the foreign governments; a Congress many of whose Members voted for the Hoover moratorium, costing the Federal Treasury $250,000,000, for the benefit of the banks of London and New York; a Congress many of whose Members have voted by the hundreds of millions and the billions of dollars to take the money of the Federal taxpayers out of the Treasury and give it to corporations, many of which made more millions during the war when these boys were suffering in the trenches?

This is a typical case out of the 50. So far as I am concerned, I want the RECORD to show that I am in favor of economy, and I will go as far as anyone in economy; but when we come to take it out of these men that we sent into the trenches to be shot up, and who were shot up, I am in favor of no economy at all. I am absolutely opposed to cutting the compensation of any wounded veteran of the World War, or of any other war.

Mr. CUTTING. Mr. President, I hesitate to say anything about the legislation which is now under consideration, because there is very little to add to the detailed speech which the Senator from Oregon [Mr. STEIWER] made the other day. In view, however, of some of the misstatements which have been made in the press, and in view of some that have been made on the floor of this Chamber, I think it is fair to submit 2 or 3 general considerations which ought to be present in the mind of every Senator before he votes on these amendments.

In the first place, what is the basis for soldiers' compensation?

Since the foundation of this country we have adopted the policy that the Government should take care of those who had been injured in its military or naval service. It is a policy which, of course, did not originate in this country. It has been adopted by every civilized nation in the world.

When, as in the World War, by congressional action we draft into the service of the United States and send abroad into the field a certain proportion of the manhood of the country, we are under an even more stringent obligation than that which applies to men who volunteered their services, taking their own chances. The Congress of the United States is directly responsible for every injury incurred by every veteran whom it drafted into the service in 1917 and 1918.

Congress was generous with these men when they came back. The people of the United States wished them to be generous; and the early legislation passed at this Capitol was legislation of a most liberal character. It was the administration of the various laws passed by Congress which came more and more into disrepute.

Instead of giving the benefit of the doubt to individual cases of veterans, as was provided in the original legislation, the Veterans' Bureau gradually adopted a policy of paring expenses, of resolving a doubt against the veteran and in favor of the Government. As a result of that policy, Congress felt obliged to amend the original act on repeated occasions to correct some manifest injustice applying to individual cases.

Each time the Congress amended the original act it took care of an individual injustice, and inevitably in many cases allowed a certain number of unworthy applicants to appear upon the rolls.

One of the amendments adopted very early in the history of this legislation was that dealing with presumptions—an amendment which has been thoroughly described today by the Senator from West Virginia [Mr. HATFIELD], himself an eminent physician.

The reason for that legislation was that in cases of tuberculosis, of nervous disorder, of cancer, of many other diseases of similar character, it was impossible for anyone to prove his service connection, although, by a liberal interpretation of the original clause giving the service man the benefit of the doubt, he should have been included on the original roll.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Arizona.

Mr. HAYDEN. I served as a member of the Committee on World War Veterans' Legislation in the House of Representatives when the presumptive clause was debated and enacted. I can state authoritatively to the Senate that it was not done casually or from a wanton desire to add expense to the Treasury, but that we took the very best medical testimony obtainable, and the law which presumes the service origin of certain disabilities is based upon that testimony.

Mr. CUTTING. I thank the Senator from Arizona. He states the facts with entire accuracy.

The Senator from West Virginia [Mr. HATFIELD] said this morning, and has repeatedly testified before committees of this body, that the presumption of 5 years was medically not long enough; that it should have been 10 years. Some presumption obviously was necessary; and in response to that necessity, as the Senator from Arizona says, Congress adopted that method, not casually but deliberately, and with consideration of every factor involved.

In 1930 we found there were still a great many veterans who had suffered in the service who were not able to prove their service connection. It was then a question as to the best way to take care of them.

I opposed the bill which was ultimately adopted on the suggestion of the Senator from Pennsylvania [Mr. REED], providing that men could be placed on the rolls without showing that their disabilities had service connection. I do not wish to enter into any controversy on this question, because it was a question of opinion as to the best method for handling these cases. But as a practical matter of history, the adoption of that amendment brought on the rolls a great many cases which were, theoretically at least, indefensible. Not all the people admitted to the rolls were indefensible cases, as the press has led so many to believe. A great many of them were cases whose disability was directly due to the service, but who were unable to prove it by a method satisfactory to the Bureau. In addition, of course, there were some undeserving cases.

During the last year the country has been bombarded by a series of articles by special writers digging out the undeserving cases, some of them coming under this disability allowance clause, others coming under the disabled emergency officers' retirement law, and these writers have published those facts to the country as though those cases were typical, although I think I am conservative in saying that there was not 1 case in 20 on the rolls which was not more than justified, if the history of the individual were carefully enough looked into.

As a result, a sentiment was built up against the veterans as a class. When the economy bill was before the Senate the average member of the public believed two things which were absolutely inconsistent with each other: First, that the Economy Act would strike from the rolls only cases which were not connected with the service, and, secondly, that the Economy Act would save between four and five hundred million dollars.

Both those things could not be true. Not more than perhaps a hundred and twenty-five million dollars was saved by cutting out the non-service-connected cases.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. WALSH. Does not the Senator think the fact that while the Economy Act was pending before the Congress the banks of the country were closed had a very great influence on the momentum and support given to that measure?

Mr. CUTTING. I am sure of it. I am not trying to allocate blame to Members of this body or to anyone outside of this body. I am trying to explain what happened.

The bill itself was camouflaged as a bill to maintain the credit of the United States. A few days ago the distinguished majority floor leader, the Senator from Arkansas [Mr. ROBINSON], stated that everyone knew that a bill of that sort was necessary.

I deny the necessity for that legislation. I do not believe that the credit of the United States was enhanced in any way by the passage of that measure. The credit of the United States, in the last analysis, depends on the labor, the production, and the purchasing power of the individual citizenship of the United States, and on nothing else. Even if these cuts had not been made in war-connected cases, even if they had been justly made, nevertheless, the decrease in purchasing power involved was to that extent one more factor in intensifying the depression in this country.

Many Senators no doubt thought that we were merely rectifying some excessive favoritism which had been given to the veterans in the past. The distinguished Senator from Ohio [Mr. FESS], in response to a query the other day by the Senator from Wisconsin [Mr. LA FOLLETTE], spoke as follows:

> The Senator from Wisconsin has said that we were told over and over that $400,000,000 would be saved. I do not think that impressed anybody in the Senate when that sort of talk was being indulged in at the time the economy bill was under consideration, because none of us could see where that amount of money could be saved.

I am sure other Senators took the same point of view. In other words, the administration made two statements, one that they were going to save between four and five hundred million dollars, a specific statement, and that statement apparently Senators did not believe; and the other, a vague statement, that the law would be administered with justice and sympathy, and with due consideration for the interest of the veterans. Senators believed the vague pledge and disbelieved the specific one. I hope that they will not fall into the same error this afternoon.

The Baltimore Sun, one of the great newspapers of the country, contains this morning a leading editorial entitled "Veterans." I will not quote it in full, and I merely mention it because it is typical of the confusion of thought into which the country has fallen on this issue. It begins by saying:

Senators and Representatives who have set out to fight the President's reorganization of the system of veterans' payments do not seem to be aware of what it is all about. To judge by their critical blasts on the floors of the two Houses or in statements to the newspapers, the President is a ruthless fellow who has undertaken to deprive hundreds of thousands of indigent but deserving heroes of their only sustenance. * * *

This sort of talk is all very well for campaign purposes, but it is not the way things really are.

Congressional disregard for the unorganized majority of taxpayers was responsible for the pension system in the first instance.

It goes on to say that Members of Congress are not aware of the difference between cases connected with the service and cases which were not connected with the service, and that while all the talk on the floor of the Senate had been in favor of the battle-scarred veterans, yet the real interest is to get back on the rolls men whose disabilities were not connected with the service in any respect. Says the article:

The congressional breast beaters ought not to be allowed to defeat this imperative reform merely to curry political favor with a few privilege seekers. They ought not to be allowed to masquerade as champions of the battle-scarred soldiers when, as a matter of plain fact, they are merely urging the perpetuation of a system of disgraceful abuses in which the battle-scarred veterans have no part.

Mr. President, the distinction which is habitually made between service-connected and non-service-connected cases is in many respects a misleading one. No human being in the world is able to say in any particular case, unless there is an overwhelming amount of specific proof, as to whether a particular disease was or was not actually caused by the service. The cases which have been on the rolls cannot be divided into service-connected and non-service-connected.

The only real distinction is with regard to the degree of proof. Cases can be divided into three classes: First, those who could prove their service connection, and by the workings of the Veterans' Administration that practically meant those who could prove service connection beyond a reasonable doubt; second, those who could not prove service connection, but whose service connection was presumed by reason of symptoms occurring within a certain space of time; and, third, those who were not required to prove service connection at all. In the latter class were included many most worthy cases who simply were unable to furnish irrefutable proof. Practically the entire mass of the veterans of the Spanish-American War came under this third class. They did not have to prove service connection, and, as the President has stated in one of his regulations, it is practically impossible in most cases for them to do so. Those are the cases which the critic of the old veteran's law asked us to leave off the rolls permanently.

The first class of cases, those who could prove service connection under the old law, are the only ones taken care of by the amendment which I originally offered and which the distinguished Senator from Arkansas has accused me of repudiating now that the Senate has voted for a more substantial measure of justice. It included a very small proportion of those deserving cases who have been cut off the rolls under the regulations issued since the middle of March. That particular group was a group which the Senate was assured before it voted on the Economy Act would be retained on the rolls.

As I stated a moment ago, during the speech of the Senator from Massachusetts [Mr. WALSH], that Senator, in offering his amendment, stated as follows:

It has been assumed that the President would make no cut and no reduction of any appreciable amount in connection with the veteran whose compensation is based upon disability as the result of direct service. Therefore, what we are doing is mereby to remove any possibility of discretionary action by the President. If he had it, he has practically said he would not disturb the rates, anyway. We are simply incorporating in the bill the provision that this group of veterans—

Mr. President, that was very definite language. I know that the Senator from Massachusetts was in the best of faith in making that statement.

The amendment which the Senator offered, however, through the interpretation given to it, was not administered in the way which the Senator anticipated, and which every other Senator on this floor relying on the statement of the Senator believed it would be administered.

Mr. WALSH. The Senator's statement is correct.

Mr. CUTTING. The amendment which I originally offered was prepared hastily, because it was a question of announcing 1 day in advance my intention of moving a suspension of the rules. It attempted to take care of that particular leak which had been left in the amendment which the Senator from Massachusetts proposed to the Economy Act, and which in practice nullified the intent of his amendment.

Mr. WALSH. Mr. President, the provision, "except as to rates", which was incorporated in my amendment for the purpose of preventing the keeping on the rolls of veterans whose disabilities had been modified or changed, and therefore whose rates ought to have been changed, was incorporated in order to give power to change the whole rate structure.

Mr. CUTTING. I quite understand; and the difficulty with all this legislation is that whenever there is a loophole, we can count on the Veterans' Administration using it, regardless of anything which has been said on the floor of the Senate. The Veterans' Administration interpreted the Senator's amendment. The Senate did not give any particular consideration to the Senator's amendment. The Senate gave consideration to the Senator's speech. Se we must be careful that the actual amendments we adopt in their language, including every adjective and every adverb, be susceptible of one interpretation, and one interpretation only. If that be not done, it will make very little difference what anyone of us says on the floor of the Senate. We may give our own interpretation of our amendments, but we can be sure that the Veterans' Administration will pay no attention at all to such interpretations.

I think that a 25-percent cut is too great a cut in service-connected cases. The Senate has already voted on that question by a majority of, I think, 51 to 25, and it is too late to discuss that now. The amount of the cut, however, is less important to me personally than the keeping on the rolls of the men who ought to be there, no matter in which war they may have served.

We have been assured that deserving cases will be kept on the rolls, but no such assurance has been given to this body at this time—half as definite as was the assurance given by the Senator from Massachusetts in March—so I hope that this body will carefully examine every amendment in detail before it adopts it. My own belief is that the old regulations under which the Veterans' Administration was operating before March were on the whole a very sound set of regulations. I think the mistakes in them were very few in number. I am speaking now of the law as passed by Congress rather than of its administration. Here (exhibiting) is the old law. That is the size of it. That is the law which we repealed completely in March, wiping out every word of it, and there is not a word of it which was not put into the statute for some real definite purpose.

Now, we are told we must not be hasty; that we must not try to legislate on the floor of the Senate; that maybe we will hurt the regulations which have been drawn up; that maybe we will hurt the Economy Act; that maybe we will undo all the good which has been done.

Mr. President, I am trying to be temperate in my language when I say that in my judgment, the Economy Act was drawn up so as to exclude from the rolls every individual veteran who could possibly be excluded, and that, no matter how we liberalize that law, no matter how faulty a liberalizing amendment may be, it cannot help but be an improvement on the language of the Economy Act as we passed it in March. So I hope Senators will not be too fearful that some amendment which may be adopted on this floor will make a terrible gap in the wall of the present Economy Act, which excludes, and purposely excludes, so many deserving veterans from the rolls of the Government.

We have heard assurances as to what is to be done. I do not want to criticize those assurances, I hope some of them will turn out to be more definite than they seem to be as I

read them. I am sorry the Senator from South Carolina [Mr. BYRNES] is not in the Chamber, but I shall read his remarks so as to be sure that I do not misquote him. This is the statement which he made day before yesterday, May 31:

The President of the United States, having had called to his attention by many ex-service men the effect of the regulations, has called the officials of the administration into conference, and has stated that the regulations, insofar as they provide the rates of compensation originally announced, will not be put into effect on July 1, but that certainly, on the contrary, as to men suffering disabilities of service origin, those rates of compensation are to be increased. A final determination as to the increase has not been reached so that it could be published today, but within the next few days it will be published, and the rates which have aroused the antagonism of Senators will never be put into effect insofar as the ex-service men suffering service-connected disabilities are concerned.

Mr. BYRNES entered the Chamber.

Mr. CUTTING. That pledge—I hope the Senator from South Carolina will correct me if I am in error—so far applies only to the service-connected cases, meaning the cases which under the new regulations are service-connected and not including those which were service-connected by presumption under the old regulations.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. CUTTING. I yield.

Mr. BYRNES. The Senator is correct. I specifically limited it to the information that I had definitely, and today I added to it the definite information I had as to the Spanish-American War veterans.

Mr. CUTTING. Yes; I am going to come to that in a moment.

That is a pledge, merely with regard to that particular class of cases, that the cuts made will not go into effect on July 1, but that sooner or later some change will be made in the status of that particular group of ex-service men.

The Senator from South Carolina proceeded, and said:

The President has appointed a committee, several members of which have been selected, which committee is to visit every hospital in the country and to investigate such charges as have been made today upon the floor of the Senate as to the treatment of men and as to the facilities available in the hospitals of the country. His instructions to the committee will be to report to him so that if any injustice is done to any man by any of those who are in charge of the hospitals of the Nation, that injustice will be remedied and the facilities of the hospitals will be made available and used.

That is the second promise; that a committee is going to be appointed which will go out and study all these cases, and if the committee finds any hardships anywhere they will come back and report them, and then, at some time or other, perhaps in 1945 or perhaps in 1950, those injustices will be rectified.

Then the Senator from South Carolina went on to say:

Furthermore, by direction of the President, a review is now being made of all those cases wherein the Veterans' Administration has held that the cases came within the class of presumptively service-connected, in order that no injustice may be done to any man who was removed from the rolls because he was only service-connected by presumption.

In other words, the third promise is that the Veterans' Administration, which itself is responsible for all the injustices which have been done, is going to review those cases, is going to review its own work, and perhaps in some case or other decide that it committed a serious injustice by the manner in which it administered the law.

In addition to that—

Said the Senator from South Carolina—

in this appropriation bill there is carried sufficient money to pay for the increased compensation that will be paid as the result of the action of the President, and when the Congress meets in January next any deficiency that is necessary in order to pay the expenses of the Veterans' Administration for the balance of the fiscal year can be provided.

Here, Mr. President, I think we come back to the same sort of situation which confronted the Congress in March.

I will quote from the Senator from South Carolina a little further:

We cannot possibly give the proper consideration to amendments offered here upon the floor of the Senate for such a purpose. Whenever we have attempted any such thing the result has been disastrous. We cannot possibly do justice when an amendment is offered to provide that there shall be no cut exceeding 25 percent for service-origin cases, because under the rates tentatively agreed upon service-origin cases will be reduced not more than 18 or 20 percent on the average, which is less than the prevailing rate.

In other words, the Senator from South Carolina states, in the first place, that there will be no reduction in these service-connected cases of more than 18 or 20 percent on an average, and, on the other hand, that there is enough money provided in this appropriation bill to take care of them all. Now, all I can say is——

Mr. BYRNES. I said there was certainly enough money to take care of them until Congress shall meet in January. I do not know whether it is in the RECORD or not, but certainly that was in my statement. I did not intend to mean that it was for the fiscal year. What I said I will say to the gentleman from New Mexico, was that it would not be necessary to add to the amount, because the total amount would be sufficient to pay the compensation until January, and then when the figures had been definitely ascertained we could provide whatever amount was necessary.

Mr. CUTTING. I am glad to have that explanation from the Senator.

Mr. BYRNES. That is what I had in mind.

Mr. CUTTING. The Senator did mention the fact that there would be a deficiency bill, as I quoted him just now, but certainly in this bill there is not a sufficient appropriation to take care of that increased compensation.

Mr. BYRNES. I agree to that.

Mr. CUTTING. I wish to call the attention of the Senator to the language of the Economy Act, which in its first sentence provides a limitation on the rest of the appropriation.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield further to the Senator from South Carolina?

Mr. CUTTING. I yield.

Mr. BYRNES. I am familiar with that act, and the same language is in the Budget law, but the interpretation is such that it would not really affect what the Senator has in mind.

Mr. CUTTING. I am glad to have that assurance from the Senator, because we want to be very sure about all these things in advance.

Mr. BYRNES. I think we should be.

Mr. CUTTING. Mr. President, I think those were the three main points that the Senator from South Carolina made the other day.

This morning, as I understood him, he said that the President sometime ago had announced that there would be a review of all these cases. I assume that the Senator referred to the promise which the President made to Commander Johnson, of the American Legion.

Mr. BYRNES. Yes.

Mr. CUTTING. Then the Senator said that 2 days ago he himself had stated that service-connected cases would not be cut on an average of more than 18 or 20 percent, although they would be rated on a different basis, and he went on to add that, while no final determination had been reached about the Spanish-American War veterans, the minimum would be $15 per month. Is that correct?

Mr. BYRNES. Yes; that statement is correct.

Mr. CUTTING. And that no determination had been made as to the presumptive cases, but that consideration was being given that question, and some announcement would be made—I think the Senator said before the 1st of July.

Mr. BYRNES. I have no definite information, but the impression made upon me is that it would be made long before the 1st of July.

Mr. WALSH. Mr. President, are the presumptive cases Spanish-American War cases or World War cases?

Mr. CUTTING. I was referring to World War cases. Of course, the Spanish-American War cases are also presumptive cases under the new regulations. I do not know whether that was specifically included in the statement made by the Senator from South Carolina.

Mr. WALSH. I notice that the language was used following a reference to the Spanish-American War veterans' cases, and it seems to me the inference to be drawn is that it relates to the presumptive Spanish-American War cases. Does the Senator think it applies also to World War cases?

Mr. CUTTING. I would prefer to have the Senator ask that question of the Senator from South Carolina, because it was his statement to which I was referring. I presume that he included the World War presumptive cases.

Mr. WALSH. Was the reference to Spanish-American War cases, placing a minimum of $15, only to Spanish-American War cases that are now under the regulations entitled to compensation?

Mr. CUTTING. So I understood, but I hope the Senator will ask that question of the Senator from South Carolina.

Mr. WALSH. I wish the Senator from South Carolina would give me that information.

Mr. BYRNES. While I did not follow the colloquy entirely, if the Senator was referring to Spanish-American War veterans, my information was that, with reference to the amendment introduced by the Senator from Washington [Mr. DILL], which sought to provide a pension and a different status for those over 62, that, regardless of the disability, the minimum rate to be paid to any Spanish-American War veteran would be $15, and where there was a Spanish-American War veteran over 62 suffering from disability, that the amount of compensation would be greater, but the exact scale of increase had not been determined.

Mr. WALSH. Does the Senator understand that the Spanish-American War veterans who are now eliminated under the regulations will be restored to the list?

Mr. BYRNES. No.

Mr. WALSH. I do not understand that either. It is simply that instead of the minimum of $6 which is now provided, certain of them will be increased to $15.

Mr. BYRNES. That is it.

Mr. JOHNSON. Mr. President, it is utterly impossible for us to hear what is transpiring. We are all intensely interested in whatever it is that may be said by the Senator from Massachusetts and the Senator from South Carolina. I ask for order in the Chamber.

The PRESIDING OFFICER. Senators will please be in order.

Mr. WALSH. I understand from what the Senator from South Carolina stated that the raising of the minimum from $6 to $15 applies only to Spanish War veterans who were under the regulations on the list to receive pensions?

Mr. CUTTING. That is quite true.

Mr. WALSH. We ought to find out from the Senator also what class of veterans is meant by the second statement read by the Senator from New Mexico. Will he read it again for the benefit of the Senator from South Carolina?

Mr. CUTTING. I quoted the Senator from South Carolina as saying that the presumptive cases were being given consideration, and that an announcement would be made sometime in the near future. I assume the Senator from South Carolina was referring to World War veterans whose disability had previously been connected with the service by reason of presumption.

Mr. BYRNES. My information was that as to presumptive cases of either class, as to every other regulation affecting widows and every regulation that has been issued, they are being reviewed by the President now with the idea of making changes in them.

Mr. WALSH. With the idea possibly of a new policy?

Mr. BYRNES. What policy would be adopted or whether there would be any change, or whether a change in the rate only, I am not able to say.

Mr. WALSH. Of course, the two classes are now all off the list, and whether they should be restored in whole or in part is being studied.

Mr. BYRNES. Of course, the question as to whether presumptive cases should be returned to the list just as they were on the list at the time of the passage of the Economy Act and returned to the amount of compensation then paid, my information was that it is not in contemplation that they should be returned to the same scale of compensation as the battle-wounded veterans.

Mr. WALSH. Or even so far as the Senator knows they may never be returned to the list under the regulations?

Mr. BYRNES. That has not been determined, according to my information.

Mr. WALSH. Both subjects are still subject to review.

Mr. CUTTING. Mr. President, I appreciate very much this interruption because it clarifies the whole situation in my mind and I am sure in the mind of every other Senator. I now say with all due deference to the Senator from South Carolina that I think there is nothing in any of those pledges which should prevent Senators from going ahead with their duty and legislating in accordance with the dictates of their consciences.

What do these pledges amount to? First, a review by the Veterans' Administration of the justice or injustice of their own acts. Second, the appointment of a committee which is to go all over the country and investigate individual cases and report back at some time in the distant future. The Senator from Maryland [Mr. TYDINGS] added to that statement that the President had assured him that many members of the committee would be members of the American Legion. I submit that that makes very little difference. We could easily find members of the American Legion who are in such financial circumstances that they are not particularly interested in the welfare of the disabled. The distinguished Director of the Budget, Mr. Lewis Douglas, is a member of the American Legion. So is the Veterans' Administrator, General Hines. I am not singling out these men for criticism. I listened to the Senator from Massachusetts [Mr. WALSH] the other day when he stated he thought General Hines, personally, is not in sympathy with some of the cuts made. That is not the point at issue. These men, by reason of the regulations which have been issued, are regarded by the ex-service men throughout the Nation today as the two most rabid enemies they have in the world. The veterans are not going to pay any attention to a promise that the injustices which have been done will be rectified by those men or by any of their agents.

When we come here and say that a committee is to go around the country investigating individual cases, are we not getting back to the Hoover policy which Members on the other side of the aisle so repeatedly ridiculed? Whenever anything had to be done the former President appointed a commission to go out and investigate, and when the commission reported its conclusions, the report in several volumes would be placed in a pigeonhole somewhere in the files of the Executive offices.

That is not what the veterans are asking today. It is now 3 weeks since the commander of the American Legion visited the President. The assurance was made at that time that in the immediate future these horrible injustices of which Senators have been complaining would be rectified by administrative regulation. Do Senators realize how long it would take to correct such injustices as we have heard about on the floor of this Chamber? Just about 20 minutes. If we want a change made in any Veterans' Administration law or any veterans' regulation, and if we want it drafted in legal form, we can get an expert from the Bureau and I will guarantee it will not take 20 minutes' time to formulate the wording. There is no excuse for the delay that has occurred.

When promises are held before us, let us remember that these men are dying and that we have to act now because the Congress may be adjourned by the time the 1st of July comes, and that is the date when most of these regulations are going into effect. Even according to the promise of the Senator from South Carolina [Mr. BYRNES] the only cases

which will be exempted after the 1st of July will be the small group of cases whose service connection has still been maintained in spite of the provisions of the Economy Act. So we have to act now if we want to save any of these men. We have to know definitely what the Congress wants to do. If it wants to let these men die, then it should say so.

Mr. President, I come from a State in which about 5,000 so-called "presumptive cases" will be thrown out on the streets on the 1st of July. People say, "They could not prove their service connection." Some of them could not. But as human beings, these men who served their country, these men who cannot rise from the bed of pain and sickness, are just as deserving of consideration as the men who lost both legs or both arms. In every veterans' hospital in my State, and the same applies to my sister State of Arizona, there have been catastrophic epidemics of hemorrhages and there have been suicides, and the Senator from Arizona [Mr. ASHURST] knows it. That situation will continue. Men are going out of their minds through the fear which comes from what is going to happen to them on the 1st of July.

Mr. President, since the veterans' regulations were issued on the 31st of March I doubt if I have had a good night's sleep. I have had these cases brought to me day after day by the score and by the hundred. I am not going to read any of them to the Senate. Not one of them is any more pitiful than those which have been brought to the attention of the Senate by the Senator from Michigan [Mr. VANDENBERG] and by other distinguished Senators. They are the same kind. That same condition applies to every State in the Union. We must not leave here until we have done justice to them. We cannot salve our own consciences by believing that some way or other somewhere else some man will stand up and save these people we were not willing to save.

I think Senators realize that I am speaking with no partisan purpose in view. I certainly do not wish that any word I have said should be interpreted as a personal criticism of the President of the United States. I suppose I have known Franklin D. Roosevelt longer than any man on this floor. I have known him nearly 40 years. I regard him with the highest affection and admiration. I deserted my own party affiliations in order to support him for the Presidency. I admire the courage he has displayed in handling the affairs of the country in a time of need, even though I may disagree with some of the details of his program.

Mr. President, if all these cases were coming before Franklin D. Roosevelt, we would not have to worry about them. But they are not coming before Franklin D. Roosevelt. They are coming before the President of the United States, and when we say the President of the United States we are not talking about an individual. We are talking about a machine. We are talking about some clerk down in some bureau, somebody who is issuing a regulation or carrying out a precedent laid down by some other regulation made by some other clerk with no more authority than he has. We cannot rely on that sort of thing. We have been delaying here too long. Let us do our duty this afternoon and rectify this law insofar as we believe it ought to be rectified. That is our duty. We cannot shirk it. We cannot talk about the President of the United States. We cannot talk about partisan considerations as if they had anything to do with this question.

There is, of course, a definite question when we vote on any particular amendment as to whether it is better or worse than the language for which it is substituted. My own belief is that the amendment which will be offered by the Senator from Oregon [Mr. STEIWER] is the fairest, the most carefully constructed piece of legislation that has so far been suggested on this floor.

I know it is far better than the amendment which I prepared and introduced hastily the other day when there seemed to be little hope that the Senate would take the slightest interest in this question or bring it up for consideration at all. We have gone beyond that. The Senate has shown very clearly today that it is intensely interested in the subject and that it proposes to deal with it thoroughly and courageously and in accordance with the dictates of the consciences of its Members.

Whether or not Senators agree with me that the amendment the Senator from Oregon is going to introduce is, on the whole, the fairest of the various proposals which have been made, the general purpose of all these proposals is the same. Let us go ahead and vote. Then when we go home we can at least say to our constituents that as far as we are concerned we did what we considered our duty to those who served this country in its hour of need.

The PRESIDING OFFICER. The question is on the amendment, in the nature of a substitute, offered by the Senator from Texas [Mr. CONNALLY] to the amendment of the Senator from Florida [Mr. TRAMMELL].

Mr. CONNALLY, Mr. LONG, and other Senators called for the yeas and nays, and they were ordered.

Mr. CONNALLY. Mr. President, I ask to have the amendment stated.

The PRESIDING OFFICER. Without objection, the amendment will be restated.

The legislative clerk read as follows:

Notwithstanding any of the provisions of the act approved March 20, 1933, entitled "An act to maintain the credit of the United States Government", in no event shall World War service-connected disability compensation of any veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans, be reduced more than 25 percent of the rate being received prior to March 15, 1933.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "yea."

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is necessarily absent from the Chamber. I am informed that on this question he would vote "yea." If I were at liberty to vote, I should vote "nay." I withhold my vote.

The roll call was concluded.

Mr. HEBERT (after having voted in the affirmative). I have a general pair with the Senator from Illinois [Mr. LEWIS], who if present would, as I understand, vote as I have voted. Therefore I shall permit my vote to stand.

I desire to announce the general pair of the Senator from Vermont [Mr. AUSTIN] and the Senator from Virginia [Mr. GLASS]. I do not know how the Senator from Vermont would vote on this question.

I also wish to announce the general pair of the Senator from Delaware [Mr. HASTINGS] and the Senator from North Carolina [Mr. BAILEY]. I do not know how the Senator from Delaware would vote on this question.

Mr. KENDRICK. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], the Senator from North Carolina [Mr. BAILEY], the Senator from Virginia [Mr. GLASS], and the Senator from New York [Mr. WAGNER].

The legislative clerk recapitulated the vote.

Mr. CLARK. Mr. President, how am I recorded?

The VICE PRESIDENT. As voting in the affirmative.

Mr. CLARK. I desire to change my vote from "yea" to "nay."

The roll call resulted—yeas 42, nays 42, as follows:

YEAS—42

Adams	Coolidge	Hebert	Russell
Ashurst	Dieterich	Kendrick	Sheppard
Bankhead	Dill	King	Stephens
Barkley	Duffy	Logan	Thomas, Okla.
Bratton	Erickson	Lonergan	Thomas, Utah
Brown	Fess	McAdoo	Thompson
Bulkley	Fletcher	McGill	Tydings
Bulow	George	McNary	Vandenberg
Byrd	Gore	Murphy	Walsh
Byrnes	Harrison	Pope	
Connally	Hayden	Robinson, Ark.	

NAYS—42

Bachman	Cutting	Long	Schall
Barbour	Dale	McCarran	Shipstead
Black	Dickinson	McKellar	Steiwer
Bone	Frazier	Metcalf	Townsend
Borah	Goldsborough	Neely	Trammell
Capper	Hale	Norris	Van Nuys
Caraway	Hatfield	Nye	Walcott
Carey	Johnson	Overton	Wheeler
Clark	Kean	Reed	White
Copeland	Keyes	Reynolds	
Costigan	La Follette	Robinson, Ind.	

NOT VOTING—12

Austin	Davis	Lewis	Pittman
Bailey	Glass	Norbeck	Smith
Couzens	Hastings	Patterson	Wagner

The VICE PRESIDENT. On this question the yeas are 42, the nays are 42. The Chair votes "yea", and the amendment is agreed to.

Mr. LONG. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Would not the amendment fail on a tie vote?

The VICE PRESIDENT. It would.

Mr. LONG. Then the Chair would not have any vote, would he?

The VICE PRESIDENT. He has one, and he has already cast it. [Laughter.]

The question is on agreeing to the amendment of the Senator from Florida [Mr. TRAMMELL], as amended.

The amendment, as amended, was agreed to.

Mr. McKELLAR. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert, at the proper place in the bill, the following:

Section 5 of the Reconstruction Finance Corporation Act, approved January 22, 1932, is amended by adding after the words "agricultural credit corporation", in the eighth line of said section the following: "producers of finished articles, from raw or unmanufactured materials, the products of the soil or forest."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. McKELLAR. Mr. President, this amendment adds to the list of those who may borrow from the Reconstruction Finance Corporation; and I want to read the addition that it will make if agreed to:

Producers of finished articles, from raw or unmanufactured materials, the products of the soil or forest.

It is easily seen just what that means. It will allow certain companies—for instance, cotton mills, flour mills, and other concerns which produce or manufacture articles from raw or unmanufactured materials the products of the soil or forest—to borrow from the Reconstruction Finance Corporation.

The truth of the matter is that these companies can no longer borrow money under our Federal Reserve system of banking. They ought to be permitted to do so. They will have to go into bankruptcy if they cannot, thus throwing out of employment thousands of people who are now employed. It is my judgment that the borrowing powers are too restricted now.

If we allow banks, trust companies, insurance companies, and other companies, many of which employ very few people, to borrow from the Reconstruction Finance Corporation, certainly those companies which employ laborers, which employ thousands of people all the time, and which will no doubt go into bankruptcy unless they are able to get additional money, ought to be added to the list.

Mr. BARKLEY. Mr. President, a lot of those to whom the Reconstruction Finance Corporation have loaned money went into bankruptcy after they got the money, did they not?

Mr. McKELLAR. Not these.

Mr. BARKLEY. No; but others.

Mr. McKELLAR. I do not know to what extent banks and insurance companies and others have gone into bankruptcy. Some of them no doubt have, but if it is right to lend money to banks and to trust companies and to mortgage companies and to insurance companies, which do not employ a great number of people, I see no reason in the world why these other establishments—for example, cotton mills, flour mills, or other concerns—which employ large numbers of men, should not be allowed to have the privilege of borrowing from this institution.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator.

Mr. RUSSELL. The Senator from Tennessee has very truthfully just stated that business enterprises of this nature have been practically debarred from getting credit from the banks, despite the help extended to the banks by the Government and all the relief efforts which have been made to enable the banks to extend more credit.

Mr. McKELLAR. Mr. President, the Senator from Georgia is exactly right. These concerns have been barred from obtaining any credit from the banks. They are in the hardest kind of circumstances. They keep more people employed than all these companies which have been favored heretofore, and in order to keep them going we must give them the right to borrow from the Reconstruction Finance Corporation.

Mr. RUSSELL. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. RUSSELL. The Senator from Tennessee might also point out that if something along this line is not done there will be no market for farm products in this country.

Mr. McKELLAR. It is very hard to see how there will be. I think the Senator is exactly right.

Mr. TYDINGS. Mr. President, did I understand the Senator to say that unless they could borrow some money from the Government for these plants they would go into bankruptcy?

Mr. McKELLAR. I say this, they have not the money with which to continue in business, and, of course, it is just a question of time when they must fail if they do not have the money with which to conduct their business.

Mr. TYDINGS. Without taking exception to the Senator's amendment, we are lending not our own money but the taxpayers' money, and it occurs to me that if a concern is likely to go into bankruptcy at all, we had better not lend it any money.

Mr. McKELLAR. Mr. President, that would be true of the banks and the trust companies and the mortgage companies and other companies to which we are now lending money.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. ADAMS. I wanted to inquire whether the Senator's amendment is not broad enough practically to cover every manufacturing plant in the country.

Mr. McKELLAR. I think not.

Mr. ADAMS. What would be excluded?

Mr. McKELLAR. I have not examined as to the several companies which have been excluded.

Mr. LA FOLLETTE. Mr. President, I make the point of order that the Senate is not in order, and that we cannot hear what is going on.

The VICE PRESIDENT. The point of order is well taken. Senators desiring to have conferences will please retire from the Chamber.

Mr. McKELLAR. Mr. President, I do not want to take up the time of the Senate. It seems to me that this addition to the Reconstruction Finance Corporation's powers should be permitted. The loans must be well collateralled. That Corporation cannot lend money to these companies unless they have good security to offer. There will be no question of security, but where a company of the kind mentioned here has proper security it ought to have the right in times like these, when it cannot get the money from the banks, to go before the Reconstruction Finance Corporation and obtain the money. So I ask the Senate to agree to the amendment.

Mr. JOHNSON. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. JOHNSON. I ask merely for information, because it was impossible to follow the debate on this side of the

Chamber a short time ago. For instance, the amendment provides that loans may be made to producers of finished articles from raw or unmanufactured materials or products of the soil or forests. What has the Senator in mind?

Mr. McKELLAR. Any article; for instance, manufactures from cotton, manufactures from grain, manufactures from fruits, and other manufactures which are from the forests or from the soil. It includes all such articles.

Mr. President, I ask that the amendment be agreed to.

Mr. BYRNES. Mr. President, I desire to make a point of order against the amendment. Notice was given by the Senator of his intention to move to suspend the rules.

The VICE PRESIDENT. The Chair understands the Senator from Tennessee has given notice of intention to make a motion to suspend the rules.

Mr. McKELLAR. Mr. President, I make the motion now.

The VICE PRESIDENT. The question is on agreeing to the motion to suspend rule XVI and proceed to consider the amendment offered by the Senator from Tennessee.

Mr. BYRNES. Mr. President, I desire to be heard on this motion. The Senate should understand what would be the effect of the amendment now offered by the Senator from Tennessee.

Regardless of what particular problem may be in the mind of the Senator from Tennessee the language of the amendment is that the Reconstruction Finance Corporation shall have the power to lend money to producers of finished articles from raw or unmanufactured materials or products of the soil or forests, so that it means that, as to a manufacturer producing anything, he will have the power to borrow from the Reconstruction Finance Corporation.

Mr. WALSH. Such as furniture, cotton textiles, and wool textiles?

Mr. BYRNES. The packers, and those producing manufactures from raw materials, like the United States Steel Co., the Bethlehem Steel Co., and similar organizations.

Mr. WALSH. If this amendment should be adopted, we might as well close the banks and turn the United States Government into a big bank.

Mr. BYRNES. It means nothing else. Before the Committee on Banking and Currency amendments are pending which seek to do what is proposed here. It is proposed to have the Reconstruction Finance Corporation authorized to lend money to States, counties, and cities, to finance all of the denominational colleges of the country, to finance the potash mines of the West, the cotton mills of the South, the packers, and all other manufacturers of any commodity. If we do that, we may as well realize that it means that it will take $20,000,000,000.

Mr. TYDINGS. That would not start it.

Mr. BYRNES. The Senator from Maryland says that would not start it. If we should do that, surely there would come a day of reckoning. As long as the Christmas tree located down the Avenue has been opened to railroads, banks and trust companies, Members of the Senate have declared that it was hopeless to expect the collection of the amounts loaned. Because we made a mistake in passing the Reconstruction Finance Corporation Act, I want to know whether the Senate is going to say that because a man is a manufacturer he shall be given the right to come to the Reconstruction Finance Corporation and borrow directly. If he happens to be in some other business, that right is to be denied him. Some of the people are to be taxed in order that we may lend money to manufacturers of various commodities.

Mr. VANDENBERG. Mr. President, I inquire of the Senator whether this would include loans to manufacturers of conservation-camp toilet kits?

Mr. BYRNES. I do not know whether the Senator has been manufacturing kits or whether he is interested in that, but the amendment would include the manufacturer of any commodity.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. McKELLAR. The Senator says we would be helping the manufacturer, that we would be taking his part, that we would be legislating in his favor. Is not the same argument to be made against those to whom we are lending now? We are lending to banks, we are lending to trust companies, we are lending to mortgage companies, we are lending to insurance companies; and if so, why not treat all alike? Why not treat the business world in exactly the same way in which insurance companies and the banking world are treated? Why should we make fish of one and fowl of another? I should like to hear what the Senator has to say about that.

Mr. BYRNES. If the Senator from Tennessee will ever finish, he will hear what the Senator from South Carolina has to say about that.

The Senator from South Carolina believes that it was a mistake ever to enter into that activity, but because we made a mistake of authorizing loans to railroads and banks and trust companies is no reason why now we should say that we will go farther and make the mistake of lending to all the manufacturers of the country. When the Senator from Tennessee says it is not to help the manufacturers, I reply that whenever you lend money to me, you are helping me, and whenever you lend money to any man you help him. Whenever you tax an American citizen in order that you may be able to lend money to another American citizen, that first citizen must go out and work and labor and come and give of that money earned by his thought and his energy, so that it may be loaned to another man.

The Senator would have us provide that the Reconstruction Finance Corporation shall be authorized to lend to every corporation, individual, or partnership in the United States of America, and if we did that and established a bank here, certainly we would have to close all the banks of the country. It would be the end of any attempt to have a banking system, and it would put the Government into the business of lending money from Washington over all this Nation, with its 48 States and its 130,000,000 people, with absolutely no chance of its being done in a businesslike way.

I hope the motion to suspend the rules will not prevail.

Mr. McKELLAR. Mr. President, just one word in reply. The Senator says that we would do away with the banking business if we adopted my amendment. If we destroy the manufacturing interests of this country, especially those which manufacture articles from the soil, the banks will be out of business anyway. Why should we legislate here for the banks? The Senator from South Carolina voted for the Reconstruction Finance Corporation Act when it was passed. Why should we legislate for the banks and trust companies and railroads, and not lend money to others in a like situation? I do not think we ought to make fish of one and fowl of the other, and I sincerely hope that the rules may be suspended.

The VICE PRESIDENT. The question is on suspending the rules and proceeding to the consideration of the amendment offered by the Senator from Tennessee [Mr. McKELLAR]. [Putting the question.] Two thirds of the Senators present not having voted to suspend the rules, the motion is rejected.

Mr. WHEELER. Mr. President, I send to the desk an amendment, and ask that it be read by the clerk.

The VICE PRESIDENT. The clerk will report the amendment for the information of the Senate.

The CHIEF CLERK. On page 10, after line 17, to insert the following:

That the Civil Service Commission shall be empowered to investigate and conciliate differences between employees and their superiors in any of the Government departments or independent establishments, and to set up machinery within or without the departments and independent establishments for that purpose. To facilitate action, the head of each department or independent establishment shall, if requested by the Civil Service Commission, set up a board to make preliminary hearings and adjustments. The Commission shall have final power to enforce its decisions in every department and independent establishment of the Government and there shall be no appeal except to the President of the United States. To carry out the provisions of this act the Civil Service Commission shall be empowered to appoint a

liaison officer at a salary of $6,000 per annum, who shall have had at least 15 years of service in the Federal classified civil service.

Mr. WHEELER. Mr. President, I will state briefly the purpose of the amendment. Under the provisions of the Economy Act thousands of employees who have been in the Government service for a long period of time will be laid off. In some instances grave injustice will undoubtedly be done. The amendment provides when such wholesale laying off of employees takes place by reason of the program under the Economy Act an employee who is unjustly laid off shall have the opportunity to have his case heard and to have an appeal. It will not cost the Government anything except $6,000 that will be paid to the liaison officer, who will be some person who has been in the Government service for a long time.

I appreciate, Mr. President, that the amendment is subject to a point of order, but I was going to ask unanimous consent that it be taken up at this time, for the reason that it is exceedingly important that such employees as are about to be laid off be given an opportunity to appeal their cases and have a hearing upon them. My understanding is that this amendment has been worked out by the Civil Service Commission itself. I am likewise informed that it has the approval of the Director of the Budget and also has the approval of all the employees of the Government.

Mr. LONG. Mr. President, I am sorry the Senator has stated that this amendment has the approval of the Director of the Budget. What is wrong with it?

Mr. WHEELER. It not only has the approval of the Director of the Budget, but it likewise has the approval of the employees of the Government and their representatives, and it has the approval, as I understand, of the Civil Service Commission itself.

Mr. McKELLAR. Mr. President, will the Senator from Montana yield to me?

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Montana yield to the Senator from Tennessee?

Mr. WHEELER. I yield.

Mr. McKELLAR. Would it not be probable that under this amendment employees would be put into the various governmental agencies which have been recently established to the exclusion of others who might be employed?

Mr. WHEELER. No; that is not my understanding at all.

Mr. McKELLAR. Would not that be the natural effect of the amendment?

Mr. WHEELER. I do not think so.

Mr. McKELLAR. If those employees have the right to appeal, they would simply be transferred to some other department.

Mr. WHEELER. I do not think that would be the effect of it at all. I think it would simply have effect in cases where mistakes may be made. At the present time when a department makes a mistake and lays off an employee who is entitled to be kept on the roll he has no right whatsoever of appeal. This amendment, if adopted, would simply provide for the right of appeal in instances of that kind, and that kind only.

Mr. BONE and Mr. BYRNES addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington.

Mr. BONE. I desire to call up at this time——

Mr. McKELLAR. I think we should first act on the amendment offered by the Senator from Montana.

The PRESIDING OFFICER. There is an amendment pending.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. BYRNES. I regret that I shall have to make a point of order against the amendment offered by the Senator from Montana [Mr. WHEELER]. The Senator presented the amendment to me a few moments ago. I have not been able to read it carefully and to understand adequately what it proposes to do. I really think that an amendment of this kind should be referred to the Civil Service Committee, so that it might be carefully studied. I gather, from a hasty reading of the amendment, that it proposes to set up an arbitration board in each department and to give the Civil Service Commission the right to provide machinery to settle difficulties between the departments and their employees. I shall have to make the point of order against the amendment.

The PRESIDING OFFICER. In the opinion of the Chair, the point of order is well taken, and is sustained.

Mr. TYDINGS. Mr. President, the Senator from Georgia [Mr. GEORGE] and I have each offered an amendment which is practically the same in purview. The other day I filed a motion to suspend the rule in order that the amendment might be considered; but I understand the chairman of the committee in charge of the bill has no objection to the amendment. It will be recalled that soldiers who have been wounded in actual combat with an enemy, though not in war, as in fighting the Moros, under a strict construction of the law cannot receive hospital treatment, which is accorded to other veterans who have been injured in line of duty in war. It is to correct that situation that the amendment is drawn, and I hope the chairman of the committee will accept it.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from South Carolina?

Mr. TYDINGS. I yield.

Mr. BYRNES. When the amendment was offered a few days ago, I said I had no objection to it, and I have no objection to it now.

Mr. TYDINGS. I send the amendment to the desk and move its adoption.

The PRESIDING OFFICER. The Senator from Maryland offers an amendment, which will be read.

The LEGISLATIVE CLERK. On page 47, line 10, after the word " amended ", it is proposed to insert the following:

Provided further, That in addition to the pensions provided in this title the Administrator of Veterans' Affairs is hereby authorized under such limitations as may be prescribed by the President, and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty and to veterans of any war, including the Boxer rebellion and the Philippine insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments, and medical and hospital treatment for diseases or injuries.

Mr. GEORGE. Mr. President, may I say that the addition of the admission of peace-time veterans, as explained by the Senator from Maryland, to hospitalization is not a matter within the discretion of the President under the Economy Act. The President could not under that act authorize such hospitalization. This amendment, if adopted, will, of course, change the basic law so that the President may admit peace-time battle-wounded veterans into a hospital.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

The amendment was agreed to.

Mr. DIETERICH. Mr. President, I desire to offer an amendment which I think is agreeable to the chairman of the committee. It provides that a portion of the appropriation carried in this bill may be used to pay the expenses of patients who are housed in hospitals belonging to the States.

The PRESIDING OFFICER. The Senator from Illinois offers an amendment, which will be stated.

The CHIEF CLERK. On page 44, line 6, it is proposed to strike out " $85,273,000 " and to insert " $86,273,000: *Provided*, That not to exceed $1,000,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, when found to be to the best interest of the United States."

Mr. BYRNES. I have examined this amendment. I have learned that there are a number of men who are in State institutions, and under this amendment, if adopted,

the Veterans' Administration will have the authority, if it deems it to be wise, to send a suffering veteran to an institution of the State. I have no objection to the amendment.

The PRESIDING OFFICER. The quesion is on agreeing to the amendment offered by the Senator from Illinois.

The amendment was agreed to.

Mr. STEIWER. Mr. President, I now move to reconsider the vote had upon May 31 by which the Senate disagreed to the committee amendment on page 53, and lines 1 and 2, page 54 of the bill.

Mr. WALSH. What is the nature of that amendment?

Mr. COPELAND. Mr. President——

Mr. STEIWER. The amendment reported by the committee proposed to strike out the provision permitting the President to cancel or modify certain contracts which are defined in that section.

Mr. COPELAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from New York suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Bachman	Dale	King	Schall
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lonergan	Shipstead
Barkley	Duffy	Long	Steiwer
Black	Erickson	McAdoo	Stephens
Bone	Fess	McCarran	Thomas, Okla.
Borah	Fletcher	McGill	Thomas, Utah
Bratton	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Patterson	Wheeler
Clark	Hayden	Pope	White
Connally	Hebert	Reed	
Coolidge	Johnson	Reynolds	
Copeland	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present. The question recurs on the motion of the Senator from Oregon [Mr. STEIWER] to reconsider the vote whereby the amendment indicated by him was agreed to.

Mr. McKELLAR. Mr. President, I move to lay the motion of the Senator from Oregon on the table.

Mr. COPELAND. Mr. President, is this question debatable?

The PRESIDING OFFICER. It is not. The question recurs on the motion of the Senator from Tennessee.

Mr. COPELAND. Mr. President, I ask the Senator from Tennessee not to make the motion in order that an opportunity may be afforded further to explain this matter.

Mr. McKELLAR. Mr. President, we have debated this question heretofore, and it seems to me that it has been fully discussed in every way; it has been voted upon; and it ought to remain as it is.

The PRESIDING OFFICER. The question recurs upon the motion of the Senator from Tennessee to lay on the table the motion of the Senator from Oregon.

Mr. STEIWER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BONE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BONE. A vote in the affirmative is a vote to table the motion of the Senator from Oregon, is it not?

The PRESIDING OFFICER. That is correct. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). On this vote I have a pair with the Senator from Illinois [Mr. LEWIS]. I do not know how he would vote if present. If permitted to vote, I should vote "nay."

Mr. PATTERSON (when his name was called). Making the same announcement in regard to my general pair, I am uninformed how the junior Senator from New York [Mr. WAGNER] would vote if present. If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from Vermont [Mr. AUSTIN] with the Senator from Virginia [Mr. GLASS]; and

The Senator from Delaware [Mr. HASTINGS] with the Senator from North Carolina [Mr. BAILEY].

I am informed that the Senator from Vermont [Mr. AUSTIN] and the Senator from Delaware [Mr. HASTINGS] if present would vote "nay" on this question.

Mr. PATTERSON. I am informed by the senior Senator from New York [Mr. COPELAND] that his colleague the junior Senator from New York [Mr. WAGNER] would vote as I intend to vote. Therefore I feel free to vote. I vote "nay."

Mr. GLASS. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN], who is necessarily absent. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. ASHURST. My colleague the junior Senator from Arizona [Mr. HAYDEN] is detained from the Chamber on other official business.

Mr. KENDRICK. I wish to announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

I also wish to announce that the following-named Senators are necessarily absent on official business: Mr. BAILEY, Mr. DILL, Mr. LEWIS, Mr. LOGAN, Mr. PITTMAN, Mr. SMITH, and Mr. WAGNER.

The result was announced—yeas, 44, nays 36, as follows:

YEAS—44

Adams	Capper	Gore	Pope
Bachman	Caraway	Harrison	Reynolds
Bankhead	Clark	Kendrick	Robinson, Ark.
Barkley	Connally	King	Russell
Black	Costigan	La Follette	Sheppard
Bone	Cutting	McGill	Thomas, Okla.
Bratton	Dieterich	McKellar	Thomas, Utah
Brown	Duffy	Murphy	Thompson
Bulkley	Erickson	Neely	Tydings
Bulow	Fletcher	Norris	Walsh
Byrnes	Frazier	Overton	Wheeler

NAYS—36

Ashurst	Fess	McAdoo	Shipstead
Barbour	George	McCarran	Steiwer
Borah	Goldsborough	McNary	Stephens
Byrd	Hale	Metcalf	Townsend
Carey	Hatfield	Nye	Trammell
Coolidge	Johnson	Patterson	Vandenberg
Copeland	Kean	Reed	Van Nuys
Dale	Lonergan	Robinson, Ind.	Walcott
Dickinson	Long	Schall	White

NOT VOTING—16

Austin	Dill	Hebert	Norbeck
Bailey	Glass	Keyes	Pittman
Couzens	Hastings	Lewis	Smith
Davis	Hayden	Logan	Wagner

So Mr. McKELLAR's motion to lay Mr. STEIWER's motion on the table was agreed to.

Mr. ASHURST. Mr. President, I wish to announce that I voted "nay" for the reason that there was such great confusion in the Chamber. I am sure many Senators did not know what the question was. There was no debate. I wish we could have had some debate on the question. I usually vote against laying motions on the table, but I should like to have heard some explanation about what we were laying on the table and what the main question was. There was such confusion that I could not hear what was going on.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Tennessee?

Mr. ASHURST. I yield.

Mr. McKELLAR. On the 31st of May, 2 days ago, the question of giving the President the right to modify, and even in some cases to cancel, contracts made for the carriage of mail by steamship and airship companies was before the Senate. It was discussed at length. It was settled, as I remember, by a majority vote of 7. The Senator from Oregon

[Mr. STEIWER] made a motion to reconsider the vote by which that amendment was agreed to. I made the motion to lay on the table the motion of the Senator from Oregon.

Mr. STEIWER. Mr. President, will the Senator from Arizona yield for an observation?

Mr. ASHURST. Certainly.

Mr. STEIWER. Supplementing what was just said by the Senator from Tennessee, the vote on May 31 was a vote of 35 to 27. The total number participating in that vote was 63. There were 33 Senators not present in the Chamber. Senators will remember that the vote was had during the morning when we met at the hour of 10 o'clock. Many Senators were engaged in important committee meetings and did not find it possible to be here at that time. I desired to have a vote upon this important question. Many other Senators desired to have a vote upon it. I accordingly made the motion to reconsider. I realize that the Senator from Tennessee was within his rights when he made the motion to table the motion to reconsider, but nevertheless I deeply regret that he saw fit to exercise that right under the circumstances.

Mr. ASHURST. I am content.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I yield.

Mr. COPELAND. I am extremely sorry that the Senate, without hearing any discussion on the matter, has acted as it did. I thought the other day, with the very brief statement that was made to the small number of Senators present, that perhaps it was well to let it go as we did let it go. But this involves the whole question of the future of the American merchant marine. Great Britain is striving in every way possible to destroy our American merchant marine. I placed in the RECORD the official report of the British Chamber of Shipping wherein they pointed out what they are striving to do, to destroy the subsidies particularly in our country.

I want to say, in all good feeling, because it does not make a particle of difference to me personally, that there will be great rejoicing in Great Britain over what we have done. We are seeking to hamstring, or whether we are seeking to do it, nevertheless by what we have done we are about to hamstring the American merchant marine. With the provisions which we have enacted, it permits the President to abrogate solemn contracts, to do that with not only fraudulent contracts but any contract having to do with the carrying of mail.

Our shipping has been largely subsidized by our country. It means, in my opinion, that there will be brought back on the hands of the American Government great numbers of ships because of the loss of credit which our American lines will suffer.

So I wanted to say that. The Senator from Tennessee would not grant us the courtesy of a discussion of the matter today, but I wanted to give some proof of the thesis I have presented.

What we have done today, Senators, in my opinion, will have tremendous ill effects on American shipping and upon our country in general.

Mr. KING. Mr. President——

Mr. ASHURST. I yield to the Senator from Utah.

Mr. KING. The observations just submitted by the Senator from New York are not new in this Chamber. I shall not state that his present speech is a repetition of former ones. Indeed, a good speech perhaps is worthy of repetition; and the Senator has made an admirable speech today, as he has upon former occasions.

The Senator, however, in his utterances upon the merchant marine is not dissimilar to Jeremiah of old, whose melancholy prophecies did not always fall upon willing ears. He is an able defender of the merchant marine, and sincerely desires its development. But some of his prophecies, in my judgment, never will be fulfilled.

A number of shipping companies of the United States have been favorites of the Government and have obtained large subsidies at a time when subsidies ought not to have been granted, and have received contracts for the carrying of mail from which they have derived enormous profits; indeed, profits so great that in some instances vessels were paid for in a limited number of voyages.

This matter has been discussed at great length in the Senate during the past 5 or 6 years. Many matters have been placed in the RECORD after full discussion showing the condition of our merchant marine and the subsidies received by them from the United States. In my opinion, no further discussion was necessary upon the motion of the Senator from Tennessee [Mr. MCKELLAR].

Mr. MCKELLAR. Mr. President——

Mr. ASHURST. I have an amendment to offer on another matter, but I yield to the Senator from Tennessee.

Mr. MCKELLAR. I merely desire to make a statement.

Mr. BANKHEAD. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. BANKHEAD. What is before the Senate?

The PRESIDING OFFICER. The Senator from Arizona is about to offer an amendment. There is no pending question.

Mr. ASHURST. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 57, after line 25, it is proposed to insert a new section, as follows:

SEC. —. That the provisions of section 215 of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1932" (Public Law No. 212, 72d Cong.), as amended by the act entitled "An act to maintain the credit of the United States Government" (Public Law No. 2, 73d Cong.), shall not apply to members of the Metropolitan Police force and the Fire Department of the District of Columbia.

Mr. ASHURST obtained the floor.

Mr. MCKELLAR. Mr. President, will the Senator yield to me for just a moment?

Mr. ASHURST. I yield to the Senator from Tennessee.

Mr. MCKELLAR. Mr. President, the Senator from New York [Mr. COPELAND] was ungracious enough to say that I had treated him discourteously in making a motion to lay on the table. I intended no discourtesy whatever to the Senator. I was entirely within my rights and within the rules. One of the reasons why I did it—I would not have mentioned it otherwise—was that I recall that on a similar bill affecting the merchant marine, some years ago, the Senator from New York entered a motion to reconsider and kept that bill from passing, and kept it before the Senate for the remainder of the session. This is an appropriation bill and I did not want this bill to die in the same way. That was one of the reasons that actuated me in moving to lay on the table the motion to reconsider made by the Senator from Oregon [Mr. STEIWER].

I desire to say that I am not inimical to a merchant marine. I think America can maintain a merchant marine. I do not believe that giving the President authority to modify these very remarkable contracts that have been made and to reduce services and to reduce trips, if necessary, will in the slightest degree affect our merchant marine.

I believe that a righteous verdict has been twice reached in the consideration of this bill.

Mr. ASHURST. Mr. President, a word now on the amendment I have offered.

The amendment provides that the Metropolitan Police and firemen of the District of Columbia shall not have their annual leave reduced but shall have their 20 days instead of 15 days' leave.

Mr. President, the hour is late; Senators are weary; and I have but to say that I have a list here showing that in the past 5 months one captain worked 119 extra hours.

A certain sergeant worked 85 hours extra time.

A certain lieutenant worked 107 hours extra.

A certain private worked 83 hours extra.

I believe that the Metropolitan Police and firemen should have their 20 days' leave instead of having it reduced to 15 days.

I realize, of course, that this amendment is subject to a point of order. I realize that it is legislation on an appropriation bill. I hope, however, that the genial, warmhearted, able Senator from South Carolina [Mr. BYRNES], in charge of the bill, will let this amendment go to conference. I appeal to him to relax the rigidity of the rules so that these Metropolitan Police and firemen—and in all America there are no more efficient policemen or efficient firemen—will not have their annual leave reduced from 20 to 15 days.

Mr. BYRNES. Mr. President, I am glad the Senator from Arizona has nothing more to say, because he is almost too persuasive. [Laughter.]

Mr. President, I have to make the point of order. This question was gone into fully. The object was to put all the employees of the Government on the same basis insofar as leave of absence with pay was concerned. We fixed the leave at 15 days; and if we now make an exception for one, there is no just reason for refusing to give to all of the other employees, here and throughout the country, leave in excess of 15 days.

I make the point of order on the amendment.

The PRESIDING OFFICER. The Chair thinks the point of order is well taken, and it is sustained.

Mr. BYRNES. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, line 18, it is proposed to strike out "$231,730,000" and to insert in lieu thereof "$401,730,000."

Mr. BYRNES. Mr. President, in explanation of the amendment I will state that a few days ago, when the amendment of the Senator from New Mexico was pending, I stated that if that amendment was adopted it would be unnecessary to amend the total, because ample funds were provided in the bill to pay the compensation of veterans until the Congress shall meet in January.

The adoption by the Senate of the Connally amendment, however, according to the best information I can secure this afternoon, means an additional amount of $170,000,000. In view of that fact I do not believe it would be wise to let the amount provided in the bill remain. Therefore I have offered this amendment, increasing the amount for pensions by $170,000,000, so that it can go to conference; and if there is any change there the change can be reflected in the total of the bill. I do not believe we should take the chance of having an increase of that amount not provided for in the bill.

I therefore ask the adoption of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. KING. Mr. President, as I understand the Senator, the material changes in the bill this afternoon call for another appropriation of $170,000,000.

Mr. BYRNES. What the Senator from Utah understood the Senator from South Carolina to say was that the amendment of the bill calls for $170,000,000. I do not want to open up any more debate on that question, because this bill has been before the Senate so long that the Senator from Oregon was misled into saying that he gave notice of a motion to reconsider on March 31, and it seems to me it has been that long. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I have another amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed that the clerks be authorized to correct the totals and section numbers.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BONE. Mr. President, I desire at this time to call up an amendment which I offered on yesterday.

The PRESIDING OFFICER. The Senator from Washington offers an amendment, which will be stated.

The CHIEF CLERK. On page 39, line 21, it is proposed to strike out "$50,000,000" and to insert "$5,000,000."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington.

Mr. BONE. Mr. President, the Senator from New York [Mr. COPELAND] referred to the matter of ship subsidies. In that connection the Senator from South Carolina [Mr. BYRNES] said just a few minutes ago on the floor that he regarded it as a bad practice to tax the whole people for the benefit of a small group—a proposal with which I am in most hearty agreement.

In order that the Senator from New York might have an opportunity to discuss the matter which was affected by the motion of the Senator from Tennessee, I have offered this amendment to transfer the $45,000,000, which would otherwise go to the payment of ship subsidies, to the veterans' fund provided in this bill. That is the effect of this amendment—to transfer to the veterans of this country $45,000,000 of money which otherwise would go to shipping lines in the payment of ship subsidies. If that can be accomplished, I think we will be doing something distinctly worth while.

I do not want to prolong this discussion. I merely wish, for the purpose of the record to have the veterans of this country and the people understand better just what these subsidies mean. I want them to understand that they not only mean the payment of a vast sum every year out of the Treasury for hauling a little mail, but they also mean the virtual gift of hundreds of millions, yes, $2,000,000,000 worth of shipping property to steamship companies in this country for a tiny fraction of its original cost.

There is a suit now pending in the Federal court at Baltimore involving one steamship company that bought five steamships from the United States Government. These steamers cost the Government two and a quarter million dollars apiece. This company bought these steamships under the Jones-White Act for $30,000 apiece, which was approximately one seventieth of their cost to the Government; and if that company never received one penny in ship subsidies, it would have received these beautiful steamers—five of them, for $150,000. That is all in the world it would have had invested in these five steel steamships; and I submit that it is enough for the Government to supply the steamers themselves, at one seventieth of their cost, without supplying the capital to run the vessels afterward.

This particular company is now bringing suit, the pleadings in which case I hold in my hand, demanding that the interest rate on Government loans to it to remodel these steamers shall be reduced from 3 percent to one half of 1 percent per annum. The company was not satisfied with getting two and a quarter millions dollars' worth of Federal property for $30,000; it wants this Government in this dark hour of financial distress and trouble, to loan it money for one half of 1 percent! And this, while our Nation faces grave perils, and has billions of money borrowed from bankers and others on which it is paying 4¼-percent interest.

I have just one more observation. I place this in the RECORD, because I think the people of this country are entitled to know just what this means to the Treasury of the United States.

A steamship company operating from Gulf to Mediterranean ports in 1 year's time received $438,775 for hauling mail which under international postal union rates would otherwise have been hauled for $58.

Another concern down in that part of the country hauled a batch of mail for which it received $789,258.50, while the regular rate under international postal union rates for hauling that mail would have been $1,462.80.

I want the American people to know that they are today making possible huge profits for private corporations at public expense. If there is to be any thrift, any economy, if we are going to cut the pensions of our soldiers, certainly we

lack justification for continuing these tremendous subsidies. I am trying to divert this money from wealthy steamship companies, to whom we have virtually given $2,000,000,000 worth of Government propertly for a song, to the disabled soldiers of this country, to whom I believe it justly belongs, if anyone is entitled to it.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. BONE. In just a moment.

Our soldiers fought to preserve the very wealth these steamship gentlemen now possess. These boys put uniforms on their backs, shouldered rifles, and went out to fight and die, if need be, to preserve and protect this private wealth. We have not hesitated to take pension money away from our soldiers to give it to the subsidy grabbers. That is the thing against which I rise to protest.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. BONE. I will answer it if I can.

Mr. KING. Mr. President, I have sympathy with the policy of denying subsidies to the shipping interests. I was wondering, however, whether the Senator has correctly interpreted the provisions of the bill. It seems to me, from a hasty examination of it, that it does not carry a direct appropriation out of the Treasury, but merely confers upon the Shipping Board authority to use funds which they had accumulated in the operation of Government ships. If it is a direct appropriation, I would support a motion to strike it out; but if it is merely an authorization to utilize funds on hand which have been earned through the operation of Government vessels, then another question is presented. I shall be glad to be informed as to the facts in this matter.

Mr. COPELAND. Mr. President, will the Senator from Washington yield to me in that connection?

Mr. BONE. I yield.

Mr. COPELAND. As a matter of fact, the item which the Senator has mentioned in his amendment relates to a theoretical sum of $50,000,000. In the appropriation act for the fiscal year 1930 we set up the sum of $50,000,000 for the expenses of the Shipping Board, to operate the ships which we had not yet sold. As a matter of fact, let me say in all kindness to my friend from Washington, there is not $50,000,000 in this fund. The amount in the fund at this moment is $14,461,000. The $50,000,000 was the sum set up in 1930, and we have used that up operating these ships. We talk about the subsidies we give to the great shipping lines. On those which we operate ourselves we have wasted now, if you want to use that word, $36,000,000 in operating our own ships, but we have not sold them at all at $2 a ton or $200 a ton. So let me say to my friend from Washington that, much as I would like to help the veterans—and I would like to help them, not $50,000,000, but two or three times that amount—we cannot get blood out of a turnip, and we cannot get $45,000,000 out of $14,000,000, and there is no $50,000,000 there available for this purpose or for any other purpose.

Mr. BONE. Mr. President, I will occupy the floor just a moment longer. I do not know the purpose of the committee in appearing to make available $50,000,000 if the money was not there.

The Senator in charge of the bill has just advised me that there was $14,000,000 in the fund. It makes no difference, however, if there is only $14,000,000, I object as a matter of principle to a private steamship company getting that sum instead of the veterans, when the soldier needs it so badly in these tragic times.

If the Senator will look at page 41, he will find there a reappropriation of the unexpended balance of the appropriation of $10,000,000 made to operate lines of ships which have been taken back or may be taken back. I think perhaps that is one of the things the Senator from New York referred to.

Mr. COPELAND. Let me say, if the Senator will permit me, that this reappropriation was made in order that technically whatever money had been unexpended might be used and added to the fund. But let me assure the Senator that the amount of money in this operating fund, not for private shipping, not for the subsidizing of ships which we have sold, but this money cited on page 39, is for the care and operation and the expenses of our own shipping lines, not those which we have sold to other people. If the Senator wishes to find $45,000,000 to aid the veterans—and I should like to find that much to aid them—he cannot find it here. As a matter of fact, we have appropriated, if I remember, only about $25,000,000 for the ship-subsidy work, and that is in another bill entirely, not in this one. While it looks as if, on the face of it, they could expend not to exceed $50,000,000, as a matter of fact that is the language of the appropriation bill for the fiscal year 1930, and the amount of money in that fund is only about $14,000,000.

Mr. BONE. The position of the Senator from New York, reduced to its simplest terms, seems to be this: That there is something tragic in the people of this country retaining possession of their own property and operating it at a possible loss, but a similar loss becomes sanctified when we virtually give this property away to a private corporation, and that private corporation comes to the Congress and says, "We cannot operate the property you have given us without a loss, and Uncle Sam must make up the difference." We blithely and gaily make up the difference, and think that sort of practice is all right.

If the Government has to give its property away and then make up the losses of a private corporation, which is the beneficiary of such wonderful generosity, it would have been the part of wisdom to have kept the property. We virtually give these Government ships away, and now the private steamship companies want the Government to not only keep the ships running for them but virtually underwrite losses by extravagant subsidies.

The largest private business enterprises have been coming down to Congress and asking that body to underwrite business and guarantee its financial success. If the Government underwrites all forms of private business, private business should not object to the Government entering some forms of business, as it has in the Muscle Shoals development. If private capital wants to enjoy a monopoly of the business field, it should stand on its own bottom and not bleed the country in taxes to cover its losses.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington.

The amendment was rejected.

WHAT IS TO HAPPEN TO THE UNDERSTANDING OF A UNANIMOUS CONGRESS?

Mr. LONG. Mr. President, I am informed today that the President has been advised by the Treasury Department not to allow the bill which passed the Senate for the relief of the banks of the country to be approved by the conferees of the House and the Senate. That is, that the provision we put into the law stipulating that the guaranty bank fund was to be participated in by the State banks just as by the Federal Reserve banks must come out of the measure; and that, instead of the Vandenberg amendment, which provides that the State banks shall be admitted, guaranteeing deposits up to $2,500 until the permanent guaranty fund is to take effect, the President's advisers have insisted that there be written into the measure a provision that the State banks shall participate in the benefits only upon having been admitted through the certificate of the board containing a member of the Federal Reserve Board, the balance of them to be appointed by the President.

Mr. President, that is the information I get, which I think is pretty reliable. In fact, I am more than sure it is reliable, and what does that mean?

I was not going to support the Glass banking bill in the Senate when it was here for consideration, but when the Senator from Michigan came to me with his amendment, which we call "the Vandenberg amendment", showing that the State banks were going to be given a chance and fair treatment, I was willing to swallow some of the provisions of the Glass bill, which I had not accepted before, in order to

get a reasonable protection for the banks and more protection for the depositors of the little banks in the States.

I want to say that the Senator from Virginia [Mr. GLASS] kept faith with what I had understood. The Senator from Virginia accepted that amendment on the floor of the Senate, and it was adopted.

I happen to know that the amendment was satisfactory to the people in charge of the bill in the House. I happen to know that the Senator from Virginia went a long way in the matter, particularly in having shown not only senatorial preferment toward this kind of a settlement of the matter, but even in his grand personal conduct toward myself and the efforts which I made to rush the bill along in an evening session.

Mr. President, if, in trying to bring this country out of the rough, we have the Treasury Department of this country overturning what was the consensus of all the minds in the Senate and the House on this banking question, all our effort comes to naught. After all this effort to get a constructive banking law for this country, after all of that, it comes to naught, all because of the advisers in the Treasury Department. I do not know who they are, probably the Secretary of the Treasury, the Assistant Secretary of the Treasury, and possibly somebody else, though I do not know who else. I am not in on any conference. I never confer in such meetings. To begin with, I am not expected. It has always been my policy, instead of participating in conferences, to take instructions from conferees and try to follow along.

If this kind of a worked-out proposition which we had hoped after a year's work here was going to produce a compromise and give solidity to a credit structure throughout this country is going to be upset—as I understand efforts now are afoot to upset this agreement by the preemptory pronunciamentos given to the conferees in both Houses—then there is no use of having legislation going through here at all. What is the use of all the work if some midnight or 6 o'clock or 9 o'clock or 4 o'clock pronouncement given from the White House as the result of advice is going to upset it all? There is no need of trying to have legislation at all to create a balanced structure. We need the Glass bill in some respects, but what does this bill mean now if they strike out our amendment?

I want to say with every feeling of kindness that I owe every compliment that I can pay to the Senator from Virginia for his magnanimous support here in accepting the Vandenberg amendment, and I feel that we owe a great debt to the Senator from Michigan for his effort to bring about this situation. I know the attitude of the members of the Committee on Banking and Currency in the House, and it is the feeling of the two committees of the two Houses, it is almost the unanimous opinion of the Membership of the Senate and of the Membership of the House, that we should have our amendment; and in spite of all that and all the work that has been done, now we are to have the whole thing upset and the bill brought back with our amendment cut out, so that the bill, from our standpoint, will be worse than if we had no legislation at all.

Mr. President, what is to come in here? If they try to put in a guaranty bank fund for the national banks or the Federal Reserve banks and leave out of that guaranty bank fund the State banks, it will break 95 percent of the State banks in the United States within 3 months' time, if not 100 percent.

If we so legislate here as to allow the State banks to be left out—and I say "left out" advisedly—if we do not succeed in having the so-called "Vandenberg amendment" finally adopted; if we legislate in such a way as to leave the State banks out of the guaranty fund, after we have once voted them in, and, on the other hand, leave the member banks of the Federal Reserve System in the guaranty fund, everybody knows that every dollar of money is going to be deposited in the banks the solvency of which the Government has guaranteed.

Let me tell the Senate what has been done in this country, Mr. President. Early in March, shortly after President Roosevelt went into office, we managed to pass a law under which all the banks could be admitted if the Federal Reserve Board saw fit to pass them for admission. Now I want to tell what was done. They went down to my State of Louisiana and excluded from their list one or two, or perhaps a half dozen of the strongest banks we had in the country. I was in position to know the status of some of those banks from their reports. Mr. President, they excluded one bank as to the solvency of which, if they had permitted it to open, there would never have been any question; it would have continued in business, and if the country was liquidated it could have liquidated. But after excluding that bank, and others like it, they went up to another place in Louisiana and opened a national bank that had a State branch bank. That State bank was so insolvent that it looked like it would wreck the whole country down there to keep it open. The only reason the State bank had not been closed was because it looked as if it might be held solvent by reason of the connection it had with the national bank. It was a most pitiful picture of a bank that we knew anything about.

Right across the river, in Mississippi, was a bank to which we had furnished every kind of assistance in the world to keep it from closing its doors, but, lo and behold, when they got ready, just because it had a national bank charter they opened up that bank over across the line in Mississippi, although they are never going to be able to keep it open unless they pour every dollar they have into it. They opened up that other such bank in Louisiana too; they opened up a bank concerning which I have such a report that there is not a man in the Senate who will say they had any right under the rules which they had prescribed to open it; and they have kept closed other banks in the State, although, from the record, there is not any comparison between their solvency and the solvency of some of the banks they have opened.

The other day one of the strongest banks in the South came here to get admitted to the Federal Reserve System. It is one of the strongest banks there is anywhere in the United States, and is located at Shreveport, La. After they had examined the bank, somebody in the Federal Reserve bank of Dallas district, said they thought they ought to put $200,000 more capital in it and they agreed to do it. They got up here to Washington after the Dallas bank had approved the plan, and the next thing I knew they wanted about $950,000.

I ascertained sufficient about the situation to know that it was practically almost impossible to get through the webwork so that a State bank might secure admission into the Federal Reserve System at all; and yet, because there was a national bank in Vicksburg and there was a State bank branch of a national bank in another place in Louisiana, they saw fit to pull them in and try to hold them open and breathe whatever life they could into them.

I am not complaining, Mr. President, for the banks. We cannot possibly make this country solvent unless we can give people confidence in the banks. We cannot close all the State banks in this country. If we enact a law guaranteeing deposits in Federal Reserve banks, but not taking in the State banks, without any question, it is going to mean the closing of the State banks; it is going to mean that we will have guaranteed and unguaranteed bank deposits, and the people are going to try to take their money out of those not guaranteed and put it in banks that are guaranteed.

Can they pull them out of banks that are not guaranteed? No. Why? Because we have only about $7,000,000,000 worth of currency in the United States, and the State banks have probably $20,000,000,000 worth of deposits, and, at the very most, they might get three or four billion dollars out of the State banks, their part of the currency, to put into the supposed-to-be guaranteed bank system. We will create a crisis if we undertake to guarantee a certain list of Federal Reserve banks and not guarantee the State banks; we will bring on a banking crisis that will be worse than the banking crisis we had on the 4th day of March. It is not physically possible to keep a banking structure afloat in this country by guaranteeing half of them and not guaranteeing

the other half. It is just not possible to do it. It is going to mean that everybody is going to try to draw his money out of the unguaranteed bank and put it in the bank that is guaranteed.

Now, who is advising the President in this matter? If this were the demand of the Senator from Virginia, I would have to take a back seat; if it were the demand of Mr. STEAGALL, the Chairman of the Banking and Currency Committee of the other House, I would have to take a back seat; if it were the demand of the Senator from Florida [Mr. FLETCHER], the Chairman of the Banking and Currency Committee of the Senate, I would take a back seat; but it is not their demand. Who is passing judgment, Mr. President, on this matter. The Secretary of the Treasury, Mr. William H. Woodin, is passing judgment on the matter; the Treasury Department is passing judgment. Mr. STEAGALL agrees—O.K.; the Senator from Virginia [Mr. GLASS] agrees—fine; the Senator from Michigan [Mr. VANDENBERG] comes in with an amendment—O.K.; the Senator from Arkansas [Mr. ROBINSON] voted for the amendment; the Senator from Oregon [Mr. MCNARY], the leader on the Republican side, voted for the amendment; even I voted for the amendment and for the bill. But a voice stopped it all. What sort of opposition is there to it? Mr. Woodin, with his name freshly painted in the list J. P. Morgan & Co., buying stock for $20 which I was offered, as a sucker, for $37—and there were plenty of suckers, but I was not one of them for I learned my lesson in earlier days—Mr. Woodin, whose name adorns the list and, I understand, the assistant of Mr. Woodin advise against us.

I started to oppose the confirmation of Mr. Woodin's assistant because it looked to me like a family matter; but on further reflection I went to a ball game and let it go over and said no more about it. It would not have made any difference anyway, and I just put myself on record and decided I would let the Senators vote for the confirmation of the balance of the family, and I would get what pleasure I could by watching a ball game between Washington and Cleveland in the American League. I probably ought to have stayed here because, well—at any rate, I made no further opposition, and the gentleman was confirmed. I do not think he is in the category of those competent for the job. He has had no financial experience, but there was some competency shown by the record. It was shown that he was a member of a firm of attorneys representing J. P. Morgan and Charley Mitchell here in the Capital, and that was proof of some competency. That and other similar matters came out in the hearing, and it was apparent that this kind of appointment could not be disturbed except for strong presumptive or actual proof to the contrary at least.

So Woodin, Morgan's preferred client and Morgan's local attorney practicing in the Treasury Department, neither one of them with any experience whatever that ought to stand up against the kind of men that are here in the Senate and in the House, is going to wreck our bill.

So now they come out. It does not make any difference, Mr. President. I would have thought in days like these, with the Secretary of the Treasury going around asking whether he ought to resign or not, he would let us alone here. I know he has been asking advice of people as to what he ought to do, whether he ought to stay there or get out. He did not ask me, but I advised him without his asking me. [Laughter.]

The PRESIDING OFFICER. The Senate will be in order, and this admonition applies to the galleries.

Mr. LONG. I would have thought, Mr. President, with this gentleman going around asking Senators what he ought to do, apparently wanting to know from authority that he thought reliable, whether he ought to stay there or not, that the least thing he would have done would have not to have been setting himself up as an oracle to tell us what we should do about a bill that everybody agreed on and was happy over. I was about to get feeling good over this situation, for the first time—well, not for the first time, perhaps, for it looked like something good was going through here several times, but something always happened.

I do not understand this thing. There is just something in the way. I remember one time playing in some kind of a game going on in the West in which there was used a pack of cards called "bull dog" playing cards. It seemed like somehow or other the gentlemen who were playing with me could understand something better than I could, and after I got through with the game they happened to leave upon the table the cards with which they played. We got a magnifying glass, and I found that those bull-dog cards, on the back of them, would have the dog with one eye closed on one card and another would have two eyes closed, and one would have one foot up. [Laughter.]

The PRESIDING OFFICER. The Senate will be in order, and this admonition applies to the galleries.

Mr. LONG. A blind man could have seen, but I could not see, that I did not have a chance in the world in that game; and apparently I do not have a chance in the world in this business; I was living in a false paradise.

I was considering going home and taking up a collection with which to build a monument to the Senator from Virginia [Mr. GLASS] and the Senator from Michigan [Mr. VANDENBERG] and the Chairman of the Banking and Currency Committee of the House [Mr. STEAGALL], feeling that everything was all right and people were going to feel that they were safe; that we were going to have affiliates divorced from private banking houses, which I wanted but confidentially, I had been told by the Chairman of the Banking and Currency Committee in the House that he would strike out the branch-banking provision in conference. I thought I had that much that the Senator from Virginia did not know anything about; that everything was "hunky dory"; but, oh, no.

We are investigating Morgan. Well, we have got him down here investigating him, and lo and behold one little man on his preferred list overrules the Senate and both Houses of Congress.

Investigate him?

Why, a little preferred customer of Morgan has got more power over the banking legislation of the United States than the two Houses of Congress put together.

Investigate him?

Why, Mr. President, we have been fooling ourselves. He turns all of us from the back. He not only saw us coming, but he saw us before we got up. After all we have done on the bill, held here as it had been, he shows us that we are powerless, we are helpless, and nothing of the kind that we figured on is going to be done when the preferred customer and whoever he has got serving with him as Under Secretary speaks and spells the doom of what would have been a solvent banking situation in the United States.

I am told that someone recommends that we had better get Congress to adjourn. Well, Mr. President, so far as I am concerned, I had rather see the Congress adjourn than to see it pass this bill with a guaranty of bank deposits in it at all, unless State banks are included.

I am going to appeal to my friends in the Senate who were for that bill to do one of two things, either to stand up and let the guaranteed-bank-deposit provision stay in the bill as we passed it here, or strike out the guaranteeing of bank deposits altogether. Do not let it go out unless you want to break half the banks with one lick. Do not have a provision to guarantee bank deposits unless you put them all in it. If you are going to provide for admitting State banks after examination here in Washington, just forget all about it. Never mind about putting us in after they investigate. It is too much like the nigger lodge. We know what that investigation means. Unless we are going to be taken in just like the balance of them, then there is no need whatever for it.

I want to ask the Senator from Michigan and the Senator from Virginia not to let this provision, that puts the State banks in that are open on the certificate of the State commission, be taken out of that bill unless they take it all out,

and if they take it all out I will still be for the bill and let it go. But we are getting along; we are getting along somehow, in some way. There is nothing so much the matter with the little banks as there is with the country. When we broke our country, we broke our banks. When our land that raises cotton has no value, then our mortgage on the land that raised the cotton was not worth anything, and therefore the bank's loan was not good. When we could not sell our cotton, then our mortgage on the cotton was not worth much, and so the bank's loan on the cotton was not worth much. When we could not sell our timber, then our mortgage on the timberland was not worth much, and then the bank's loan on that was not worth much either.

It will be found, if we look up the little banks in the country, that all they have is what would have been absolutely good if America had been going along all right. They would have been all right. True, we bought too many things that they sent down from some of the big banks. We would have been better off without some of them, but we did not have very much of them. They were sold mostly in other States, and I sympathize with them.

I hope we will know where we are. I hope the Senators from Michigan and Virginia will help, though I do not know how much they feel they are obligated to help out in this matter. I know the Senator from Michigan said to me that the Senator from Virginia told him that if the President of the United States said he would not sign the bill with his amendment in it, he would have to back off of it. I had understood that. I hope I am not violating anything that anybody told me. I felt if the Senator from Virginia accepted the amendment and we all voted for it and the Members of the House voted for it, we would not have any trouble. Highly as I regarded the President of the United States, I felt that if we had the consent of the Senator from Virginia and the committee in the House and the two leaders of the parties in this body and the other House, it would be all right, particularly with my own consent thrown in so as not to unbalance anything. [Laughter.] But if we are going to have this bill passed as it is said to be passed, we might as well quit trying to do anything in the affair.

How long are we going to have Mr. Woodin here, Mr. President? How long is he going to stay here? Why have not these Senators to whom he has been appealing for advice tell him what he should do? I say "Senators." I only know of one point-blank to whom he has gone, but I suppose he has gone to others. Why has he not taken the advice he received and gotten out of office? Why ought he to be staying here telling us what to do about these banks? Why cannot we get the thing fixed up while Congress is in session and get a good banking law that is pleasing to every one of us? Have we got to continue this thing? Is he going to stay here all the time and be as hard to get rid of as Eugene Meyer was? We tried to get them out by the plan of inviting them out, but they still stayed. [Laughter.] We could not get them out with a crowbar. [Laughter.] We are down now to a corkscrew, trying to take them out a piece at a time. [Laughter.] We manage to move one or two a little bit. But lo and behold they are like a moccasin snake in the days of the fall—more dangerous than ever.

I want to say, and I will take the responsibility for this statement, that if they will let our bill go through just as it left the Senate we will see that it will do more to revive conditions in the United States than everything we have done since I have been here. If they will let that bill alone and keep their head out of it, if they will not come in here and make a mess of it, but let it go on the books as we passed it, it will do more to reestablish this country than everything we have done since I have been here. It will do more than the inflation bill, because it is inflation and a very good kind of inflation, the very best kind—bank credit. It is the kind of inflation that means solid banks the people will trust, and we can have $1,250,000,000,000 worth of bank checks interchanged in this country in normal times again, because the people will not be afraid of the banks, and that is more and better inflation, that will do more good than everything else we have done all put together.

I wish the President would take my advice just one time. He has taken it once or twice, and probably regrets I gave it now. [Laughter.] I say he has taken it. He probably only did the way he intended to do all the time and probably just told me that, but I felt good over it. [Laughter.] I wish he would take my advice one more time, just one more time. I wish for one time in his life, until I get on Morgan's list, he would take my advice. I am going to learn how to get on their list if I stay here much longer. I am going to read the reports and find out what we have done, as Mr. Will Rogers says.

I wish the President would take my advice one time and let us alone. I wish he would take the combined advice of the banking authorities of the two Houses of Congress and the practically unanimous opinion of the two Houses of Congress just one time. I wish he would take the advice of the people in the Congress who have been working over the case for 2 years—and there are some of us who have given most of our time to it for at least the last year—and let us alone. We have this thing worked out where we would have solvent banks. We would not have to close four fifths of the banks in order to guarantee one fifth of them.

But they will not let us alone. They will not let the bill have a chance to go through. We have to have it go into some kind of a situation to be controlled by men whose only financial learning in their lives has come through such associations as they have had through being on the preferred list of J. P. Morgan & Co. That is all they know. The best they could do would be to send their men down and let us talk to them a while. They seem to be men who have the right to decide this case and overrule both Houses of Congress, and we do not even get a chance to talk to them. They come from other realms. It is a terrible thing to be hung by a judge who does not even give us a chance to have a hearing, but that is the situation we are up against. They do not let us plead in our own rights there even before Morgan's clients.

OUR FEET ARE SORE AND WE ARE WEARY

But the fact that we have agreed on the bill is apparently prima facie evidence that the bill ought not to be passed.

What kind of a Congress have we? I say a wonderful Congress, a great Congress of great men.

But what kind of a Congress have we, gentlemen of the jury? [Laughter.]

What kind of a Congress have we?

What does Congress mean? I was not surprised at my friend from Texas [Mr. CONNALLY] when he said that if we did not do what the Veterans' Administration wanted we probably would not have any bill at all. I was not surprised. But here we had agreed on a bill after a year of study and everybody was happy over it. When I wrote back to my people in Louisiana the night the Glass bill went out of the Senate and told them what was in the Glass bill, it was just like breathing new life into them. I know how they are going to feel when they hear what is going to happen to it now.

What kind of a Congress have we? What is the use of staying here any longer? What is the use of doing anything? What is the use of Representatives and Senators studying up on these questions? What boots it how long we study and how much or how little we know about it, or how much we try to learn about it before we vote? It does not amount to a thing on the living earth. It will not even rattle as much as one shot in a gourd. It does not amount to anything.

The only time a vote counted for anything was during the Louderback trial. That was the only time they did not have a chance to annul our vote. I would not have been surprised if the day after the Louderback case was closed we had got an order from somebody to have Judge Louderback impeached. That would have been just about as constitutional as two thirds of the things we have passed since I have been here. The Senator from Arizona [Mr. ASHURST], my learned and beloved chief, knows that himself. It could not have been a bit different.

This is the kind of procedure we are having, and here we are letting this bill go back and be scissored up, letting it be clipped by a man who has been around here with one of his underlings asking Senators whether he ought to stay in office or not, and yet he is staying there long enough to blast the only hope we ever had of building up a good banking system in the United States.

Mr. President, what I say may not do a bit of good in the world. It probably will not do any good, but I want to put myself on record in the Senate. When we passed the sapling bill [laughter]—I believe they call it the reforestation bill, though—but whatever we call it, when the sapling bill was passed I said to the Senate that there was going to be more scandal in the administration of that act than in everything that had been passed before that time. They did not even get started before some of the Government agents got mixed up over the shaving kits, and now they are all blaming each other for having given the order. They could not even buy shaving soap without getting into a scandal before they had hardly started. [Laughter.] They got into a row over that.

We read in the paper that one man has a radio contract to speak every Sunday night over the radio and tell the people what they shall do the next week. My friend the Senator from Arizona [Mr. ASHURST] has been here some twenty-odd years, but if he is here twenty-odd years more they will not hire him to speak over the radio because he does not know what is going to happen next week. [Laughter.] But some man comes down here who was on the inside, and in order that Senators may know what we are going to do next week, they are gracious enough to hire a radio speaker at a thousand dollars a week to talk to us 15 minutes of time each week, in order that Members of the House and Senate may know what they are going to do when they reassemble the following week or maybe in the fall.

We had expert advice of every kind and character, but what does the Congress amount to? I have not only told about the sapling bill and how it has already been proven that it will involve scandal, but I have told the Senate other things. We will have more scandal out of the administration of that law than we ever heard of out of anything else. Then what? By the time they get through fixing it up about this little kit business, we will see what else may come out of that business.

That is not the half of it. If you had that much to cut off a set of whiskers [laughter], you wait and see how much trouble you are going to have a little later, before you get through with the administration of that act.

That is not all I voted against here. I voted against the economy bill. I am proud of that. I think everybody here knows that we made a mistake in passing that bill. You proved that this evening, when you voted to undo $170,000,000 of it. You have already proved, in your opinion, this afternoon, that I was right in voting against the economy bill. Only about five of us on the Democratic side of the Chamber voted against the economy bill, and we were proved to be right here today. We will be proved to be right time and again as we go along in the administration of that act and these other measures; and, Mr. President, I would have voted against the farm bill if inflation had not been put in it. I had previously announced on the floor of the Senate that I was going to vote against the farm bill.

It was said that we were going to inflate. Here is how we were really going to inflate. There has been a better feeling in the country. We have not done much inflating; but in the spring of the year we have come along here and told everybody that commodity prices are going up, and the farmers are planting every field full of cotton where they can find a place to plow. Right in the spring of the year we said, "There will be no more 5-cent cotton. It is going to 10 or 15 cents", and the farmers pulled out every old plow and every old mule and every old horse they had and they have gone in at the corner of every rail fence they could find in every corner of this country, and they have planted cotton where they never made a stalk grow before in their lifetime, because "good times are coming." That is so, whether you gentlemen know it or not. I have been back home and looked around. I know where they did not plant cotton before and I see it planted now. You are going to find out that they are going to piddle around with this kind of confidence that they have put in the minds of some of these people, and by the time you get another fourteen or fifteen or sixteen million bale crop here you will have to make the dollar worth a penny on the dollar, or that cotton will be selling for 3 cents a pound.

Just remember what I am telling you. I have not told you anything here yet that has not come true. Remember what I am telling you about the way the farm bill is being administered. I know what I am talking about. It takes a little while to prove it, but just wait until I get back here next winter and you come back here and you will find out how true it is going to be.

I got the statistics about these things. There have been a few more men employed, yes; but what is that going to amount to? We still have over 12,000,000 unemployed. A lot of people opened up sawmills, cutting lumber on confidence. There are a few things moving around. Confidence? I want to tell you, Mr. President, that it is not going to be possible to keep the thing going with fictions and with sermons. It cannot be kept going in that way. If we do not stabilize this banking situation as it can be stabilized, the chance of the "new deal" is going to be killed aborning. It will never get away from the post when the people try to draw out the billions of dollars we have in this country in the State banks to put in the guaranteed ones. They cannot draw it out of the banks, because there is not a fourth as much currency in the United States as there are State deposits; and whether it is a fair thing to do or the right thing to do or not, if we do not stabilize and solidify and make solvent the banking situation, we are never going to be able to get away from the post.

Remember what I am telling you. There is no need of my saying any more. The Senator from Virginia [Mr. GLASS] started two or three times to rise to speak, and I meant to quit long before this. I meant to speak only a few minutes; but I do appeal to the men of the Senate who are in the confidence of the President. Except during election time, I cannot stay in the confidence of anybody that runs for big office. The only time they ever use me, Mr. President, is when it comes to getting votes, and not always then; but I have always been pretty well accepted in the party councils during vote-getting time, most of the time. I am sorry that I did not take advantage of that season of the year to say more; but I did not take much time for that during those days. I talked to the candidate less than 15 or 20 minutes by myself at any one time. But there are men in the Senate whose superior learning and counsel over me gives them a standing at the White House; and I want to ask them not to let the President make this mistake. I beg this favor. I want to ask them, at a time when we can save the situation, not to let anyone meddle with the bank bill any more.

We have fought over this thing long enough. We know a whole lot more about it than these other people do. We know a whole lot more about it than they ever will know about it. I do not want the conferees hamstrung so that they cannot do what they want to do, regardless of how they may feel. I do appeal to the leaders of the two big parties here, and the men in charge of financial legislation here, to try to prevail upon the President, now that we have gotten together on this bank bill, not to deal it a deathblow and make it ineffective.

I thank the Senate.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions,

and offices for the fiscal year ending June 30, 1934, and for other purposes.

Mr. FRAZIER. Mr. President, last Tuesday, I believe, the Senator from South Carolina [Mr. BYRNES], in charge of the bill, offered an amendment to strike out section 8, on page 58. That section was stricken out without any explanation, and I think there were only a few Senators on the floor at the time. It authorizes the President to furlough officers of the Army, Marine Corps, Public Health Service, Coast Guard, or Coast and Geodetic Survey.

As I understand, at the present time the President has authority to furlough officers of the Navy. This section would give him authority to furlough more officers. It has been stated by prominent generals in the Army that there could well be furloughed at least 2,000 officers out of the 12,000 that we have at the present time. Their average pay, as I understand, is about $6,000 a year. This section will cut them down to half pay. It will make a saving of about $6,000,000 in the Army alone.

I ask unanimous consent that the vote by which Section 8 was stricken out may be reconsidered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

Mr. BYRNES. Mr. President, I object to the request for unanimous consent; but I think I can satisfy the Senator as to the reasons why the action was taken.

The purpose of the section referred to was to enable the President to furlough officers at half pay. In the committee there was considerable discussion, and I was directed to make an investigation. The Army officers prefer that they be dismissed from the service rather than that this furlough provision be applied to them. The administration came to the same conclusion. The Senator from Pennsylvania [Mr. REED] and the Senator from Texas [Mr. SHEPPARD] came before the Appropriations Committee and expressed the views of the Military Affairs Committee. It is my own opinion that if officers are not satisfied with the furlough, and prefer to be dismissed from the service, whenever they can be dismissed, it will be well to let the 2,000 be dismissed, if that be determined, instead of furloughing them.

Mr. FRAZIER. Mr. President, under the provisions of the bill, the furloughed men would get half salary, which would amount, on the average, to about $3,000 a year. It is hard for anyone to believe that officers would rather be discharged from the service or retired at a smaller salary than to be furloughed for half their present salary. As the objection to reconsideration is made, however, I hope the conferees of the Senate at least will not insist too hard upon having the Senate amendment agreed to by the House conferees, because I think it is absolutely unfair; and I am satisfied that if the matter had come to a fair vote on the floor of the Senate that section would not have been stricken out.

The PRESIDING OFFICER. The Chair understands that the Senator from South Carolina objects to the request for reconsideration made by the Senator from North Dakota.

Mr. BYRNES. I do, Mr. President.

The PRESIDING OFFICER. Objection being made, the bill is still before the Senate and open to amendment.

Mr. TRAMMELL. Mr. President, I have a short amendment which I desire to propose.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 42, line 15, it is proposed to strike out "$18,000" and insert "$13,500."

Mr. TRAMMELL. Mr. President, this amendment involves a salary of $18,000 especially provided in this bill. I suppose the officer is already in the position in the Fleet Corporation, which has been transferred to the Shipping Board.

I have followed out the policy of the Senate in dealing with veterans, and I propose a 25 percent cut in that $18,000 salary. I think it certainly comes within a similar scope, and if the Senate thinks veterans should be cut as much as 25 percent we should deal with an $18,000 salary in the same way. I am really opposed to leaving it at $13,500. It is $18,000 at the present time.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. BYRNES. If the Senator will yield for that purpose, I desire to move to strike out the paragraph for this reason:

Under the Economy Act it is provided that no salary shall be in excess of $10,000 except in a case where an employee of the Shipping Board Merchant Fleet Corporation is now receiving more than $12,500, and in such case the salary hereafter shall be $12,500. Others are limited; and because several salaries are provided for in this paragraph I want to move to strike it out, so that it can go to conference, and find why the House inserted the language of this paragraph.

I therefore move, as a substitute, to strike out lines 11 to 16 on page 42.

Mr. TRAMMELL. Mr. President, the chairman of the committee no doubt is correct. I have not looked up the matter. I am a little apprehensive, however, that under his motion a great number of persons will be allowed to receive a $12,500 salary. Under the paragraph as it stands they are limited to $10,000, except three.

Mr. BYRNES. Mr. President, I happen to know that situation, and I know there is not the slightest danger of that happening. The purpose of the Economy Act was to limit the Shipping Board or Merchant Fleet salaries to $12,500.

Mr. TRAMMELL. I am very glad the chairman of the committee agrees with me that that should be stricken out.

The PRESIDING OFFICER. The question is on the amendment of the Senator from South Carolina to the amendment of the Senator from Florida.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to amendment.

Mr. COPELAND. Mr. President, I understand that the Senator from Oregon [Mr. STEIWER] has an amendment to offer.

Mr. STEIWER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oregon will be stated.

The CHIEF CLERK. On page 53, line 8, after the word "hereby", it is proposed to insert:

Upon giving 60 days' notice and opportunity for public hearing to the parties to such contract.

Mr. STEIWER. Mr. President, a little earlier in the afternoon the Senate refused a reconsideration of the vote by which section 6 had been stricken from the bill. There is now no opportunity for further consideration on the general question of striking out the paragraph. It is a part of the bill by the action of the Senate. The only purpose of the amendment which I have now sent to the desk is to provide that before the President shall exercise the power to modify or cancel he shall give notice to the contracting parties and permit them opportunity for hearing.

Mr. BYRNES. Mr. President, I accept that amendment. I think it is fair.

Mr. STEIWER. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon.

The amendment was agreed to.

Mr. COPELAND. Mr. President, I am glad the Senator from South Carolina has accepted the amendment; but I want to say two or three words more on this subject of shipping, even though the Senator from Utah [Mr. KING] intimated that I had made the same speech a hundred times. I have not made the speech as many times as the Senator from Utah has complained about the appropriations carried in the individual appropriation bills; but there have been so many misstatements in the RECORD about the shipping business that I desire to insert a letter regarding it.

On the 31st of May, at page 4645 of the RECORD, the Senator from Alabama [Mr. BLACK] made certain criticisms regarding the salary paid the head of one of the shipping

lines. I want the truth about that matter to appear; and I ask that the letter received by me from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co., may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NEW YORK & CUBA MAIL STEAMSHIP CO.,
Washington, D.C., June 1, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

DEAR SENATOR COPELAND: I happened to arrive in Washington this morning to keep an appointment, and while here my attention was called to certain statements made by Senator BLACK on the floor of the Senate in connection with the salary paid the president of the New York & Cuba Mail Steamship Co. As I happen to be the president of that company, I naturally am quite familiar with the amount that is paid. I am sure Senator BLACK would not wish the RECORD to set forth statements which are not borne out by the facts, and with a view to enabling you to correct a wrong impression that can easily be created by what was put in the RECORD, I desire to submit the following facts.

The New York & Cuba Mail Steamship Co. does not now and at no time has it paid me a sum as great as the minimum fixed in the so-called "Black amendment." At the present time, the New York & Cuba Mail Steamship Co. pays me an annual salary of $12,825, and the expenses incurred by me for a period covering from 1929 to 1932 have never been in excess of $1,100 per annum, which covers from one to three trips annually to Cuba and to Mexico, railroad fares, hotels, taxis, telephone calls, etc. For the same period fees paid to me for attendance at directors' meetings have never exceeded $220 per annum.

Senator BLACK made reference yesterday to some low rates of interest charged by the Shipping Board on construction loans. Inasmuch as he had just previously mentioned the name of the New York & Cuba Mail Steamship Co., it might be inferred that such loans were made to that company. In order that no such impression may be created, I desire to state to you that while loans were made by the Shipping Board in connection with the construction of the steamers *Oriente* and *Morro Castle*, the rates of interest which applied on such loans were 2⅞ percent and 2⅜ percent. Of course, you know these rates of interest apply only while the vessels are engaged in the foreign trade and that for any period of time that they would engage in a domestic trade, the rate of interest would be 5¼ percent.

While passing through Washington, I thought it might be desirable to give you these facts in case you wish to correct the Senate RECORD.

Very truly yours,

FRANKLIN D. MOONEY, *President.*

Mr. COPELAND. Mr. President, I want to call attention also to the fact that the shipping industry employs 75,000 men, not counting those employed in offices and agencies in the interior of the country. So, when we talk about destroying the shipping lines and criticizing them because they cost money to operate, we are seeking to destroy one of the greatest employers of labor in all the industrial life of our country.

Mr. President, this afternoon I heard statements made about the wickedness of subsidizing American shipping. I heard the Senator from Utah talk about how the shipping of other countries could be carried on, and how successful that shipping was. There is not a country on the face of the earth that has any shipping industry or any merchant marine that does not subsidize that merchant marine. If we are willing in this country to repeal the La Follette Acts, and let our seamen work under the same conditions under which seamen on foreign ships work, the same conditions under which the Chinese coolies are employed, we can maintain an American merchant marine, but if we are to maintain the high standards of American labor, such as we desire to maintain in the United States, we will have to subsidize our American merchant marine, just as the shipping lines of other countries are subsidized and assisted.

Mr. President, I know how useless it is to talk about this matter. I am distressed beyond words that the Democratic Party should be responsible for the ultimate destruction of the American merchant marine. It will not look well in the future when we find out that the shipping lines of our country, which were assisted during the administrations of the Republican Party, are now no longer to be assisted. That will not redound to the glory of the Democratic Party.

I wanted to say that last word, because I am satisfied, as I told the shipping interests recently, that there is no use making any further appeal to this body. The Senate has determined, apparently, upon a course which will mean the destruction of these lines, and there will be thrown back upon our country about $200,000,000 worth of ships. Then the time will come, may I say to my friend from Washington, that in the operating fund, if we are still operating the ships, there will be millions far in excess of the fifty million which he thought could be found in the fund, because if we are to operate these lines as Government lines we will appropriate every year probably fifty or one hundred million dollars in excess of what we appropriate now.

Mr. President, what I have said I have said in perfect good feeling. It is the right of every Senator to vote his convictions, and if Senators have voted their convictions and are willing to have this great burden placed upon the American merchant marine, already only 2 knots ahead of the sheriff, that is for the Senate to decide; but I am frank to say that we have made today a very great mistake, and one which, in the language of the Senator from Louisiana, we will come to regret.

Mr. BONE. Mr. President, I merely want to say one word in answer to the Senator from New York. I think it is rather a remarkable spectacle when steamship companies can get subsidies of from five thousand to one hundred thousand dollars a pound for hauling mail in boats given to them for a song. These subsidies in themselves are sufficient to amortize the whole investment, including remodeling loans, and yet the companies claim they cannot make a success of the thing. How much do they want out of our depleted Treasury?

I want to say to the Senator from New York that, while I do not know whether it is true as to the eastern lines, if we go to the boats on the west coast we will find Chinese and Filipinos working on them. Filipinos are brought over here to take jobs which ought to go to Americans, and these steamship companies are being subsidized out of the Treasury of the United States to keep these Filipinos on the pay rolls. Not long ago a ship came to your east coast under lease with a Chinese crew of over a hundred members. The picture is not a pleasant one.

The VICE PRESIDENT. The question is, Shall the amendments be ordered engrossed and the bill read the third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ABANDONMENT OF THE GOLD STANDARD—STATEMENT BY SENATOR METCALF

Mr. McNARY. Mr. President, the Providence Journal, in the issue of May 30, 1933, contained an informative and interesting statement by the able senior Senator from Rhode Island [Mr. METCALF] on the abandonment of the gold standard, and I ask unanimous consent to have the statement printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The question of what shall be the basis for our money has been before this country almost from the beginning of the Government. There have been times when the havoc of war or disruptions in the flow of commerce have turned the thoughts of our statesmen to problems of monetary change. In the past 3 months we have witnessed the abandonment of the gold standard as a temporary economic expedient. But now we are asked to remove permanently the foundation of our currency and to break faith with the people of the United States and foreign holders of our bonds by repudiating an honorable contract.

CHARGES REPUDIATION

It has been the unwavering adherence to public faith that has made the credit of this Government as good as the gold which guaranteed it. Even at the time of the Civil War, when the very existence of the Union was threatened, the Government fought against staining its honor by repudiation of its contract. The statesmen of that day who sought to destroy the sanctity of the public pledge have never completely removed the stigma of their acts. In 1894 President Cleveland unflinchingly fought to maintain the honor of his country and preserve the sacred integrity of the Government.

We have had every reason to believe that the acts of the administration since the 4th of March have been temporary and of emergency character. We have been assured that an inflationary program, cautiously inaugurated and carefully controlled, was a part of the war against a temporary world depression. Why, then, if a carefully controlled and little-used inflationary power is to be

exerted, are we now asked to enact into law this complete destruction of the gold monetary basis? Why are we virtually commanded by the Executive to repudiate an honest debt, and to dishonor a contract of the United States Government? What is the real reason for this bill? I think that question will remain unanswered; that is, unless some of the academics who are using this Government as an experimental laboratory will prepare a thesis in reply.

With three and a half billions of the world's gold held by the Government; with a record for honorable discharge of public obligations unstained; with the credit of the Government unimpaired, why should we go off the gold standard? The only answer to that question is the bare fact that the sponsors of this measure are intending to transfer property from one group of citizens to another. They intend to assume the role of partitioner of property by dishonoring a contract.

ETHICS REMAIN UNCHANGED

The Constitution of the United States is not a paper idol before which the Government must bow in abject humility, but it has been, and should continue to be, the foundation and the watchlight of our Government. A Government note or a Government bond should be equally sacred. We would not openly repudiate the Constitution, so why should we openly repudiate a constitutional debt?

The problem of the constitutionality of this act is important, but even should the Supreme Court affirm the right of Congress to repudiate a public contract, the affirmation would be only of that right. The decision could in no way relieve the offense against our national honor nor change wrong to right. It would simply affirm the power of the Government to commit an act but would in no way pass upon the justice of that act. It would not affirm the autocratic axiom that "might makes right."

As late as April 23 the Treasury Department borrowed money with the promise to repay in gold or its equivalent. Has the actual value of these borrowed dollars undergone a change? Or is the Government putting itself in the position of borrowing and then refusing to pay in kind? On these late debts there can be no semblance of argument in justification of this bill.

TO PAY WITH CHEAP MONEY

This bill simply means that the Government breaks faith with its creditors and legalizes broken faith in private contracts. It means that debts will be paid in cheapened money. How cheap that money will be, nobody knows. Germany could repay borrowed fortunes with a piece of worthless paper following her program of inflation. Are we to drift in the same direction?

The experience of Germany with currency inflation should be sufficient to demonstrate to the American people the utter fallacy of a movement of this kind. Inflation may mean the issuance of more and more paper money, accepted simultaneously with endlessly rising prices. In other words, the effect of paper inflation would be a reduction in the value of wages and of all sound money.

An increasing price of basic commodities will undoubtedly be accomplished by abandonment of the gold standard and the subsequent inflation. The price of the necessities of life will soar, as will common stocks, a movement already started—that is, they will soar in paper value but not in actual value, as the purchasing power of the dollar decreases, particularly when the actual value is measured in commodities rather than fiat dollars. Following the currency inflation in Germany it took as much as a million marks in paper currency to buy a good meal. The life savings of people were completely wiped out, and the value of insurance policies became virtually nil. It has been admitted by Germans of highest authority that Germany cannot recover from this colossal blunder for 100 years.

FEARS TERRIFIC INFLATION

"The effect of such terrific inflation as may follow this bill may be the complete destruction of our whole financial system. It might easily end in such inflation as that which Germany experienced. In Germany commodity prices and common-stock prices soared. Mortgages and bonded indebtedness, including Government bonds, became worthless. Insurance policies were paid in valueless currency. The cost of living rose so much more rapidly than salaries that factories were forced to pay off twice a day, and even then a day's wages often would not buy a loaf of bread. The savings of people were completely lost, and foreign trade was virtually exterminated by virtue of a complete embargo on importations. Germany was eventually forced to reestablish her currency on a gold basis, but only after a chaotic suffering such as she had never seen before.

"We should not jeopardize our whole financial structure by abandoning our money basis. Such a program is destructive to social progress, and it would retard the natural recovery of this country for many years. We should inaugurate an orderly program of economy and business stimulation, based upon sound credit and confidence. So long as there is in the air the possibility, however remote, of an endless and uncontrolled inflation program, confidence cannot possibly return and business men most assuredly will not jeopardize their future by planning and carrying out elaborate industrial programs. I most sincerely hope that the time will never come when the credit of the United States will be destroyed. Why drive our capital abroad? As Germany did.

"We cannot break faith and retain confidence at the same time."

THE GOLD STANDARD

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H.J.Res. 192) to assure uniform value to the coins and currencies of the United States.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

CHANGE OF REFERENCE

Mr. GEORGE. Mr. President, the nomination of E. Barrett Prettyman, of Maryland, to be General Counsel for the Bureau of Internal Revenue, was referred to the Committee on the Judiciary. I ask unanimous consent that that committee may be discharged from the further consideration of the nomination and that it be referred to the Committee on Finance. I may state, in this connection, that I have discussed the matter with the Chairman of the Committee on the Judiciary [Mr. ASHURST], and he agrees.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Committee on the Judiciary will be discharged from the further consideration of the nomination, and it will be referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Education and Labor, reported favorably the nomination of George F. Zook, of Ohio, to be Commissioner of Education, vice William John Cooper.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations in the Army.

The VICE PRESIDENT. Are there further reports of committees? If not, the calendar is in order.

DEPARTMENT OF THE TREASURY

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. ROBINSON of Arkansas. Mr. President, it is my understanding that on yesterday when this nomination was called there was an agreement that the nomination should go over until Mr. Hewes, the nominee, could appear before the Committee on Finance. I therefore ask that the nomination go over for the day.

The VICE PRESIDENT. The nomination will be passed over.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Arthur A. Quinn, of New Jersey, to be comptroller, customs collection district no. 10, New York, N.Y.

Mr. COPELAND. Mr. President, so many questions have been asked me about this appointment that I wish to say a word.

While it is true that the Comptroller of Customs holds an office in New York City, it is a sort of a tradition that the person who holds it shall come from the State of New Jersey. Colonel Foran has made a very acceptable comptroller. He has been there for years, and is very highly thought of; and if his successor will be as good as Colonel Foran has been, I am sure that everybody in New York belonging to the Democratic Party will be very happy. I wanted it to be understood why it is that, while this man appears to hold an office in New York City, as a matter of fact it is the port of New York, and custom is being followed by the appointment of a New Jersey man to the position.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Clement L. West to be collector, customs collection district no. 46, Omaha, Nebr.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of John Bright Hill to be collector, customs collection district no. 15, Wilmington, N.C.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James J. Connors to be collector, customs collection district no. 31, Juneau, Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The Chief Clerk read the nomination of William Zimmerman, Jr., of Illinois, to be Assistant Commissioner of Indian Affairs.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, as in legislative session, I move that the Senate take a recess until 11 o'clock tomorrow.

The motion was agreed to, and (at 6 o'clock and 55 minutes p.m.) the Senate, as in legislative session, took a recess until tomorrow, Saturday, June 3, 1933, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 2 (legislative day of May 29), 1933

ASSISTANT COMMISSIONER OF INDIAN AFFAIRS

William Zimmerman, Jr., to be Assistant Commissioner of Indian Affairs.

COMPTROLLER OF CUSTOMS

Arthur A. Quinn to be comptroller of customs, customs collection district no. 10, New York, N.Y.

COLLECTOR OF CUSTOMS

Clement L. West to be collector of customs, customs collection district no. 46, Omaha, Nebr.

John Bright Hill to be collector of customs, customs collection district no. 15, Wilmington, N.C.

James J. Connors to be collector of customs, customs collection district no. 31, Juneau, Alaska.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 2, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Heavenly Father, as Thou art so merciful unto us, teach us to be merciful unto others. May we hear and obey the commandment—do unto others as we would have them do unto us. Hasten the day when those jealousies shall cease which have separated nations so long and dashed one upon the other. Grant, our Father, that the citizens of our own land may live intelligent and obedient lives, and that the hearts of our people may more and more cleave together. Blessed Lord God, may a high standard of morality and essential unity live and prevail throughout our entire Nation. Be with any who may be perplexed in business and upon whom care and anxiety are weighing heavily. Hear our prayer and be pleased to give direction to the deliberations of this day, and unto Thee be eternal praise and glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker, it is my purpose at a later date to speak on the subject of the canal across Florida, but this morning I ask unanimous consent to extend my remarks and present therein a memorial from my legislature to the Congress.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker and my colleagues, the canal across north Florida is the most important waterway which has been suggested since the construction of the Panama Canal. It, we believe, will handle as much or probably more tonnage than is handled by the Panama Canal and will redound greater benefits to the American people.

The proposed canal across north Florida is by no means a local project, but is decidedly a national project and will benefit every one of the States of the Union and all citizens therein.

This project has been a dream of several generations, but was in a dormant stage until in 1927 I introduced a survey bill which the Congress passed, and then in 1930 it was my pleasure to introduce a further survey bill, which the Congress passed in the general rivers and harbors bill. Under the provisions of this survey bill the Board of Army Engineers are now completing the surveys, and we hope for a favorable report.

During almost each session of the Congress since I have been a Member you have patiently listened to my discussion of this most worthy project, and I trust that the next time I address you upon this subject it may be the last one necessary. It is a project full of merit, and, frankly, I believe the American people, under the able leadership of President Roosevelt, will soon realize the beginning of actual construction of this great waterway improvement.

The people of my State are deeply interested and are offering the Federal Government every possible cooperation. I am glad to now submit the recent memorial of the Florida Legislature urging prompt action upon the project.

The memorial follows:

SENATE COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 11—JOINT MEMORIAL OF THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF FLORIDA

A memorial to the President of the United States requesting the assistance and cooperation of every available Federal agency in order to make possible at an early date commencement of construction work on a ship canal across the peninsula of the State of Florida

Whereas the construction of a ship canal across the State of Florida will give employment to a vast amount of human labor, thus greatly relieving the distress due to the unemployment crisis, at the same time creating a valuable commercial and military asset which will in the course of time repay its own cost through the collection of reasonable tolls from ships using the canal; and

Whereas the constitution of the State of Florida contemplates with favor the construction of such a canal across the State and makes provision for and authorizes special legislation in order to facilitate such construction, and the Legislature of the State has now created a public corporation known as the "Florida Ship Canal Authority" and has granted to said corporation a franchise with full power and authority to construct said canal; and

Whereas such a canal will cut off approximately 500 miles of distance by the water route between New Orleans and the Gulf ports on the one hand and New York and Liverpool on the other, will eliminate the danger to shipping incident to passage through the Florida straits, will bring about tremendous savings by reason of the resultant reduction in time, insurance, and other transportation costs, and will constitute a valuable asset to our national defense; and

Whereas such a canal will largely solve the distribution problems of the Mississippi Valley and of the southeast section of the United States, will greatly aid the agricultural and industrial activities in said section by furnishing them perpetual and cheap transportation to the Atlantic seaboard where the best markets are located, will enhance the value of the farm lands through the producing of means for delivering their produce to market, and will offer material advantages and benefits to fully one half of the producing area of the United States; and

Whereas said ship canal, while rendering this valuable service to labor, industry, agriculture, and ocean shipping, will at the same time, and without additional cost, provide a connection between the Atlantic coastal waterway and the Gulf coastal waterway for barges and small craft plying between Boston, Mass., and Gulf of Mexico ports; and

Whereas the Corps of Engineers of the Army of the United States, pursuant to authorization of Congress, is now completing

an exhaustive physical survey of various possible routes for such a canal and of the costs of the construction thereof; and

Whereas an application is now pending with the Reconstruction Finance Corporation of the United States for a loan of sufficient funds with which to construct said canal, such loan to be self-liquidating in character: Now, therefore, be it

Resolved by the Senate of the State of Florida (the House of Representatives concurring), That the President of the United States be, and he is hereby, respectfully urged to approve of said construction project as an effective measure in relieving unemployment and stimulating industry, and that he be, and he is hereby, further requested to procure the assistance and cooperation of every appropriate and available Federal agency in order that construction work upon said project may be commenced at the earliest possible date; be it further

Resolved, That the secretary of state be directed to furnish a certified copy of this memorial to the President of the United States, to each of our Senators and Representatives in Congress, to the Reconstruction Finance Corporation of the United States, and to the Associated Press.

Approved by the Governor of Florida May 27, 1933.

STATE OF FLORIDA,

Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of senate committee substitute for House Concurrent Resolution No. 11, as passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this 30th day of May A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

Mr. PARKS. Mr. Speaker, on yesterday afternoon the distinguished gentleman from Massachusetts asked permission to address the House for 20 minutes. Not a Democrat on this side objected, but during the afternoon the Republicans conducted a filibuster, that took more time than would have been consumed by the distinguished gentleman from Massachusetts. Therefore I feel constrained to object.

Mr. SNELL. Mr. Speaker, reserving the right to object, let me ask the gentleman from Arkansas a question. I understood him to say not a Democrat objected. I remember well that the gentleman from New Jersey [Mr. KENNEY] objected and the gentleman from Illinois [Mr. O'BRIEN] objected. If I am wrong, I wish to be corrected.

Mr. CARPENTER of Nebraska. Mr. Speaker, I object.

Mr. Speaker, I withdraw my objection.

Mr. BYRNS. Mr. Speaker, reserving the right to object, may I say I told the gentleman from Massachusetts on yesterday that if he would postpone his request until after the consideration of the rules that I would not object and that I hoped nobody else would object. Now, we on this side were not responsible for the long time that was taken upon those rules, and, of course, neither was the gentleman from Massachusetts; and I do not want to penalize him for what somebody else did.

I may say that if this time is given I hope the House will be patient, as I know it will be when the debate starts, and we can conclude general debate on this bill today and perhaps take up something else, postponing the consideration of the bill under the 5-minute rule until tomorrow, provided the House will agree to meet at 11 o'clock. Otherwise we cannot do it. We are anxious to get rid of this bill in order that we may be nearer adjournment.

Mr. SNELL. I may say to the gentleman from Tennessee there is no disposition on this side of the aisle to delay the orderly process of the consideration of this bill.

Mr. BYRNS. Mr. Speaker, at this time I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. CELLER. Mr. Speaker, reserving the right to object, and I shall not object, I should like to have 5 minutes to address the House after the address made by the gentleman from Massachusetts [Mr. TINKHAM]. I wish to speak on the subject of Postal Savings, which matter is to be considered by the conferees on a pending bill.

Mr. BYRNS. I think the gentleman will have an opportunity to address the House later in the afternoon. We can sit a little longer. I am willing.

Mr. CELLER. When will the opportunity be granted, may I ask the gentleman from Tennessee?

Mr. BYRNS. After we conclude general debate on this bill, if the House wants to remain in session and hear the gentleman, he may then address the House.

Mr. SNELL. I hope the request of the gentleman from New York will not be tied up with the request of the gentleman from Massachusetts.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts that he be permitted to address the House for 20 minutes?

There was no objection.

Mr. TINKHAM. Mr. Speaker, the honorable Representative from the First Congressional District of my own State did an unprecedented thing in the House the day before yesterday. He attempted to influence the Committee on Rules in its action on a resolution which I had just introduced in the public interest. The resolution provided for an investigation of the relations of Norman H. Davis with international bankers, particularly J. Pierpont Morgan & Co., fiscal agents of the British Government, with international business interests, and with certain disloyal and seditious organizations. Mr. Davis is now representing the United States at Geneva, where he is publicly proclaiming the abandonment by the United States of its traditional policy in relation to its foreign affairs, and at London, where he is negotiating concerning an economic conference soon to be held which will involve not only the foreign debts of the United States but also its general international financial policy.

Defending Mr. Davis, the honorable Representative from Massachusetts stated:

Mr. Davis' honesty and integrity have never been questioned, and if questioned they could not be successfully impeached.

He also stated:

Mr. Davis' life and career are an open book.

Let me read several pages of the "open book", written by the Court of Appeals of the District of Columbia and by the Supreme Court of the United States.

REVERSED IN PART

The chapter of the "open book" written by the Court of Appeals of the District of Columbia has for its title *Las Ovas Co., Inc.*, v. *Davis* (35 App. 372). The chapter concludes with the following unanimous opinion, rendered June 1, 1910:

OPINION OF THE COURT

We will first consider the errors assigned by the defendants, Davis and Phillips. Their first contention is that the bill should have been dismissed because the suit was not properly authorized. This contention was urged upon the trial court. The record shows that when the resolution authorizing the bringing of the suit was passed, the president of the company and all the members of the board of directors save two—Davis being one—were present, and all save Davis had notice of the meeting. It is urged that this being a special meeting of the board, Davis should have had notice. Davis, who resided in Cuba, and who was there when this meeting was held, had, before leaving Washington, given Reid a power of attorney to vote for him at meetings of the board of directors, saying that notice of special meetings need not be sent him, as he could not come here to attend them. While a director may not legally delegate his powers, we see no reason, especially where he is without the jurisdiction, why he may not waive notice; and having waived notice, as in this case, he is estopped subsequently to alleged lack of notice.

The second ground for the dismissal of the bill is the defect of parties, the contention being that Herbert and Micou should have been joined as parties defendant. This contention is without merit. When the suit was instituted, the complainant was without knowledge that Mr. Micou had received anything more than his share of the promoters' stock, and the answer of the defendants did not disclose that he had received anything more. It is nowhere intimated in the record that Mr. Herbert knew, or had reason to know, of his partner's participation in secret profits. Herbert and Micou were not indispensable parties (*Stockton* v. *Anderson*, 40 N.J. Eq. 486, 4 Atl. 642). Except in the case of indispensable parties, the rule is well established that objection for want of parties, to be available, must be made early (*Landram*

v. *Jordan*, 25 App. D.C. 299, 300). Moreover, Micou, on the institution of this suit, had parted with his stock, and, since the decree appealed from does not charge the defendants with liability for the secret profits of Micou, they are in no way prejudiced by the failure to include him as a party.

The last ground for the dismissal of the bill is that the petitioner was not competent to maintain suit for the relief sought. The defendants base this contention upon the opinion in *Old Dominion Copper Min. & Smelting Co.* v. *Lewisohn* (210 U.S. 206, 52 L.ed. 1025; 28 Sup. Ct. Rep. 634). In that case members of a syndicate acquired properties for the purpose of conveying them, at an excessive valuation, to a corporation they were to organize. The new company, composed entirely of themselves, was formed, every incorporator having full knowledge of all the facts. Thirteen fifteenths of the stock of the company was held by the original incorporators and two fifteenths subsequently passed into the hands of innocent holders. Thereupon a bill was brought by the corporation against the estate of one of the deceased promoters, who had acted nominally as a vendor to the company of part of the property, but who was really acting for the benefit of all the proposed incorporators, to rescind the sale of that portion of the property, or to recover damages. A demurrer was interposed and sustained by the trial court. The Supreme Court sustained the decree on the ground that, the company having "assented to the transaction with the full knowledge of the facts", its action remained binding on itself after changes in its members and an increase in its capital stock, such changes and increase not affecting its identity. The court said: "The difficulty that meets the petitioner at the outset is that it has assented to the transaction with the full knowledge of the facts. If there had been innocent members at the time of the sale, the fact that there were also guilty ones would not prevent a recovery. Here thirteen fifteenths of the stock had been taken by the syndicate, the corporation was in full life, and had assented to the sale with knowledge of the facts before an outsider joined."

From our reading of the decision we think the defendants have misconceived its purport. As we read it, it is a reaffirmation of the doctrine that members of a syndicate to purchase property for a corporation to be formed by them stand in a fiduciary relation toward that corporation and that they will not be permitted to make a secret profit on the sale of such property to the corporation. *Yeiser* v. *United States Board & Paper Co.* (52 L.R.A. 724, 46 C.C.A. 567, 107 Fed. 340); *Loudenslager* v. *Woodbury Heights Land Co.* (56 N.J. Eq. 411, 41 Atl. 1115, affirming 55 N.J. Eq. 78, 35, Atl. 436); *Erlander* v. *New Sombrero Phosphate Co.* (L.R. 3 App. Cas. 1218, 6 Eng. Rul. Cas. 777). In the latter case the facts did not differ materially from the facts in the case at bar. There a syndicate entered into an agreement to sell at a profit, to a company to be organized by the sellers; but there were innocent stockholders when the company was organized, and, as the Supreme Court said in its review of the facts in its opinion in the *Lewisohn case, supra*, "there never was a moment when the company had assented with knowledge of the facts." So here, there never was a moment when the company, with knowledge of the facts, consented to pay $35,000 for property which it should have obtained for $20,000. The complainant was, therefore, imposed upon and defrauded, and, we think, entitled to maintain this suit.

We will here consider complainant's assignment of error relating to that part of the decree below allowing the defendant Davis to retain the 22 shares of promoters' stock now held by him. In entering upon the consideration of this question, it must be remembered that this is a proceeding in equity, and addressed to the conscience of the court. One of the last things which a court of equity should do is to reward duplicity, or make it possible for those guilty of a fraud to reap substantial benefit therefrom.

The members of this syndicate engaged therein for the purpose of acquiring and developing land in Cuba. The defendants represented, and Reid supposed, that they were acting in good faith, and advancing their pro rata share of the money necessary for the preliminary work of investigation, and later toward their pro rata share of the amount of the purchase money of the property acquired. Instead of acting in good faith, as their fiduciary relation especially demanded, they deceived and defrauded complainant by requiring it to pay $35,000 for property which had really cost but $20,000.

Instead of advancing in good faith the pro rata amounts required of them in the legitimate prosecution of the enterprise, they advanced nothing and, by the before-mentioned fraudulent methods, obtained assessable stock of the complainant. This the court had rightly ordered canceled. Can it be possible that equity demands that the promoters' stock, which these men procured under the conditions mentioned, and which is now in the possession of one of the guilty parties, and burdened with all the evidences of the fraud, should escape the condemnation of the court? As we view this record, the fraud of these parties taints the entire proceeding. There never was a moment, according to the record, when they really intended to invest a dollar in the enterprise. To be sure, they devoted some time to the project, but their good faith was at no time apparent. The theory upon which the assessable stock has been ordered to be surrendered and canceled is that it represents secret profits derived from the complainant. What does the promoters' stock now in the hands of Davis represent? It was acquired upon the theory that the members of the syndicate, having in good faith devoted their time and invested their money in inaugurating and prosecuting the enterprise, were entitled to special consideration by reason thereof. Instead of acting in good faith, the defendants practiced deceit upon the complainant, which, we think, is of such a nature and so closely related to the question now under consideration as not to justify a court of equity in distinguishing between the two kinds of stock. Of course, it was necessary for someone, if the property was to be acquired, to furnish the money. The defendants not only did not furnish any, but in addition to all the stock which they acquired there still remains in their hands over $15,000 secret profits. Can it be that such a betrayal of trust should be rewarded by recognizing the validity of the promoters' stock thus acquired? Can it be that in a court of equity such gross breach of trust as these men have been guilty of is to be rewarded to such an extent? The assessable stock which has been ordered canceled represented the fruits of a fraudulent conception, and yet, but for the fraud practiced upon the complainant, the defendants would not have received the promoters' stock. It is evident that they received that stock because it was then supposed that they were honestly acting in the interests of the complainant and assuming their share of the burdens arising. Had it been known that they were not acting in good faith and that they were not investing a dollar in the enterprise it is evident that they would have received no promoters' stock, for they had earned none. As the matter stands, therefore, the 22 shares of promoters' stock, which the decree below has awarded the defendants, represents remuneration for faithful and honest services, freed from all taint of fraud. We are unable to concur in this result. In our view this stock is entitled to no greater consideration than the assessable stock. The character of the profit realized by the defendants cannot purify its source. Their deceit should avail them nothing at the expense of the party defrauded.

The decree will therefore be reversed in party, with costs to the appellant in no. 2030, and the cause remanded with directions to enter a decree in conformity with this opinion.

The chapter of the "open book" written by the Supreme Court of the United States has for its title: *Davis* v. *Las Ovas Co., Inc.* (227 U.S. 80). The chapter concludes with the following unanimous opinion, rendered January 20, 1913:

OPINION OF THE COURT

This is a bill by the appellee to recover from appellants secret profits made by them as promoters of the Las Ovas Co. in the purchase of a part of a tract of land known as "Las Ovas" in the Republic of Cuba, and also for the cancelation of certain shares of stock issued to them as promoters.

The facts essential to judgment are not in serious dispute. They are found clearly and fully stated in the opinion by Mr. Justice Gould of the Supreme Court of the District of Columbia, and again in the opinion of the Court of Appeals of the District by Mr. Justice Robb.

From the facts found by both courts it appears:

(a) That the appellants and certain other persons, not parties to this suit, signed an agreement on March 19, 1904, by which they agreed to purchase for a corporation which they were to organize a specified part of a tract of land in Cuba called the "Las Ovas plantation", for the price of $34,000, to which it was later agreed to add another small parcel at an additional price of $1,000.

(b) It was further agreed that they should organize a corporation, of which they should be the incorporators, with a capital stock of $150,000, and that 40 percent of the shares should be issued to them for service as promoters and that the remaining stock should be subscribed for by them. For this subscribed stock they were to pay an amount sufficient to cover the purchase money of $35,000 and to create an expense fund of $5,000.

(c) It was agreed that the property should, when acquired, be placed in the hands of one of the group of promoters until the formation of the company, and then conveyed to it.

(d) The scheme was one originated and engineered by the appellants, who at the time of this agreement had already secretly secured an option for themselves for the purchase of this property at the price of $20,000. To conceal the true consideration from their associates they caused the property to be conveyed by the vendor to one Escalante, a stranger selected by them. The deed to Escalante recited the true consideration. Later, in pursuance of the promoters' agreement, they caused Escalante to convey to the member of the syndicate selected to hold the title until organization, reciting a consideration of $35,000.

The corporation was organized as planned. The promoters' shares were duly issued and the remaining shares taken by the promoters upon the agreed terms, its officers and directors being composed exclusively of the members of the syndicate. Thereupon the property was transferred to the company and paid for, through appellants, out of the proceeds of the subscribed stock.

The result of the transaction was that the corporation was required to pay to those who had assumed to act for and represent it a secret profit of $15,000 and also to compensate them for their services in buying the land and organizing the company by issuing to each of them $15,000 in nonassessable shares of its stock.

The decree below required the appellants to account for the profits realized by them, in part traced to certain shares in their hands, and to surrender for cancelation the shares issued to them as promoters.

It is now said that the corporation was "a mere convenient receptacle for the property, erected for the convenience of the syndicate." That the property was bought by the syndicate for their own advantage and that the corporation included only the members of the syndicate. That the stock of the company was

all taken by the syndicate, who, for property which was their own, agreed to pay enough to cover the purchase price and create a small expense fund.

Upon this contention it is urged that the corporation has no right to the relief sought, as the whole transaction was a mere form adopted by the parties for their own convenience as owners of the property and owners of the corporation. It is then said: "If we admit, for the purposes of this point, that appellants did deceive some of the syndicate, what has the company to do with it?" For this they cite *Old Dominion Copper Co.* v. *Lewisohn* (210 U.S. 206), where it was held that a subordinate fraud practiced by some of the promoters of a corporation upon some of their associates was a matter wholly between them and the syndicate which gave rise to no corporate right of action in the absence of innocent incorporators or stockholders.

But that is not this case. Some of those, if not all, interested by appellants in the property and in its purchase for a proposed consideration were ignorant of the real price which they were to pay for it, and were not, therefore, in complicity with their scheme to make a secret profit. These innocent members of the syndicate became stock subscribers and directors of the company, as did appellants. The buyers and sellers were not the same. Those of the syndicate assuming to act for the corporation in acquiring the property were under obligation to disclose the truth and deal openly. In the absence of such disclosure the corporate assent was obtained on false grounds. The wrong was done when those members of the syndicate not in complicity with appellants subscribed to the stock of the company and aided their guilty associate managers in the corporate action necessary to the corporate acquisition of the property at the exaggerated price placed upon it by those who were to realize a secret profit. Thus, the original fraud practiced upon some of those associated with them in the promoters' arrangement became operative against the corporation itself. The standing of the corporation results from the fact that there were innocent and deceived members of the corporation when the property was taken over by it.

Neither is the corporate right of action defeated by the fact that the recovery will inure to the guilty as well as to the innocent, nor is the fact that all of the parties who may have shared in the secret profits are not sued fatal to the case. The corporation may well sue either one or all of those who received secret profits. There is no want of necessary parties because all are not here sued.

The distinction between a case in which all the owners of the property and all of the members of the buying corporation are the same persons, and participate in the profit realized, and the case here presented is fully recognized in *Old Dominion Copper Co.* v. *Lewisohn, supra,* as well as in *Phosphate Co.* v. *Erlanger* (5 Ch. Div. 73), and in the well-considered opinion of Judge Severens in *Yeiser* v. *United States Paper Co.* (107 Fed. Rep. 340).

There was no error in canceling the shares issued to the plaintiffs in error for promotion of the corporation. They and the other members of the syndicate received these shares upon the assumption that they had in good faith served the corporation in the procurement of the property. Obviously appellants were serving themselves to the detriment of the corporation and innocent subscribers to its stock. In such a situation the corporation may recover the shares.

The decree will be affirmed.

As may be seen from these pages of the "open book", the man whom the honorable Representative from Massachusetts would have us believe the United States is fortunate to have as its representative abroad has been denounced by two United States courts, one of them the Supreme Court of the United States, as having violated a fiduciary relationship and having taken secret profits, as having dealt in duplicity and fraud for his own benefit, as not having acted in good faith, as having been deceitful and having defrauded his business associates, as having obtained profit by fraudulent methods, as a perpetrator of gross breach of trust; in fact, as dishonest.

Upon this record and upon the record of his relations with J. Pierpont Morgan & Co. as developed by the Senate Committee on Banking, I demand that the present administration recall Norman H. Davis as the representative of the United States at Geneva and at London. [Applause.]

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. TINKHAM. I will.

Mr. FISH. Is it not a fact that Norman H. Davis was also indicted in another case in Cuba and was a fugitive from justice?

Mr. TINKHAM. I have had several statements made to me that those were the facts, but I have not ascertained the truth of these statements, so I should not make a statement to that effect.

Mr. FISH. Under what authority is Norman H. Davis acting as a roving ambassador at the present time?

Mr. TINKHAM. I know of no authority.

Mr. FISH. And under what authority of law is he being paid $17,500?

Mr. TINKHAM. I know of no authority under which he is being paid that amount.

Mr. BYRNS. Will the gentleman yield?

Mr. TINKHAM. Yes.

Mr. BYRNS. Does the gentleman know that the facts stated by the gentleman from New York [Mr. FISH] are true?

Mr. TINKHAM. What facts?

Mr. BYRNS. The fact that he is paid $17,500 at the present time, and I believe the gentleman has stated he does not know anything about this supposed indictment to which the gentleman from New York referred?

Mr. TINKHAM. I do not have any official information on the subject.

Mr. BYRNS. I want to submit, in justice to a man whose reputation, in my humble judgment, is above reproach, it is hardly fair for the gentleman from New York to insinuate by a question the fact that there was an indictment, when the gentleman——

Mr. FISH. Will the gentleman say——

Mr. BYRNS. Let me get through my statement.

Mr. FISH. The gentleman from Tennessee has not the floor.

Mr. BYRNS. I am speaking with the permission of the gentleman from Massachusetts.

Mr. FISH. But the gentleman does not deny he was indicted in Cuba, does he, or that he is being paid $17,500 as ambassador at large? The State Department informs me that he does receive such an amount.

Mr. BYRNS. Mr. Speaker, I have not yielded to the gentleman from New York. I know nothing of an indictment. I say it is eminently unfair, by innuendo upon the floor of the House, through an inquiry with reference to an indictment when the gentleman from Massachusetts who, evidently, with his usual keenness, has endeavored to find something upon which he may base his objections to Mr. Davis, himself states that he has no knowledge of the fact.

I want to ask the gentleman this question. How many gentlemen composed this syndicate to which the gentleman has referred?

Mr. TINKHAM. I know no more about it than what appears in the cases from which I have quoted. Four are mentioned, one of whom, it appears, did not participate in the fraud.

Mr. BYRNS. I take it that the opinion of the court stated how many were prosecuted.

Mr. TINKHAM. I have read both opinions in full.

Mr. BYRNS. I take it there were a number.

Mr. TINKHAM. Four, it would appear.

Mr. BYRNS. And as I understand, the gentleman's complaint against Mr. Davis is that he participated in the formation of a syndicate which had property which they purchased for $20,000 and which was transferred to a corporation for $35,000, involving a profit of $15,000 to all the members of the syndicate, and that Mr. Davis, at the very time to which the gentleman referred in the beginning of his remarks, was absent in Cuba and was acting here through a proxy which he had undertaken to give to a member of the board.

Mr. TINKHAM. I do not understand that is the fact. The syndicate was formed in Cuba, with Mr. Davis participating.

Mr. BYRNS. I understood the gentleman to state that.

[Here the gavel fell.]

THE BANKING SITUATION

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to extend some remarks of my own in the RECORD in regard to the banking situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIBSON. Mr. Speaker, no President ever dealt with a graver crisis than faces President Roosevelt today. He deserves the united support of the people in the same full measure that it would be given in war time.

There should be no play in Congress for Democratic or Republican advantage. The saving of America and her civilization is our common goal.

An erroneous conception of the meaning of cooperation should not carry us to a point where we necessarily agree fully with every administration policy. Constructive criticism helps in the right settlement of problems. The saying of "Yes, yes" to every proposal does not mean true cooperation.

I find myself sharply critical of the policy of the Treasury Department as to the opening of closed banks and the enforcement of regulations for the conduct of banks that have been opened. The Department is advocating a policy of inflation and following a policy of deflation. This results in holding by the banks of billions of assets which should be flowing into the channels of trade and credit.

Complaints have come to me that help is not extended by banks that are now open to farmers and small business men with good local collateral; that the bankers are required to demand payment of obligations of hard-pressed people at a time when it is impossible to meet them; that the great asset of personal integrity is wholly ignored in making loans; that examiners require banks to cross notes off from their assets unless the collateral back of them is listed with some stock exchange, principally the New York stock market; that bankers are instructed to refuse loans which are not certain to be paid in full at maturity; that loans will not be renewed more than once; that stocks in local industries and local assets are not considered sufficient as collateral; that notes are written for 30 days only; that when bonds held by banks go up in market value the banks do not get credit for that appreciation but are compelled to carry the bonds at a depreciated figure; that in many instances when the rural banker comes to Washington and settles a plan for reopening and returns home and appeals with success to local stockholders, depositors, and others to raise the capital agreed upon, requirements are suddenly imposed to the extent that they are impossible of execution; that communities are asked to raise amounts out of keeping with reasonable requirements and wholly beyond the financial ability of the stockholders or the community; and that instead of being helpful to rural sections the Treasury Department by its arbitrary and unreasonable rulings has porved a handicap to any recovery from the depression.

An example comes from a highly reliable source. A farmer owns a well-stocked dairy farm in a high state of cultivation and without encumbrance. The farm and stock are worth several thousand dollars. Two years ago the farmer, desiring to improve his water supply and make other improvements, borrowed $1,400 on a note signed by himself and his wife at a bank serving a farming community. Owing to the reduction in the price of milk, he had been unable to reduce the mortgage but $175. The bank holiday came on. A conservator was appointed for the bank. Now it is claimed that the bank examiner refuses to allow the conservator to list that loan as an asset, and has directed that it be taken out of the list of assets because the note has been renewed more than once.

No country bank can exist under such requirements. No community can come back under such handicaps. Many communities are being throttled financially and the good people that live in them driven to a state of desperation. They will not continue in tame submission to the dictates of misguided officials.

The ordinary run of people depend upon the local banks for business credit. The community banker knows every patron; all about his integrity and the value of his property. He knows who is worthy of credit. When these banks are hit, the welfare of millions of working people is seriously affected.

The Treasury Department is trying to force big city bank methods onto country banks. These will not work. I stated recently in the RECORD that we had no bank failure in my State during the depression; that if our Vermont banks had been left alone, they could have worked their way out of any present difficulty; and that any faithful country banker knows more about service to small communities and the maintenance of their prosperity than all the officials of the Federal Reserve System put together.

The small banks of the country, State and National, must be given a fair opportunity to operate their own affairs according to conditions in each community and yet comply with the rules of good banking. They are the strong support of the economic structure of the country. They must be kept free from the control of the bankers of our centers of population. Country banking matters cannot be adjusted through the channels of the city banks as is being attempted throughout the New England area. We have no so-called "big banker" in that section who knows the needs of rural communities or one who can therefore be safely trusted with their credit.

I am informed that the Office of the Comptroller of the Currency and the Chief Bank Examiner state that there are no standard regulations for reopening banks and no fixed standard of instructions to examiners as to how to treat loans and collateral. If that be so, and if the Treasury Department is permitting examiners from financial centers to enforce the regulations to which I refer, then the Department is directly responsible for the pinched and demoralized conditions in the small communities by reason of the failure to open the banks. If bank examiners have promulgated such regulations, they should be summarily dismissed from the service. These rules breed resentment and encourage disloyalty to our Government. Nothing but intense discouragement and a spirit of hopelessness comes to people making up the communities when burdened by such unreasonable regulations.

The handling of the situation may be a part of a campaign to force all our banks into the Federal Reserve System for further centralization of and control over the credit and resources of the Nation. This is the objective of the radio appeals of paid politicians and impractical college professors about branch banking and a unified banking system. It has been stated here that this may be the practical effect of the banking bill recently passed.

It is reported that an official of the Treasury Department has stated that two banks should be sufficient for the State of Vermont. A plan to have 2 banks serve 400 scattered communities is too absurd to even invite consideration. However, this suggested plan further indicates the ultimate objective of those who seem to be tightening a grip on the administration of the Treasury Department.

Our country bankers do not scheme to ruin men or business. They do not indulge in the practice of issuing worthless securities. They are not planning all the time how to get something for nothing. They do not organize and operate affiliates to get the benefit of control of other people's money. They do not challenge and defy the laws of the country. Why put our country banks under the control of those who are guilty of such practices?

The argument that because many small banks have failed we need a new banking system made up of large banks is not convincing. We may, with equal force, argue that we should scrap our whole industrial system because there have been many business failures.

Our Vermont banks prospered up to the time of the so-called "holiday." They have been the mainstays of our agriculture and business. They have been of great help to communities in other States. Their money has gone into almost every State west of the Mississippi River. We are proud of their contribution to the building of a great Nation. Their success proves the fallacy of the argument for their replacement.

I plead for the small community, for the country banker, for the small business man, for the small investor, for those who have struggled through the years to lay up meager savings against the days of old age, for the home and all it stands for, for a fair opportunity to work out our own problems; for individual initiative and fair competition.

Let us get back to the old ideals, to the old ways of thrift and common honesty, to faith in the institutions given us by our forbears, to the paths that led us from a few strug-

gling communities along the Atlantic seaboard to a great Nation which became the hope of all Christendom.

The strongest contributing factor in our upbuilding has been the country bank. Let us protect this institution and the community where it exists from ruin at the hands of officials who are today imposing these destructive regulations.

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to extend my remarks in the RECORD with reference to the construction of a new city hall in the city of Huntington Park, under the new national construction act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KRAMER. Mr. Speaker, on Tuesday next, June 6, the city of Huntington Park, in my congressional district, the thirteenth, will vote on a proposed $100,000 bond issue for the construction of a new city hall. I am hopeful that it will be overwhelmingly approved. It is a most commendable and highly necessary project, not only to inure to the benefit of the people of Huntington Park for the transaction of public business in the future but will be giving many men employment. It is in line with the great public-works program of President Roosevelt. The passage of this proposed bond issue, I have no doubt, is certain and will be indicative of courage and foresight of the people of Huntington Park in rebuilding made necessary by the disaster which overtook them in March of this year.

INTERSTATE RAILROAD TRANSPORTATION

Mr. POU. Mr. Speaker, I call up House Resolution 169.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1580, an act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. POU. I should like to ask the gentleman from Pennsylvania if he wants time on that side?

Mr. RANSLEY. I will say that it is an open rule, and there is no disposition to oppose it on this side.

Mr. POU. Mr. Speaker, I will consume just enough time to say that this rule provides for the consideration of the so-called "Railroad Act" an act to relieve the existing national emergency in relation to interstate railroad transportation. It is an open rule, except where it has provided against the intervention of points of order. It provides for 3 hours' general debate, after which the bill is to be read under the 5-minute rule, and of course is subject to amendment.

Mr. SNELL. Will the gentleman yield?

Mr. POU. I will.

Mr. SNELL. We appreciate the fact that this is an important piece of legislation, and when you bring in a rule for the consideration of important legislation under the general rules of the House there will be no desire on this side of the House in any way to interfere with the reasonable and regular procedure of the House. We are for the rule.

Mr. POU. Inasmuch as the Committee on Rules in this particular instance succeeded in bringing in a rule which is satisfactory to both sides of the House, I see no need of consuming further time.

Mr. KVALE. Will the gentleman yield?

Mr. POU. Yes.

Mr. KVALE. I should like to ask the Chairman of the Rules Committee, whom we all love, if the committee will not abandon the practice of bringing in rules that call for the waiving of all points of order?

Mr. POU. I wish we could proceed under the general rules of the House and do business that way. I have an idea I would like to see that put in force, but as a practical proposition I am afraid it is impossible.

Mr. BANKHEAD. Will the gentleman yield?

Mr. POU. I will.

Mr. BANKHEAD. It has been suggested by the Chairman of the Interstate Commerce Committee that it is not the real desire of the committee to read the bill under the 5-minute rule this afternoon, and it has been suggested, if agreeable, to extend the general debate beyond the 3 hours.

Mr. SNELL. I did not quite understand the gentleman's statement.

Mr. BANKHEAD. The gentleman from Texas, Chairman of the Committee on Interstate and Foreign Commerce, made a suggestion to the majority leader in my hearing that it was not the expectation of the committee to read the bill under the 5-minute rule this afternoon. In view of that fact we might have more than 3 hours' general debate today.

Mr. SNELL. If that is the desire of the majority, there will be no objection on this side.

Mr. RAYBURN. Mr. Speaker, I would suggest this: That we have general debate until the House adjourns today, if requests are made for that much time. The reason for it is that the full report on the bill would have been here this morning if there had not been objection yesterday. It cannot be here until tomorrow, and I think it is only fair to have the report before us when we read the bill.

Mr. POU. That can be arranged after the adoption of the rule. I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that debate be confined to the bill, to be equally divided between and controlled by the gentleman from New York [Mr. PARKER] and myself, and that general debate shall close at adjournment of the House today.

The SPEAKER. Is there objection?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1580, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. RAYBURN. Mr. Chairman, I yield myself 30 minutes. This bill is divided into two parts. Title I of the bill has to do with one thing, and title II of the bill has to do with two other matters of very great importance. Title II of the bill has been under consideration by the Committee on Interstate and Foreign Commerce of the House for several years. During the last session of Congress the committee reported the so-called "repeal of recapture", or 15a of the Transportation Act of 1920. It also reported a bill to bring the acquisition of railroads by the device of the holding company under the jurisdiction of the Interstate Commerce Commission. Those two bills, which I shall discuss more in detail, compose title II of this bill. Title I of the bill is a new venture in railroad legislation. In order that the Committee may understand one of the main rea-

sons, at least, for the committee reporting title I of the bill, I refer, gentlemen, to page 7 of the hearings and the third recommendation of the President of the United States in his message to Congress on May 4, as to what he should like to see done in the field of railway regulation.

That paragraph of the President's message reads as follows:

> As a temporary emergency measure I suggest the creation of a Federal Coordinator of Transportation who, working with groups of railroads, will be able to encourage, promote, or require action on the part of carriers in order to avoid duplication of service, prevent waste, and encourage financial reorganization. Such a coordinator should also in carrying out this policy render useful services in maintaining railroad employment at a fair wage.

The committee, taking this suggestion, has worked and brought forth title I of this bill. It might also be said that after rather lengthy conferences between the Secretary of Commerce, representatives of labor organizations, representatives of the railroads and the shippers, a committee was suggested, and a committee of six met and made the first draft of title I. That committee consisted of the Secretary of the Treasury, the Secretary of Commerce, Senator Dill, Commissioner Eastman, Dr. Splawn, and myself. We brought out the bill that was introduced originally. The same bill was introduced in the Senate and in the House. The Senate completed its labors and reported a bill first, and as some of us were not very keen to go up against some of the provisions that we knew were going to be presented and probably adopted, we waited the action of the Senate.

Before we completed our consideration of title I in executive session, we had conferences, or some of us did, with Senator DILL and the representatives of the railway labor organizations, and I had many conferences with the representatives of the railroads, railway employees, and the shippers. So it might be said that the amendments with reference to labor—and that has been one of the things that have given a great many on the committee and off the committee concern—adopted by the Senate, called the labor provisions of the bill, have been in the main accepted by the House committee, with possibly one exception. The exception, as I understand it, was acceptable to the representatives of labor. It was to make it definite that the 43 percent of railroad employees in the country who are not members of the standard organizations would not be put out and denied representation in conferences with the coordinator. So, as far as the labor provisions were concerned, I think I might say that both in the House bill and the Senate bill, as reported, they are acceptable to the representatives of organized labor.

Mr. STUBBS. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. STUBBS. To ask a question in regard to the personnel of railroad labor and their reduction. Is it expected to keep up the present number of employees?

Mr. RAYBURN. Mr. Chairman, the bill provides that no action of the coordinator shall result in the reduction of the number of railroad employees as of May 1933.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. DUNN. In other words, the American Federation of Labor and the railroad brotherhoods put their stamp of approval on this bill?

Mr. RAYBURN. The American Federation of Labor has nothing to do with it. I did not confer with them. I conferred with the representatives of the standard organizations.

Mr. DUNN. And they put their stamp of approval on this bill?

Mr. RAYBURN. They did not object to it.

Mr. DUNN. Is the railroad brotherhood in favor of this House bill?

Mr. RAYBURN. I understand so.

Mr. THURSTON. If this bill is enacted into law, will it result in lower freight rates?

Mr. RAYBURN. As the bill was originally drawn, I thought that some economies might be brought about that might respond in reduction of rates. As the bill now stands, to be frank with the gentleman, I very seriously doubt if there is anything in the bill as such that will force a reduction in the freight rates.

Mr. THURSTON. Will there be any movement to reduce the capital structure of the railroads?

Mr. RAYBURN. That is the hope, and if I may, I will proceed to rates and capital structure of railroads in a few minutes.

As to the capital structure of the railroads, I do not think there is any question in the world but that along with all individuals and all other industry there must be reorganizations of railroads, that their capital structures must be scaled down, and that the American people, in the economic condition in which we find ourselves at this time, are unable to meet the charges on transportation that would be necessary to pay a reasonable return on the capital structures of the railroads as they are now set up.

Now, as to rates, I will say we are hoping in this bill to do something that may allow some readjustment of rates. Frankly, I am not an expert on rates, but I know that when the commodities that move in transportation are as cheap as they are today, they cannot move and pay as large a proportion of the cost in transportation as they have to pay now.

I am of the opinion that the railroads of the country would make more money if substantial decreases in both passenger and freight rates were brought about. [Applause.] I may say that the whole question is being reviewed by the Interstate Commerce Commission at this time, but when their decision will be made I do not know. I am hoping they will find it in the public interest and lawful to make material reductions in both passenger and freight rates.

I am also of the opinion, after studying this question more or less for several years, that the railroads have not done all they could to meet their competition. I asked Judge Thom, who at that time was the representative of the railway executives, and I asked Judge Heiserman, who was attorney for the Pennsylvania Railroad Co., last spring, if they knew of anybody in the entire world who exercised less judgment than railroads when they started out to compete with each other, and they both answered that they did not. They have sat down rather grimly and have allowed the bus and truck to take their business away from them, and they have not done all that they could to meet that competition, and to stay in the transportation field.

Freight rates are exactly like tariff rates. There is a level at which you can place tariff rates at which they will produce the maximum amount of revenue that flows into the Treasury. If you put them higher than that, none comes in, because the commerce does not move under them. The same is true with railroad rates. There is a level at which you can place railroad rates that is fair, that is just, and that is reasonable, and under which freight and commerce will go on through the country, and at which they will produce the maximum amount of revenue.

With reference to this bill and title I, I first wish to refer to a statement of Dr. Splawn at pages 13 to 29 of hearings on H.R. 5500, by your committee. He has been making an investigation for our committee, out of which grew the holding-company part of this bill, and who has worked with us on section 15a, and who has developed the ownership of every railroad in the United States, its mileage, its officers, its directors, its 30 largest stockholders, and has given us a picture of the whole railroad ownership throughout the land. That investigation was also made under the chairmanship of Mr. PARKER of New York.

In the last session of Congress Dr. Splawn made an investigation of the holding companies in the pipe-line field, covering gas, gasoline, and oil. With the exception of the Insull set-up, which will take a few more months to complete, he is finishing a complete picture of the power companies, their ownership, their controls, their interrelations among themselves and with other business institutions. He is developing the relations of the holding companies to the operating companies in the telephone and telegraph

field, apparently one of the most fruitful fields in which the holding company, unregulated, has operated.

At this time I want to pay tribute to the patriotism, to the sanity, to the industry and the great ability of Dr. Splawn, because, in my opinion, he is one of the most valuable men that has ever been connected with the Government, and I trust he is marked for a higher place in the Government.

Mr. ARNOLD. Will the gentleman tell us what hearings he is referring to?

Mr. RAYBURN. I am referring to the hearings held on H.R. 5500.

Now, I wish to state what Commissioner Eastman thinks will be accomplished under this bill. He thinks the following may be accomplished, or at least he thought before it was amended, that that might be accomplished.

The purposes of the bill, as he interprets them, are these: To do away with existing wastes and duplication of services; wastes which exist at large railroad centers and which could be eliminated by the use of joint terminals, both passenger and freight; unnecessary passenger and freight service, which could be eliminated by pooling arrangements; unduly circuitous routes; extravagance in solicitation of traffic; waste in equipment-repairing expense, such as could be avoided by joint use of certain shops and the abandonment of others; waste in passenger ticket offices, such as could be avoided by combined ticket offices; unnecessary allowances to large shippers in certain services; unduly low charges for warehouses and like accessorial services; waste in use of equipment, such as might be avoided by pooling arrangements, change in car rentals, and other means of reducing empty return movement of cars; wasteful practices in the purchase of equipment, rails, ties, materials, and supplies, including not only purchasing methods but also standardization of specifications; reduction of unprofitable operations and provisions for better service by substitution of motor vehicles for steam service and their use as accessorial service, and so forth.

These are some of the things it is hoped to be accomplished under the appointment of the coordinator.

Now, under the coordinator provision of the bill the President can appoint anyone whom he pleases coordinator by and with the advice and consent of the Senate, or he can appoint a member of the Interstate Commerce Commission as coordinator and relieve him of his duties as Commissioner while he is acting as coordinator.

The bill provides that this legislation is emergency legislation and shall have effect for but 1 year unless by proclamation it is extended for another year by the President of the United States. So, in no instance, can this emergency legislation last more than 24 months.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield for a question about the powers of the coordinator?

Mr. RAYBURN. Yes.

Mr. MARTIN of Colorado. All I have before me is Senate bill 1580, but, as I read that, the coordinator will not be called upon to or exercise any power except in the event that carriers in the group through their committees cannot agree, and refer the matter to him. In other words, as I read the Senate bill, the railway companies who make up these regional committees can exercise all the powers of this bill with reference to abandoning trackage, terminals, and everything else without the intervention of the coordinator, except in case they cannot agree, and must call on him to act.

Mr. RAYBURN. These things cannot be done without the consent of the coordinator where they violate existing law. The coordinator cannot do these things unless they are initiated by the carriers; further than that, the Interstate Commerce Commission at the present time has control over the matters you mention.

Mr. MARTIN of Colorado. The bill reads in the disjunctive:

> No railroads now existing shall be eliminated except with the consent of the participating lines or upon order of the coordinator.

Mr. RAYBURN. Yes. The committee struck out that first provision there as being a thing that the Interstate Commerce Commission and the proposed coordinator do not believe to be workable. The coordinator acts through suggestion to these groups. He makes suggestions as to what he thinks will improve the service, what will do away with waste, what will make for better service, what will be less extravagant, and then he puts it up to the carriers through the regional committee and sees if he cannot get them to make a voluntary agreement. Otherwise, he is allowed to put it into effect himself.

Mr. MARTIN of Colorado. This shows the disadvantage of debating a bill without having it before the House.

Mr. RAYBURN. I may say to the gentleman that neither I nor the committee are responsible for the fact the printed bill is not before the House.

Mr. MARTIN of Colorado. I think section 4 of the Senate bill makes it very clear that the railroads have absolute and complete control of all the powers of this bill up to the point where they fail to agree.

Mr. RAYBURN. Not at all.

Mr. MARTIN of Colorado. Up to the point where they have to call in the coordinator.

Mr. RAYBURN. May I call the attention of the gentleman to section 6 of the bill?

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. WHITTINGTON. If I understood the gentleman correctly, he stated that but for an amendment he was hopeful there might be a reduction in freight rates under the bill. May I ask the gentleman what amendment he has in mind that will be likely to prevent that?

Mr. RAYBURN. I have amendments in mind that prevent the coordinator from making certain savings.

Mr. WHITTINGTON. I am just wondering if the gentleman would inform the House what those amendments are.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. ARENS. If the railroads were compelled to pay this man $1,500 for the loss of value of his house because the shops were moved, would they not come back to the Government and ask reimbursement?

Mr. RAYBURN. No; they would not come back to the Government, because there is no guaranty of anything like that; but as the representative of the shippers said, they might take it out of the hides of the shippers.

Mr. ARENS. They might increase the rates?

Mr. RAYBURN. Possibly.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. KOPPLEMANN. Can the gentleman give us a few words with reference to the relationship between the coordinator and the Interstate Commerce Commission?

Mr. RAYBURN. The coordinator will work with the Commission. He has no connection with the Commission, however, unless he is designated from the Commission. Of course, he would use all of the data and information that has been accumulated by the Commission all of these years, but there is no connection between the coordinator and the Interstate Commerce Commission. He acts independently. His decisions are appealable to the Interstate Commerce Commission. If any interested party is dissatisfied with a decision or an order of the coordinator, he may appeal to the Interstate Commerce Commission, and the Interstate Commerce Commission after hearing the camplaint may entertain an appeal or not, or may have a hearing and a determination or not.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield further?

Mr. RAYBURN. I yield.

Mr. WHITTINGTON. I have the highest regard for the gentleman's opinion and I should like to ask him if in his judgment the provision which would prevent the further

reduction of employees will be calculated to prevent the reduction of freight rates?

Mr. RAYBURN. If business conditions stay like they are now, that will be the tendency; but it is the hope of everybody, it is the belief of the employees, it is the hope of the Interstate Commerce Commission and of many of us on the committee, that business within the next few months is going to pick up materially, in all probability 20 or 25 percent. In this way, there will not be any necessity for reducing the number of employees on the railroads, but there will be necessity for a considerable increase.

Mr. WHITTINGTON. What will be the hope of those employees who have been laid off returning to their former positions or being reemployed?

Mr. RAYBURN. I think that is done by seniority and they are placed on the board according to seniority and called back in that way. Perhaps there is someone else here who knows more about that phase of it than I do.

Mr. MEAD. If the gentleman will yield right there, I think this is so. The bill safeguards the employees on the rolls as of May 1933, but it in no wise protects the 700,000 employees who are temporarily laid off, and it will permit such economies as will result from increased business to flow to the railroads without taking on the men whom the gentleman has in mind, and they are probably permanently out of work.

Mr. RAYBURN. And I may say this, too: Under the provisions of this bill, when a vacancy occurs by reason of death, resignation, or discharge for cause, the railroads are not forced to fill that place. Now, what they do is this: They do fill the place, but they promote from the junior to the higher grade, or whatever grade it may be, and when they get to the bottom they leave off one man, if his services are not necessary, and the estimate of the saving in this respect is that it will amount to from 5 to 6 percent of the men each year, and there are in the neighborhood of 1,000,000 men working for the railroads. So 5 or 6 percent of the men working for the railroads would be 50,000 or 60,000 a year, and therefore, if the man whose place is not filled was receiving only $1,600 a year and if 50,000 employees were to be discharged or their places left vacant for the reasons I have stated, this would effect a saving of $80,000,000.

Mr. COX. Do I understand it to be the meaning of what the gentleman has said that operating costs would not increase correspondingly with the increase of business, and that the increase of business, of course, which we expect and must have, would operate to reduce transportation costs?

Mr. RAYBURN. That is our hope.

Now, if there are no further questions on title I of this bill, I should like to pass to something that I know a great deal more about and am somewhat more interested in.

Mr. BLANCHARD. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. BLANCHARD. The gentleman referred to the reduction in employees by resignation, death, or normal retirements. Is there not a limitation of 5 percent placed in the bill?

Mr. RAYBURN. Yes; and that is how I arrived at my estimate of 50,000 men.

Mr. DUNN. Does the gentleman mean that 50,000 employees would be dismissed?

Mr. RAYBURN. No; but it is possible under the operations of this bill at the end of the year for 50,000 employees to be eliminated in the ways I have suggested; but the bill specifically provides that nobody working for the railroads shall be laid off by any act of the coordinator.

Mr. MEAD. If the gentleman will be kind enough to inform the Committee, I am sure they would like to know whether the House bill contains all the so-called "labor amendments" adopted by the Senate.

Mr. RAYBURN. Yes; it does; but after a conference the other day, an amendment to 7 (a), I think, was agreed to by all concerned.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield myself 15 additional minutes.

Section 7 (a) in the Senate bill, as it was interpreted, simply provided for representation for the employees who were members of the organizations that made the contracts at Chicago in February 1932. It is estimated that 57 percent of the railway employees belong to the standard organizations. There are 43 percent, more or less, who do not belong to the standard organizations. They belong to company unions and other unions, or what not. So we provided an amendment in the House bill that other organizations should have representation, provided it was such an organization as was eligible to come in under the Railway Labor Act of 1923.

Mr. MEAD. Following that up, Senator DILL, or one of the other Senators who is a member of the committee in charge of the bill in the Senate, left the impression in the Senate that the administration—and I presume by that he means the President—favors the so-called "labor amendments." Is that the gentleman's information?

Mr. RAYBURN. Yes.

Mr. WITHROW. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. WITHROW. It is not the gentleman's desire to leave the impression with the Committee——

Mr. RAYBURN. It is not my desire to leave any impression except the correct one, I will tell the gentleman that.

Mr. WITHROW. Just a moment. That 43 percent of the employees working on the railroads belong to the independent organizations?

Mr. RAYBURN. That is the best information I have.

Mr. WITHROW. The gentleman does not wish to leave that impression?

Mr. RAYBURN. That is exactly the impression I intended to leave, because that is what has been told me by people who are supposed to know. Of course, I said "more or less", because I am depending on information that was given to me that in the neighborhood of 43 percent of the employees belong to such organizations.

Mr. WITHROW. But the gentleman does not mean to say they belong to the independent organizations, does he?

Mr. RAYBURN. What is the gentleman talking about when he speaks of "independent organizations"?

Mr. WITHROW. I mean the independent organizations outside of the standard railroad organizations, which comprise 57 percent.

Mr. RAYBURN. That is exactly what my impression is.

Mr. WITHROW. Well, they do not.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Ohio, who is well informed on such questions.

Mr. COOPER of Ohio. I think I can explain this to the House. It was testified before our committee during the hearings that 43 percent of the railroad employees were not affiliated with the 16 standard railroad brotherhood organizations that comprise 57 percent of the employees, but the fact was not brought out that the remaining 43 percent belong to some other organizations.

Mr. WITHROW. Yes; that is it.

Mr. RAYBURN. What I intended to say was they were outside of the standard organizations. Now, so far as I am concerned, I am through with title I, unless someone wishes to ask further questions.

Mr. GRISWOLD. I should like to ask the gentleman a question. I did not hear the first part of the gentleman's statement regarding the payment of losses in the event of the removal of terminals. When is the effective date that pertains to that?

Mr. RAYBURN. On the enactment of the act.

Mr. GRISWOLD. There is no date fixed in the act?

Mr. RAYBURN. In other words, the act is in effect when the coordinator is appointed?

Mr. GRISWOLD. I want to call attention to the fact that during the last year several hundred terminals have been abolished.

Mr. KVALE. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. KVALE. The gentleman said that the basic employment figures would be as of May. Would not it be better if an average was taken between May, when it will be at a low ebb, and the time when it will be at the highest?

Mr. RAYBURN. That would have been agreeable to me; but, as I understand, it was not agreeable to gentlemen interested in labor. They seem to want to take May of this year, and so that was agreed upon.

Now, passing to title II. In the Transportation Act of 1920 a section grants the right of permissive consolidation. The act provided that if two or more railroads wanted to bring their property together in a consolidation or merger or lease or otherwise, that they should file a petition to the Interstate Commerce Commission and receive the approval of the Commission before they made a consolidation, and after meeting requirements laid down in the statute they might consolidate on the approval of the Commission.

The President said in his message:

> Railway holding companies should be placed definitely under the regulation and control of the Interstate Commerce Commission in like manner as the railways themselves.

It also provided that the Interstate Commerce Commission should bring forth a plan for the consolidation of railroads. They turned this job over to Prof. William Z. Ripley, of Harvard, a great transportation expert, a thorough scholar, and an able and highly patriotic citizen.

He brought forth a tentative plan several years ago for the consolidation of the railroads of the United States into 19 or 20 systems. With slight modifications the Commission adopted his as their tentative plan. After a lapse of several years the Commission put out a final plan. The roads have not used that consolidation plan greatly—they seem to be unable to get together themselves in order to file an application to the Interstate Commerce Commission because they cannot agree as to mileage, they cannot agree as to costs, and so forth.

But in the meantime some of the railroads of the country, desiring to consolidate or bring together their properties, did bring together properties that they had reason to believe the Interstate Commerce Commission would not approve of, and in some instances properties were brought together after the Commission had denied the right to unify.

I might be specific. The process of pyramiding may be illustrated by the stock of the Chesapeake & Ohio Railroad. A majority of the stock of that railroad was held on April 30, 1930, by the Chesapeake Corporation, and constituted the great bulk of that holding company's assets. Against these assets it had issued $46,748,000 of its own bonds and stock carried as a liability of $74,242,042. A majority of the stock of the Chesapeake Corporation was owned by the Alleghany Corporation, which in turn issued bonds, preferred stock largely without voting power, and common stock. A large block of Alleghany common was owned by the General Securities Corporation and a large block of the stock of that holding company by the Vaness Co.

The purchases of the Alleghany Corporation were largely made near the top of the market at high prices. House Report No. 2789 shows, for example, that it paid $159.87 per share for Pere Marquette stock, $60 for Erie common, $130.21 for Nickel Plate common, $80.87 for Missouri Pacific common, $136.05 for Missouri Pacific preferred, and $95.19 for Kansas City Southern common. In contrast with these prices the Chesapeake & Ohio has recently purchased 46,200 shares of Pere Marquette stock from the Alleghany Corporation at $11 per share, as contrasted with the $159.87 paid, and has been given a 4-year option to purchase 215,000 shares of Erie common at $13.25 per share, as contrasted with the $60 paid.

The Van Sweringens went across the Mississippi River and bought up 51 percent of the stock of the Missouri Pacific, one of the great railroad systems of the country. They paid a high price for the securities. That railroad has taken advantage of the amendment to the Bankruptcy Act of March 3, and now is in process of reorganization.

The common stock of that railroad now is selling on the exchange for as little as $3.50 per share. We believed that after Congress granted the railroads the valuable privilege of being allowed to consolidate their properties where they wanted to, even in violation of antitrust laws, with the consent of the Interstate Commerce Commission, they should not, either in spirit or by letter, disobey the law. But they have done it and have gotten themselves into a great deal of trouble. I might say to the gentlemen from New England that with the aid of the holding company known as "Penroad Corporation", not owned by the Pennsylvania Railroad Co., but officered and controlled by the men who run the Pennsylvania Railroad Co., they have gone into New England and bought up 23 percent or more of the stock of the New York, New Haven & Hartford Railroad, and have also obtained large holdings in the Boston & Maine. The Pennsylvania Railroad Co., I might say, is not vitally interested in concentrating movement of traffic to any port in New England, but rather is interested in the port of New York and in the port of Philadelphia. New England is fast becoming, I think, the back yard so far as transportation is concerned that really belongs to it.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. GOSS. The gentleman does not think that if the 4- or 5-way consolidation plan goes through, the New England lines should not be included in the consolidation of trunk-line territory, does he?

Mr. RAYBURN. I am not discussing that. I should dislike very much to see it done. I think New England ought to have a railroad system of its own, but you have not got it now through this control of the Penroad. In future we want to prevent those things, and we say in this bill that hereafter no railroad properties shall be brought together through the device of a holding company without first applying to and receiving the consent of the Interstate Commerce Commission.

Mr. GOSS. Is there anything in the bill, or in any other bill, that would require the divesting of the Penroad or the so-called "Pennsylvania", down to a smaller amount of stock?

Mr. RAYBURN. I was in favor of the bill's containing a provision providing for the unscrambling of corporate affiliations in cases where not approved by the Commission, but my judgment in the matter did not predominate, and the provision which I believe the gentleman may be thinking of, the new paragraph (11) of section 5, begins from now and is not retroactive. It relates only to stock holdings, tested according to its future effect, though for this purpose it is immaterial when the holdings were acquired. It should be noted that by the terms of section 204 of the bill the existing provisions of the Interstate Commerce Act and other laws are preserved, so far as necessary, to apply with full force to acquisitions of control which have heretofore taken place. This section does not, of course, limit or affect the operation of the new paragraph (11) of section 5 here proposed. I should like very much to have given the Interstate Commerce Commission the authority, and I think Congress has the power to give it the authority, to unscramble some of these things that have been done.

Mr. GOSS. Will the gentleman offer such an amendment?

Mr. RAYBURN. But my judgment in that did not prevail. We had some lawyers in the committee and out of the committee who did not believe Congress had the power to do it and others who doubted the wisdom of the policy.

There is a real necessity for these amendments to section 5 of the Interstate Commerce Act.

In its annual report for 1929 the Interstate Commerce Commission expressed the belief that through the activities of holding companies—

> The subjection of the unification of carriers by railroad to the orderly processes of a carefully planned scheme of public regulation, which section 5 was designed to accomplish, is very likely to be partially or even wholly defeated, subject to the possibility that the Clayton Antitrust Act may in some measure, after protracted litigation, enable control over the situation to be maintained.

The House of Representatives passed Resolution 114, Seventy-first Congress, second session, under which the Committee on Interstate and Foreign Commerce conducted a thorough and comprehensive investigation. The results of that investigation were published as House Report No. 2789, Seventy-first Congress, third session. Incorporated in this report at page LXXXV were the recommendations of special counsel to the effect that section 5 of the Interstate Commerce Act, as amended, be amended so as to bring within the jurisdiction of the Interstate Commerce Commission, for approval or disapproval, any acquisition of the control of a railroad which would result in bringing that railroad into affiliation with, in control of, or under the management of another railroad, whether the acquisition be by holding company or otherwise, and that when a holding company is thus permitted to control a carrier by railroad, directly or indirectly, through ownership of stock, thereafter the accounts and capitalization of that holding company shall be subject to regulation by the commission.

The Interstate Commerce Commission in its annual report for 1931, at page 21 and at pages 84 to 86, made recommendations in harmony with this recommendation of the special counsel to the Committee on Interstate and Foreign Commerce. These recommendations were based upon the facts disclosed by the investigation conducted under House Resolution 114 and published in House Report No. 2789, Seventy-first Congress, third session. All the pertinent facts are contained in that report.

In line with these recommendations and to remedy the defects in existing law disclosed by the facts contained in House Report No. 2789, H.R. 9059 was drafted. The chairman of the legislative committee of the Interstate Commerce Commission testified in the hearings on H.R. 9059 (p. 238) that the bill had been submitted to the entire Commission and considered in conference, together with a statement which the chairman of the legislative committee of the Commission had made before the Committee on Interstate and Foreign Commerce (pp. 47 to 83, hearings, H.R. 9059), and the Commission unanimously approved H.R. 9059.

The investigation under House Resolution 114 (H.Rept. No. 2789, 71st Cong., 3d sess.) disclosed that an important weakness of section 5, as it now stands, is that it places no control upon the activities of so-called "holding companies" in effecting unification of railway properties into systems. H.R. 9059 formed the basis for sections 1 to 4 of the present bill. In the hearings on that bill special counsel for the committee and the chairman of the legislative committee of the Interstate Commerce Commission illustrated this weakness of section 5. (Examples taken from H.Rept. No. 2789.) Striking illustrations are recorded on pages 21 to 26 and 48 to 50 of the record of hearings on H.R. 9059. The investigation into the holding companies conducted by the Committee on Interstate and Foreign Commerce disclosed that acquisitions which had been disapproved after formal hearings by the Interstate Commerce Commission had afterward been accomplished through the use of holding companies. It further revealed that systems which had been approved by the Commission as in the public interest, and which in harmony with the Commission's completed plan would be independent of one another, had been brought under the control of a single holding company. This investigation made clear that the independence one of another of the railroad systems resulting from the congressional plan included in section 5 of the act to regulate commerce was in some instances being destroyed and in others seriously threatened. (H.Rept. No. 2789, 71st Cong., 3d sess., pp. 714ff and 878ff.)

Apart from section 5 of the Interstate Commerce Act, the Commission has certain jurisdiction under the Clayton Act over acquisitions of control, direct or indirect, of one railroad by another, or acquisitions of common control of two or more railroads, where it can be established that the effect of such acquisitions may be to substantially lessen competition between the corporations involved, or to restrain the commerce in which they are engaged, or to tend to create a monopoly of any line of commerce. But the enforcement of the Commission's authority to break up such combinations after they have been put together is hedged about by many difficulties, and probably no such authority exists under the Clayton Act in the case of certain of the unifications which have been accomplished through the use of holding companies and which are described in House Report No. 2789.

Whether or not all or any of these unifications are consistent with the public interest does not have to be determined in order to reveal the necessity of further legislation. The important point is that unifications and groupings of railroads have been accomplished entirely without supervision by the Commission and without any opportunity to consider the question of public interest. Under section 5 of the act to regulate commerce it was the purpose of Congress to place the unification of the railway properties of the United States entirely within the control of the Commission. The investigation conducted by the House Committee on Interstate and Foreign Commerce, under House Resolution 114, reveals that wide opportunities exist for accomplishing such unifications without any such control and in complete defeat of the intent of the Congress. Moreover, these opportunities to circumvent the will of Congress, as expressed in section 5, exist irrespective of what the public interest may be. It is to correct this condition, and to prevent through the use of holding companies and other devices the defeat of the congressional will, that this bill has been drawn.

This bill specifically treats a holding company which has been authorized to acquire a railroad as though it were a common carrier in that, first, it must obtain approval of the Commission to acquire control of two or more railroads; second, after obtaining such approval it must then, like the railroads, be subject to paragraphs (1) to (10), inclusive, of section 20 of the act (relating to reports, accounts, and so forth, of carriers), and to paragraphs (2) to (11), inclusive, of section 20a (relating to issues of securities and assumption of liabilities of carriers).

Another part of title II deals with 15a of the Transportation Act of 1920, and in that connection I might quote a little history. The Government took over the railroads during the war. The Transportation Act of 1920 returned the railroads to their owners. The House passed a bill and the Senate passed a bill. We went into conference, and the Conference Committee agreed to the Transportation Act of 1920. The House passed a rule of rate making, which I think is fair. The Senate passed a rule of rate making that was fairly reasonable. The President said in his message:

> First, I recommend the repeal of the recapture provisions of the Interstate Commerce Commission Act. The Commission has pointed out that existing provisions are unworkable and impracticable.

In the committee of conference they wrote 15a, containing the rule of rate making and providing for the recapture of excess earnings. The Interstate Commerce Commission in three of its reports has recommended the repeal of the recapture of 15a ab initio, or from the beginning, wiping the whole thing off the books. The Interstate Commerce Commission has contended since the passage of 15a that it tried to enforce a rule of rate making which was impossible of administration. There are many factors besides value that should be considered in making a rate. It was thought that if you fixed a rate at which the average railroad would make 6 percent it would be a fair return, but what was provided was a reasonable return, because otherwise some well-circumstanced roads would make an unreasonable return. So it was provided that if a railroad under that rate made more than 6 percent the Government would recapture half of the excess above 6 percent and put it into a fund in the Treasury to the credit of the Interstate Commerce Commission to be loaned to weak railroads.

It developed that the railroads said, "We do not owe this money; the Interstate Commerce Commission has not fixed a value; we have not agreed to the value the Interstate Commerce Commission has fixed." In the *O'Fallon case*, the railroad carried the matter to the Supreme Court of the United States, and the Supreme Court of the United States

said that the Interstate Commerce Commission's method of valuation was not fair to the railroads. The Interstate Commerce Commission said that valuation should be based upon prudent investment, and the Supreme Court said that prudent investment should be one of the controlling factors, but that reproduction costs had not been considered to as full a degree in the valuation of the railroad as they should have been under the clause that provides that property may not be taken for public use without just compensation.

Mr. PARSONS. Will the gentleman yield?

Mr. RAYBURN. Yes; I yield.

Mr. PARSONS. What is the total amount that has been paid in?

Mr. RAYBURN. May I just proceed, and I will try to cover this entire question.

There has been no arrival at the amount nor any agreement as to the amount that the railroads owe. The Interstate Commerce Commission, under its valuation—under the law they have been trying to get Congress to repeal for about 4 years—claims it is in the neighborhood of $361,000,000. The amount captured is in the neighborhood of $10,000,000. That is all that has ever been captured.

I might say that about $4,000,000 of that amount was paid in by the little, weak fellows who did not feel they could fight the United States Government, and they paid it in, and they are in desperation now for need of that money. The gentleman from North Carolina [Mr. KERR] has been very much interested in this matter. There was one little railroad in North Carolina that was owned by a town down there. It was a revenue producer for the town, and they made some money and paid to the Government. The Government has held it ever since.

Furthermore, let me say that not a dollar of that $10,000,000 has ever been loaned to a weak railroad, for the simple reason that the Interstate Commerce Commission fixed rules and regulations, and set 6 percent as the rate of interest, and any railroad, short or long, poor or fat, that could borrow money under the regulations which the Interstate Commerce Commission set could go out in the open market and borrow money for less than 6 percent.

Mr. MILLIGAN. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MILLIGAN. Is it not also true that the greater part of this $10,000,000 was paid under protest?

Mr. RAYBURN. Practically every dollar of it was paid under protest. The Interstate Commerce Commission says if they are going to enforce this thing, this rule of rate making that they do not think is fair, if they are to enforce this recapture provision which they do not think should be enforced, they will have to go into court over nearly every dollar of it, and that only after long, tedious, expensive lawsuits which will cost the Government of the United States millions of dollars, can they bring this thing to an adjustment.

They do not know, then, whether or not the courts, as in the *O'Fallon case*, will say their valuation is wrong and that the railroad which they then claimed owed $10,000,000 does not owe the Government of the United States anything. More than that, the best thinkers on transportation—and I do not mean those who own railroads or who are financially interested in them—believe that at this time it is impracticable to collect one dollar of the $361,000,000; and that this cloud hanging over the railroads of the country is helping to destroy their credit, and that this threat of unrecoverable money should be lifted from the railroads.

Mr. KVALE. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. KVALE. When the committee decided it was advisable to repeal the recapture clause, did it then consider the advisability of reducing the guaranty of 5¾ percent?

Mr. RAYBURN. We repeal the whole rule of rate making, and write a new rule of rate making, not based upon value.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COCHRAN of Missouri. The fact remains that Congress passed a law in 1920 providing for recapture.

Mr. RAYBURN. Yes.

Mr. COCHRAN of Missouri. Thirteen years have passed. Who is responsible for not taking this matter to the courts and keeping it there until a decision was finally rendered as to whether or not the railroads should pay the money or whether the Government was entitled to it?

Mr. RAYBURN. The Commission has not carried those cases through the courts. It has taken these years to try to arrive at the valuations required.

I may say to the gentleman that my idea on it has not changed since 1920. I always thought it was an unreasonable and unworkable rule of rate making, and that if a reasonable rate is set, every man who devoted his property to the service of the transportation ought to have what it paid, and that the recapture end of it was a fantastic thing that I never did sanction.

Mr. COCHRAN of Missouri. Be that true, nevertheless it seems to me that the Government official, regardless of his opinion, should carry out that act until the Congress had finally repealed it.

Mr. RAYBURN. I may say this, in defense of the Interstate Commerce Commission, that the valuation of the railroads has not yet been completed; and that is one reason why they have been unable to proceed with prosecuting these things to final judgment, because they did not know exactly what the valuation of the railroads was. They have tentative valuations. They have guesses; very good guesses; but the recapture finding is also tentative and indefinite, in a way.

Mr. COCHRAN of Missouri. But the failure to complete the valuation was due to the Congress' not setting a date when it should be completed, instead of giving them millions of dollars to carry on and keep people in jobs year after year.

Mr. RAYBURN. On the contrary, it was due to the time-consuming, impractical task assigned to the Commission by the Congress. Another thing we do in that is to relieve the Interstate Commerce Commission of the burden of bringing valuations down to date with the particularity now prescribed.

Mr. COX. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COX. In what way is this provision related to other provisions of the act, and how is it necessary in the perfection of what the gentleman's committee has undertaken to do? I mean the act as a whole.

Mr. RAYBURN. In the consolidation of section 15a the railroads were represented, labor was represented, the Interstate Commerce Commission was represented, shippers' associations were represented, and every group and every individual who appeared before the committee recommended the repeal of 15a, the recapture clause, and a rewriting of the rule of rate making that we have done in this act.

Mr. COX. Will the gentleman be kind enough to yield further at that point?

Mr. RAYBURN. I yield.

Mr. COX. What provision, if any, is made for meeting the expenses incurred by the Government in its endeavor to put into effect this recapture clause of the Transportation Act?

Mr. RAYBURN. That expense has been met out of appropriations made by Congress from time to time since 1920.

Now, this bill provides also that where the railroads have paid in this money, it shall be returned to them. I think that is nothing but fair. If we are going to remit the claim against others, it is only fair that those who have tried to comply with the law and who have paid in their money should have it returned.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. GRISWOLD. Did I understand the gentleman to say that the rate-making provision had been rewritten?

Mr. RAYBURN. We have.

Mr. GRISWOLD. In rewriting the rate-making provision was the old principle of basing rates on capital accounts left in?

Mr. RAYBURN. No. As far as we could, in writing the rule on rate making, we tried to write one that would be as nearly as may be a reasonable rate. I will read the rule on rate-making as we have it here:

In the exercise of its power to prescribe a just and reasonable rate the Commission shall give due consideration among other factors to the effect of rates upon the movement of traffic, to the need and the public interest for adequate and efficient railway transportation, to service at the lowest cost consistent with furnishing such service, and to the need of revenues sufficient to enable the carriers under honest, economical, and efficient management to provide such service.

This is what we arrived at after many months of study of the rule of rate making.

Mr. GRISWOLD. To make myself clear, under the old system whatever money was spent by the railroad, even though it was borrowed money, could be considered for rate making and the rate was fixed that would allow a return of 6 percent, even on that borrowed money, which was passed on as part of the increased cost of operation.

Mr. RAYBURN. Yes.

Mr. GRISWOLD. That was the old rate-making rule.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COOPER of Ohio. The Interstate Commerce Commission has to pass upon it, does it not?

Mr. RAYBURN. Yes; but we are laying down at this place a standard for rate making.

Mr. WOOD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. WOOD of Missouri. On January 19, 1932, testifying before the House Committee on Interstate and Foreign Commerce, Commissioner Eastman, of the Interstate Commerce Commission, made the following statement:

On December 17, 1931, the general railroad contingent fund held $13,277,598.50. Of this, $10,717,922.97 represented payments by carriers, and the remainder represented interest accumulations. Of the payments by carriers, $8,796,188.11 was paid under protest, and $1,921,734.86 was paid unconditionally. Of the latter amount, $9,917.72 was paid in whole or in part under final orders of the Commission. Most of the payments have been by small or comparatively small roads. Considerably more than half came from railroads controlled by the iron and steel industry.

I made a computation yesterday, and I discovered that out of the $10,717,922.97 which had been paid in, over $8,000,000 had been paid in by railroads controlled by industries, and the larger part of that by railroads which are controlled by the United States Steel Corporation, the Bethlehem Steel Corporation, and other iron and steel industries.

Mr. MAPES. Mr. Chairman, in that connection, may I ask a question?

The CHAIRMAN. Yes, sir.

Mr. MAPES. Mr. Commissioner, is it possible to make any reasonable estimate—and if so, will you give it to us—as to how much, in your judgment, it would cost to collect the $378,000,000 that the Commission has estimated the railroads owe this recapture fund, and how long it would take to settle the question?

Mr. RAYBURN. I understand that. What question does the gentleman wish to ask?

Mr. WOOD of Missouri. This $8,000,000 paid in by railroads owned by United States Steel and Bethlehem Steel——

Mr. RAYBURN. The testimony you have quoted indicates the sources of these payments.

Mr. WOOD of Missouri. Does not the gentleman think, whether or not we retain the recapture clause, that Mr. Morgan would take this $8,000,000 that is given back to him and probably pay some of the income tax he owes for the last 2 or 3 years?

Mr. RAYBURN. I know nothing about that. I may say I have always believed in treating all people exactly alike and playing fair with everyone. If we are going to take away from one, we should take away from all; or if we are going to give back to one, we should give back to all.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. PARSONS. With reference to the capital structure of railroads and valuation, I understand the recent investigation is not complete, but the capital stock is something like $11,000,000,000 and the bonded indebtedness is a little over $13,000,000,000. In other words, since the valuation of 1916, 1918–32 there has been an increase in the capital structure of over $4,000,000,000. Heretofore, at least upon the capital structure, there has never been any thought on the part of the railroads of retiring the bonds.

I wonder if there is any provision in this bill that would permit the Interstate Commerce Commission to compel the railroads to set up a fund to retire the bonded indebtedness of the railroads?

We have paid the bonded indebtedness once over with dividends and interest, but no effort has ever been made to retire the bonds.

Mr. RAYBURN. There is nothing in this act with reference to that.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes, which I understand is necessary on account of the fact I have consumed 1 hour.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. I may say in reference to the capital structure: I was very much in favor of an amendment to the Bankruptcy Act that became law in March 1933. I believe a great number of the railroads of the country should take advantage of the operation of that law and go through reorganization and a reduction of their capital structures. I do not see any other hope for them. They cannot refinance, they cannot pay a return on the capital structures they have with a reasonable charge for the service they are rendering.

Mr. MAY. Mr. Chairman, will the gentleman yield? I beg pardon; I realize that the gentleman's time is limited.

Mr. RAYBURN. My time is out; I am going on borrowed time, but I yield to the gentleman from Kentucky.

Mr. MAY. I read the bill the gentleman introduced here. As I understand the general character of the legislation, it authorizes a temporary suspension of the antitrust laws, that would otherwise affect the railroads. It provides for the consolidation or merger of all of the railroads.

Mr. RAYBURN. Oh, no. That is the law now. We do not change the consolidation provision of the Transportation Act, except to say that they cannot consolidate through the holding companies without the consent of the Interstate Commerce Commission. It was in the law of 1920 and has been the law ever since.

Mr. MAY. As I understand, the consolidations are not permissible under the law by reason of the existence of the antitrust laws.

Mr. RAYBURN. No. The antitrust laws as they affected the consolidation of the railroads were suspended by the act of 1920, where the Commission approves a consolidation.

Mr. MAY. If the gentleman will permit me to finish my question, as I understand the measure it provides for these consolidations and also provides for the appointment of a coordinator to effect the mergers or consolidations.

Mr. RAYBURN. Oh, no. The coordinator has nothing whatever to do with consolidations.

Mr. MAY. Do you create a coordinator?

Mr. RAYBURN. Yes.

Mr. MAY. Then the question I wanted to get to, if the gentleman will permit me——

Mr. RAYBURN. I hope I am courteous to the gentleman.

Mr. MAY. I want to inquire if there is any power given the coordinator in the legislation that will enable him to accomplish the purposes of the prior legislation.

Mr. RAYBURN. Not a thing, because the question of consolidation, I will say to my friend from Kentucky, is left where it has been since 1920, with the Interstate Commerce Commission and not with any coordinator.

Mr. MAY. My question was prompted, if my friend from Texas will permit me to say so, by reading the testimony of

Mr. Eastman, who testified at the recent hearings of this committee that the coordinator had no power or authority to do anything. My question then is, Why create a coordinator?

Mr. RAYBURN. I will state to the gentleman that it is with reference to consolidations that he does not have anything to do. In connection with a great many other things, he has very much to do with them, because he can issue an order and it goes into effect, and the only power that can set it aside is the court.

Mr. MAY. That is an order pertaining to the action of the committees that may be created by the boards of directors.

Mr. RAYBURN. Or by independent action, he can go over the committee, and he does not have to ask the committee about a great many things he does; but as far as the consolidation provisions in the law are concerned, this bill does not touch them, except with respect to the proposition of control of the holding company. However, the coordinator has nothing whatsoever to do with the question of railroad consolidations, regardless of the debate in the Senate.

Now, I have taken more time than I intended. I have not made as connected a statement as I would like to make, because I yielded to everybody who has asked me to yield.

Mr. MEAD. The gentleman has been very kind and patient, and by reason of the powerful position the gentleman holds, I think it would be well for the record, if the gentleman would explain section 10 (b) with regard to the nullification of State laws and regulations.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. RAYBURN. Mr. Chairman, I shall now ask unanimous consent that I may extend my remarks, and I shall undertake to have in the RECORD in the morning an explanation of each provision of title I, as set forth in the report.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The analysis is as follows:

ANALYSIS OF TITLE I OF THE BILL

SECTION 1

Section 1 defines the terms "Commission", "coordinator", "committee", "carrier", "employee", and "State commission."

SECTION 2

Section 2 states the purposes of title I, which are to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency and by safeguarding and maintaining an adequate national system of transportation and creates therefor the office of Federal Coordinator of Transportation and provides for his appointment by the President, with the advice and consent of the Senate, or his designation by the President from the Interstate Commerce Commission.

SECTION 3

Section 3 directs the coordinator to divide the carriers into three regional groups and the carriers in each group to designate five representatives, who shall be the regular members of a regional coordinating committee. The railroads other than class 1 of a region may designate a representative, and the electric railways not owned or controlled by a steam railroad may designate a representative, who shall be special members of the regional coordinating committee.

SECTION 4

Section 4 states the purposes of the title: First, to promote economies and avoid unnecessary waste and preventable expense; second, to promote financial reorganization of the carriers; and, third, to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

SECTION 5

Section 5 makes it the duty of the committees representing the carriers within each group, and jointly where more than one group is affected, to carry out the provisions of the title; and directs the coordinator to give appropriate directions by order in such instances as the committees are unable for any reason, legal or otherwise, to carry out the purposes of the title by voluntary action.

SECTION 6

Section 6 requires the coordinator to confer freely with these regional committees and to give them the benefit of his advice and assistance. Where a committee fails to act the coordinator may act on his own initiative. The coordinator is empowered to call for information and reports from the committees themselves, the carriers, and the Interstate Commerce Commission. Provision is made in (b) of this section for the Commission to require by subpena the attendance and testimony of witnesses and authorizes the members and examiners of the Commission to administer oaths.

SECTION 7

Section 7 consists of five paragraphs, (a), (b), (c), (d), and (e).

7 (a) authorizes for each regional group of carriers one labor committee representing the standard unions and another labor committee representing other labor organizations which may be designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. Both the regional coordinating committees representing the carriers and the coordinator are required to give notice to and to confer with the appropriate labor committee or committees, and hear their views prior to taking any action or issuing any order which will affect the interests of the employees.

7 (b) is as follows:

"(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933, after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title."

7 (c) requires the coordinator to establish regional boards of adjustment for the settlement of labor disputes, arising under this title, in the manner provided by the Railway Labor Act.

7 (d) provides for compensation to employees for property losses and expenses imposed upon them by reason of transfers of work from one locality to another incident to carrying out the purposes of this title.

7 (e) is drawn to strengthen the enforcement of the Railway Labor Act and discourage the use of "yellow dog" contracts.

SECTION 8

Section 8 provides that not less than 20 days shall elapse after the publication by the coordinator of an order before it becomes effective.

SECTION 9

Section 9 provides that any interested party (including any carrier, shipper, employee, State commission, the Governor of any State, or representative of any political subdivision of a State) may appeal to the Interstate Commerce Commission for a review of an order issued by the coordinator. If the Commission grants such a review, it may in its discretion suspend an order if it finds that the immediate enforcement would result in irreparable damage to the petitioner or would work grave injury to the public interest. The Commission is called upon to expedite its hearings if it suspends an order.

SECTION 10

Section 10 provides for the suspension of the antitrust laws and of all other restrictions or prohibitions of State or Federal authority except laws for the protection of the public health or safety and the requirements of the Railway Labor Act so far as necessary to carry out orders issued under this title. (b) of this section requires the coordinator to advise a State commission or the Governor of a State before he issues any order relieving any carrier from the operation of a law of the State or an order of the State commission.

SECTION 11

Section 11 provides that nothing may be done under this title to relieve any carrier from any contractual obligations which it may have assumed with regard to the location or maintenance of offices, shops, or roundhouses, at any point.

SECTION 12

Section 12 provides for penalties of not less than $1,000 or more than $20,000 for each day that an order of the coordinator is violated by a carrier, or any officer or employee of a carrier. It further provides that no one may be required by such an order to render labor or service without his consent.

SECTION 13

Section 13 directs the coordinator to investigate and consider means not provided for in this title of improving transportation conditions throughout the country. It is drawn to carry out the third purpose of the title as stated in section 4.

SECTION 14

Section 14 provides that the expenses of the coordinator shall be borne from a fund to be collected from the carriers on the basis of $2 for every mile of road operated on December 31, 1932, and provides that the coordinator and members of his staff may receive free transportation from the railroad and Pullman companies.

SECTION 15

Section 15 is drawn to carry out the second purpose of the title as stated in section 4. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act as amended if it is of the opinion that the public interest requires the financial reorganization of the company, provided that this limitation does not apply to a receiver or trustee of a carrier.

SECTION 16

Section 16 provides for court review of orders and for expediting the determination of questions taken to the courts.

SECTION 17

Section 17 provides that this title shall cease to have effect at the end of 1 year unless extended by proclamation of the President for 1 year or any part thereof. Orders of the coordinator or the Commission made under this title shall continue in effect until vacated by the Commission or set aside by other lawful authority.

Mr. RAYBURN. I am going to close in about a minute, because I have been living with the securities bill and this bill for the past 8 weeks.

It is our hope that under this bill economies may be effected that will respond in relief to the masses of the people and yet not be burdensome on any group or upon any class. It is our intention in this legislation to be fair not only to those who work for the railroads, to those who own the railroads, but also to remember the more than 100,000,000 people of this country who neither work for the railroads nor own any stock in any railroads. I think sometimes in our enthusiasm for some group or from our knowledge of what some group wants that is represented by able lawyers and able laymen, we sometimes forget that vast body of people lying out there who are not vocal and cannot be heard except through their Representatives on the floor of the House of Representatives.

In the writing of railroad legislation it has always been my hope to punish nobody, to give nobody an unreasonable reward, but to write such laws as will be effective, having an eye single to the one great big thing, and that is the public interest. [Applause.] I thank you.

Mr. PARKER of New York. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, the gentleman from Texas has just made a most excellent explanation of this bill, which is probably as complicated and as complex a bill as ever came before the Congress of the United States. The gentleman from Texas and myself have been on this committee for 20 years, and if there is anything more complex than the rate-making structure of the railroad systems I do not know what it is, and this measure goes to the very heart of the rate-making structure of the country.

I want to take a little different tack in explaining this bill, and before I proceed further I want to say that if this bill is not amended out of all reason I expect to support it, and support it heartily. I want to take up now the question of who owns and controls the railroads.

We are very apt here to have House Members speak of the railroads as an entity, and we confound management and ownership. I want to repeat that—we confound management and ownership.

I want to point out to you that the management—the people whom you call the railroads—have very little financial interest in the railroad itself. The men who are running the railroads, the presidents, the vice presidents, and the managers and directors, in percentage have very little financial interest in the railroads. They are as much hired men for the stockholders as the engine driver or the conductor or the brakeman.

They are running these roads for the stockholders.

Now, I will take these roads at random. Take, for instance, the New York Central; there are 54,000 stockholders in the New York Central Railroad. There is only one of the largest stockholders on the board of directors. The 30 largest stockholders in the New York Central Railroad control but about 12 percent of the voting stock of the road. Neither the directors, the president of the road, nor the vice president figure as heavy stockholders.

The figures I am quoting from are taken from the report that the chairman of the committee referred to as the "Dr. Splawn report", made when I was chairman of the committee.

Now, take a western road. Take the Illinois Central. There are over 20,000 stockholders in that road. There are but 2 directors in the Illinois Central among the 30 largest stockholders.

It is interesting to note that in the 30 largest stockholders they hold less than 8 percent of the stock. Your insurance companies hold 2 percent of that same stock.

As I say, the 30 largest individual stockholders only control 8 percent of the stock, and there are only 2 directors in the Illinois Central on the board among the 30 largest stockholders.

Mr. PARSONS. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. PARSONS. Does the gentleman mean the stockholders themselves or the stockholders and the bondholders?

Mr. PARKER of New York. I am not referring to the bondholders; they have no vote.

Mr. PARSONS. And the gentleman says that the insurance companies hold 2 percent of the stock of the Illinois Central?

Mr. PARKER of New York. Yes; this condition runs right through all the roads as far as the ownership or management is concerned. I am not taking up the rest, but I assure you they all run about the same.

The managers of the roads do not own the railroads. It aggravates me to death to have gentlemen stand on the floor and discuss the railroad as an entity. The railroads are not an entity, they are roads owned by the people. There are about 500,000 stockholders of railroads in the United States. They constitute the railroads, the management does not.

General Atterbury does not own the Pennsylvania Railroad, he is simply a hired man of the stockholders of the Pennsylvania Railroad.

Mr. DUNN. Will the gentleman yield?

Mr. PARSONS. I will.

Mr. DUNN. What is the value of all the railroads in the United States?

Mr. PARKER of New York. That is a very hard matter to arrive at. In the last computation I saw, that of the Interstate Commerce Commission, the value was between twenty-two and twenty-three billion dollars.

When we passed the law in 1914 to value the railroads, everybody thought that the railroads were very much overcapitalized; but it was not long before they saw that most of the roads were undercapitalized in the aggregate.

I agree with the gentleman from Texas, the chairman of the committee, who preceded me, that during the depression things have gone down and the railroads must reorganize, must cut down fixed charges for the sake of furnishing transportation at a reasonable rate to the public.

The gentleman spoke about the bonds. Allow me to say that there are $12,000,000,000 of bonds of the railroads outstanding of all kinds. Of these twelve billion, $6,600,000,000 are owned by public institutions and quasi-public institutions. When I say quasi-public institutions, I mean insurance companies, both life and fire. They are owned by savings banks and educational institutions and institutions of that kind. They are not held by these institutions for profit but for investment. Very few bonds of railroads are owned by these institutions that are held not for profit but for revenue which is used for the benefit of the public. Insurance companies hold their bonds primarily for the benefit of the policyholders. Of course, in educational institutions it is the same way.

I want now to say a word about the recapture clause, which is going to be, I presume, the most controversial section of the bill. There seems to be a prevailing impression among the Membership of the House that this money that was recaptured belongs to the Government. It does not and never did belong to the Government. It belongs to the railroads. It is put into a revolving fund, never to be spent by the Government for governmental purposes, but to be loaned to other railroads that need financial help. You often hear gentlemen say that we are taking money out of the Treasury, the taxpayers' money, and giving it back to

the railroads. That is untrue as anything could possibly be, because the act of 1920 created a revolving fund, to be half of the money over 6 percent earned by the railroads.

All of the large roads practically have not paid the recapture. We have spent $90,000,000 valuing the railroads. I want to pay my compliments to the Interstate Commerce Commission. They have proceeded with all the diligence possible to value the railroads, but when you stop to think of the thousands and thousands of miles of railroads and the different accessories that go with railroads, you will see that it is a task that is tremendous. They have not yet been able to complete it.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. OLIVER of Alabama. Will the hearings disclose what roads have paid money into that revolving fund?

Mr. PARKER of New York. Yes; I thought I had that here, but I have not. I will refer to that under the 5-minute rule. Outside of one big steel road, all the money was practically paid by the small roads.

Mr. OLIVER of Alabama. Do the hearings also disclose what roads are indebted to the Government for money borrowed from the Finance Corporation?

Mr. PARKER of New York. No; we are not discussing that at all.

Mr. OLIVER of Alabama. Is it the purpose of the committee to recommend the payment out of this revolving fund of amounts due from the roads that have borrowed from the Government through the Reconstruction Finance Corporation?

Mr. PARKER of New York. No. I want to repeat what the gentleman from Texas [Mr. RAYBURN] said. You cannot make fish of one and fowl of another. If we are going to relieve the roads that have not paid, we should pay back to the roads that have paid. That is a fair proposition. You may be against the whole proposition, but you cannot be for one class and not be for the other, because it is not fair. This money never went into the Treasury for the use of the Federal Government. It went into the Treasury as a revolving fund. The railroads were valued, as I say, fairly completely. The *O'Fallon case* was brought as a test case before the Supreme Court of the United States. We expended $90,000,000 to value the railroads. In the *O'Fallon case* the Supreme Court said that the formula that the Interstate Commerce Commission had used was wrong; that their valuation was wrong. Therefore you have to start valuation all over again if you are going into this recapture business, and value the railroads all over again on the formula laid down and enunciated by the Supreme Court of the United States, which will cost millions and millions of dollars to do. The valuation that we have now is all right for rate making. So long as they used the valuation for rate making, you never heard any particular complaint. It was a success, because it was a tentative value. I mean before we passed the act of 1920, when all the railroads had to depend on for redress was the confiscation clause of the Constitution—6 percent or a fair return on the money invested. Up to that time there had never been any particular complaint about the value put on the railroads by the Interstate Commerce Commission.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. MAY. Under the Transportation Act of 1920, which created the recapture clause, the purpose, as I understood the legislation, was to enable the weaker railroads, by reason of their lack of earning capacity, to be financed with the funds earned by those who had greater earnings, and in that way provide for uniform rates.

Mr. PARKER of New York. That is the theory.

Mr. MAY. In other words, carriers who were able to make a larger return in excess of 6 percent could go on a lower rate and thus in effect raise the rate of the small roads, because it would naturally drive the business away from the smaller roads to the larger.

Mr. PARKER of New York. That is correct. That was the theory of it.

Mr. MAY. In view of that, I should like to ask the gentleman whether he has read the opinion of the Supreme Court in the case of *Dayton-Goose Creek Railroad Co.* v. *United States* (263 U. S. 456), where they laid down the following doctrine:

> By the recapture clauses Congress is enabled to maintain uniform rates of shippers and yet keep the net return of railroads, whether strong or weak, to the varying percentages which are fair, respectively, for them. The recapture clauses are thus the key provision of the whole plan.

Mr. PARKER of New York. That is true.

Mr. MAY. In view of that statement by the highest court of the land, I should like the gentleman to explain just how the bill is going to relieve the railroads.

Mr. PARKER of New York. The theory under which 15a was written in the law of 1920 was the theory of value. This bill is not written on the theory of value. The theory on which the Transportation Act was written, as explained by the gentleman from Texas [Mr. RAYBURN], was to insure all railroads 6-percent interest. This is on the theory of a reasonable return; not a fixed, hard-and-fast return. The theory of this bill is to allow railroads to earn more than they should in good years to be able to tide them over in bad years, so that we will not need a Reconstruction Finance Corporation to stop them from going into bankruptcy.

Mr. MAY. Of course, we all realize the importance of the railroads to the country as a transportation agency; and the fact that their securities are held by all the institutions which the gentleman has mentioned makes it important to take care of them, but I should like to ask the gentleman if he has given attention to the legal question as to whether or not the ten or twelve million dollars paid into the Treasury constitutes a Treasury fund and cannot be legislated out to the railroads by Congress?

Mr. PARKER of New York. Oh, I would not say it could not be legislated out.

Mr. MAY. But it is a fund in the Treasury to be appropriated to private industry.

Mr. PARKER of New York. It is a fund in the Treasury segregated to a particular use. I do not have any doubt Congress could do anything it wanted with that fund.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. WHITTINGTON. Approximately how much has the Government spent in valuing the railroads?

Mr. PARKER of New York. About $90,000,000; and it has been perfectly useless.

Mr. PARSONS. Will the gentleman yield further?

Mr. PARKER of New York. I yield.

Mr. PARSONS. The gentleman made a statement a few minutes ago that after the valuations were made up it was learned that the railroads were not so very much overcapitalized.

Mr. PARKER of New York. That is true.

Mr. PARSONS. The valuation that was made in 1916 and 1918 placed a valuation of approximately $15,500,000,000, but the railroads claimed a capital structure at that time of approximately $20,000,000,000.

Mr. PARKER of New York. The last figures I saw from the Interstate Commerce Commission reckoned the capitalization at about $21,000,000,000.

Mr. PARSONS. The railroads have a capital structure at this time of between twenty-four and twenty-five billion.

Mr. PARKER of New York. Yes.

Mr. PARSONS. Commissioner Eastman, if I am not mistaken, made a statement substantially that they were about three and a half or four billion dollars overcapitalized.

Mr. PARKER of New York. Yes; that is true.

Mr. PARSONS. In view of the two valuations, 1918 and 1930, the bonds and capital structure have increased $4,000,000,000 with no effort ever having been made to retire a single bond that was issued against the railroads.

Mr. PARKER of New York. In answer to the gentleman's question, I may state if the gentleman had studied and lived

with the Interstate Commerce Act as long as we have, he would realize some of the difficulties confronting us. For instance, the bookkeeping of the railroads is absolutely set down by the Interstate Commerce Commission.

Mr. PARSONS. I understand that.

Mr. PARKER of New York. They must charge to capital account every single improvement and every betterment.

Mr. PARSONS. Certain portions of them.

Mr. PARKER of New York. No; all of them. They cannot charge it to operating expense. That is according to law. They cannot charge betterments and improvements to operating expense, for the reason that if they did that they could raise their rates. That is the reason for it. The capital of the railroads has increased since the war almost $6,000,000,000, and that money has been spent, every dollar of it, with the approval of the Interstate Commerce Commission.

Mr. PARSONS. Will the gentleman yield right there for a brief question?

Mr. PARKER of New York. Yes.

Mr. PARSONS. During the period from 1911 to 1930 the railroads paid dividends to the extent of $7,500,000,000 approximately, and interest on their bonds to the extent of $9,500,000,000 approximately.

Mr. PARKER of New York. Yes.

Mr. PARSONS. That is about the total value of the railroads in 1918. They have made no effort whatsoever during the fat years to retire a single bond, in order to be able to reduce the rate structure. Does the gentleman believe that refunding operations should be forced on the railroads by the Interstate Commerce Commission to retire bonded structure?

Mr. PARKER of New York. I do not think constitutionally it can be done.

Mr. PARSONS. Well, the gentleman knows we have given the Interstate Commerce Commission wide powers to handle the railroads as a father handles his child, almost.

Mr. PARKER of New York. That is true.

Mr. PARSONS. If we can give them all those powers, certainly the Interstate Commerce Commission could make the railroads set up a refunding operation to retire their bonded structure.

Mr. PARKER of New York. In answer to the gentleman, I may say it is very easy to do what the gentleman wants to do. If a railroad wants to go through the process of reorganization under the bankruptcy law and reduce its capital stock, they have a perfect right to do it, but I doubt very much if the Federal Government has a right to throw a private corporation into bankruptcy, under the Constitution of the United States.

Mr. GOSS. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. GOSS. If we have a Federal coordinator and it is set up as contemplated under the terms of this bill, can the distinguished gentleman tell us, or has he heard how much saving may be made to the railroads as outlined by the coordinator?

Mr. PARKER of New York. I have heard various estimates, and they varied to such a degree that I would not try to make an estimate of my own.

Mr. GOSS. Then, as I understand it, there is really no sound estimate anywhere of savings made by the railroads?

Mr. PARKER of New York. Does the gentleman want my own personal opinion?

Mr. GOSS. I should like the gentleman's opinion or the opinion of any other he would like to quote.

Mr. PARKER of New York. My own personal opinion is this: The most valuable thing in title I is the section that instructs the coordinator to make a very careful study of everything that can be done and report back to Congress for future legislation. In my judgment, that is the most important thing there is in title I.

Mr. GOSS. But the gentleman does not contemplate any real savings, then?

Mr. PARKER of New York. I hope there will be.

Mr. GOSS. Now, I notice in connection with terminal facilities that about 30 percent of the freight revenue of the four largest railroads is in the hauling of coal which does not pass through terminal facilities to any great extent. Therefore 30 percent of the revenues of the railroads are eliminated from any savings, in any event, practically. I wish somebody, somewhere in this debate, would be able to tell us how much saving there will be by this coordinator. It is a terrible price to pay to put a coordinator in if there is going to be no saving made under the terms of the bill.

Mr. PARKER of New York. I will simply say that if my information is correct, the railroads are going to pay for the coordinator and for all of his help. They are going to be charged $2 a mile.

Mr. GOSS. Is it not $1 a mile?

Mr. PARKER of New York. No; the bill provides $2 a mile.

Mr. GOSS. That will bring in approximately $500,000.

Mr. PARKER of New York. Yes; and if my understanding is correct, the railroads do not object to this proposition.

Mr. GOSS. I do not mean cost in dollars and cents so much as I do the tremendous power given him and what he may do. If we have not got any real savings in sight, why put him in?

Mr. PARKER of New York. We hope to get real savings.

Mr. GOSS. That is what I am getting at. How much is it estimated to be?

Mr. PARKER of New York. I have no more idea than has the gentleman from Connecticut.

Mr. GOSS. And no one else has.

Mr. PARKER of New York. And no one else has.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. MAY. I take it the bill is for the benefit of the railroads and I am interested in knowing——

Mr. PARKER of New York. Oh, no, no; that is not a correct statement.

Mr. MAY. That it is not for the interest of the railroads?

Mr. PARKER of New York. The gentleman speaks as though that were the only interest.

Mr. MAY. Not the only one, of course.

Mr. PARKER of New York. That is one interest; yes.

Mr. MAY. Is not the purpose of the legislation to benefit the railroads?

Mr. PARKER of New York. Yes; and to benefit the shippers and the employees.

Mr. MAY. Certainly.

Mr. PARKER of New York. All right. I ask the gentleman to include that in any question he wishes to ask me. Be fair about it.

Mr. MAY. I will ask this question, then: Does the gentleman find from the hearings in the consideration of this bill that there is going to be a lot of mergers and elimination of transportation facilities over the country; and, if so, to what extent does he find this is apt to occur?

Mr. PARKER of New York. That is a question we can eliminate now under order of the Interstate Commerce Commission.

Mr. MAY. It cannot be done except with permission of the Interstate Commerce Commission.

Mr. PARKER of New York. They cannot eliminate further facilities under this bill than they can at the present time.

Mr. MAY. If they cannot, then why not let the Interstate Commerce Commission handle it without the bill?

Mr. PARKER of New York. In the final analysis, it will go to the Interstate Commerce Commission, anyway; because if out in the gentleman's district the coordinator should issue an order that one of his little "jerkwater" lines, such as I have in my district, was to be abandoned, his people would rise up in arms and they would appeal to the Interstate Commerce Commission, which they have the right to do, and the order would be set aside. So, in the final analysis, it all comes down to the Interstate Commerce Commission, the same as it is now. However, I do believe much saving will be brought about through agreements made between the railroads through the good offices of the coordinator acting as a mediator.

Mr. MAY. Then the real object or purpose of the bill is to see what can be done in the way of economies?

Mr. PARKER of New York. I think that is the greatest object, yes; but I think many other things will be done. For instance, to give the gentleman an illustration, I most certainly hope they will do something that will reduce the number of trains between New York and Chicago, and something which will bring about the unification of terminals. I hope something can be done to reduce the number of trains between Washington and New York, and that both the Baltimore & Ohio and Pennsylvania may be able to use the same terminal. But to do this they have got to take care of the labor. We have taken care of the labor end of it, but still it costs a tremendous amount of money to run these fast trains. I have gone to New York frequently when there have not been more than half a dozen people on the train. It is uneconomical to run a train under such conditions.

Our theory has been uniform rates established by the Commission. If you are going from here to Chicago, it does not make one dime of difference what road you go over, your fare is exactly the same. If you go from here to New York, whether you go by Baltimore & Ohio or Pennsylvania, your fare is exactly the same.

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield myself 15 additional minutes.

The CHAIRMAN (Mr. LLOYD). The gentleman from New York is recognized for an additional 15 minutes.

Mr. PARKER of New York. If you are going from here to St. Louis, it makes absolutely no difference which way you go, you pay the same fare. Our theory has been to foster competition, and this competition has been ruinously expensive. We are trying our best in this bill to cut out some of this ruinous, expensive competition, thus to bring about economies which will be reflected in both passenger and freight rates. I think I have answered the gentleman's question.

Mr. WOOD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. WOOD of Missouri. The gentleman said there would be elimination of terminals. Unification of terminals is provided.

Mr. PARKER of New York. I meant combination, not elimination.

Mr. WOOD of Missouri. In what respect does this benefit the employees of the railroads over the present operation of the systems?

Mr. PARKER of New York. The law carries with it a provision that the railroad employees shall not be reduced below a certain percentage. As the gentleman from Texas very well explained, the natural reduction is 5 percent. That is 50,000. Now, they cannot be reduced more than 50,000, the ordinary reduction from natural causes.

Mr. WOOD of Missouri. Does the gentleman think it is a benefit to the employees to provide for a reduction in their number by 50,000?

Mr. PARKER of New York. It is the employees' own proposition.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. MEAD. I may say to my colleague from New York that the members of his committee have been very sympathetic so far as the employees are concerned, and I hope that every amendment that was adopted in the Senate, together with those same amendments that were adopted in the committee, are placed in the bill. However, we must not lose sight of the fact that labor is called upon to make a tremendous sacrifice in accepting this bill when we consider the fact that in 1920 there were over 2,000,000 railroad employees and today there are less than 1,000,000, and that by this bill we arbitrarily prevent the future employment of those men who are now furloughed or dismissed because the slack can be taken up by perfecting economies which will be authorized and approved by the coordinator and the Commission.

Mr. PARKER of New York. That is possible.

Mr. MEAD. So while your committee has been very patient and very sympathetic, we must not lose sight of the fact that in the industrial control bill we are creating employment, while in this bill we are preventing employment.

Mr. PARKER of New York. I will not agree with the gentleman that we are preventing employment.

Mr. MEAD. At least in part, the gentleman will agree.

Mr. PARKER of New York. No; I will not even go that far. We are freezing it or we are holding it just where it is. It would go down 5 percent anyway and we are not exceeding the natural reduction.

Mr. SNYDER. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. SNYDER. The gentleman said that the employment would remain as of May 1933.

Mr. PARKER of New York. Yes.

Mr. SNYDER. Let us assume that within a year business picks up so they would have to take on one third more employees; would they take these men that are now furloughed, or could they hire anyone?

Mr. PARKER of New York. That is a question I could not answer, because I do not happen to belong to the brotherhoods and do not know what their rules are. I assume they are all on a list and will be taken on in the order of their seniority.

Mr. SNYDER. Does this bill affect that?

Mr. PARKER of New York. This bill does not affect that, because that has nothing to do with us at all. That is an agreement between the railroads and their employees. The men who are furloughed are the men farthest down the list, and I assume the brotherhoods will see to it that the men who are put back are the men at the top of the list, until they get them all back. This bill does not affect that at all, because that is a private agreement.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. WOOD of Missouri. I may say that insofar as the railroad brotherhoods are concerned, the rule of seniority prevails, but insofar as these so-called "independent unions" are concerned, seniority does not prevail, and it is a question whether they will get back to work or not.

Mr. PARKER of New York. I have, perhaps, a little more faith than the gentleman has in fair play. My experience in life has been that the majority of the people play the game of life fairly, and I believe that if a man has been a good employee he will be taken back. If you have some employee who was unsatisfactory, I do not believe such people will be taken back if they can help it. Let us be fair about it.

Mr. PIERCE. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. PIERCE. Have a large number of the railroads paid dividends on their stock?

Mr. PARKER of New York. Very few of them.

Mr. PIERCE. Or interest on their bonds?

Mr. PARKER of New York. Oh, they have to do that.

Mr. PIERCE. They have all paid the interest on their bonds?

Mr. PARKER of New York. Oh, no; but those who have not have gone into the hands of receivers. They go into the receivership when they do not pay the interest on their bonds.

Mr. PIERCE. What percentage of them?

Mr. PARKER of New York. Quite a few of the big lines.

Mr. PIERCE. What proportion of the big lines have paid dividends on their stock?

Mr. PARKER of New York. Very, very few of them.

Mr. PIERCE. But they have paid the interest on their bonds?

Mr. PARKER of New York. They have paid their interest, yes.

Mr. PIERCE. And the bonds represent practically the investment?

Mr. PARKER of New York. No; they do not, in most cases. For instance, in my own State of New York, under

the law we have a preferred list of bonds that trusts can buy—one of the primary clauses in that law is that the moment the bond defaults it goes off of that preferred list—a list of bonds that savings banks can buy and trust companies can buy and insurance companies can buy. The minute they default they go off that list and they have got to be thrown on the market and sold.

Mr. PIERCE. Is it not true that the railroads received their deathblow when the truck came, except for long hauls?

Mr. PARKER of New York. No; I do not think it was a deathblow. I think they received a very hard jolt in the jaw, but I do not think it is a deathblow. I think they will survive. I think they are wounded and wounded badly, but I think they will survive.

Mr. BIERMANN. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. BIERMANN. Has this bill, as the House committee has written it, been approved by the railroad brotherhoods?

Mr. PARKER of New York. Absolutely, so far as I know. I was not in the conference because I belong on the other side of the House, but I was in a conference afterward, and my understanding is that they did approve it verbatim.

Mr. BIERMANN. Then a vote for the House bill is a vote in accordance with the expression of the railroad brotherhoods?

Mr. PARKER of New York. That is my understanding. I do not say it is, but I say that is what I believe, and I have reason to believe that that is true. However, when you get a thing second-hand you cannot make a definite statement that it is so. The gentleman told me, I believe told me the truth, and they told me it was acceptable to labor.

Mr. GOSS. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. GOSS. Under the coordinator section, subsection (2) of section 4, I find this language:

> To promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier credit.

Is this language sufficiently broad so that the coordinator may sell any of the terminal rights of a railroad to improve carrier credit and have that claim put on the Government?

Mr. PARKER of New York. Not a bit of it; no.

Mr. GOSS. What is meant by that language?

Mr. PARKER of New York. What is meant by that is that if you can get 2 or 3 roads together and they can agree, all right; you can then go through with it, and the coordinator will put his order through.

Mr. GOSS. But this is under the coordinator section.

Mr. PARKER of New York. I grant you that; but to illustrate, he will do just what I stated a moment ago. He will get the Pennsylvania and the Baltimore & Ohio together and try to make them use the Pennsylvania terminal; but, of course, the Baltimore & Ohio will have to pay for it.

Mr. GOSS. That would not be decreasing the fixed charges one bit.

Mr. PARKER of New York. I do not know whether it would or not. It would stop the Baltimore & Ohio from running those ferries and running all those busses which they now run in New York City.

Mr. GOSS. The gentleman has admitted that you can not cut down on the employees. Suppose you had four tugs on the Hudson River and you wanted to cut down, how can you decrease the fixed charges? It cannot be done.

Mr. PARKER of New York. Yes; it can be done; you can cut out the running of the ferries between New York and Jersey City.

Mr. GOSS. But you would only save the fuel; you would have to pay the men, and you would have to pay the interest on the cost of the tugs.

Mr. PARKER of New York. But you could sell the tugs.

Mr. GOSS. Well, if you can sell the tugs, why cannot you sell the terminals?

Mr. PARKER of New York. If they agree to it; yes. They could do that now.

Mr. GOSS. Can the coordinator put any claim on the Federal Government?

Mr. PARKER of New York. Absolutely no; the Federal Government is not liable for a single thing the coordinator does. The regional board, consisting of seven directors for the eastern, western, and southern divisions, can get together, and if they agree, all well and good; and if the coordinator can be of any help, well and good. If there is anything advantageous to do, he orders them to do it, and they have to do it, although they have the power to appeal, both to the Interstate Commerce Commission and to the courts.

Now, why is the coordinator authorized; why do we put the coordinator in the picture? Because the regional boards cannot do anything contrary to the antitrust law. The coordinator can. If he should see that it was advantageous to abandon a certain line that parallels another, he could order it done, subject, of course, to the final decision of the Interstate Commerce Commission. But the railroads themselves could not do it. That is the plain statement of facts.

Now, I certainly hope when we come to consider the bill under the 5-minute rule that you will accept the bill pretty much as it is.

As I said at the outset, this is one of the most complicated bills that you can imagine. A change in one line here on this page means the change perhaps in the phraseology three sections farther on. A person who has not studied the question thoroughly is embarking on a dangerous procedure when he attempts to amend a bill of this kind.

Now, do not misunderstand me. The House is just as intelligent as the committee, but they have not had the time, they have not had the opportunity to study the bill as we have.

Mrs. McCARTHY. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mrs. McCARTHY. The gentleman made the statement that if the railroads did not pay the dividends they would go into the hands of a receiver.

Mr. PARKER of New York. Oh, no. I said if they did not pay the interest on the bonds.

Mrs. McCARTHY. Is it not true that the railroads have borrowed from the Reconstruction Finance Corporation money to pay interest on the bonds?

Mr. PARKER of New York. Yes.

Mrs. McCARTHY. Is it not true that thereby their debts will be increased?

Mr. PARKER of New York. We hope they will be lessened. Let me say that these bonds are largely held by the public institutions; and if their bonds should be thrown upon the market, you know what it means, if they were thrown on the market in large quantities. That is the reason the Reconstruction Finance Corporation came to the rescue of the railroads to a large extent—to keep them in a solvent condition so that their bonds could be used as trust funds.

Mrs. McCARTHY. Is it not true that when they begin to borrow money to pay interest on their bonds that eventually they go into the hands of a receiver?

Mr. PARKER of New York. That is a question of course. There is a difference of opinion, but history has a queer way of repeating itself. In 1920 the railroads were in almost as bad condition as they are today. We loaned the railroads in 1920, through the War Finance Corporation, a billion and a half dollars. Every dollar of that has been paid back except $38,000,000, and that $38,000,000 was owed by small railroads that have gone into the hands of receivers and finally out of business. The Government made on that transaction over $200,000,000 profit. That seems incredible, but nevertheless it is true. We charged the railroads 6 percent on the borrowed money, borrowed the money from the people at 4 percent. The difference between the 6-percent and the 4-percent interest made a profit to the Government of something over $200,000,000, charging off, of course, the $38,000,000 that we did not get returned.

Mrs. McCARTHY. I want to know if all groups of employees are taken care of under this bill?

Mr. PARKER of New York. Absolutely.

Mrs. McCARTHY. There was an amendment added to the bill in the Senate that provided only for employees that entered into certain agreements in Chicago.

Mr. PARKER of New York. The gentleman from Texas [Mr. RAYBURN] explained that. We have broadened that to allow the representation of all labor groups.

Mrs. McCARTHY. Then the shopworkers are taken care of?

Mr. PARKER of New York. Yes.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. BROWN of Kentucky. Can the gentleman tell us how much of the money loaned by the Reconstruction Finance Corporation last year and this year has been paid back?

Mr. PARKER of New York. I could not say.

Mr. DONDERO. Mr. Chairman, I have received a great many letters and communications from railway organizations in Detroit protesting against the labor provision in the Senate bill and asking me to support an amendment proposed by labor. Can the gentleman tell the House whether or not there has been an agreement reached whereby that objectionable clause would be eliminated?

Mr. PARKER of New York. There has been an agreement reached, as I understand it, which is entirely satisfactory to all classes of railway labor.

Mr. DONDERO. And that is included in this bill?

Mr. PARKER of New York. That is included in an amendment that we will have in the bill and which we will read tomorrow.

Mr. LAMNECK. Mr. Chairman, I am interested in the elimination of so-called "duplicate service", and I am told that one plan proposed is to tear up the Baltimore & Ohio tracks from here up to New York and run all the service over the Pennsylvania Railroad.

Mr. PARKER of New York. I never heard of that.

Mr. LAMNECK. The bill provides that the coordinator shall pick out places where they have duplicate service and eliminate tracks, and so forth. I understand that is one of the proposals.

Mr. PARKER of New York. Oh, no. I do not think that is the proposal at all. I do not think a road like the Baltimore & Ohio would ever be torn up.

Mr. LAMNECK. It is a duplicate service.

Mr. PARKER of New York. What I meant by duplicate service was this: Take 2 trains leaving the Union Station here at 3 o'clock, 1 on the Pennsylvania and 1 on the Baltimore & Ohio, 20 feet apart. That is what I meant by duplicate service.

Mr. DOBBINS. The gentleman stated that the changes made by the committee here suited all classes of labor.

Mr. PARKER of New York. That is my understanding.

Mr. DOBBINS. Does that suit the so-called "company unions"?

Mr. PARKER of New York. That is my understanding, that was our intention. I thank the members of the committee. [Applause.]

Mr. HUDDLESTON. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. MILLIGAN].

Mr. MILLIGAN. I propose in my time to go in detail into some of the provisions of the bill, because of the fact that Members have only had the bill before them for a very short time.

This bill has three purposes: First, to create a Federal coordinator of transportation to be appointed by the President of the United States, with the advice and consent of the Senate, unless a member of the Interstate Commerce Commission is appointed to act in this capacity; in such case it does not require confirmation of the coordinator due to the fact he has already been confirmed by the Senate as a member of the Commission.

The coordinator is directed to divide the carriers into three groups; namely, the eastern group, the southern group, and the western group. The coordinator is also authorized to designate three regional coordinating committees composed of 5 regular members and 2 special members; 1 of the special members representing railroads which in 1932 had operating revenues of less than $1,000,000, the other special member representing the electric railroads within the group not owned by the steam railroads or operated as a part of the general steam-railroad system. These special members are to be called in when the interests of their different groups are under consideration. The duties of the coordinator are to encourage, promote, and require action on the part of the carriers in order to prevent duplication of services and facilities of any nature and to permit the joint use of terminals and trackage, to control allowances, accessorial services, and other practices affecting services or operations to the end that undue impairment of net earnings may be prevented in order to avoid waste and prevent extravagances; to promote financial reorganization of the carriers with due regard to legal rights so as to reduce fixed charges to the extent required by the public interest and improve the carrier credit; to provide for the study of other means of improved conditions surrounding transportation in all its forms and prepare a plan with this view.

The duties of the committees set out in this act on their own initiative, within each group, are to make recommendations to the coordinator to carry out the purposes mentioned above. The coordinator is to confer freely with these committees and give them the benefit of his advice and assistance.

A labor committee for each regional group of carriers may be selected for those railroad-labor organizations which are designated and authorized to act in accordance with the Railroad Labor Act that entered into agreement on January 31, 1932, and December 21, 1932, with the duly authorized representatives of the carriers as to wages. A similar committee is created for each regional group of carriers by other railroad-labor organizations as are designated and authorized to represent employees in accordance with the Railroad Labor Act. The coordinator must give reasonable notice and confer with the appropriate regional committee or committees on the subject matter prior to taking any action which affects the interests of the employees in order to afford the regional labor committee an opportunity to present their views on the contemplated action or order.

The bill also provides that the number of employees in the service of the carriers shall not be reduced by any action taken under title I of this bill below the number shown by the pay rolls during the month of May 1933, deducting from the pay rolls the number reduced by reason of death, retirement, or resignation, but not more than 5 percent of said number in any one year. No employee can be deprived of employment such as he had during the month of May 1933, or his compensation for such employment by authority conferred in title I.

The coordinator is directed to establish regional boards of adjustment to settle controversies between carriers and employees, and the carrier and the employees shall be equally represented on such board for settlement of controversies. These boards are to function as the boards of adjustment provided by the Railroad Labor Act.

The coordinator is further directed to provide means for determining the amount of damage and require the carriers to make just compensation for property loss and expense brought on the employees by reason of transferring such employees from one locality to another.

Any order that may be issued by the coordinator shall be made public not less than 20 days before the order becomes effective. Such order made by the coordinator may be suspended or set aside by the Interstate Commerce Commission. It is also provided that any interested party dissatisfied by the order issued by the coordinator may, within the 20 days, file a petition with the Commission asking that such order be reviewed and suspended pending such review.

If the Commission, after considering the petition and answer, has reason to believe the order to be unjust to the petitioner or against the public interest, the Commission may grant a review and, in its discretion, suspend the order if they find immediate enforcement of such order would result in irreparable damage to the petitioner or work a detriment

to the public interest. However, if the Commission suspends an order, it shall expedite the hearing and decision, giving due notice and a public hearing, review the order, and take such action as it may seem to them just and consistent with the public interest—either confirm the order, set it aside, or reissue it in a modified form. Any final order that is made shall be subject to the same rights of relief in court by any party in interest as is provided in respect to orders of the Commission made under the Interstate Commerce Act.

The orders of the Commission or the coordinator are to remain in effect until set aside by the coordinator, the Commission, or the Congress.

The carriers affected by any order of the coordinator or the Commission are relieved from the operation of the antitrust laws and other restrictions or prohibitions by law of the State or Federal Governments as may be necessary to carry out such order, the exceptions being laws of public health and safety and the Railroad Labor Act.

Where the coordinator issues an order relieving the carrier from the operation of any State law or of the order of any State commission, he shall advise the Governor or the commission of that State that such order is contemplated, in order to afford the State authorities opportunity to present their views relative to the contemplated order.

Title I does not relieve any carrier from any contractual obligation which it may have assumed prior to this law with regard to the location and maintenance of offices or shops at any particular place.

Any officer or carrier willfully failing or refusing to carry out any order issued by the coordinator or the Commission under this act is deemed guilty of a misdemeanor, and upon conviction is subject to fine of not less than $1,000 or more than $20,000 for each offense each day during which time said carrier or person willfully fails or refuses to comply with such order.

No authority is given in this act to require any employee or officer or group thereof to render labor or services without his or their consent, and no order requiring such service or making illegal the failure or refusal of employees to render such services shall be legal.

It is provided that within 30 days after the enactment of this bill and for the first year of operation $2 for each mile of railroad operated on December 31, 1932, shall be paid by the carrier to pay the expense of carrying out the provisions of this act.

It is provided that title I of this act shall cease to be effective at the end of 1 year, unless extended by a proclamation of the President for 1 year or any part thereof. However, it is provided that an order of the coordinator or the Commission shall continue in effect until set aside by lawful authority, but no order shall be operative to relieve any carrier from the effect of any State law or order of a State commission made after this title ceases to have effect.

Title II of this bill provides in part for the regulation of railroad holding companies under the Interstate Commerce Commission.

Under the Interstate Commerce Act the Interstate Commerce Commission was directed to prepare and adopt a plan for the consolidation of railway properties of the United States into a limited number of systems.

During the process of developing this plan the Commission found that certain interests, through holding companies, had been acquiring control of certain railroad lines. As a result, the Commission in its annual report of 1929 made the following statement:

> The subjection of the unification of carriers by railroad to the orderly processes of a carefully planned scheme of public regulation, which section 5 was designed to accomplish, is very likely to be partially or even wholly defeated, subject to the possibility that the Clayton Antitrust Act may in some measure, after protracted litigation, enable control over the situation to be maintained.

The Commission also made the following recommendation to Congress:

> That in view of the fact that the acquisition of control or of an amount of stock sufficient to influence the policies of competing railroads, either by individuals or other noncarrier corporations, may result in the suppression of competition, consideration should now be given by the Congress to possible legislation.

As a result of this statement and recommendation by the Commission, the House of Representatives passed a resolution in the Seventy-first Congress authorizing and directing the Committee on Interstate and Foreign Commerce to conduct a thorough investigation of the holding-company situation as related to railroads. This was done, and a complete and comprehensive report was made by the committee.

This investigation developed that although application for the unification of certain railroads had been denied by the Commission, as against the public interest, yet the unification was accomplished through holding companies, and to all intents and purposes the consolidation was as effective as though the Commission had given its approval.

This measure deprives these holding companies of the power to prevent the Commission from carrying out the mandate of the Congress. As the situation now stands, certain railroads can defeat the purpose of the law although the Commission finds its action to be in the public interest. This is the condition that this part of the bill seeks to correct.

It provides that where a holding company acquires a railroad it shall be treated as though it were a common carrier, in that it must obtain approval of the Commission and then be subject as a railroad to make annual reports as prescribed by the Commission; be subject, as other carriers, to uniform system of accounts and other regulations provided in section 20 of the Transportation Act; also subject to paragraphs 2 to 11, inclusive, of section 20a regulating issuance of securities and assumption of liabilities of carriers.

I can see no valid reason why holding companies engaged in the transportation business should be allowed to defeat the will of Congress and not be subject to the same regulation as the carrier.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. MILLIGAN. Yes.

Mr. PARSONS. Under the set-up of the Interstate Commerce Commission, is there any real competition between railroads?

Mr. MILLIGAN. There is competition of service. That is about the only competition.

The third object of this bill is to strike out section 15a of the Transportation Act and to substitute what is termed a rule of rate making, setting out certain factors which among others the Commission in prescribing just and reasonable rates must take into consideration, and to amend paragraphs f and g of section 19a of the Transportation Act.

Section 15a of the Interstate Commerce Act, as now provided in the law, contains a recapture provision and the rule of rate making. Under this section any carrier receiving for any year a net railroad operating income in excess of 6 percent of the value of the railroad property used in the service of transportation, one half of such excess shall be placed in a reserve fund maintained by the carrier for the purpose of paying dividends, interest on its securities, rent for leased road and the remaining one half is to be paid to the Commission for the purpose of establishing and maintaining a general railroad revolving fund. This fund shall be used in the furtherance of the public interest of railroad transportation for making loans to carriers to meet expense for capital account or to refund maturing securities or for the purchase of transportation facilities, and lease the same to the carriers.

Under this provision the commission has roughly estimated that its inquiries would result in orders to recapture the sum of $360,000,000 from the different carriers. Of this sum only $10,000,000 has been put in final orders and been paid in, the interest amounting to some $3,000,000. The total now held under the recapture provision amounts to $13,000,000. The Commission has not been able to collect the remainder of this sum. Most that has been paid in has been paid under protest. Litigation is now pending in the courts for the balance with no prospects for collection. This provision, which was enacted in 1920, was not recom-

mended by the railroads, the Interstate Commerce Commission, or the shippers. As I understand, it was suggested by one man in the interest of the security holders of the railroad companies, based on the belief it would enhance the value of these holdings by setting up as they believed a guaranty.

In my opinion this provision should have never been placed in the law. It has been a detriment to the railroads and costly to the shippers and the public. A railroad may have one prosperous year and then have several poor years in which it does not pay operating expenses. We know there are fluctuations in railroad traffic. This may be due to floods, droughts, crop failures, or other causes. Many local conditions may affect materially the traffic over a railroad line. One railroad may be strong financially because of the undercapitalization, another road may be week financially because of overcapitalization; but in applying the recapture provision, this is not given consideration because it is based upon the value of the railroad property. You permit a carrier to earn more in 1 year than it is entitled to, and then to recapture the excess above 6 percent to me seems illogical. To me it is axiomatic that you cannot limit the earnings of a railroad property in prosperous times without guaranteeing earnings in bad times. We know this provision in the law has led to wasteful extravagance by railroads in order to avoid recapture. In my opinion the repeal of section 15a should ultimately result in lower freight rates. We know it is impossible at this time to collect this amount, because the railroads of the country are not paying operating expenses. I have in mind one railroad that owes a claim under the recapture of $19,000,000. That road is now in the hands of receivers and is unable to pay State taxes.

Mr. MAPES. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, I would like to make a general statement without interruption, if I may, after which I will be very glad to yield for any questions that may be asked.

Mr. Chairman, it is my desire to say a few words to the House respecting the condition of one of the Nation's greatest and most necessary industries—that of railroad transportation. The future of this country, and the welfare of its people, demand sound solutions for the difficulties which the railroads face. The situation calls for the fullest cooperation between the Federal and State Governments and their regulative authorities, backed by an informed and constructive public opinion.

In discussing railroad matters, the subject is often approached from the viewpoint of some particular group of citizens out of the many whose interests or problems are involved—the employees, for instance, or the security owners; the railroad managements; the shippers and receivers of freight; the mines, factories, and other industries whose markets depend upon rail transportation and upon the maintenance of rates which will move the traffic; the employees and owners of these mines, mills, and other industries; the consumers of their output; the enterprises which produce railroad supplies and equipment and their employees and owners, and so on. The list is far from complete, but it is long enough to show that a full catalog of those who will be helped or injured by whatever helps or injures the railroads would include the entire population of the country and even involve the security of its industrial and social order.

It is evident also that these various classifications of interests which are affected by the railroad situation are in many cases overlapping; that is, the same individual may be, and often is, concerned in more ways than one. As a single example, thousands of holders of railroad stocks and bonds are also railroad employees or, in only too many cases, they are former employees living in the hope that better days in rail transportation will bring them back to the pay rolls.

Railroad employees today number about 1,000,000. That is, roughly, half as many as there were only a few years ago, yet they are still an army despite the thinning of their ranks. Including families and other dependents, from five to six million citizens of the United States are being directly supported by railroad pay rolls even in these times of unparalleled shrinkage in traffic. In normal periods several million more persons, workers and their dependents, were supported by the pay rolls of the industries which produce fuel, other supplies, and equipment for the railroads.

The present predicament and the future outlook of all these people—the railroad workers and ex-workers and their dependents, and the workers and ex-workers in the railroad supply industries—constitute a national welfare problem to which only the situation and difficulties of the farm population are comparable.

I have the greatest sympathy for the farmer with his mortgage and tax problems and the collapse in the prices of everything that he can produce for sale. Yet I doubt whether the situation of the average distressed farmer is any more disheartening than that of thousands of former railroad employees who are today without jobs or means of support of any kind.

The railroad man without a job has nothing but his savings, if any. He is nearly always a town or city dweller, and if you cut his wages you cut off his entire resources of existence.

What has become of the million or so of railroad workers who, through no fault of their own or of the railroad managements, have lost their places in recent years? Some have found employment of a sort in other work, but practically always at reduced living standards and in only too many cases for pay at or close to the line of bare subsistence. Many thousands have been and are entirely idle who are charges upon relations, friends, or the public.

Of the approximately 1,000,000 still at work, it can only be said that literally thousands live in the daily dread that their turn will come next. How precarious the situation has become for great numbers may be judged from the fact that on some of the largest railroad systems, where seniority agreements are in effect with the employees, it is necessary in many important departments to have more than 30 years' service in order to remain on the pay rolls. Numerous instances have been recorded where, under the strictest interpretation of seniority rights affecting a given group of employees, men with even 40 or more years of service have been laid off because they stood at the bottom of the roster of those who were left.

I mention these matters not because I expect Congress to legislate railroad men back into their jobs, or because I think railroad men have any claim to preferred consideration over other workers who have devoted their lives to other essential industries, but because I think it is essential that Congress and the public in rightful concern over the plight of the farmer should not lose sight of the situation and problems of railroad and railroad-supply workers and their dependents. Their problem should be as much a matter of national concern as that of the farmers.

Let us now turn from the employees of the railroads, to the owners of these great properties, which have been dedicated, and are essential to the public service. Let us consider their stock and bondholders, and who they may be. In theory, a bondholder of a railroad is a kind of secured creditor, one who has advanced capital upon the security of some form of mortgage or pledge. In practice, especially under existing circumstances, the bondholder is really only a preferred class of owner, and we may consider his situation, and that of the stockholder, as one problem.

According to the accepted estimates there are in round figures, 1,000,000 holders of railroad bonds, and 800,000 holders of railroad stock. Those who seek to make political capital out of assailing any and every form of accumulated property, particularly when in corporate form, make a common practice of referring to railroad bond and stock holders as if they were, in large or major part, rich and powerful, individuals well able to look out for themselves. I am sure that even men who for their own ends, try to present such a picture, know that is not an accurate one.

The individual holder of railroad securities certainly has rights which should be properly respected and protected. To do so is one of the functions of government as much as in the case of any other form of rightfully owned property. But in the extent of the interests involved, the holdings of individuals are far overshadowed by the interests of the public as a whole, in the ownership of these securities by great institutions, formed to protect and promote, the public welfare. For instance, life insurance companies and mutual savings banks hold more than $5,000,000,000 in railroad securities, or about a quarter of all outstanding stocks and bonds of all the railroad companies in the United States put together. These securities form an important part of the investments which are the security behind more than 50,000,000 insurance policies and 13,000,000 savings bank deposits.

On the very conservative estimate that at least half of these 50,000,000 insurance policies carry benefits to persons other than the policyholders themselves, we have, through this one source, not less than 75,000,000 of our people whose protection and welfare are directly dependent upon the financial soundness of railroad securities. And who can say how many persons there are whose future welfare is directly or indirectly dependent upon those savings-bank accounts which, in their turn, are in considerable part dependent for their future worth upon railroad investments?

Besides the insurance companies and savings funds, nearly every bank, trust company, hospital, college, school of technical training, religious, charitable, and welfare institution has at least some of its funds, usually a substantial part, invested in the railroads.

The purpose of the bill now before us is to assist the railroads to help themselves, and is essentially experimental.

The mechanics of operation consists of regional coordinating committees, with whom a Federal officer called a "coordinator" will cooperate for a period of not more than 2 years. This coordinator is to divide the roads of the country into three general regions and maintain contacts with the roads of each region through committees of five members of each region. The committees are to be selected by the roads themselves, the right of selection being based on road mileage. Labor organizations are represented on the regional coordinating committees and are safeguarded in their rights of collective bargaining, and all the rights they now have under State and Federal laws are preserved to them.

Another section of the bill extends the jurisdiction of the Interstate Commerce Commission to the supervision of holding companies and authorizes the Commission to prohibit the voting of securities when such use of them would interfere with the expressed will of the Congress.

Another section of the bill provides for the repeal of the recapture clause of the Interstate Commerce Act, under which the railroads have incurred to the Government an estimated obligation of some $300,000,000, and of which amount about $10,000,000 has already been collected by the Government. The amount already collected would be returned to the roads and further obligations under this provision canceled. [Applause.]

Mr. Chairman, there are some things provided in this bill which I cannot accept as a general, permanent policy. It is a far-reaching, radical departure in the Federal supervision and operation of railroads. However, this is an emergency measure and may terminate at the end of 1 year. It is a part of President Roosevelt's emergency program.

Now, I have my doubts that either the general public, the railroads, or the employees will receive any material benefit from the provisions of title I of this bill. However, as I said a moment ago, this is a period of national economic crisis. I shall support the bill, and I hope that material benefits will be passed out through the passage of this bill to the general public, the railroad employees, and railroad managements.

Mr. Chairman, when I came into the House this afternoon I did not intend to make any reference to the question which I am now going to present to the House.

I have in my hand a publication printed in Washington. It is known as Labor. I believe it is the official spokesman for several of the railroad labor organizations. In the June 6 issue, in the right-hand column on the front page of this paper, which goes out to probably 90 percent of the railroad employees of this country, you will find these words:

House committee backs President; carriers to fight.

Then, in block it says:

RAIL "LOBBY" BUSY

Having lost in committee, the railroads' lobby is now preparing to carry to the floor of the House its fight against the labor provisions of the President's emergency railroad bill.

Word has gone out to have "company unions" in all sections of the country wire Congressmen that railroad workers do not want "protection." These messages will, of course, be paid for by the carriers which control the "dummy unions."

COOPER (Republican, Ohio) is expected to be the railroads' chief spokesman on the floor of the House. For almost 20 years he has faithfully served "Big Business."

Then, down in the column, it reads:

But not until the friends of the railroads on the committee, under the leadership of COOPER (Republican, Ohio) had made a determined effort to strike out the labor provisions. They seemed particularly anxious to save the "company unions."

I dislike very much to take any exception to that article printed in the paper. There are members of the Committee on Interstate and Foreign Commerce, which had charge of this bill, present on the floor at this time. During the consideration of our hearings, I challenge any member of the committee, and I also challenge the editor of this newspaper, to point to one thing in the hearings to indicate that Representative COOPER of Ohio ever fought for the company unions or made any statement that I was not going to support the labor provisions as presented by the labor organizations.

For some reason the editor of this paper seems to have a pick against me. He takes great delight in trying to crucify and eliminate from public life every man who does not follow him in his radical, socialistic ideas.

I remember when I first came to Congress in 1915—and I am now serving my nineteenth year in this Congress—I was a member of the same committee with Mr. Keating, the editor of this paper. It was the Committee on Labor of the House. The chairman of that committee was Hon. DAVID J. LEWIS, who is an honored Member of this body at this time. An important measure that was being considered by the committee during that session was known as "the Keating child labor law." Mr. Keating was the author of this bill. I helped put this bill together in committee. I voted to report it out, and when it was taken up on the floor of the House, the first speech I ever made in Congress was in behalf of the Keating child labor law.

Again, in 1916, when there was a threatened strike and tie-up of the railroad transportation systems of this country, at a time when the railroads were blocked and moving more traffic than they had ever moved in the history of our Nation, President Wilson sent for the Chairman of the Committee on Interstate and Foreign Commerce of the House, Mr. Adamson, and Mr. Claude Kitchin, Democratic leader, and proposed to them that they pass an emergency bill which was known as "the Adamson 8-hour labor law for railroad workers", in order to avert the strike which was to take place on Saturday night at 12 o'clock.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. COOPER] has expired.

Mr. MAPES. I yield the gentleman 5 additional minutes.

Mr. COOPER of Ohio. After they had a conference with the President—I was in my office that evening and the telephone rang, and Mr. Claude Kitchin, Democratic floor leader, said to me, "COOPER, will you come over here? We want to see you."

Mr. Adamson's office was in the Capitol where the Rules Committee now is. They laid the proposition before me and stated, "The President wants the railroad 8-hour labor law passed in order to avert that strike. Will you help us?"

I said, "Of course I will." This was on Friday.

The bill was brought up Saturday morning under a special rule, and I stood almost single-handed on the Republican side of the House, as the CONGRESSIONAL RECORD will so show, and fought for the first 8-hour railroad labor law that the railroad workers ever had.

Again, when the Transportation Act of 1920 was reported to this House—and Mr. PARKER, who was a member of the committee at that time, will bear me out—there was inserted in that bill an antistrike provision which would prohibit railroad employees going on strike. Judge Webster, of Spokane, Wash., was the author of that provision. He is now a Federal judge. The older Members of this House know how I stood on this floor and fought that antistrike provision, and I think I had something to do with defeating that antistrike provision in the Transportation Act of 1920.

Again, when the present Railroad Labor Act was before our committee I helped put it together. I voted to report it out, and I stood on this floor and advocated its passage.

Mr. PARKER of New York. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. PARKER of New York. I wish to correct the gentleman. The gentleman reported the bill out himself.

Mr. COOPER of Ohio. Well, I was not going to say that.

Again, when the railroad employees wanted an increase of salary for the locomotive boiler inspectors of the Interstate Commerce Commission the representatives of railroad labor organizations came to me and said: "COOPER, you are the man who can get this bill through. Will you introduce it?" I said: "I will." I introduced the bill, it was approved by the committee, reported to the House, it passed this body, I interested myself in its consideration in the Senate, it finally became a law. Yet Mr. Keating publishes on the front page of the labor paper, which goes out to nearly every railroad worker in the country that COOPER is against them and that he is the tool of the big interests.

Let me say to him—and he knows it is the truth—if he will examine the records in the offices of the national representatives of railroad labor organizations he will find that out of 19 measures which they have advocated since I have been in Congress, that COOPER of Ohio is recorded as being favorable to labor on 17 of the 19, and on 1 of the other 2 they say I was 50 percent in favor of labor. Again the record at the American Federation of Labor office, shows my voting as 95 percent in favor of labor.

I regret very much that I had to bring this up, but I could not let that statement go unchallenged.

Why should I not be for labor? I know what it is to make my living by the sweat of my brow. At the age of 13 I went into the steel plants of my home city, in which I have lived all my life. In 1896 I secured a position as fireman on the Pennsylvania Railroad, was promoted to engineer in 1900, and stayed in the locomotive cab until I was elected to Congress in 1914. For more than 33 years now I have paid, and am doing so at the present time, my dues into one of the great labor organizations in the country, the Brotherhood of Locomotive Engineers. [Applause.]

My heart, soul, and sympathy have always gone out to labor. Oh, yes; there may have been times when there developed little differences in policy just like there was in the Howell-Barkley railroad labor bill. There was only one provision of that bill to which I was opposed, and that was the provision which set up Government boards and tribunals to be located here in the city of Washington, the members of which were to be paid large salaries out of the Federal Treasury.

I have a right to be with labor. As long as labor is right, and I think they are right, they are always going to find that I will be their friend in and out of Congress. [Applause.]

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. CHRISTIANSON. Do I understand that all of the amendments requested by the railroad labor executives have been incorporated in the measure which we are considering now?

Mr. COOPER of Ohio. The amendments which are in this bill were those suggested and recommended and advocated by the railroad labor executives.

Mr. CHRISTIANSON. Did the railroad labor executives offer or suggest any amendments that were not incorporated in this legislation?

Mr. COOPER of Ohio. Not that I know of, except the amendments they put in the Senate bill were changed by the House committee with little modification, but not enough to make any material difference, and before the House committee accepted those amendments and placed them in the bill the representatives of all the railroad labor organizations approved them. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. PARKER of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Chairman, the bill which we are now considering, like so many bills, has a good many things in it that most of us would approve and some things many of us would not approve.

I shall begin by saying that so far as title I of the bill is concerned, which is the one which seems to be the most controversial, that owing to an amendment, to which I shall refer, I doubt very much whether the bill will produce the benefits some of us hope, or the evils others fear. When you look at the title of the bill you will see it begins thus: "To relieve the existing national emergency in relation to interstate railroad transportation."

Now, what is this emergency? How is it best shown? Why, it is shown by the fact we all know, that many railroads today cannot earn enough to pay their operating expenses and their fixed charges. In other words, they are spending more than they are earning.

This bill in itself does not give the railroads any more power to effect economies than they now have. The Railroad Transportation Act of 1920 authorized certain consolidations throughout the country and set up the machinery with which they could be accomplished. I do not believe this bill adds anything to the 1920 act so far as consolidation goes.

The bill is the result of the difficulties which have come from this depression. It has made everybody appreciate that they must do their utmost to save where they can, to be more efficient, so that at the end they can have a little left of the money which they have taken in in the course of business.

The bill that came to the House committee presumably from the administration was truly a coordinating bill. It set forth the methods of putting into effect the title of the bill. In other words, to relieve the emergency. That bill, as you probably know, starts machinery for its operation by setting up a coordinator, and this coordinator divides the railroads into three sections—eastern, southern, and western. The object of these sections is the same as the function of the States as parts of the Union, to have the different sections of the country through committees consider questions peculiar to the different sections and to suggest where economies could be effected. If they cannot agree, the coordinator is to be called upon in an endeavor to compromise their objections, and he has a certain amount of authority. But I think you should know one other thing also, that the coordinator has no actual power to compel anybody to do anything. This is the fact, and even the things which he recommends and which he orders to be done are all subject to appeal to the Interstate Commerce Commission.

I think the committee ought to understand all these facts, and to understand that the bill, so far as these economies go, was intended merely to facilitate the agreement among the different interests.

Everybody who appeared before the House committee agreed that the present economy would come from combining services and in some cases reducing services. Therefore it reduces services and wages.

This very naturally was what principally interested the labor unions and their representatives, and they had before the committee their very able representative, who objected to this.

Before the House committee had taken any action in the matter, the Senate had injected their labor provisions, which practically froze the employment of today as the minimum, beyond which they were not allowed to go.

I have no animosity whatever toward labor unions or any other unions, but I think the labor unions in this case might, perhaps, have taken a broader view than they did of the questions that involved them. I think it is particularly necessary that this committee should take a broader view and appreciate that when we legislate, we should have the public service and the public good in general before us. I think you gentlemen will all agree that in the conduct of public business and private business that in the end no one is benefited by trying to prevent any business from being conducted in the most efficient and economical way that it can be conducted.

So I say, with reference to this labor provision, if the effect of it, as I believe it is, is practically to nullify the most important economies which can be effected now, or if the effect of the labor provision is to freeze the present labor cost, which is the principal cost, you will not see the railroads recovering and not see them able to reduce their rates or increase their efficiency in the public good as much as if this labor clause were omitted.

I believe that not only the general public but labor itself will be benefited by the efficiency of the railroads. I think if the railroads are permitted to decrease their rates and increase their business it will give such an impetus to the general business of the country that very soon the demands on the railroads will be so great that not only the men who may be let go temporarily will be taken back but many others will be reemployed, and when they are taken back they will then be in the employment of self-supporting concerns and their employment will be on a better basis and will be more secure than if you temporarily try to force the railroads into a prosperity which will soon subside.

I think, therefore, that the labor provision of section 1 is a mistake. I do not think it will redound to the benefit of the public in general or to the members of the labor unions themselves. Let me read to you the section that was originally proposed. This is the section that came to us from the administration, which was stricken out, and which I think should be left in the bill:

> SEC. 7. The coordinator shall provide means whereby such central committees as may be selected by and represent railway labor organizations in each of the groups shall be advised of any contemplated orders requiring changes in service or operation which will affect the interests of the employees, and he shall confer freely with such committees before issuing any such order.

This provision was upon the theory that the committees and the coordinator are human beings and have human sympathies and would look out to the best of their ability for the interests of labor, and it appears to me that this is all that could be expected.

Mr. MARTIN of Colorado. I should like to interrupt the gentleman there. I would suggest to the gentleman that a lot of us supported the economy bill on that theory.

Mr. MERRITT. That is true.

Mr. MARTIN of Colorado. And it does not appear to be working out that way.

Mr. MERRITT. I think it is verging around in that direction.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. MERRITT. Yes.

Mr. CHRISTIANSON. Does the gentleman from Connecticut believe that it would be good economics to write into this measure provisions which would deprive 150,000 railroad men of their jobs during this period of unemployment, when we are spending $3,300,000,000 of public money to give other unemployed jobs and $500,000,000 for reforestation, having also for its purpose the giving of jobs?

Mr. MERRITT. I think every industry should stand on its own bottom and I do not think that the railroads or any other industry should be compelled to pay out more money than they have.

Mr. CHRISTIANSON. Does it not simply resolve itself into whether we shall authorize the railroads of this country to levy a higher tax upon the people in the form of higher rates for freight transportation or whether we shall levy a higher tax upon the people in the form of Federal taxes to accomplish the same result, but in an inferior way?

Mr. MERRITT. I should say in answer to the gentleman that the difficulty about levying a higher tax in the way of higher rates is that you get the same result you get in levying higher income taxes—you do not get as much as you did before.

Mr. CHRISTIANSON. I think that would be true, especially of levying higher taxes, perhaps, and, therefore, we should defeat our own purpose if we passed legislation here that would deprive 150,000 men of their present jobs in order, presumably, that 150,000 or any other number of men might get other jobs in the erection of public works and in the prosecution of our project of reforestation.

Mr. MERRITT. Of course, the gentleman forgets that, under existing circumstances the public or someone else has got to supply the railroads with the money to pay these 150,000 men, because they cannot pay them out of their receipts.

Mr. CHRISTIANSON. But may we not just as well provide the money with which these men are hired in the form of a continuance of present freight rates as to reduce freight rates and dig down into our own pockets for more tax money?

Mr. MERRITT. The gentleman, it seems to me, is resting his statement on a fallacy, because the present freight rates do not produce enough money to pay the men.

If the railroads could do that on a self-supporting basis, the gentleman may be right.

Mr. CHRISTIANSON. I am quite positive that if the capitalization of the railroads was scaled down to a reasonable basis the railroads would earn enough money at the present rates.

Mr. MERRITT. I disagree with the gentleman about that.

Now, on the labor question I want merely to complete the story, which shows where the standard unions were short-sighted, because they provide in the Senate bill particularly that these regional committees should consult only with the representatives of what they call the standard unions.

[Here the gavel fell.]

Mr. PARKER of New York. I yield the gentleman 5 minutes more.

Mr. MERRITT. They provide that the regional committees should consult only with the representatives of the standard union. It has been shown here today and in the testimony before the committee that the standard unions contain only slightly more than 50 percent of the employees. The House bill is written in the interest of fairness, so that the standard unions can be represented as well as other unions.

What I am trying to emphasize is not to show up any union, standard or otherwise, but trying to emphasize the solidarity of all employees in times like this.

I sympathize as much as anybody else with the railroad employees, but they first ought to help the railroads into good working order so that they themselves will be more secure in their employment.

My belief is that the diminution of labor will be very slight. Anyway, I hope and believe that all those who may be let out will be soon employed and many more. I hope that all the measures inaugurated by the President will do all that he claims for them. I think if they do the burden of taxation referred to by the gentleman from Minnesota will be easier and more cheerfully borne, and that we can all come together and everybody enjoy abounding prosperity. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman and members of the Committee, I was a little bit hesitant about taking any of the limited time to speak on this particular measure until this afternoon, when it became apparent that there might be some attempt made later on to destroy or remove some of the features of this bill. That prompted me to add my humble effort to the effort and able address of the chairman of this committee and the efforts of other members who have spoken on the subject of the bill.

I believe in fairness; I believe in fairness for the railroads, to the railroad employees, and to the members of this committee. So, without much hope that I add anything to these able statements of the gentleman in question, I want to make a contribution toward correcting a false impression.

I have a seat in the committee next to the very able and distinguished gentleman from Ohio, and insofar as I know of the affairs of that committee, I have gathered from my brief association with him that he has always been in favor of the things that labor favored, and particularly insofar as this bill is concerned.

So I hope for his sake, and for the sake of fairness, that no false impression will go out to the country as the result of today's newspaper story, which I am very certain was printed in error rather than with the slightest degree of malice.

I believe as well in fairness for the railroads, because I know, as every Member of this House knows, that the employees of the railroads cannot be successful, and cannot have work for long, unless the railroads themselves are successful. For this reason, I am very hopeful that there will be no attempt to tamper with that part of the bill which arranges for the repeal of the recapture clause. I am in favor of the retention of this feature of the bill, and as a matter of fact the passage of the bill at once, because the railroads are now entitled to this repeal. We have not collected the money. I seriously doubt if we can collect the money. The railroads probably have not got it, if we could legally collect it, and I think that in the first place it was a mistake. Part of the reason why I want to see this money returned is because I think it will not only react to the benefit of railroads, and railroad bondholders and stockholders, but to labor itself, and insofar as I know, labor is concerned with the passage of the bill with this included.

My principal concern at the moment, and the particular reason why I am prompted to talk on the bill just now, is the suggestion made today that there will be some attempt later on this week, tomorrow in fact, to remove from the bill, or to destroy the effectiveness of, those sections which are designed to freeze and protect labor. I am aware this measure has its imperfections, and I know that I made little contribution to the creation or the building up of the bill. If I had my way, I would protect labor differently. I would go all the way. I would save the confusion and misunderstanding, and I would enact some such legislation as was proposed in this body by the able leader and Chairman of the Committee on Labor.

Throughout the hearings on this bill I endeavored to bring out, by brief inquiry, whether or not labor or those other people interested would be concerned with an inclusion in the bill of an amendment which would have provided a governmental regulation of working hours for railroad employees. I thought at that time that before this session of Congress was over we would have enacted laws regulating the hours of labor, and I felt that the railroads should make their contribution to the general welfare and the common good. But it appeared during the hearings of the committee that the railroad employees' representatives, and the others who would and should be concerned, preferred to let that matter take care of itself in other proposed legislation. In view of the fact that that is out, and because the employees themselves declared that they were satisfied with the provisions involving their work, I am very hopeful that no attempt will be made to throw from the ranks of railroad employees more men into the fires of unemployment.

I come from a railroad State, and mine is a railroad district, and I am concerned with the success and welfare of that railroad, as I am with that of other railroads. Incidentally, mine is an insurance State also, and I know about the millions and millions of dollars' worth of bonds held by insurance companies. I know as well of the interest that the stockholders of those companies, and the policyholders as well, have in the welfare of the railroads. But with all of that in mind, I came down here with a full appreciation of the fact that the paramount subject before this Congress and the country was the problem of unemployment. I cannot believe that the Members of this House, in connection with this legislation, are going to add to the troubles and torment of the people by doing anything with this bill, regardless of what imperfections it may have, that will release from employment any of the few men who remain actively on the pay rolls of the railroads. This bill does nothing for labor. The bill does nothing for the employees of the railroads. It freezes the situation at its lowest ebb. In my opinion, we are on the way out, and from now on we will see better times. Why tamper with the last remnants of a group that can help to weld these transportation companies into a better condition and thus point to a brighter day for them?

I do not think I add much to this debate, but I could not let the time go by during which it appeared necessary to say these few words for labor. I do not know how much the bill does for the railroads beyond the repeal of the recapture clause but I do know that that does give them millions upon millions of dollars which the Government has claimed up to now. I do know that it does permit economies under the bill. I do know that after the enactment of the bill—and this is where labor is denied—there can be a curtailment of labor with improved business conditions. So do not think that you are stepping beyond the proper boundary, or any boundary, in behalf of labor when you vote for this bill. You are freezing labor at its lowest point and instead of doing something for them you are only denying anyone a chance to do something against them. I hope when this bill is considered under the 5-minute rule that every man, before he offers an amendment, or votes for one that will change the bill, will give serious thought to the fact that up to now everything that we have done in this Congress has been in the direction of reemployment, and with the prayer and the hope that we would put men back to work.

In what is perhaps the last important bill before the House during this session, the last administration measure—and I understand the President is satisfied with this bill as it is—let us preserve the honesty of our purpose. Let us not go out of here at this late date with one single stain against the honest effort we have made. [Applause.]

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. MALONEY] has expired.

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, it seems to be an open season for violent attacks upon the judiciary as well as upon Members of Congress. I am much surprised to find in the newspaper Labor, printed in Washington, what has been said about the gentleman from Ohio [Mr. COOPER]. I will have something further to say about him later.

I happen to come from a State and a district which is traversed by several of the great railroads of the country, and I have been here when many labor questions were under discussion. As we all recall, the first suggestion of reduced hours of labor was made by General Grant in a message to Congress in 1868. From that time on progressive steps have been taken in the interest of labor. There was almost a tragic scene during one of the sessions of Congress when the Adamson bill was passed. It was at an hour when a general strike was threatened throughout the country unless what was known as "the full crew bill" was enacted, and, of course, the railroads thought it was a bluff. I do not know whether it was or not. The bluff was not called. Consequently, we do not know whether they would have had a general strike or not.

However, in my State we have a situation that is quite different than in most communities. In fact, it seems that

everywhere, instead of settling differences between capital and labor today in the old primitive way of getting results with the knife, they do it over the counsel table. I was a member of the State senate in Pennsylvania at the time the Pennsylvania Railroad conducted one of those meetings with their employees. On many occasions we had controversial questions with the railroads, but they were all amicably settled. I think if we would allow the railroaders themselves, with their developed understanding of economic questions, with the high intelligence that you find among the railroad trainmen and engineers and others, to settle their differences, they would be able to handle the matter entirely satisfactory to everybody.

Socrates said, "All men will do right if they know what right is." So, railroaders and officials work out the question of right over the counsel table instead of settling matters by strikes and lockouts, as they once did.

Now, before my time expires, I want to say something about my friend from Ohio, Mr. COOPER. I served 9 years on this floor with my friend COOPER. I have had fine social contact with COOPER. We always thought Keating was for labor, too, but Keating attacks COOPER, and I say he does it unjustly, because I have known COOPER all these years. One thing I knew about him was his consistent support of all labor measures. In fact, he was regarded here as our leader, and many times I have gone to him for counsel in regard to the right thing to do in the adjustment of labor matters. Labor men have always realized that legislation is a compromise. Consequently they have asked for the full measure, never less, and sometimes they have made concessions. But, as I say, I feel, as one who has known COOPER as long as I have, while he needs no defense, yet this paper goes abroad, and as one Member of Congress who has served with him, I want to add my tribute to his service, and I may further say that not only is he an able and capable labor leader and a consistent one but a thorough gentleman besides. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Chairman, in the first place, I want to compliment the members of the committee on this legislation. It is not all that I desire. It may not be all that you desire, but some 15 years and more of active connection with the railroads of this country has taught me the vastness of the problems the committee was working with and the almost impossible task that they had.

Whether this law is a good law or a bad law remains to be seen. The only way we can tell whether a law is good or bad is whether it lives and works. If it lives and works, it is good. If this law lives and works, it will be good. We cannot tell until we try it.

I think personally that as far as employees are concerned and as far as employers are concerned, there is only one thing we should be interested in when we deal with the making of laws for the transportation systems of this country, and that is the interest of the public. The employee and employer should only be legislated for in relation to the interest of the general public and as a part of that public.

There are two sections in this bill that cause me to support it, not because of the employer or the employee, but because of the good it may do for the public. One section is subsection (d) of section 7, which provides that in the case of the removal of terminals, the property loss of employees will be taken care of, not because of the benefit it will be to the employee but because of the benefit it will be to thousands of communities throughout this United States. If you will go anywhere through the Central West, where hundreds of terminals have been abolished in the last year, you will see what a tragedy it is to those towns. Men who have put in their time on these railroads for years and invested their life savings in property, are required to move with the terminal, and their property loss is a loss to the community, adding to the already depressed condition of those communities. My regret is that there is not some way to make this law retroactive so that we could go back a year and make good the losses on the terminals that have already been moved.

The other is that section of the bill that rewrites the law in regard to the making of freight and passenger rates. Under the old law we put a premium on the expenditure of money for useless purposes by the railroads. There is no question about that. There is no question that they took into consideration capital expenditures and spent money freely for things they did not need and for which they had no use, for the very purpose of raising freight rates. We have eliminated that. Under this bill freight rates will be based on a fair and reasonable basis, taking into consideration the good of the service to the public, and that is a thing we have never considered; it is a thing we do not consider in the elimination of these terminals today.

The Clover Leaf Railroad eliminated through one section of Indiana four trains that have served that country for years. If freight rates are based on service to the public, maybe we can change some of these conditions.

I do not like some of the provisions in this bill. Personally I do not feel favorable toward the elimination of the recapture clause. I do not feel favorable to a bill that does not provide some method of preventing further borrowings by the railroads of this country.

Three hundred and thirty-five million dollars of the people's money has been borrowed from the Reconstruction Finance Corporation that will never be repaid. The railroads are now in default. Many of them have not even paid the interest on money borrowed from the Interstate Commerce Commission. They have issued billions in bonds and stock that they will never redeem but that under the old law they used as a basis for increasing freight rates. Rates are now so high that the shipper cannot afford to transport his goods by rail.

This bill is far from being the perfect bill. It only eliminates some evils. It is better than we have at present. It is an improvement. Perhaps next session we can improve it more. It is at least a new departure in railroad legislation. It considers to some degree the human element.

I do not like the provision by which we "freeze" railroad labor at the stage of May 1933. Eight hundred thousand railroad men are now unemployed. I fear that many of them will never return to work. But under the law now in force we have no assurance that the list of employees will not be cut even further. This new law would prevent those additional cuts.

I think the proper method would have been to take the average of the number of unemployed over a period of years and to have set the minimum of unemployment at that figure. After all, nearly every act passed at this session has had as its object the returning of men to employment. We should show consideration for returning railroad employees as well as others. But I understand that this section and the fixing of the number for the month of May is a compromise and that it is approved and accepted by the representatives of railroad labor.

I hope that on tomorrow, after the Members of the House have offered their amendments, that this bill will be even better than now. I shall vote for it on final passage, not because it is perfect, but because, from the standpoint of the public and from the human standpoint, it is an improvement over the present law. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, this is not the first time the question of the unification of railways has been up for consideration in this body nor will it be the last. The earliest railroad regulation to come before Congress included the problem of dealing with railroad mergers, and unquestionably the last legislation before we ultimately see the wisdom of governmental ownership and operation of the roads will have to do with consolidation of railway facilities.

I desire, therefore, to make clear what I consider to be the fundamental issues involved in this whole question and

to place on record the facts which compel me to take the position I hold in reference to the problem.

As I have said, there have been many discussions of this question in Congress, but never before has there been an opportunity for us to see at one time the purpose and the effect of the movement for railroad consolidation brought together by congressional investigation. The newspapers of today are carrying the story of what is perhaps the outstanding movement for railroad consolidation in recent history, and the Seante investigation is showing that that great merger, brought about ostensibly under the leadership of the Van Sweringen brothers, brought millions of dollars of profit to the banking firm of J. P. Morgan & Co. and their favored friends and customers. Before the House and Senate Interstate Commerce Committees representatives of railway labor have revealed in detail, perhaps for the first time in such a way, the fact that railway unification and consolidation have brought unemployment, heavy property losses, and sometimes total destitution to the men whose loyal services have made possible the efficient transportation system so vital to the industries of our country. This contrast shows at once the motive for railway consolidation in previous years, and the terrible effects which have followed the carrying out of the unifications proposed. The great financial houses of the East have merged and unified and consolidated the railway systems with little concern for the communities and the employees injured. To the bankers have gone the profits, and to the people have gone the staggering losses involved in these changes.

It is time that we put a stop to that process. It is time that the Government of the United States intervene in this orgy of banker-dominated reorganizations and protect the rights and the property of the masses of the people affected by such changes.

Only a detailed study of the results of railway unifications can show the misery which they have brought, and potentially may bring, to railway workers and to communities dependent upon railway operations. During the hearings upon this bill, and in their efforts to bring about the amendments which have been added to the bill as now presented, the standard railway labor organizations have earned the gratitude of this body and of the Nation for their clear demonstration of the dangers inherent in the uncontrolled reorganization first proposed.

At the present time the laws regulating the railroads not only permit but they actually encourage railway consolidations. The inadequacy of the existing laws and their unfairness to the railway employees and to the public interest have been clearly shown by the railway labor organizations. Under these laws the Great Northern and Northern Pacific Railway Cos. applied to the Interstate Commerce Commission for permission to merge their properties under a single ownership. In spite of the opposition of State and local authorities, in spite of the opposition of shippers and other railroad companies, and in complete disregard of the interests of the railway employees affected, the Commission approved that merger with but slight reservation relative to the financial connections of the proposed new railway corporation. That was done under the law as it now stands; a consideration of the effects of that proposed merger will show how sadly railway legislation is in need of revision.

The two railway companies asking for that merger represented to the Interstate Commerce Commission that it would result in savings of approximately $10,000,000 per year. Elaborate tables were presented, giving in detail what the companies thought would result. The grand summary of these savings was as follows:

Estimate of savings to result from Great Northern-Northern Pacific unification

(From pp. 47 and 48 of I.C.C. Finance Docket No. 6409)

	Expected annual saving
Change proposed:	
Rerouting of traffic by shorter lines	$1,536,328
Use of Rosebud coal on Great Northern between Casselton, N.Dak., and Spokane, Wash	2,282,157

Estimate of savings to result from Great Northern-Northern Pacific unification—Continued

	Expected annual
Change proposed—Continued.	
Diversion of passenger trains from Prairie to Port Defiance line (one example of possible savings in routing passenger trains)	$27,300
Transportation of ballast (one example of possible savings in hauling material)	20,409
Hauling treated ties between Spokane and Ellensburg, Wash	6,950
Treating ties in Minnesota	95,000
Unification of facilities at Breckenridge, Minn., and Wahpeton, N.Dak	19,945
Proposed changes at head of lakes and Hinckley and Sandstone, Minn	548,302
Proposed changes at Sand Point, Idaho, and Spokane, Wash	300,547
Rerouting freight at Auburn yard, Wash	81,480
Unification of facilities at the Twin Cities	705,320
Unification of facilities at points on the Dakota division	366,968
Unification of facilities at 10 common points, St. Cloud, Minn., to Butte, Mont., inclusive	196,516
Unification of facilities at Seattle, Tacoma, Portland, etc, including rearrangement of train service	868,779
Rearrangement of shops	536,403
Accounting economies	669,399
Purchasing and stores departments	1,063,571
Traffic expenses	817,437
Total	10,142,811

On the surface of it, this would seem to be a very attractive proposal. The railways are to save $10,000,000 per year in operating costs, and while there is no promise that that money is in any way to be returned to shippers, nevertheless it seems desirable to save $10,000,000 if it can be done.

But when these savings are analyzed, as the railway employees have analyzed them, we can see very plainly where the railway companies are going to get that ten million. Four typical items in this long list of savings have been taken apart; the analysis shows that more than 90 percent of the money to be saved is to come from reduced pay roll. By that one unification alone, 4,000 workers would be turned adrift. The corporations controlling the Great Northern and Northern Pacific Railways would profit by $10,000,000 per year, and the employees would lose directly almost the whole of that amount.

In that connection, it is of interest to note that probably the largest stockholder to be affected by the proposed savings is one Arthur Curtis James, whose name has been conspicuous on the lists of favored friends of the House of Morgan, revealed by the Senate investigation. So this great economy move, fostered by legislation passed in this House, and approved in its essentials by the Interstate Commerce Commission, would have taken these millions of dollars from the railway employees of the Northwest and have given them to the stockholders and bondholders of the railways, much of it ultimately to have found its way into the hands of Eastern financial interests.

What was to become of the railway workers thrown onto the streets by this change? Neither the railway companies nor the Interstate Commerce Commission seemed to be greatly concerned about that factor. That was perhaps considered irrelevant. The sufferings of those men and women and their families was as nothing compared with the desirability of adding to the already excessive incomes of the financial giants behind the railway consolidations.

But the concern for the financial elements did not neglect details. I wish to offer here one of the detailed statements presented by the railway companies in support of their petition. The little town of Barnesville, Minn., was a division point on the Great Northern Railway until 1928. The merger plans as contained in the brief submitted by the railroads to the Interstate Commerce Commission called for the abandonment of the railway facilities at Barnesville, and the elimination at that one small town of 60 railway employees. The companies were going to save by the discharge of those men, approximately $100,000; altogether, they were

planning to reduce costs by $115,000 per year through abandoning the town of Barnesville. In the list of savings to be made I find prominently mentioned an oil house, which is to be salvaged; a sandhouse, an icehouse, and a car repairer's house. The material to be saved from these houses would have a total value of $145. The railroad attorneys calculated the savings at 6 percent on the salvage value of the material, and that item appears within the total of $10,000,000 the corporations hoped to realize out of the merger. Six percent on the value of those houses is $8.70 per year; but it was not overlooked in the total of savings.

Because of their opposition to the financial condition attached to the Interstate Commerce Commission's order, and because of the vigorous opposition of the people of the Northwest, the railways delayed their merger; it is not yet consummated. But the Great Northern Railway proceeded, nevertheless, with the abandonment of the facilities located at Barnesville. Today, instead of 60 men at Barnesville, there are 2 in the employ of the railway. All of the others have been discharged or transferred. The railway workers, in their statement to the committee, showed the effect upon those railway men and upon the town of Barnesville.

Most of the railway workers at Barnesville had owned their homes. The value of these homes, according to the Barnesville assessor, was $156,411 in 1926. But with the removal of the railway facilities, the workers could no longer use those homes; the town became only a typical small farming community. There was no need for the number of residences that had been built there, and the value of the homes owned by these railway men was practically nothing.

It is impossible to exaggerate the tragedy involved in this change. Railway men of 20, 30, and even greater years' service had been employed at Barnesville. Into their homes had gone practically all of their savings. It was their calculation, and a natural one, that in their old age they would be able to live in those homes, drawing the meager pension to which they would be entitled, and able to keep themselves at least from the streets. A home, by the teachings and preachings of American industrial and political leaders, is a sacred thing; every workman should own his home, and that should be the rock upon which our civilization is built. Many such maxims have been preached to American workers, and many millions of them have bought or built homes in agreement with that philosophy.

But at Barnesville today there is a powerful object lesson in the validity of the idea that the home is sacred to the Government of this Nation. On every street are empty houses which once were the homes of railway workers. Roofs and porches sagging, windows boarded up, yards once trim are now overgrown with weeds. Where are the workers and their families? Scattered throughout the Northwest, those who are still employed possibly trying to begin all over again their painful task of saving enough to buy themselves a home for their old age.

In order to put side by side the treatment accorded to the property of the companies and their employees, I wish to present first the statement introduced by the railroads before the Interstate Commerce Commission, and afterward a list of the homes formerly owned by railway men employed at Barnesville.

Railway calculation of savings at Barnesville, Minn.

	Yearly maintenance	Salvage value
Maintenance saving and material salvage: Yard tracks to be recovered at Barnesville, 64,359 track-feet (12.19 miles)	$9,752	$52,328
Great Northern buildings to be released at Barnesville:		
Machinery and boilers		7,500
1 roundhouse	1,200	
1 turntable	225	1,000
1 oil house	75	
1 sand house	35	
1 ice house	40	100
1 car repairer's house	25	200
Total	1,600	8,800
Total salvage		61,133

Railway calculation of savings at Barnesville, Minn.—Continued

	Yearly maintenance	Salvage value
Cost of necessary incidental changes:		
Additions and betterments:		
Cost of connections between Northern Pacific eastward track and Great Northern, Breckenridge, and Barnesville lines at Moorhead	$27,934	
Cost of 2 tracks (490 feet and 340 feet) to serve 2-stall enginehouse	1,921	
Cost of 2 crossovers west end of yard	2,504	
Cost of wye track at Barnesville (1,865 feet)	8,175	
Total cost of additions and betterments	40,534	
Operating expenses:		
Incidental changes for Moorhead connections	615	
Incidental changes for converting storehouse to engine house	845	
Removing 64,359 feet track (12.19 miles)	6,100	
Total operating expense	7,560	
Grand total		$48,094
Net credit		13,039
Labor and supply savings:		
Wages, Barnesville terminal, 55 employees	90,330	
Switch engine, 335 days, at $50 per day	[1] 16,750	
Total	107,080	
Roundhouse expense:		
Water, telephone, supplies	1,720	
Lights	1,560	
Coal, 1,680 tons, at $4	6,720	
Total roundhouse expense	10,000	
Total savings		117,080
Additional force required:		
Great Northern at Grand Forks, 9 employees	12,964	
Great Northern at Barnesville, 3 employees	3,276	
Total additional wage		16,240
Net annual saving (labor and supplies)		100,840
SUMMARY OF SAVINGS AT BARNESVILLE, MINN.		
Annual savings:		
Maintenance of buildings	1,600	
Maintenance of 12.19 miles of track, at $800	9,752	
Light, heat, water, supplies, etc	10,000	
Wages	90,330	
Switch-engine service	$16,750	
Interest on net credit material at 6 percent	782	
Total savings		$129,214
Additional annual expenses:		
Additional force required	16,240	
Maintenance of new trackage, 7,735 feet, at $1,200	1,750	
Total additional expenses		17,990
Net annual savings		111,224

[1] The cost of switch-engine service on the Great Northern and Northern Pacific Railways is figured by the managements to be approximately $57.85 per day. For the purpose of this computation they have taken $50 as a round number of this cost. Of the $57.85, $33.57 was direct labor cost and $2 or $3 additional indirect labor cost was incurred. About 9/10 of the switch-engine cost, therefore, is labor cost.

Railway workers paying taxes in Barnesville, Minn., and value of property

[NOTE.—The figures given below were furnished by Mr. R. C. Morben, village assessor. They are for the year 1926, the year when the Great Northern-Pacific merger data were compiled. The tax rate that year was 7.17 mills in Barnesville; the practice was to appraise the property at about 50 percent of its cost and then to levy the tax on 40 percent of the valuation. The basis for taxation was changed somewhat since then, but its effect would be little, if any, on the figures given below]

Name	Occupation	Value of property
Fred Tennyson	Switchman	$4,184
John Gallagher	do	5,344
Henry McComb	Roundhouse foreman	6,871
Paul Morben	Yard clerk	2,508
H. Rushfelt	Engineer	4,363
J. A. Hendry	do	4,036
John Hill	do	10,485
Iver Scogan	do	4,968
R. A. Edblom	Machinist	4,395
J. F. Varney	Engineer	6,544
Alex Pender	Car foreman	6,685
John Kline	Laborer	2,290
Frank Reish	do	1,636
V. E. Howlett	Clerk	3,381
J. R. Mutchlar	Engineer	6,238
Nels Varney	Fireman	1,994
S. B. Zook	Boilermaker	2,945
August Johnson	Roundhouse	2,835
Stephen Kells	Fireman	1,526

Railway workers paying taxes in Barnesville, Minn., and value of property—Continued

Name	Occupation	Value of property
R. M. Tranton	Roundhouse	$1,527
Frederick Hasse	Janitor	2,944
John Severson	Roundhouse	4,363
John Olsen	Water pump	3,108
Albert Tomchiem	Roundhouse	3,054
Pat O'Rourke	Section hand	1,964
Max Peppel	Roundhouse	1,743
Frank Dahm	do	3,817
Wm. Lakie	Conductor	3,709
Wm. Prenks		3,054
John Cramer	Engineer	3,273
F. E. Greenough	do	5,230
Frank O'Gara	do	6,162
Ole Winstad	Section hand	2,727
John Wagner	Hostler	3,490
Meyer Gregory		2,000
Lewis J. King	Boilermaker	3,271
Levi Valley		655
Nick Smith	Conductor	5,367
Gus Knowles	Engineer	8,725
Chas. Miller	Car repairer	3,000
Total value of property		156,411

The reasoning involved in these railway balance sheets which they draw up before deciding upon any coordination or consolidation is simply that if the savings to be expected are greater than the incidental costs and losses the change will be undertaken. And in their calculation of the expected costs and savings they neglect not to enter 6 percent of the value of the material salvaged from the icehouse, the sandhouse, the oilhouse, and the car repairer's house owned by the railway company; but nowhere among their calculations is there any reference to the homes of those railway men—the $156,000 of property taken from these men by the removal of the company from Barnesville.

This is by no means an unusual case. It is only one of thousands which can be found throughout the United States, especially in the Western States. The railways have been proceeding for years in ruthless disregard of the rights and necessities of their employees to make these "savings." Now, for the first time, there is an indication that the Government of the United States is awakening to the injustice done to railway workers, and it must be added that but for the determined efforts of the railway labor unions we would not even now be having an opportunity to curb these grave evils.

The people of the Northwest have been fighting for many years against the unification of the Northern Pacific and Great Northern Railways. It is a matter of the greatest importance to the State I represent. Yet, under the laws as they have existed, the merger is perfectly permissible, and there is every reason to believe that substantial unification of these properties would have been effected in the near future with the same indifference to public and employee interests as has characterized the past conduct of the managements of the railways concerned. Under the new measure, at least, the corporations will be compelled to include among their items of cost attendant upon any unification the same concern for the property of their employees as they have shown heretofore for the sand houses owned by the corporations.

In every industrial city in Minnesota, and I am certain it is true in every city in this country, former railway employees are now receiving aid from public and private charities. Many thousands of the 800,000 let out in the past few years are dependent upon such relief for their existence. But many other thousands are living with railway men still employed, dependent upon those still in the service for their support. In spite of this fact, the railway managements have gone ahead even during these years of depression to make every consolidation and merger they found possible, setting adrift every worker with whom they could possibly dispense. We have the spectacle of these gigantic corporations, affected with the public interest and the beneficiaries in a million ways of public assistance, throwing their employees out on the streets to get a livelihood in any way possible—or to starve. These corporations have passed the burden of caring for their employees on to the other workers in the communities, or to the State and Federal Governments. And for what? To be able to continue their absolutely unjustifiable record of dividend and interest payments, to protect to the utmost the money claims of the security owners whose principal pastime for these many years has been to fatten their bank accounts by fantastic financial legerdemain in the railroad field.

Railway labor organizations have pointed out, and truly, that to increase unemployment now means to pile new burdens upon the community. The man employed today is caring not only for himself but directly and indirectly is providing for the unemployed. Rare indeed is the employed worker today who has not taken into his home some dependent of another worker. And the man who is not directly helping in that way is indirectly contributing, through community funds and through taxation, to take care of the destitute. It is vitally important therefore that we do nothing to increase unemployment, since every new man now put on the streets means not only that one without support but means also that his assistance to the unemployed must stop. We will find our relief problem multiplying as we add to the number out of work.

We have extended assistance by the millions of dollars to railways seeking funds for the payment of interest upon their bonds. At the same time, these railroads have been putting upon the Nation the cost of caring for their workers, the men who must be available when business revives to carry on the work of the roads. The employees presented a table, before the committee, showing just what the railroads have done in the city of Cincinnati. The relief agencies in that city are carrying over 1,000 railway employees. An analysis of part of the records shows them to be former employees of the following corporations:

Railway workers receiving relief from associated charities of Cincinnati

Former employer:	Number receiving relief
Baltimore & Ohio	217
Cleveland, Cincinnati, Chicago & St. Louis	147
Pennsylvania	116
Louisville & Nashville	77
Southern	61
Chesapeake & Ohio	44
Norfolk & Western	23
Pullman	11
Railway Express Agency	3
Other railroads, or road not reported	39
Total	738
Total relief cost per month	$16,725

This act, Mr. Chairman, comes before us as emergency legislation. There is an emergency in the transportation industry, an emergency in all industry. But the situation confronting us is by no means new. It is more critical; it demands immediate and drastic action; but it is not different in its fundamentals from the condition which has existed throughout the last 50 years of our history. Wealth in the saddle, property interests of the powerful dictating governmental and industrial policies, were not the product of the last decade. Even before the Minnesota farmers began their struggle, back in 1876, for railroad regulation, these corporations had begun their march to wealth and power over the wrecks they were making of their employees and of the communities they should have been serving. From the Northwest, in every instance, I am proud to say, has come the first and the most powerful protest against these policies. From the Northwest again, in this struggle to prevent the Great Northern and Northern Pacific unification, has come again the most determined opposition to corporate rapacity in this era of high finance.

The emergency which confronts us is not of today, nor of yesterday, nor will it be ended tomorrow. It is but one episode in the long struggle which goes on unendingly between those possessing the power and the greedy ambition to enrich themselves at the expense of the masses of the people. Today there are 13,000,000 men unemployed. That is our emergency. But it was not made by the stock-market crash of 1929. It was not made by any of the events since that date. Nor is it to be cured by an industrial recovery bill or an emergency transportation act. We, or

our successors, will be grappling with this same problem after business activity revives, as our predecessors struggled with it in the prosperous years before 1929. But unless we hold firmly to the principle that the welfare of the masses of the people must be the primary concern of the Government, and unless we reverse the policies which have characterized government by both of the old parties since the Civil War, we shall see again and again a repetition of this acute emergency, we shall see repeated investigations of money trusts, revealing the same sordid story of corruption and of tyranny in Wall Street, and our civilization must give place to one which enthrones rather than enslaves the farm and industrial workers of the Nation.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. LLOYD].

Mr. LLOYD. Mr. Chairman, in my judgment this is the most constructive piece of legislation that this House has been called upon to enact during this extra session of Congress. It is said—and, I believe, truthfully so—that one half of our cost of living today represents transportation charges, so that railroads and legislation pertaining to railroads becomes a vital matter to all of our people, and particularly is that true of those whom I represent.

I am passing for the moment any discussion regarding the labor features of this bill, and I am doing that because I have it from the words of those who represent labor at the Capital here in Washington that, with three minor exceptions, which may be corrected by amendments offered from the floor tomorrow under the rule, this bill as presented by the committee today is entirely satisfactory to labor and those who represent labor. I am happy that this is so, because in my judgment at a time like this, when we are trying to re-create the purchasing power of our people, it would be poor policy indeed to lay any additional burden upon the back of labor.

I particularly, then, desire to address myself to section 15a. In my opinion, if this bill had nothing else to commend it than this section, which is to be written into the law, it would be worthy of the most profound consideration by this House, and I congratulate the committee which drafted the bill and those who labored with the committee on what I conceive to be a step in the right direction; and if properly administered this section can be used as a vehicle to bring lower freight rates and, in turn thereby, prosperity not only to the railroad men and the railroads themselves but to all of our people.

In my country away out in the Northwest we are vitally interested in transportation, and in cheap transportation, and at the present time, under the rule of fixing rates used by the Interstate Commerce Commission, freight rates are not only too high but they are prohibitive, and the result is that not only is there stagnation in business but the railroads themselves by reason of a short-sighted policy are without business, and the railroad men of this Nation to the number of almost a million are out of employment.

About 3 years ago the lumber industry of this country made a complete survey of its market. The great lumber market of this country lies in the Middle West, in the agricultural States. Those who were engaged in the survey went almost from house to house. They went from village to village and from county to county. They found that over a period of approximately 6 years there had been constructed no buildings wherein lumber was used. They made an estimate of the amount of lumber it would take to bring that great agricultural section up to the pre-war state of repair, and their findings were that that one order of lumber alone would keep the mills of the Northwest running night and day for a period of 5 years at full capacity. Yet the mills are idle today. The railroads are carrying no lumber from the great Northwest to the Middle West; and I will tell you why. Parenthetically, may I say that, in my judgment, had section 15 (a) been enacted into law 15 years ago, the railroads would not have had to borrow money from the United States Government, nor would the insurance companies of the State of the gentleman who just spoke be on the verge and brink of disaster today because they hold railroad bonds.

In this great transportation question there is a vital fact and that is that you cannot charge a rate beyond what the traffic will bear. I could instances almost innumerable, but let me give you the figures in regard to the lumber market alone.

I am told by those familiar with the transportation business that the railroads could haul 3 times the freight they are now hauling and 20 times the passengers they are now hauling at practically the same overhead, yet because we have not a fair freight rate, such as can be made under the provisions of this bill, the result is that the mills of the Northwest are idle, the people of the Middle West are unable to buy because the same lumber which we lay down in our yards at $8 per thousand is taxed a freight tariff from Tacoma, Wash., the lumber producing center, to Des Moines, Iowa, the lumber using center, of $22.44, or nearly three times the original cost of the lumber, and this rate is prohibitive.

I say that if this bill had nothing else to commend it but this section which provides, as should have been provided years ago, that the Commission shall give due consideration among other factors to the effect of rates on the movement of traffic, and to the need in the public interest, it would be well worthy of consideration by this House.

Pass this bill and adopt this as the basis for your rate-making structure and then insist that the Interstate Commerce Commission properly administer the law, get your freight rates down to a half or a third of what they are now, and you will find, in my humble opinion, that the railroads will be carrying not 3 times the freight they are now carrying, but 10 times that amount of freight; the lumber mills of the Northwest will be busy, the mines of the South and East will be operating, the farmers of the Middle West will be able to buy the products which they need at a price they can afford to pay, the laborers in your mills and mines will be earning a wage commensurate with their needs, the railroads will be operating upon a profitable basis at mass production and will be able to pay their debts and give employment to the railroad men who have been trained to railroad work. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, these so-called "mergers, consolidations, and diversions of traffic" can have but one effect, and that is to increase further the number of unemployed, thereby curtailing the buying power of the public, which is the real reason for the continuance of the present adverse economic condition of our ccountry.

No one who listened or read the testimony given before the Interstate and Foreign Commerce Committee of this House can question the assumption that a great many employees will be thrown out of employment by reason of the passage of this measure. At a time when our local, State, and National Governments are spending millions to supply work for the unemployed, we are today considering a proposal which will throw thousands more out of work. The fallacy of the policy embodied in this measure, unless the proper safeguards are placed about it, must be apparent to all of you.

Mr. PARKER of New York. Will the gentleman yield?

Mr. WITHROW. Yes.

Mr. PARKER of New York. How does the gentleman reach the conclusion that thousands of employees will be thrown out of employment under this bill?

Mr. WITHROW. I do not, under the bill as proposed by the committee, but I anticipate that at the time the bill is considered under the 5-minute rule there will be efforts made to strike out some of those recommendations.

Mr. PARKER of New York. I thought the gentleman referred to the provisions of the bill as proposed, and I wondered how he arrived at that conclusion.

Mr. WITHROW. The gentleman from New York being a member of the Committee on Interstate and Foreign Commerce, very well knows that the bill in its original form, undoubtedly, would have thrown a great many railroad employees out of employment. That is the one thing that everyone who testified before the Committee on Interstate and Foreign Commerce seemed to be agreed upon.

Mr. PARKER of New York. But we are not discussing that bill.

Mr. WITHROW. No; but I am discussing that subject because if these amendments were stricken out of the bill, that is exactly what would happen, and, mark my words, I believe an attempt will be made to strike those provisions out of the bill, and I do not want that to happen.

I realize that a reorganization of our national transportation facilities is at hand, but under the guise of a reorganization I am afraid irreparable damage will be done railroad employees and the public in general.

The property and general welfare of entire communities are threatened. The attempt to save several hundred million dollars may result in the loss to the public and railroad employees of several times that amount. The losses of homes to men who have given years of their lives to the service of the Nation's railroads; the losses to entire communities by the impairment of property values through the removal of terminals and the closing of shops with the resulting loss of purchasing power in the community and the further sacrifice of adequate transportation service, not to mention the loss in social values, bid fair to be too great a toll. Unless proper safeguards are placed about the consolidation it is bound to be a failure and prove to be "false economy."

Mr. D. B. Robertson has the following to say:

There is little enthusiasm among the practical railroad men for transforming a compact, efficient, localized railroad into a sprawling, unwieldly "transcontinental" system. An able railroad president or general manager can dominate the policies and operations of a few thousand miles. It is doubtful whether any one man, no matter how able, can oversee the operations of a system of 10,000 miles with maximum efficiency. Inevitably bureaucracy and red tape and internal discord will steadily increase with the size of an organization. Railroading is a human service. It calls for human control. To work smoothly the entire personnel of a railroal must understand and feel a human loyalty to the ultimate human director of the enterprise. Year in, year out, a good, small railroad will be more efficient and more profitable than any equally good, large railroad.

The late Sir. W. M. Ackworth, a noted British authority on railroad transportation and a close student of American railway problems, said:

"In the United States your great systems are already so large that they have probably secured all the economies which are due to large-scale production. Their equipment is standardized, their division points conveniently arranged, their shops established at suitable centers, and the members of their headquarters staffs have each of them as much as they can do."

RAILROAD EMPLOYMENT NOW AT LOW EBB

There are 50 percent less railroad employees now than were normally employed. Most of this reduction has been brought about because of the use of larger engines, larger cars, better roadbeds, modernized plant equipment, and the wholesale impairment of service to the public which has been the real cause of the rapid growth of bus and truck transportation. The public, because they were getting very little service from the railroad companies, were compelled to turn to busses and trucks for that service.

In addition to this 50-percent reduction in railroad personnel by reason of impairment of service and modernizing of plant equipment, which is considered an economy, the railroad employees have taken a voluntary 10-percent reduction in their wages, which has meant a saving to the railroad managements of more than $200,000,000 annually. In addition to this 10-percent voluntary reduction, they have, through liberalizing their contracts with the several railway managements, sacrificed a great deal more. At present those employees holding regular jobs are working fewer hours and miles so that their fellow workers can be kept on the pay rolls. It would be conservative to say that the railroad employee now working has had his income cut at least 40 percent.

Today there are less than 1,000,000 railroad employees, while in 1920 there were more than 2,000,000, and the ratio of the fixed charges and dividends to pay rolls was 24.4 in 1920 whereas it has gone up to 50.8 in 1932. That is conclusive proof that the trouble with the railroads is not due to wages. It is my judgment that any program that fails to take this into consideration will fail. Railroad employees are willing to do their share in helping their country, whether it be in war time or peace time, but to ask them to do more at this time is to do them a grave and irreparable injustice.

This measure, if passed and enacted into law, could very well mean the canceling of more than 1,400 State laws which the several States have enacted into law only after long and deliberate consideration, having in mind the safety of the public as well as that of the employee. State full-crew laws, both freight and passenger, industrial switching laws, safety requirement provisions might be wiped out if the coordinator saw fit, unless the proper amendments are adopted.

RAILROADS CAN BE OPERATED AT A PROFIT

The railroad executives, being shrewd business men, are continually spreading the propaganda that their roads are operating at a loss. When this is questioned they produce volumes of statistics to prove their point. Most conspicuous among this data are the fixed charges of operation, which means the interest on indebtedness which deals with the very "delicate" subject of financing and refinancing the roads which has become so much of a specialty with most railroad executives at the expense of the railroads, the public, and the employee.

Nevertheless, viewing the railroad picture as a whole, we find this to be true: For the year of 1931, which was one of especially great distress among railroads, operating revenues and other incomes amounted to $4,585,000,000; over this same period their taxes, operating expenses, and fixed charges were $4,420,000,000, showing a net profit of $165,000,000, which is far from being poverty-stricken. These figures were presented by the railroads in the National Wage Convention.

However, the President's committee reached all the carriers later, and they stated that the net profits for 1931, after fixed charges were deducted, would amount to only $89,000,000, which, if we accept their own figures, which are certainly conservative, would be $845,000,000 of fixed charges, with a total income of $934,000,000 after taxes. This is substantially 5 percent of $18,000,000,000, which was practically the net capital of the railroads. So in this year 1931, a bad year, they presented a return, after taxes, of 5 percent of the net capital of the railroads, and yet they claimed they were in dire distress.

If they are in distress, that distress exists because the railroads are mortgaged for four fifths of their value and therefore the railroads only have a 20-percent equity. No business can operate through periods of depression under an 80 percent mortgage.

If the railroad managements would concentrate on squeezing the "wind and water" out of their bonds and would increase the service which is so much needed and would fix reasonable fares and rates, the public would be happy; it would stimulate business, put many men back to work, and I am sure would show good earnings on an honest capital set-up.

SAFEGUARDING AMENDMENTS MUST BE ADOPTED TO PROTECT EMPLOYEES

I shall vote against this measure unless the amendments which have been recommended by the committee are approved by this body, for these recommendations would safeguard the public and railroad employees.

The amendments I refer to are: First, the "freezing" of unemployment caused by reason of mergers, consolidations, and diversions of traffic as contained in section 7; second, that the coordinator shall authorize the means for determining the compensation for property losses and expenses imposed upon employees by reason of transfers of work from one terminal to another; third, that provisions shall clearly

define that orders of the coordinator shall not annul State laws unless they are interstate in character.

If these safeguards are adopted by this body, the measure has the whole-hearted support of the transportation organizations, and I shall support it. [Applause.]

Mr. KVALE. Will the gentleman yield?

Mr. WITHROW. Yes; I yield.

Mr. KVALE. I was called from the Chamber and I may be asking a question that has already been answered, but in reaching the average and the normal employment which is to gage the employment in the future, has the gentleman stressed the unfairness of taking the figures for May of the present year when the employment and the activities of the railroads are at the lowest point for the entire year?

Mr. WITHROW. In that regard I may say that I believe that of all the months that could have been taken, the one period when the employment on the railroads is at its lowest ebb is during April and May. I think there is no question about this.

Mr. THOM. Will the gentleman yield?

Mr. WITHROW. Yes.

Mr. THOM. Can the gentleman give us some idea about railroad wages, with respect to the three or four classifications and whether or not it depends entirely on the day's work?

Mr. WITHROW. The mileage enters into that question, as well as the number of hours, and I cannot answer the question offhand.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, railroad transportation is a necessary of life as much as bread. It is a necessary for which there is no real substitute. In the present stage of our civilization and industrial development, without it whole populations would perish.

The interests of railroad labor and of the owners of the railroads, while important, are but secondary; the primary interest is that of the general public. It is quite desirable that the railroads be self-supporting. But since it is an essential and we must have rail transportation, the public interest requires that if it cannot be had in any other way than through public intervention, public subsidy, or even public ownership, then we must resort to that.

We must have rail transportation, and we are going to have it both now and hereafter. This fundamental fact should be faced at the outset.

RAILROADS IN BAD FINANCIAL CONDITION

The railroads are in bad financial condition. The average earnings last year after payment of taxes was only 1.5 percent on appraised value. The railroads as a whole did not earn a penny for their stockholders. Numerous important carriers are not earning the costs of operation. Quite a large number, including some of the most important lines, are not earning fixed charges. Carriers with a total of 182,457 miles are in this category.

It is to meet this situation that Title I of this bill is presented. Its fundamental purpose is to enable the railroads to work economies in operation not primarily in the interest of the owners of the railroads nor of their labor but in the interest of the general public, which requires that so far as possible railroads shall be self-supporting.

SAVINGS AT THE EXPENSE OF LABOR AND SUPPLIES

The only ways by which railroads can economize to a substantial extent are: First, at the expense of railroad labor; and, second, at the expense of the supply interests. Minor savings may be obtained in some instances through the reduction in expense for rentals, but this is so trifling as to be practically negligible. The third great item of expense is taxes, but it is not practical to attempt any savings on that in this bill.

Having in view that savings can be made only from labor and supplies, the deliberate design of this bill is to reduce to the least possible minimum the saving which may be made out of rail labor. It is intended to make possible only such economies as may be produced at the expense of the supply interests. Since also the labor costs of the supply interests are probably 75 percent of their total, this means that of whatever savings are made possible by the bill, small though they may be, 75 percent will come out of the men who in producing supplies work indirectly for the rail industry.

Out of very dollar spent for operating expense, 46 cents goes for labor and 18 cents for supplies. This shows how small is the field for savings under this bill. There is the further fact that any savings whatever must be at the expense of service rendered by the carriers with resulting public injury.

We are exerting ourselves to the utmost to provide work for men to do. We are seeking to start business forward through a vast public construction program. Imagine then with what little enthusiasm I support Title I of this bill.

On the whole it may be well said that the chief value to be found in Title I lies in the provision for the study of the railroad problem to be made by the coordinator—a study which will have its chief value in the future when business is more prosperous and industry is on its feet.

As a relief measure, I cannot escape the conclusion that Title I is just about as near nothing as could be observed under a microscope.

RAILROAD DIFFICULTIES DUE TO LACK OF BUSINESS

The cause of the bad situation of the railroads is lack of business. Carloadings have recently been as low as an index of 49, as compared to 100 in 1926. They now stand at an index of about 55. The railroad owners are making no profits. Those who have loaned money to them find their interests greatly jeopardized. Railroad workers are walking the streets in idleness by the hundred thousands.

The trouble with the railroad industry is lack of business, yet this measure, brought forward for their relief, points out no way by which as much as a conceivable single pound of additional freight will be produced nor a single additional passenger mile afforded.

There are things which could be done to improve the business of the railroads. There are things which would increase carloadings. There are things which would increase the available work for the men engaged in the industry. There are actions which could be taken which would increase business for the carrier, employment for the workers, and at the same time the prosperity of the general public and of the business interests of this country. The amazing thing to me is that in an emergency such as this the gentlemen of the "brain trust" are unable to present any constructive and legitimate plan of railroad relief which would tend to bring about the results which I have pointed out.

OUR TROUBLE IS WITH DISTRIBUTION

May I say here that, from my point of view, the chief factor in the depression lies in the distribution end of our economic life and not in the production end. I believe there is no more fundamental economic error that men may fall into than when they undertake to deal with the depression from the standpoint of production, and particularly may I say through the reduction of production. There never was a more stupendous economic folly than that in this time when men are suffering for the necessaries of life we should find the best talents of our statesmen devoted to devising means by which we may reduce the supply of the things that men need for their well-being.

Our chief difficulty lies with distribution, and one of the main factors in that difficulty is in the trade barriers which have been erected between the consumer and the producer.

These trade barriers are innumerable. They handicap the flow of commerce on both the foreign and the domestic fronts. They not only obstruct the free flow of commerce, but they add to the consumer's cost and cut down his capacity to buy and at the same time take away from the producer that little which he would be able to receive, if only the law of supply and demand were allowed to operate.

A COMMENTARY ON STATESMANSHIP

What a commentary it is upon the intelligence and statesmanship of this hour that during all the three and odd years

of the depression not a single measure has been offered from any responsible source which would bring the producer and consumer closer together or eliminate any of the barriers which separate them! To the contrary, we are now busying ourselves with building higher the barriers and making them more insuperable.

The chief of those barriers is the high cost of transportation. Four times within the last 20 years we have had a horizontal increase in freight rates for the benefit of the rail carriers. Four times through an increase in rates have the producers taken from them an additional toll from what little they received for their products and the consumers have added to what they were required to pay for commodities. Four times have the carriers reached out and taken a larger and a larger share.

In practically all instances the present cost of transportation is more than 25 percent more than it was at the time when prices of commodities were substantially the same as they are now. In many instances the increase is 50 percent. In some instances the increases have been as high as 100 percent. We find today that the rail carriers have their rates upon an average index of somewhere from 105 to 110 compared to 1926, and from 150 to 200 compared to 1913. The accurate figure on ton-mile revenue for 1913 is .729 cents, while for 1932 it is 1.04 cents per ton-mile. This is an average and does not show the situation as bad as it really is as to many products and many localities.

Those increases have been made in freight rates, yet we find that the producers, and particularly the producers of heavy commodities such as coal and agricultural products, have their prices on a pre-1913 level, and in many instances even below the 1913 level.

While other prices have gone down, transportation costs have gone up. The farmer, getting an average price index of 45 for his products, is expected to consume transportation on a cost index of 110 in shipping that product.

RAILROAD RATES HIGHER THAN TRAFFIC WILL BEAR

In practically all cases the rates are a serious obstacle to commerce. In many instances the rates are actually higher than the traffic will bear. Not merely is a trade barrier set up, but a trade prohibition. There can be no shipment. I was told this morning of an instance in which the producer of cabbages in a southern State received $65 for a carload of the product of his toil, while the carrier received $225 for transporting that product to a not-distant city.

In many instances the rates are higher than the traffic will bear. In practically all cases the rates are so high that the traffic is retarded, and a large part of it in every line will not bear the rate that it has to pay. Can you wonder carloadings are down to 55? Can you wonder why 850,000 railroad employees are without work? Can you wonder why the farmer and the miner find that a barrier has been erected between them and their customers, a barrier which they find insurmountable?

This bill does not deal with that situation, nor does it attempt to deal with it. It leaves that situation frozen. It leaves it to the tender mercies of the Interstate Commerce Commission, bound as they are by precedent and by law and established practice, and by the necessity of fixing a rate which will yield the railroad a fair return upon investment, a task necessarily hopeless, because the higher the rate the less the railroads can earn.

There was a time when the country stood at the peak of prosperity, when the pressure of business was so great as to force traffic on the rails over the barrier of high rates. There was a time when prices were at a figure that justified the shipper in sending commodities over this barrier. That time has passed. It is no longer here.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman from Alabama [Mr. HUDDLESTON] 5 additional minutes.

Mr. HUDDLESTON. The result is there has been a stagnation which stops distribution or so seriously obstructs it as to have become the chief factor of the depression from which we now suffer. There is a remedy for this situation, and that remedy lies in the reduction of railroad rates and charges. [Applause.] Therein lies the salvation not only for the railroads, which can earn more if their charges are less, because they will get more business to do, but for the workers, who will be busy carrying the additional amount of freight that the railroads will get at the lower rates. More than all will the benefit go to business generally. How can we have a resumption of normal business activities when business is throttled at the outset by rates such as are now in effect?

A HORIZONTAL REDUCTION OF RATES

If it were left to me to write this bill, I would throw this title aside, and in its stead I would write a provision which would bring railroad rates down to the present level of the prices of the commodities that move over the railroads. I would give the carriers free opportunity to secure such particular increases as might be found just and reasonable and general increases as the prices of commodities might rise.

I realize the present plight of the railroads, and that some provision would be fair to absorb such of the losses as they might sustain through the reductions, so that I would pay them out of the public funds whatever they might lose by this reduction of rates. I would give them a few hundred millions outright from the Treasury and thereby afford a stimulus to business and encouragement toward recovery.

I would rather give the railroads these few hundred million outright from the Public Treasury in the form of a temporary guaranty against loss from a reduction in rates, which would do so much to lift us out of the quagmire, than to lend them the same amount or more, as we are now doing, thus enabling them to perpetuate their hide-bound policy of charging more than people can pay. They are like a man with a rope coiled around his neck and pulling for dear life at both ends. They are strangling themselves with their excessive charges, and have not judgment enough to slacken up. Let them take the rope of prohibitive rates off their necks.

Let them charge rates that the people can afford to pay and then they will do business. Then the man who is in business can afford to patronize them. That is legitimate. That is constructive. That looks toward a resumption of normal business activity. That looks toward recovery. That looks toward overcoming the depression. Why, oh, why, will not somebody who has a voice that can be heard, advocate such an obvious and patent remedy for the ills of the country? [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama [Mr. HUDDLESTON] has expired.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE.]

Mr. WHITE. Mr. Chairman, we are living in an era of price fixing, and I would like to point out that the distress which the railroads find themselves in today is the result largely of price fixing.

I may say to you that the largest element of materials used by railroads are the products of the Steel Trust. It has not been so long ago that the price of steel was fixed and raised to a level many percent higher than the original price that the railroads were paying for their rails, their spikes, their car wheels, and even the material that goes into the coaches themselves. We were told not so many years ago that the price of steel rails produced in this country, laid down in England, was $26 a ton, yet under the policy of price fixing the railroads were being charged here $40 a ton.

I would like to point out in connection with this legislation under consideration that the railroads are the victims of price fixing. Another thing I would like to point out as an element of their troubles is the archaic and obsolete method of classifying freight for rate-making purposes. I would like to mention an incident that happened in the State of Idaho when I was on the Federal jury in a case before the Federal court where a shipper offered some farm movables for shipment. In that consignment there were two old buggies. Under the classification one of them was a 1-seated buggy and the other was a 2-seated buggy. They made an arbitrary weight requirement for that shipment, and the rate was so high that the shipper shipped them as

junk at the junk rate, amounting to about $40. When they reached destination the agent revised the classification and charged the man the rate under the western classification, so that the freight was $140. He said, "If I have to pay that, you may keep it." They were shipped into the terminal and sold at "on hand" sale, and brought $40. The railroad company brought an action to recover the difference between the price of the sale and the price of the freight, but the jury held in that case that the sale price was evidence that the buggies were junk. That shows some of the difficulties that the railroads are working under with their scheme of classifying freight for assessing shipping charges.

I may say to you that in the town where I reside the agent happened to have an old rate where he applied charges from the eastern terminal to that point, and it became covered up. That rate was made before the war. The other day that became uncovered and he found the new rate was about 100 percent higher than the old rate.

That is one of the things we are contending with today—excessive freight charges.

Mr. Chairman, I yield back the balance of my time.

Mr. RAYBURN. Mr. Chairman, I move the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, had come to no resolution thereon.

APPEARANCES OF PERSONS IN THE EMPLOY OF THE GOVERNMENT BEFORE DEPARTMENTS AS ATTORNEY

Mr. JONES. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 54, limiting the operation of sections 109 and 113 of the Criminal Code.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than three such officers shall hold such exemptions at the same time.

Mr. MAPES. Mr. Speaker, reserving the right to object, I think it is rather questionable practice to bring up matters of this kind after the House has been considering matters in the Committee of the Whole House on the state of the Union all the afternoon.

Mr. JONES. Mr. Speaker, I may say to the gentleman from Michigan, that I have had this matter up with both the majority and the minority members of the Committee on Agriculture. I may say also that the minority floor leader, with an amendment which I will offer, I understand will have no objection to its consideration.

Mr. MAPES. Has the matter been considered by the Committee on Agriculture?

Mr. JONES. No; it is a very simple matter. It has been talked over with several of the Members. It simply follows the precedent in 2 or 3 other cases permitting the utilization of the services of one man who has had a large part in the drafting of farm-relief legislation without his having to surrender his right to practice law privately.

Mr. MAPES. Under the circumstances, I hope the gentleman will not press his request this evening.

Mr. JONES. Of course, the gentleman can prevent it if he insists, and I shall have to let it go over. The matter has been pending several days, and the Department is anxious to have the measure passed so that the services of Mr. Lee may be arranged for. They will probably be of great assistance in connection with getting the administration of the farm bill to functioning to the best advantage.

Mr. MAPES. I think the gentleman from Texas will admit that it is rather questionable practice.

Mr. JONES. Mr. Speaker, in view of the gentleman's statement, I withdraw my request.

BRIDGE ACROSS ST. LAWRENCE RIVER AT OR NEAR OGDENSBURG, N.Y.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 5329) creating the St. Lawrence Bridge Commission, and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 11, strike out lines 3 to 24, inclusive, and insert:

"The Commission shall consist of 11 persons appointed by the Governor of New York. Such commission shall be a body corporate and politic constituting a public-benefit corporation. Any vacancy occurring in said Commission shall be filled by the Governor. Each member of the Commission and their respective successors shall qualify by giving such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned for the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Five members shall constitute a quorum for the transaction of business."

Mr. MAPES. Mr. Speaker, reserving the right to object, I may say to the gentleman from Missouri, my colleague on the committee, that personally I think this habit of bringing up important legislation late in the afternoon, when many Members have gone away, is very questionable practice.

I do not know how important this amendment is, but it looks to me as though it might be an important matter.

Mr. MILLIGAN. This is not an important amendment. The original act as passed by the House created a commission and named the individuals who were to be members of that commission. The Senate amended that and authorized the Governor of the State of New York to name the members of the commission.

The minority leader requested that I bring up the amendment because apparently there was some emergency, and they want to carry out the provisions of the bill.

Mr. MAPES. I hate very much to object to the consideration of the bill, but I may say to the gentleman from Missouri that I do not think the fact that a few Members of the House have been consulted about legislation is sufficient, and that we ought to adopt the policy of not bringing up legislation of this kind late in the afternoon. If matters of this kind are going to be brought up by unanimous consent, they, as a rule, ought to be brought up in the morning before the House goes into the Committee of the Whole House on the state of the Union.

Mr. MILLIGAN. I may say to the gentleman from Michigan that I tried to secure recognition this morning to present the matter, but the gentleman from Massachusetts was recognized, and I did not have an opportunity to make the request.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Senate amendment was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, I am very happy to see the gentleman from Massachusetts [Mr. LUCE] in the room, one of the conferees on the banking bill.

I am informed the Senate bill contains a provision which would destroy, utterly destroy, the Postal Savings System. The House bill did not contain any such provision.

I do indeed hope the managers on the part of the House will not allow any attempt made by indirection to destroy the Postal Savings System, which could not be done if a bill for that purpose were brought up before this House directly.

An attempt is being made to prevent interest being paid, for example, on the Postal Savings moneys that are deposited by the Postal Savings System in the banks as demand deposits. If the Postal Savings System cannot obtain any interest on those deposits, it, in turn, cannot pay interest on that money to its depositors. This one provision, I may say to the gentleman from Massachusetts, is enough to utterly destroy the whole System.

This bill is controversial. There may be many in this House voting against it because of certain other provisions contained therein; and I will warn the gentlemen of the conference committee that if they leave that provision in the bill there will be a sufficient number of Members in this House favorably disposed to the Postal Savings System to defeat this bill when it comes before the House for final passage.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. CELLER. I yield.

Mr. HASTINGS. Does the gentleman think it would be in the interest of the banks throughout the country to prevent the payment of interest on demand deposits and then allow the Postal Savings to pay interest on time deposits? What does the gentleman think the result would be? Would it not be to drive deposits from commercial banks into the Postal Savings System?

Mr. CELLER. There is no such danger, because money in the banks would not go into the Postal Savings System.

[Here the gavel fell.]

ECONOMIC CONDITIONS

Mr. WHITE. Mr. Speaker, I ask unanimous consent to insert in the RECORD a radio address made by me recently over the National Broadcasting System.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me recently over the radio under the auspices of the Farm Forum:

Ladies and gentlemen of the radio audience: It is said that "It is a dangerous thing for man to tamper with economic law."

We know that business in this country has met with disaster; that financial ruin entailing immeasurable misery and untold hardship, and hopeless despair, has fallen upon many industrious, thrifty, deserving, and innocent people; that their future has been blighted and their children through the failure of opportunity are condemned to poverty and want.

Yet, never in the history of the world has nature, assisted by the industry and ingenuity of man, poured forth from the fields, from the forests, from the fisheries, and from the mines such a bountiful store for the comfort and sustenance of the human family. Industry and ingenuity have placed at the bid of mankind by the refinements and perfection of manufacture and distribution not only the necessities of a comfortable existence but luxuries unthought of in the times when our forefathers drafted the Constitution and established this Government; and yet in the midst of plenty, millions are in want and stark poverty walks abroad in the land.

My friends, what spell has been worked upon our innocent people? Has man, has our Government, has any selfish group enticed and misguided us into defying economic law?

If I am to explain and give a reason for the sad plight of our people I would say that we have disregarded and defied inexorable economic law.

From time immemorial the nations of the earth conforming to the operation of economic law have based their system of money currencies upon the precious metals, gold and silver, coining both into money at a ratio of value conforming to the ratio of production, thereby maintaining automatic control of the volume of money issued to insure the stability of its value absolutely necessary to the vital and controlling function of money.

From the experiences of the ages we know that in order to have an adequate, just, and workable money system the value of money must be stable and unchanging if governments are to maintain a just and equitable relation between creditors and debtors, which is vitally necessary to the security and stability of the nations' business banking structure. To maintain such a money system the quantity of money must increase in even proportion and keep pace with expanding business and increasing population, which averages 3 percent a year. Turning to statistics we find that the production of precious metals, gold and silver, taken together, fill this requirement, as they increase in volume 3 percent annually paralleling roughly the annual increase in business and population, thus providing a means to meet evenly the need for new coinage. If we should use silver alone, which increases 2 percent annually, we will fail to supply our increasing money need by 1 percent. The use of gold alone has proven with the disastrous demonstration now apparent the futility of the attempt to base our currency system on a single standard of gold which has not and cannot supply the required quantity of new metal to meet the world's growing money need. It is easy to see that the abandonment of one precious metal—silver—produced at the rate of 2 percent, and the adoption of gold alone, produced at the rate of 1 percent, has upset the operation of economic law and drastically contracted the volume of primary money which is the foundation of the credit structure in every land, and that the result has been disaster to business and international trade.

When we look for the cause of the prevailing depression we find it in the debasement of silver—the old expedient of the "clipping of coin" in European countries, when millions of dollars were raised by the European governments by extracting the silver from their coinage and selling the metal on the open market, to be followed by the demonetization of silver in India and Indo-China, which, in effect, created a vacuum in the world's money supply, with a consequent draft upon the gold reserves of the several nations. The money stringency that ensued undermined their credit structure everywhere, with devastating effect upon the buying power of the majority of the people of the human family. The restriction of the ensuing money stringency imposed upon international trade broke down prices and destroyed prosperity throughout the world.

The financial convulsions and ruin that followed the collapse of credit and the flight of confidence are a result of legislation enacted in defiance of economic law.

Let me point out that the demonetization of silver in this country in 1873 was followed by a financial depression so intense in its severity that our Government was forced to resort to many legislative expedients to supply the deficiency thus created in our money supply, first by the purchase of silver bullion by the issuance of Treasury notes under the Bland-Allison Act and later under the operation of the Sherman Purchasing Act which partially met, at the time, the need for new money to flow into the channels of trade. The cessation of this supply of money by the repeal of the purchasing clause of the Sherman Act was followed by a period of financial readjustment with depressing and disastrous results on many classes of our citizens.

It was only when a new source of supply of primary money was opened by the discovery of gold in the Klondike, the perfection of the cyanide process for the extraction of gold from low-grade ores, and the opening of the great Rand gold fields that relief from the prevailing money stringency was had. The supply of new gold flowing from the three sources mentioned in a brief period of time in our day, doubled the world gold stock, in other words, increased it from five and one half billions to $11,000,000,000, at the same time restoring a continuous flow of primary money into the channels of trade at a rate commensurate with the needs of business. This exerted an exhilarating influence on human progress in every line of endeavor. The era of prosperity that followed can be traced and may be credited to the vitalizing influence of this flow of the new money into the channels of business. Later, when the production of gold lagged and the miners were unable to furnish a quantity of new money media required to supply the need of the world's growing business in conformity to economic law, it was then that the needs of business due to natural growth and increasing population outran the flow (supply) of new metal—gold—with a result that a series of financial depressions followed.

It was then that business and legislative leaders, recognizing the effects of this deficiency and the attendant growing money strigency, attempted to devise a substitute for the deficient supply of money necessary to be had under the operation of the automatic system, and after lengthy deliberation and legislative struggle brought forth the Federal Reserve System of banking which set up an agency for issuing money—Federal Reserve notes based in part on gold and in part upon the material wealth of the country as represented in short-time obligations of business secured by acceptable collateral. The authority to issue and contract the volume of money in circulation was placed in the hands of the officers of the Federal Reserve banks under control of a small group of men. How this power to contract the volume of money in circulation has been abused by the authority conferred upon this group is known to the most casual investigator.

Right here it can be said that in contradistinction to the plan of the Federal Reserve Banking System for supplying money to the needs of trade and business by issuing credit money, under the bimetallic system the flow of new money by the coinage of both precious metals is not so controlled nor subject to such contraction, and that the production of new metal would insure a steady and gentle flow of primary money into the channels of trade at a rate that would approximate and anticipate the money need of this growing country.

The function conferred upon the Federal Reserve System of banks of issuing money at best is only a substitute for bimetallism, and in the light of recent experience in this country I have no hesitancy in stating it is a poor substitute.

If we can retrace our steps and undo the mistakes made by past administrations in passing unsound financial legislation in this country—if this Congress can be induced to exercise the power conferred upon it by the Constitution "to coin money and regulate the value thereof", and it will give us a safe, sound, and workable money system adequate to the needs of business by the remonetization of silver and thus return to the sound, safe, and simple automatic system of regulating our money supply to con-

form to economic law, industry, trade, and business, loosened from the shackles of an inadequate money system, will revive and credit and confidence will be restored to our people.

Let me quote from the words of the immortal Blaine: "The two metals [gold and silver] have existed side by side in harmonious companionship as money ever since intelligent trade was known among men. It is well nigh forty centuries since Abraham weighed to Ephron the silver which he had named in the audience of the sons of Heth—400 shekels of silver—current money with the merchant. Since that time nations have risen and fallen, races have disappeared, dialects and languages have been forgotten, arts have been lost, treasures have perished, continents have been discovered, islands have been sunk in the sea, and through all these ages and through all these changes silver and gold have reigned supreme as the representatives of value—as the media of exchange. The dethronement of each has been attempted in turn, and sometimes the dethronement of both—but always in vain. And we are here today deliberating anew over the problem which comes down to us from Abraham's time, the weight of the silver that shall be current money with the merchant."

My friends, I say in all sincerity that I am convinced if the people of this Nation, regardless of party or politics, could be given the true facts, the naked truth of this money question, stripped of all the misleading statements put out by selfish interests through an indifferent press to confuse the issue and misguide the mind, that they would unite and take such action that Congress and this administration would immediately enact and put into force legislation that will restore silver to its time-honored place in our monetary system.

Let me remind you that from the time our Constitution was adopted and this Government was established that for over 90 years both gold and silver on a standard of bimetallism was the money of this country; that Thomas Jefferson, with money created under this standard, was enabled to purchase the great territory of Louisiana; that we bought Florida; that we bought Alaska; that we added Texas and California to the Union, adding all this territory and laying the foundation for this, the greatest Nation on earth, with money created under the bimetallic standard.

In the years that followed the acquisition of this vast territory this Nation made strides in development that has been unequaled in the history of the world; our shipping and rail transportation was developed from its initial stages. The degree of transportation efficiency attained placed American ships on every sea and American commerce in every port and opened up and gridironed with railroads the vast territory comprised in the Mississippi and Missouri Valleys, where great cities that rival the populous centers of the Old World sprang into being and had their greatest era of development within this period. The completion of the first transcontinental railroad brought to a reality the dream of Columbus and the early navigators, "A short trade route to India." Let me remind you that all this was accomplished and that our business and financial structure was erected under the bimetallic standard of money.

In the efforts of the bankers and financiers of this country to set aside the use of silver as primary money and circumvent the operations of economic law, every expedient, every makeshift, every substitution for the use of silver as money is being tried. For four long years as ruin, idleness, and bankruptcy has engulfed our people we have compromised and temporized with this money issue, faced with the inexorable and incontrovertible fact that the average price of commodities are controlled and are fixed by the price of silver. The price of wheat and cotton, upon which the prosperity of the people of this Nation rests, is ruled by and must continue to be fixed by the price of silver.

Our Government in its effort to restore commodity prices and in disregard to their relation to the price of silver has poured $4,000,000,000 into our depressed markets failing utterly to move prices upward, but deepening the huge Treasury deficit most effectually. By recent legislation we are proposing to pour four billion additional dollars forth in hopes of attaining the desired results—raise commodity prices and restore prosperity.

It is now further proposed in the vain effort to abandon and disregard silver as money to issue fiat money and to reduce the gold content of the dollar, both measures unnecessary and indefensible and fraught with grave consequences and extreme danger to future prosperity and our national welfare.

If we revaluate our gold dollar by reducing the gold content, by that measure we add just so much value to every ounce of gold in the treasuries of Europe and in the ground owned by the British Empire, our competitor and trade rival, producing 70 percent of the world's gold. If we revaluate the gold dollar, every argument of the last 50 years for sound money falls to the ground and we are set adrift on a sea of financial instability and uncertainty with the derangement of our whole financial system and our whole foreign financial relations.

I agree with the most ardent economist that we are on unsafe financial ground and that we must retreat; that we must revise and recast our unworkable monetary system.

Let us go back to the tried and proven plan—to the simple system; the only true, stable, and sound money system yet devised since our Government was established—bimetallism, the coinage of both gold and silver money, retaining the existing ratio under which our current gold and silver dollars were coined—16 to 1, which is conformable to the ratio of the production of the two metals.

If Congress and the present administration can be induced to do this simple thing, our business will automatically be permitted to take control and dominate again the world's commerce and this country will enter upon a lasting era of prosperity.

It is true that our group of international bankers may lose control of the world's banking business, now so strenuously and I may say so disastrously contended for in their struggle to capture and retain the world's banking supremacy; to do this they insist that the monetary unit—the dollar—must be made and maintained in stability and value above the franc and above the pound.

My friends, before we decide to sink this country and our business structure deeper in the slough of depression by continuing this useless struggle, I would remind you that the British group have two incontestible advantages in what for us in the end must prove a hopeless struggle, for a prize—estimated by some economist to be $400,000,000 annual profits accruing from handling other people's money derived from the world's banking business.

Let me remind you that the British Nation by its imperial policy owns and controls India and South Africa. In India it dominates absolutely the finances of 325,000,000 people. In its far-flung Empire it produces 70 percent of the world's gold—new wealth, new money media, flowing in a continuous stream into the British coffers. With this advantage in the hands of our competitors, must we continue an unequal contest and abandon our commanding position in supplying the world's trade?

It is plain that we must choose between world banking and world trade. I am for the restoration of foreign commerce that we may restore prosperity throughout the length and breadth of this land rather than supporting a contest being waged by a small financial group already gorged with wealth beyond the dreams of avarice.

Let us return to the money system of our forefathers, that our dollars may become stabilized and steadied in value and circulate as money rather than be stored as wealth, that in their stability and unchanging value they will insure a just and equitable relation between creditors and debtors, the only means of securing stability and safety for our financial and banking system, that continued security and uninterrupted prosperity may attend the progress of our people in the future.

LEAVE OF ABSENCE

Mr. RANSLEY. Mr. Speaker, I ask leave of absence for my colleague the gentleman from Pennsylvania [Mr. CONNOLLY] on account of sickness.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I ask indefinite leave of absence for the gentleman from California [Mr. BURKE] on account of the death of his father and the illness of his mother.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I also ask indefinite leave of absence for my colleague the gentleman from Tennessee [Mr. MCREYNOLDS], who is now in London attending the Economic Conference as a delegate.

The SPEAKER. Is there objection?

There was no objection.

TAX ON COFFEE

The SPEAKER laid before the House the following communication from the President of the Congress of Costa Rica:

SAN JOSE, COSTA RICA, *May 18, 1933.*

PRESIDENT OF THE HOUSE OF REPRESENTATIVES,
Washington, D.C.:

The Congress of Costa Rica in its session of today, and with the knowledge that there has been submitted by the Federal executive power a project which would place a very high tax on the consumption of coffee in the United States, unanimously voted the resolution to address itself to your honorable House, expressing the feeling of unanimous disquietude with which this initiative was received in Costa Rica, which might produce a severe break in the commercial relations of our two countries the importance of which may be appreciated in the fact that 52 percent of our importations concern articles coming from the United States of America, of which I have the honor to inform you.

ARTHUR VOLIA,
President of the Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CLAIBORNE (at the request of Mr. COCHRAN of Missouri), for the remainder of the week, on account of illness.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 21 minutes p.m.) the House, in accordance with its previous order, adjourned until tomorrow, Saturday, June 3, 1933, at 11 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended; with amendment (Rept. No. 193). Referred to the Committee of the Whole House on the state of the Union.

Mr. McKEOWN: Committee on the Judiciary. H.R. 5884. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 194). Referred to the House Calendar.

Mr. BLOOM: Committee on Foreign Affairs. House Resolution 167. Resolution expressing the belief that the delegates to the international economic conference should strive to secure an international agreement for the coinage of gold and silver at a definite fixed ratio; without amendment (Rept. No. 195). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 5880) for charter of incorporation to be known as "League of American Youth"; to the Committee on the District of Columbia.

By Mr. HOWARD: A bill (H.R. 5881) to investigate the claim of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians; to the Committee on Indian Affairs.

By Mr. SMITH of Washington: A bill (H.R. 5882) to reenact provisions of law relating to disability compensation for World War veterans and to pensions for Spanish-American War veterans, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. GLOVER: A bill (H.R. 5883) to amend and repeal parts of Public Law No. 2, Seventy-third Congress, being an act entitled "An act to maintain the credit of the United States Government", and to repeal certain Executive orders and regulations issued by the President under said act; to the Committee on Expenditures in the Executive Departments.

By Mr. McKEOWN: A bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. SUMNERS of Texas: A bill (H.R. 5885) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. AYERS of Montana: A bill (H.R. 5886) to amend section 92 of the Judicial Code (U.S.C., title 28, sec. 172) as amended; to the Committee on the Judiciary.

By Mr. HOWARD (by departmental request): A bill (H.R. 5887) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; to the Committee on Indian Affairs.

By Mr. LEA of California: A bill (H.R. 5888) to provide revenue by increasing the taxes on certain vinous liquors and prescribing conditions and limitations on the manufacture, transportation, and sale thereof; to the Committee on Ways and Means.

By Mr. HOEPPEL: A bill (H.R. 5889) to adjust the rate of pension to soldiers of the Indian wars who served 90 days or more in active service against hostile Indians, and for other purposes; to the Committee on Pensions.

By Mr. WILCOX: A bill (H.R. 5890) to provide for a preliminary survey and examination to connect the navigable waters of the St. Johns River with the navigable waters of the Kissimmee River in the State of Florida by a barge canal with locks, approximately 25 miles, with a view to improving, extending, and connecting of the present waterway in each river and to secure waterway where none now exists between these two navigable rivers 9 feet deep and approximately 100 feet wide and for the purpose of affording suitable connection for craft now using the Okeechobee Cross-Florida Canal; to the Committee on Rivers and Harbors.

By Mr. SMITH of Washington: Resolution (H.Res. 171) that the Comptroller of the Currency is directed to inform the House of Representatives what action, if any, has been taken or is under consideration by the office of the Comptroller of the Currency to require conservators to set aside and make available funds of banks in the hands of conservators for withdrawal by depositors and payment to other creditors pursuant to the provisions of section 206 of the Bank Conservation Act of March 9, 1933; to the Committee on Banking and Currency.

By Mr. MONAGHAN: Joint Resolution (H.J.Res. 193) to adjust the amounts paid for services furnished by the Government to its officers and employees, and for other purposes; to the Committee on the Civil Service.

By Mr. SMITH of Washington: Concurrent resolution (H.Con.Res. 21) declaring that it is the sense of Congress that the Comptroller of the Currency shall take immediate action to make funds of banks in the hands of conservators available for withdrawal by depositors and payment to creditors pursuant to the provisions and intent of section 206 of the Bank Conservation Act; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYERS of Montana: A bill (H.R. 5891) for the relief of the Great Northern Railway Co.; to the Committee on Claims.

By Mr. BECK: A bill (H.R. 5892) for the relief of John C. P. de Krafft; to the Committee on the Civil Service.

By Mr. BLACK: A bill (H.R. 5893) for the relief of John J. Kennelly; to the Committee on Claims.

Also, a bill (H.R. 5894) for the relief of Paul Kroll; to the Committee on Claims.

By Mr. BLAND: A bill (H.R. 5895) granting a pension to Retta J. Smith; to the Committee on Invalid Pensions.

By Mr. CARLEY: A bill (H.R. 5896) for the relief of Sanford N. Schwartz; to the Committee on Claims.

By Mr. COCHRAN of Pennsylvania: A bill (H.R. 5897) for the relief of Thomas Parker; to the Committee on Military Affairs.

By Mr. HOEPPEL: A bill (H.R. 5898) for the relief of Anthony J. Lynn; to the Committee on Claims.

By Mr. MONAGHAN: A bill (H.R. 5899) for the relief of the Western Montana Clinic; to the Committee on Indian Affairs.

By Mr. THOMPSON of Illinois: A bill (H.R. 5900) for the relief of Ben D. Showalter; to the Committee on Claims.

Also, a bill (H.R. 5901) for the relief of William Henry Davidson; to the Committee on Military Affairs.

By Mr. WADSWORTH: A bill (H.R. 5902) authorizing Lester Baker, lieutenant colonel, United States Army, to accept the decoration tendered to him by the Bolivian Government; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1267. By Mr. KRAMER: Senate Joint Resolutions Nos. 29 and 30; to the Committee on Roads.

1268. By Mr. MEAD: Petition of Erie County American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1269. By Mr. RUDD: Petition of National War Veterans Association, Inc., Jamaica, N.Y., favoring the payment of the veterans' adjusted-service certificates, etc.; to the Committee on World War Veterans' Legislation.

1270. By Mr. SWEENEY: Petition of the Social Welfare Committee of Federated Churches of Cleveland, Ohio, recorded conviction in mass meeting on May 14, 1933, that the reported persecution of the Jews in Germany, the symbolic destruction of their culture, and the threatened subordination of religion to the ends of the Nazi regime concerns all men of brotherly ideals; to the Committee on Foreign Affairs.

1271. Also, petition of the citizens of Cleveland, Ohio, in mass meeting assembled on May 14, 1933, without regard to race or religion, condemning the conduct of the Hitler government in Germany and solemnly protesting against the economic and political strangulation of German Jewry, appealing to the enlightened opinion of mankind to join in denouncing these acts as a betrayal of civilization and an infamous blow at the highest ideals of humanity; to the Committee on Foreign Affairs.

1272. By Mr. WELCH: Petition of the employees in the service of railroad and express companies of the State of California, opposing Senate bill 1580 and House bill 5500; to the Committee on Interstate and Foreign Commerce.

SENATE

SATURDAY, JUNE 3, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bachman	Fess	Logan	Reed
Borah	Fletcher	McCarran	Robinson, Ark.
Brown	Johnson	McGill	Thompson
Erickson	Keyes	Patterson	Vandenberg

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from New York [Mr. COPELAND], the Senator from Nevada [Mr. PITTMAN], and the Senator from Maryland [Mr. TYDINGS] are absent on official business.

Mr. FESS. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably detained from the Senate.

The VICE PRESIDENT. Sixteen Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. GOLDSBOROUGH, Mr. ROBINSON of Indiana, and Mr. TOWNSEND answered to their names when called.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on official business in connection with the London Economic Conference. I ask that this announcement may stand for the day.

Mr. BYRNES, Mr. CUTTING, Mr. CLARK, Mrs. CARAWAY, Mr. FRAZIER, Mr. KENDRICK, Mr. POPE, Mr. HAYDEN, Mr. CAPPER, Mr. SHEPPARD, Mr. CONNALLY, Mr. COOLIDGE, Mr. TRAMMELL, and Mr. MCNARY entered the Chamber and answered to their names.

Mr. SHEPPARD. I wish to announce that the following Senators are absent on account of imperative matters in the Committee on Military Affairs:

The Senator from Alabama [Mr. BLACK], the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Jersey [Mr. BARBOUR].

Mr. KENDRICK. I desire to announce that the Senator from Colorado [Mr. COSTIGAN] is necessarily detained from the Senate by illness.

I also wish to announce that the following Senators are detained from the Senate in attendance upon a meeting of the Committee on Finance: Mr. HARRISON, Mr. BAILEY, and Mr. LONERGAN.

I also desire to announce that the following Senators are absent attending a meeting of the Committee on Banking and Currency: Mr. BANKHEAD, Mr. BULKLEY, Mr. GLASS, and Mr. REYNOLDS.

I desire further to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Illinois [Mr. DIETERICH], the Senator from Louisiana [Mr. OVERTON], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. SMITH] is necessarily detained from the Senate attending a conference on cotton in the Department of Agriculture.

I wish also to announce that the following Senators are detained on account of departmental matters: Mr. DILL, Mr. LEWIS, Mr. LONG, Mr. STEPHENS, Mr. THOMAS of Oklahoma, and Mr. WHEELER.

The VICE PRESIDENT. Thirty-three Senators have answered to their names. There is not a quorum present.

Mr. ROBINSON of Arkansas. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

Mr. HEBERT, Mr. ADAMS, Mr. THOMAS of Utah, Mr. BRATTON, Mr. MCKELLAR, Mr. DICKINSON, Mr. NORRIS, Mr. MCADOO, Mr. LA FOLLETTE, Mr. HARRISON, Mr. WAGNER, Mr. VAN NUYS, Mr. KING, Mr. WALSH, Mr. BYRD, Mr. GEORGE, Mr. GORE, Mr. METCALF, Mr. KEAN, Mr. HATFIELD, Mr. BULOW, Mr. DUFFY, Mr. BARBOUR, Mr. CAREY, Mr. BLACK, Mr. BARKLEY, Mr. MURPHY, and Mr. NEELY entered the Chamber and answered to their names.

Mr. HEBERT. I wish to announce that the Senator from Vermont [Mr. AUSTIN], the Senator from Maine [Mr. HALE], and the Senator from Delaware [Mr. HASTINGS] have been called from the city.

I wish further to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

I also desire to announce that the Senator from Vermont [Mr. DALE], the Senator from Minnesota [Mr. SCHALL], the Senator from Oregon [Mr. STEIWER], the Senator from Connecticut [Mr. WALCOTT], the Senator from Maine [Mr. WHITE], and the Senator from Minnesota [Mr. SHIPSTEAD] are detained from the Senate on official business.

The VICE PRESIDENT. Sixty-one Senators have answered to their names. A quorum is present.

MEMBER OF NATIONAL FOREST RESERVATION COMMISSION

The VICE PRESIDENT. The Chair announces the reappointment of the Senator from New Hampshire [Mr. KEYES] as a member of the National Forest Reservation Commission, his term having expired.

CLAIM OF THE WESTERN UNION TELEGRAPH CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Western Union Telegraph Co. against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Commerce:

House Concurrent Resolution 16

Whereas the United States Government has heretofore allocated and expended the necessary moneys to procure an economic survey to determine the feasibility of construction by dredging and with

locks and dams an inland waterway on the Chattahoochee River in Georgia at least as far north as Columbus, Ga. (and, if deemed practical, to Atlanta, Ga.); also on the Apalachicola River connecting with channel into St. Andrews Bay, and on west to Choctawhatchee Bay in Florida for a channel 9 feet in depth with 100 feet bottom width, for use of self-propelled barges, and to complete the project as far as it is not already provided for from New Orleans, La., to Columbus, Ga., or beyond to Atlanta, said inland waterway being already provided for and nearing completion from New Orleans to Pensacola, Fla.; and

Whereas a very reliable economic survey was made for the Waterway Committee of Columbus, Ga., by former Chief of United States Army Engineers William M. Black and his associates, Charles A. McKenney and John Stewart, and a very complete and exhaustive report made by them and delivered to United States Army Board of Engineers, showing in detail that the contemplated improvement to canalize the Chattahoochee and Apalachicola River system would result in a net saving of the sum of $647,371.73 per annum; and

Whereas said report was made about May 1, 1929, at which time small trees in that section were considered practically worthless and given little consideration, as the paper-making industry had not yet started in that locality, but is now being carried on on St. Andrews Bay at Bay Harbor, Fla., and using 180,000 cords of paper wood a year, one third of which is brought through canal from Apalachicola River into St. Andrews Bay on barges; and

Whereas on May 2, 1933, a hearing was had at Columbus, Ga., before the United States Army Board of Engineers on this river project and much data presented to further increase and add to the amount of annual net saving shown in the very valuable report of Black, McKenney & Stewart, and to the extent to show an annual net benefit exceeding a million dollars; and

Whereas it is shown in the report mentioned and at said hearing that the construction and use of this waterway would give a vast amount of employment and increasing and permanent benefits, including among other things, millions of dollars to be paid to many farmers and landowners for wood, for employment cutting it, for hauling it to barges, for barging it down to tidewater where it can be profitably used by reason of ocean rates for shipment to its destination, after being manufactured into paper or paper products, at or near Panama City, Fla.; and

Whereas it is conservatively estimated that on 6,000,000 acres of land in easy trucking distance of river there is an average of 3 cords, or 18,000,000 cords, weighing 50,000,000 tons, and sufficient for operation of a paper mill such as the Southern Kraft Paper Mill at Bay Harbor, now using 180,000 cords a year, for 100 years. Furthermore the annual growth of the small pine on account of reforestation would be at least 450,000 cords, or 1,260,000 tons; and

Whereas it is believed that this project should soon be reported to the public works committee now arranging the public-works program for President Roosevelt, and that this system of waterways is one of the most worthy projects in the United States: Now, therefore, be it

Resolved by the House of Representatives of the State of Florida (the senate concurring), That the public works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, and President Roosevelt are hereby urged and requested to use every effort at their command to allocate funds to and for the immediate construction of canal suitable for the operation of self-propelled barges for the completion of the inland waterway from New Orleans, La., to Columbus, Ga., or beyond to Atlanta, as the case may be; be it further

Resolved, That a copy of this resolution be forwarded by the secretary of the State of Florida under the great seal of the State of Florida in due form to the Congress of the United States and the several Members thereof from Florida, and to President Roosevelt.

Approved by the Governor of Florida, May 27, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Concurrent Resolution No. 16 as passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 1st day of June A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution adopted by citizens of Czechoslovak descent, assembled in Pilsen Park, Chicago, Ill., favoring the prompt passage of legislation known as the "unemployed and insurance bill", which was referred to the Committee on Education and Labor.

He also laid before the Senate a telegram from the North End Federated Clubs of Seattle, Wash., by Mrs. Ethel Verner, secretary, favoring the adoption by Congress of a proposed income-tax measure and the defeat of the manufacturers' sales tax proposal, which was referred to the Committee on Finance.

He also laid before the Senate a telegram from the convention of the Association of Manufacturers of Wood Working Machinery, Chicago, Ill., protesting against the labor clause in Senate bill 1712, the so-called "industrial control and public works bill", and stating that such clause "will result in strikes and lockouts and retard rather than promote reemployment of labor", etc., which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the League of War Veteran Guardsmen, national headquarters, East Lynn, Mass., favoring direct credits for everybody, and stating in part that "the people of the great common and middle classes all turn your eyes and lend your help to the coming 'new emancipator' in the Direct Credits Society, 606 Woodward Avenue, Detroit, Mich.", etc., which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Committee on Internal Trade of the Chamber of Commerce of the State of New York, recommending that certain language in the so-called "industrial control bill" in reference to "collective bargaining" be stricken out and the bill amended by inserting other language, because of present ambiguity and unforeseen potentialities, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Chamber of Commerce of the State of New York, commending action by the Government to provide special taxation to take care of the interest and sinking fund on bonds issued for expenditures authorized by the national industrial recovery bill, and stating "that the chamber of commerce opposes the application of normal income-tax rates to incomes from corporation dividends for the above purpose, but recommends that the additional revenue necessary to meet the expenditures be raised by the enactment of a sales tax", which were referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Thirteenth Annual Convention of the American Association for the Recognition of the Irish Republic, New York City, N.Y., condemning alleged economic warfare against the Irish people by Great Britain "as inhuman, un-Christian, and repulsive to the American spirit of liberty and fair play", and requesting the Government of the United States, if necessary, to assist the people of Ireland in defending themselves against such treatment by preferential trade relations and tariffs, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a memorial from Ernest J. Lessing, of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation relative to his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by citizens of Czechoslovak descent, assembled in Pilsen Park, Chicago, Ill., favoring the passage of legislation providing for a 6-hour day and 5-day working week, without lowering the weekly wages, and opposing the employment of children under 16 years of age in industry or women in night work, which was ordered to lie on the table.

Mr. KEYES presented resolutions adopted by the directors of the Railway Employees' and Citizens' Association of New Hampshire, of Concord, N.H., opposing the making of further appropriation for the construction, etc., of the Great Lakes-St. Lawrence deep waterway, which were ordered to lie on the table.

Mr. FLETCHER presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Commerce:

(Senate committee substitute for House Concurrent Resolution 11)

Joint memorial of the Senate and House of Representatives of the State of Florida to the President of the United States requesting the assistance and cooperation of every available Federal agency in order to make possible, at an early date, commencement of construction work on a ship canal across the peninsula of the State of Florida

Whereas the construction of a ship canal across the State of Florida will give employment to a vast amount of human labor, thus greatly relieving the distress due to the unemployment crisis, at the same time creating a valuable commercial and military

asset which will in the course of time repay its own cost through the collection of reasonable tolls from ships using the canal; and

Whereas the Constitution of the State of Florida contemplates with favor the construction of such a canal across the State and makes provision for and authorizes special legislation in order to facilitate such construction, and the legislature of the State has now created a public corporation known as the "Florida Ship Canal Authority" and has granted to said corporation a franchise with full power and authority to construct said canal; and

Whereas such a canal will cut off approximately 500 miles of distance by the water route between New Orleans and the Gulf ports, on the one hand, and New York and Liverpool, on the other, will eliminate the danger to shipping incident to passage through the Florida Straits, will bring about tremendous savings by reason of the resultant reduction in time, insurance, and other transportation costs, and will constitute a valuable asset to our national defense; and

Whereas such a canal will largely solve the distribution problems of the Mississippi Valley and of the southeast section of the United States, will greatly aid the agricultural and industrial activities in said section by furnishing them perpetual and cheap transportation to the Atlantic seaboard where the best markets are located, will enhance the value of the farm lands through the producing of means for delivering their produce to market, and will offer material advantages and benefits to fully one half of the producing area of the United States; and

Whereas said ship canal, while rendering this valuable service to labor, industry, agriculture, and ocean shipping, will at the same time, and without additional cost, provide a connection between the Atlantic coastal waterway and the Gulf coastal waterway for barges and small craft plying between Boston, Mass., and Gulf of Mexico ports; and

Whereas the Corps of Engineers of the Army of the United States, pursuant to authorization of Congress, is now completing an exhaustive physical survey of various possible routes for such a canal and of the costs of the construction thereof; and

Whereas an application is now pending with the Reconstruction Finance Corporation of the United States for a loan of sufficient funds with which to construct said canal, such loan to be self-liquidating in character: Now, therefore, be it

Resolved by the Senate of the State of Florida (the house of representatives concurring), That the President of the United States be, and he is hereby, respectfully urged to approve of said construction project as an effective measure in relieving unemployment and stimulating industry, and that he be, and he is hereby, further requested to procure the assistance and cooperation of every appropriate and available Federal agency in order that construction work upon said project may be commenced at the earliest possible date; be it further

Resolved, That the secretary of state be directed to furnish a certified copy of this memorial to the President of the United States, to each of our Senators and Representatives in Congress, to the Reconstruction Finance Corporation of the United States, and to the Associated Press.

Approved by the Governor of Florida May 27, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of senate committee substitute for House Concurrent Resolution No. 11, as passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 30th day of May A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

REMONETIZATION OF SILVER

Mr. WHEELER presented a letter from Harry G. Beatty, Esq., of Buffalo, Wyo., with an enclosed resolution or petition praying for the passage of legislation for the remonetization of silver, which, with the accompanying petition, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD without the signatures of the petitioners, as follows:

BUFFALO, WYO., *May 29, 1933.*

Hon. BURTON K. WHEELER,
United States Senate, Washington, D.C.

MY DEAR SENATOR: Enclosed herewith please find a copy of a petition signed by 179 citizens of Johnson County, Wyo., praying that permanent legislation be enacted for the remonetization of silver, the original of which has been forwarded to Senator KENDRICK.

Senator, the people of these United States are behind you in this movement 100 percent—those opposed, of course, are a few bankers. Keep up the good work. If it is not already too late to save the great mass of our people, Congress should do first and above all two things: Remonetize silver; pay the soldiers' bonus immediately in full with new money.

Trusting your administration will fulfill its promises and continue its efforts to save the common people, with all good wishes, I am

Yours truly,

HARRY G. BEATTY.

Resolution

Whereas there is a world-wide depression causing suffering to millions of people throughout the world, and particularly in the United States; and

Whereas this depression is a money panic caused by the breakdown of the monetary systems of the world and demonstrating the need of sufficient money to properly transact the world's business and thus proving beyond doubt the utter failure of the single gold standard; and

Whereas such conditions have caused the fall of commodity prices, the increase of unemployment, and the limitation of earning power of the great mass of our people; and

Whereas the common people of these United States demand a sound and adequate money based upon and secured by both gold and silver, which has in the past for more than a thousand years served the world as a satisfactory medium of exchange; and

Whereas the people of the United States are extremely tired of experimentations when a sound, sane, tried, and proven monetary system is available and can be quickly reestablished by again making silver a money; and

Whereas the only feasible plan offered the people of the world to date to assist in bringing back normal times and prosperity is the remonetization of silver: Now, therefore, be it

Resolved, That we, the undersigned citizens and residents of Johnson County, Wyo., do hereby respectfully urge and demand the immediate passage by Congress of what is commonly known as the "Wheeler bill", Senate bill No. 70, for the remonetization of silver, regardless of what action, if any, the Economic Conference may later take at the meeting in June 1933; be it further

Resolved, That copies of this resolution be forwarded to the President of the United States; the Honorable JOHN B. KENDRICK and the Honorable ROBERT D. CAREY, Senators; and the Honorable VINCENT CARTER, Representative from the State of Wyoming; and the Honorable BURTON K. WHEELER, Senator from the State of Montana.

REPORTS OF COMMITTEES

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1561) providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States, reported it with amendments and submitted a report (No. 106) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 1126) for the relief of M. M. Twichel, reported it with amendments and submitted a report (No. 107) thereon.

Mr. WHEELER also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 512. An act for the relief of Peter Pierre (Rept. No. 109); and

S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder (Rept. No. 108).

Mr. BRATTON, from the Committee on Indian Affairs, to which was referred the bill (S. 690) for the relief of Charles L. Graves, reported it without amendment and submitted a report (No. 110) thereon.

Mr. ASHURST, from the Committee on Indian Affairs, to which was referred the bill (S. 1807) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz., reported it without amendment and submitted a report (No. 112) thereon.

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, reported it without amendment and submitted a report (No. 111) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, submitted the views of the minority to accompany the bill (S. 1403) to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, heretofore reported from that committee without amendment, which were ordered to be printed as part 2 of Report No. 102.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

A bill (S. 1822) for the relief of Harold Sorenson; to the Committee on Claims.

By Mr. ERICKSON:

A bill (S. 1823) for the relief of Leola Snyder (with accompanying papers); to the Committee on Claims.

A bill (S. 1824) for the relief of William F. Brockschmidt (with accompanying papers); and

A bill (S. 1825) authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on Public Lands and Surveys.

By Mr. WHEELER:

A bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; and

A bill (S. 1827) for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. ASHURST:

A bill (S. 1828) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WALCOTT:

A bill (S. 1829) for the relief of the Reading Iron Co.; to the Committee on Claims.

By Mr. BYRD:

A bill (S.1830) to authorize the grant of a right of way to the York River Bridge Corporation over certain Government lands within the Colonial National Monument, Va.; to the Committee on Public Lands and Surveys.

By Mr. SCHALL:

A bill (S. 1831) to repeal the Economy Act approved March 20, 1933, and for other purposes; to the Committee on Finance.

AMENDMENT TO GOLD STANDARD JOINT RESOLUTION

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the joint resolution (H.J.Res. 192) to assure uniform value to the coins and currencies of the United States, which was ordered to lie on the table and to be printed.

CHANGE OF REFERENCE

On motion of Mr. FLETCHER, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, and the bill was referred to the Committee on Banking and Currency.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc., and it was signed by the Vice President.

PROPOSED RECOGNITION OF RUSSIA

Mr. ROBINSON of Indiana. Mr. President, on the 18th of April of this year at the Washington Auditorium, in this city, a mass meeting was held, under the auspices of the American Legion, opposing recognition of Russia by the United States of America. A number of organizations participated in the meeting, and it has been suggested that the names of those organizations be printed in the RECORD. I have a list of them here, and ask unanimous consent that that be done.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PARTICIPATING ORGANIZATIONS

Allied Patriotic Societies, Inc.; American Alliance of the United States, Inc.; American Christian Defenders; American Coalition of Patriotic Societies; American Defense Society, Inc.; American Federation of Labor; American Legion, National; American Legion Auxiliary, National; American Security League, Inc.; American Vigilant Intelligence Federation; American War Mothers; American Women's Legion; Anglo-Saxon Federation of America; Associated Industries of Alabama; Better America Federation of California; Catholic Daughters of America, National Society; Chamber of Commerce of the State of New York; Colonial Descendants of America, National Society; Dames of the Loyal Legion of the United States, National Organization; Daughters of America, National Council; Daughters of the American Revolution, State chapters of California, Michigan, Iowa, Wisconsin, Tennessee, Washington, Idaho, Utah, Nebraska, Mississippi, Indiana, South Dakota, Maryland, District of Columbia; Daughters of the Defenders of the Republic; Daughters of the Revolution, National Society; Daughters of the Union, 1861–65, National Society; Daughters of the United States Constitution, National Society; Daughters of Union Veterans of the Civil War, National Society; DeMolay, Order of, National Order; Disabled American Veterans of the World War; Disabled Emergency Officers of the World War; Fraternal Patriotic Americans; General Society of Mayflower Descendants; Independent Order of Odd Fellows, Sovereign Grand Lodge; Junior Order United American Mechanics; Ladies of the Grand Army of the Republic, National Society; Lions International; Military Order of the Loyal Legion; Merchant Tailors Society of New York; Military Order of Foreign Wars of the United States, National Commandery; Military Order of the World War, National Society; Minute Men of America, Inc., National Society; National Civic Federation; National Council of Catholic Men; National Council of Catholic Women; National Patriotic Association; National Patriotic Council; National Rural Letter Carriers Association; National Patriotic League; National Security League, Inc.; National Society of New England Women; National Sojourners of the United States; National Woman's Relief Corps, Grand Army of the Republic; Naval and Military Order of the Spanish-American War, National Commandery; Ohio Pocket Testament League; Order of Fraternal Americans, National Society; Order of Independent Americans, Inc.; Order of Founders and Patriots of America, General Court; Patriotic Builders of America, National Society; Patriotic Order of Americans, National Camp; Patriotic Order Sons of America, Pennsylvania Camp; Patriotic Women of America, National Society; Paul Reveres, The; Reserve Officers' Association of the United States, New York; Reserve Officers' Training Corps Association of the United States; Society of Colonial Wars, District of Columbia, State of New York; Sons of the American Revolution, National Society; Society of the Founders and Patriots of America; United States Daughters of 1812, National Society; United States Naval Reserve Officers' Association, Third District; Veterans of Foreign Wars, National Americanization Committee; Sons and Daughters of Liberty, National Council; Sons and Daughters of the Pilgrims, National Society; Sons of Union Veterans of the Civil War; United Daughters of the Confederacy, New York Chapter; Vigilante Intelligence of Washington State; Woman's Patriotic League of America; Women of Army and Navy Legion of Valor, United States of America; Women Descendants of the Ancient and Honorable Artillery Company, National Society, and 1,000 other National, State, and local organizations.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

PUBLICATIONS OF AMERICAN HISTORICAL ASSOCIATION

Mr. FESS. Mr. President, on yesterday I had intended to offer an amendment to the appropriation bill until I learned that the amendment had not recently been estimated for by the Budget Bureau, although it had been estimated for in connection with the similar bill which was passed at the last session. For that reason I did not offer the amendment, and the session of the Senate was so crowded that I did not even have an opportunity to state why I wanted the Senate to consider the amendment. So, for the sake of the record, and in order that later on we may consider the

amendment when it may be in order, I should like to say that the American Historical Association, which was created back in 1884, and in 1889 began publishing its annual reports. Those reports up to date number 72 volumes. They contain most valuable information of a historical character. The Government assumes the authority, in the appropriation bills in connection with items for the Smithsonian Institution, to print these reports. From 1907 until 1930 the annual appropriation was $7,000 for that purpose. In 1930 it was increased to $12,000, last year it was reduced under the stress of economy to $8,000, and this year it was entirely omitted. I made some inquiry as to why such a very important item should be omitted, and it was stated that the omission was temporary, but it was hoped that later on the appropriation might be reinstated.

For the information of Senators who may not have looked into the activities of this organization, let me state that its first president was the famous Andrew D. White, later on president of Cornell University, and a famous diplomat. Among its presidents were such men as George Bancroft, James P. Angell, James Ford Rhodes, Theodore Roosevelt, Woodrow Wilson, Admiral Mahan, and other men of the very highest type in historical study.

Among the very valuable contributions that the Government has printed the one that I think is probably as valuable as any was the autobiography, including a lot of correspondence, of Martin Van Buren. We usually regard Van Buren as a mere politician, but anyone who would take the time to read the correspondence of that famous New York citizen would have, I am sure, a revised view of who Martin Van Buren was in his day. The correspondence of such men as John C. Calhoun, which never would have come to light if it had not been for this movement, and the correspondence of Alexander H. Stephens and men of that type is reclaimed from such sources and these valuable historic contributions are made a matter of permanent record.

I sincerely hope that in the stress of economy we will not permit this very remarkable work to be discontinued. As I said, it has never been interrupted until this year. I am told that it was only interrupted because of the stress of conditions and that it may be renewed. The diplomatic correspondence that is waiting now for publication, including the new bibliography on history and the annual report of the association, which are governmental largely, ought not to be lost to us.

Mr. President, I wanted to make this statement in order that in the future we might have consideration of the matter. I ask unanimous consent that I may have inserted in the RECORD at this point a memorandum of the activities of the association.

The VICE PRESIDENT. Without objection, it is so ordered.

The memorandum is as follows:

MEMORANDUM ON PRINTING APPROPRIATION FOR THE AMERICAN HISTORICAL ASSOCIATION

For many years the independent offices appropriation bill has carried, as an item under the appropriations for the Smithsonian Institution's printing, an item for the printing of the annual report of the American Historical Association. This item, which stood at $7,000 from 1907 to 1930, was made $12,000 in the appropriations for 1931 and 1932, and $8,000 in those for tne present fiscal year. In the estimates for the new bill, for 1934, all such appropriation is omitted. I am sure that the association appreciates the reasons why there should be a reduction, but it is surely not necessary to go so far as to omit the appropriation entirely. While the Government has always done a great deal for science, this small appropriation (or credit at the Government Printing Office) is one of the very few things the Government has been doing for history.

The American Historical Association was founded in 1884 and chartered by act of Congress in 1889. Among its presidents have been such men as Andrew D. White, George Bancroft, William Wirt Henry, James B. Angell, Henry Adams, Senator George F. Hoar, James Ford Rhodes, Charles Francis Adams, Admiral A. T. Mahan, John B. McMaster, Theodore Roosevelt, and Woodrow Wilson. The association has always been managed by a council composed of leading historians. All its work is of high quality, and its volumes have been prepared as a labor of love without the Government having been called upon to expend a dollar for their preparation.

The act of incorporation requires the association to "report annually to the secretary of the Smithsonian Institution concerning its proceedings and the condition of historical study in America", with provision that the "said secretary shall communicate to Congress the whole of such report, or such portions thereof as he shall see fit." Under this provision the association has printed a splendid series of volumes, 2 a year ordinarily, 72 in all, containing its proceedings, reports of its various committees, and a wealth of documentary material for American history—such volumes as the Correspondence of John C. Calhoun, of the earlier French Ministers to the United States, of James A. Bayard, a negotiator of the Treaty of Ghent, of Alexander H. Stephens and Robert Toombs, the autobiography of Martin Van Buren, the diplomatic correspondence of the Republic of Texas, the papers of Stephen F. Austin, and the diary of Edward Bates, Lincoln's Attorney General—a series of which the Government may well be proud. Each year they also publish a bibliography of all the previous year's writings on American history or any part of it, a manual very useful to all scholars. And they now have ready for publication an important Guide to the Study of American Diplomatic History, detailing all the writings and sources in which the student can find information on that very important subject. All these volumes, it should be emphasized, are prepared without any cost to the Government, though foreign governments expend large sums of public money for just such work of compilations and editing. All the Government has been called upon to do is to print the results, as books of reference for the historical scholars of the country and all who are interested in the history of the Nation.

It seems a great pity that this important series should lapse, even for 1 year, that there should be a blank in the series of annual reports, that the annual bibliography for 1932 should be missing, or that the Guide to American Diplomatic History, all ready for publication, should be held up indefinitely. If it is thought impracticable to continue the full appropriation of $8,000 for 1934, an appropriation of 25 percent less, that is, of $6,000, would enable the association to continue its useful work of enlightening our past and encouraging and facilitating its study.

THE GOLD STANDARD

Mr. FLETCHER. Mr. President, I ask the Senate now to proceed with the unfinished business. I ask that the joint resolution may be read.

The Senate resumed consideration of the joint resolution (H.J.Res. 192) to assure uniform value to the coins and currencies of the United States, which was read, as follows:

Whereas the holding of or dealing in gold affect the public interest, and are, therefore, subject to proper regulation and restriction; and

Whereas the existing emergency has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the declared policy of the Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts. Now, therefore, be it

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins,

when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight."

Mr. FLETCHER. Mr. President, I will state that it is important to have as early action as possible on the joint resolution. We have to enter upon a plan of financing that is pressing, and the Treasury and the President feel that the joint resolution is absolutely necessary to enable them to proceed with their financing plans.

We have taken up for consideration the House joint resolution because it has passed the House, and in order to speed the matter. A similar joint resolution was introduced in the Senate, referred to the Committee on Banking and Currency, and reported back favorably without amendment. We can postpone the Senate measure indefinitely when and if we pass the House measure. This would complete the legislation and, therefore, we are proceeding to consider the House joint resolution. It passed the House and is here now for our consideration. As I said, it is necessary to get as early action as possible because under the plans of the Treasury Department it is required that within a few days notices shall be sent out as to the methods they will pursue with reference to financing the affairs of the Government.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Michigan?

Mr. FLETCHER. I yield.

Mr. VANDENBERG. Was there a proposal in the committee to limit this proposition to new loans and not to apply it to existing contracts?

Mr. FLETCHER. There was.

Mr. VANDENBERG. What was the vote in the committee on that subject?

Mr. FLETCHER. I do not remember the vote. The proposal was defeated.

Mr. VANDENBERG. Was it defeated by a narrow margin?

Mr. FLETCHER. I think perhaps it might be called a narrow margin. My recollection is there was a majority of 3 or 4.

Mr. VANDENBERG. Has the Senator available the form in which that amendment was offered in the committee?

Mr. FLETCHER. No; I have not. Of course, if that sort of amendment were adopted, it would destroy the whole plan.

Mr. VANDENBERG. But it would not destroy the credit of the Government.

Mr. FLETCHER. No; and it will not be destroyed anyhow.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from California?

Mr. FLETCHER. I yield.

Mr. JOHNSON. I assume the Senator is going to discuss somewhat in detail the provisions of the joint resolution, but I desire to hear, if it is possible to do so, exactly why, under lines 9 and 10, page 2, "every obligation heretofore or hereafter incurred", the joint resolution is made retroactive in respect to obligations that have been heretofore executed, obligations, as I understand it, relating not only to private transactions but to governmental obligations within which there is a distinct covenant. Will the Senator state the reason why it is deemed necessary to have this made retroactive?

Mr. FLETCHER. I would have come to that in a moment or two, but I do not object to stating it now. The situation cannot be met merely by enabling new obligations to be payable in legal tender without creating a difference in value between the old and the new obligations and impairing or destroying the market for new obligations. Investors would no doubt prefer private obligations with a gold clause to Government obligations payable in currency. In other words, we cannot make a distinction. The moment bonds or certificates or notes are offered to the public payable in legal tender, with outstanding obligations of the Government payable in gold, it will be seen that investors would rush to the gold obligations and call for that sort of security and would not take the new certificates or the new debentures or the new bonds or the new obligations. It will interfere both with financing of the Government and financing of private enterprise. We would pass two different kinds of currency if we were to attempt that.

I will take up the joint resolution in its sequence. The first section provides:

That every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against the public policy.

There is no question that we have the right and the authority to do that under the Constitution. That is the first provision of the joint resolution.

Mr. JOHNSON and Mr. FESS addressed the Chair.

The VICE PRESIDENT. Does the Senator yield; and if so, to whom?

Mr. FLETCHER. I will yield first to the Senator from California.

Mr. JOHNSON. The Senator said, and I think he is correct, that under the Constitution we have the right doubtless to change the currency as we desire. I presume that submitted to the committee were briefs upon the subject and the legal question, were there not?

Mr. FLETCHER. Yes.

Mr. JOHNSON. Does the committee stand upon the English decisions that have been rendered in that regard?

Mr. FLETCHER. No; we do not. We have a brief on the subject, submitted by the Treasury.

Mr. JOHNSON. I trust the Senator will not think I am pertinacious in these inquiries. If there is a report on the subject that deals with the very important questions involved, I shall be content to go through that report. Was there a report rendered upon this matter?

Mr. FLETCHER. A report was rendered by the Senate committee and also by the House committee. In addition to that I have here a statement submitted by the Treasury which I shall be glad to have the Senator examine.

Mr. JOHNSON. I thank the Senator very much. I do not want unduly to interrupt the Senator.

Mr. FLETCHER. That covers the whole ground, and I shall be glad to have the Senator read it.

The first proposal in the joint resolution is that it is against public policy to make obligations payable in gold, and the measure then proceeds:

And no such provision shall be contained in or made with respect to any obligations hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts.

In other words, we are going to have only one currency, a currency issued in pursuance of the joint resolution and payable dollar for dollar. We have not interfered with the laws with reference to keeping at parity with gold the money of the United States. There is no repeal of any of those statutes. We are proposing to issue legal-tender obligations which will take the place of those obligations payable in gold. We are not depriving anybody of any property or of any value or of any rights they now have, except that we are not proposing to pay in gold absolutely the obligations, but we are giving what is equal to gold, what is as good as gold, and no one can claim that he has lost anything by this kind of transfer.

Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed.

Then in paragraph (b) it is stated:

As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States—

There can be nothing better than that.

> And the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

Section 2 amends the act which was passed recently, entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power", and so forth, approved May 12, 1933. That act, at page 23 of the public print, contains the following clause, which is amended by the pending measure:

> Such notes, and all other coins and currency heretofore or hereafter coined or issued by or under the authority of the United States, shall be legal tender for all debts, public and private.

That is the language of the present act. We amend that by clarifying and enlarging the scope somewhat to read as follows:

> All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

That is the amendment which is proposed to the last clause of the act referred to, approved May 12 of this year.

That is all that the joint resolution does.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I yield.

Mr. FESS. The legal-tender feature covers all forms of currency, does it not?

Mr. FLETCHER. Yes; as I understand the Senator's question.

Mr. FESS. It includes national-bank notes?

Mr. FLETCHER. Yes.

Mr. FESS. That is a thing that never has been thought of before.

Mr. FLETCHER. It was already done. That was provided for in the Agricultural Relief Act to which I have just referred.

Mr. FESS. It was never done except under this "new deal" idea.

Mr. FLETCHER. Yes; it was done under the agricultural relief or agricultural adjustment act, approved May 12, 1933.

Mr. KEAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New Jersey?

Mr. FLETCHER. I yield.

Mr. KEAN. Is it not true that during the 100 years or more of the history of the United States, the bonds of the United States have always been payable in gold, even during the Civil War; that both customs and interest on United States bonds were payable in gold?

Mr. FLETCHER. I think that is true, and that is one trouble now. We have been carried away by this fetish of gold, and tied to that kind of a system; and that has brought on the difficulties we are having. We are trying to get away from it. There is nothing sacred about gold as a commodity. It is not money, except as we may make it money, and that has led to what is happening all over the world, more or less, but particularly in the United States in this emergency.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Idaho?

Mr. FLETCHER. I yield.

Mr. BORAH. I call the attention of the Senator from New Jersey [Mr. KEAN] to the fact that there was a time when United States bonds were payable in gold and silver.

Mr. FLETCHER. Yes; I think that is true, too.

The constitutional provisions on the subject will be found in section 8 of article I of the Constitution, as follows:

> The Congress shall have power * * * to borrow money on the credit of the United States; * * * to coin money, regulate the value thereof, and of foreign coin, * * * and * * * to make all laws which shall be necessary and proper for carrying into execution the foregoing powers.

It is under that authority that we are proceeding here, and it amply sustains every provision of this joint resolution.

Congress has an unquestioned power to determine, in its discretion, the value of the dollar. Furthermore, a determination once made is not final, but may be changed from time to time. That is an answer to the Senator from New Jersey [Mr. KEAN]. It matters not what we have done in the past; we have the right and the authority and the power to change our policy, if we see fit, to meet the present conditions.

The act of April 7, 1792, provided that the content of the gold dollar should be 24.75 grains of pure gold. The fine weight of the gold dollar was reduced by the act of June 28, 1834; and the standard of fineness was changed by act of January 18, 1837. The Supreme Court has stated:

> No one ever doubted that a debt of $1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made.

That was decided in the *Legal Tender cases*, Twelfth Wallace, 457.

The Supreme Court has held that the Congress has power to provide for the issuance of currency and to make such currency legal tender in payment of debts. That is what we are attempting to do.

In the *Legal Tender cases*, with which Senators are more or less familiar, the court held that the currency to which the *Legal Tender cases* referred was authorized as a war-time measure. In *Juilliard* v. *Greenman* (110 U.S. 421) the court upheld the exercise of the same power in peace time, and said:

> The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts.

Mr. FESS. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Ohio?

Mr. FLETCHER. I yield.

Mr. FESS. The Senator has read the decision that makes the United States greenback a legal tender.

Mr. FLETCHER. Yes.

Mr. FESS. That was an obligation of the Government. A national-bank note is not an obligation of the Government. That is what I am asking.

I am not questioning whether we have the authority to make the United States note a legal tender. That is the promise of the Government. If we want to go to that extent, there is no question about the legality of doing it; but here we are proceeding to make a thing that is not a Government obligation a legal tender.

Mr. FLETCHER. National-bank notes are guaranteed by the Government.

Mr. FESS. They are not a Government obligation, however. The Senator does not think a national-bank note is a Government obligation, does he?

Mr. FLETCHER. No; but it is guaranteed by the Government.

Mr. REED. It is not even that.

Mr. FLETCHER. We have the power to do that very thing, and the right to do it. Those notes are sufficiently protected, secured as they are by bonds of the United States, and are sound as a basis of currency, and used and circulated as currency. We can declare them to be legal tender. There is no question about that.

Mr. HATFIELD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from West Virginia?

Mr. FLETCHER. I yield.

Mr. HATFIELD. In what are these legal-tender notes redeemable?

Mr. FLETCHER. To which notes does the Senator refer?

Mr. HATFIELD. The bank notes that are being made legal tender, payable for any kind of an obligation. What is back of these notes in the way of a redeemer—gold or silver?

Mr. FLETCHER. At present there is back of the notes Government bonds, if the Senator is referring to national-bank notes.

Mr. HATFIELD. What will be the process of redemption after the passage of this joint resolution?

Mr. FLETCHER. They will go to the Treasurer of the United States, and he will redeem them.

Mr. HATFIELD. In what?

Mr. FLETCHER. In the currency that we are going to issue; in currency, legal tender.

Then Congress has the power of providing for a uniform currency. That is one of the things we need. The power of Congress to issue currency includes the power to secure a uniform currency for the whole country. That, of course, was decided when the tax was levied on State banks and had the effect of preventing the issuance of currency by State banks; and that has been the law ever since.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. WHEELER. I have before me a speech which was delivered by Senator Ingalls, one of the outstanding Members of the Senate of the United States at one time, in which he sets forth the various acts upon this subject. He states that in the act of February 17, 1862, the Congress made its obligations payable not in gold but in coin; that the act of July 11, 1862, made its obligations payable not in gold but in coin. The same thing was done in 1863, 1864, and 1865. Practically all these obligations were not payable in gold at all, but payable in coin, either in silver or gold.

Mr. FLETCHER. Undoubtedly that is true; and Congress has that power today, just as it had then.

Mr. WHEELER. Just as it had then.

If the Senator will pardon me further, Mr. Ingalls calls attention to what some of the British papers said upon this subject with reference to repudiation. In view of the fact that some of the Senators have stated that this would be a repudiation by the United States Government, I shall at a later time call attention to specific articles taken from the journals of Great Britain at that time.

Mr. FLETCHER. As a matter of fact, there is no repudiation at all here. There may be technically a repudiation of the obligation to pay in gold; but if we pay in something that is worth just as much, that is just as valuable for every purpose that money can be used for as gold, we have not repudiated anything. Nobody has lost anything. We are actually paying today in dollars a dollar and a half for what we promised to pay a dollar for when our bonds were issued.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. FLETCHER. I yield.

Mr. BARKLEY. Is it not true, as a practical matter of fact, that if everybody who holds an obligation against the United States Government should demand gold in payment, we have not enough gold to pay one fourth of the obligations now outstanding? And is it not true that if everybody in this country who holds an obligation, public or private, in which this gold clause may be included should demand payment, there is not one twentieth enough gold in the entire United States to redeem all these bonds?

Mr. REED. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield; and if so, to whom?

Mr. FLETCHER. I yield to the Senator from Pennsylvania.

Mr. REED. Is not that just the same——

Mr. BARKLEY. Furthermore, I might add——

Mr. REED. The Senator yielded to me, I think. I wanted to ask a question, and I should like the attention of the Senator from Kentucky. His argument that these contracts amount to nothing because their sum total exceeds the amount of gold in the world is about like arguing that nobody ought to be allowed to walk down Pennsylvania Avenue because the entire population cannot all do it at the same moment.

At the time these bonds were issued there were more bonds out than there are now, and there was less gold in the world than there is now; and, according to the Senator from Kentucky, President Wilson and his administration committed a fraud upon the bondholder when they issued more bonds than there was gold. Of course, they meant, and every other person who promises to pay in gold means, that he will get back the gold from the first comer, paying a premium if necessary, in order to honor his covenant with the second comer. That has always been understood.

The argument of the Senator from Kentucky would mean that no bank had to pay its depositors, because the aggregate of the bank deposits of the United States is very much greater than every form of currency in the United States, and obviously every depositor cannot be paid at the same instant.

Mr. BARKLEY. Mr. President, will the Senator from Florida yield further there?

Mr. FLETCHER. I yield.

Mr. BARKLEY. Of course, the analogy is not correct, because anybody knows that if a bank is solvent, and a depositor goes to draw out his deposits, he draws them out in any kind of money that is available to the bank.

Furthermore, I dare say that there is not one out of a million dollars of these obligations, whether public or private, ever paid in gold. The people bought Liberty bonds, and they bought all the other bonds, on the faith of the Government of the United States, and they would have bought them just the same if there had been no gold clause in them. They are not paid in gold. It is a sort of fetish of antiquity that they carry the gold clause. As a matter of fact, we know that practically they are never paid in gold, nobody expects them to be paid in gold, and they would have sold just as readily if the gold clause had not been in them.

Mr. FLETCHER. Mr. President, on that subject I read from a pamphlet entitled "Gold! Why?" by Charles F. de Ganahl. He says:

> The outstanding bonds of the Government now approximate $18,000,000,000; the outstanding currency in the United States of America is about $10,000,000,000. A total liability of $28,000,000,000.
>
> The metallic gold security behind this vast promise to pay of the people of the United States of America is of the order of $4,000,000,000 in gold.

In other words, we have $4,000,000,000 of gold with which to pay $28,000,000,000 of obligations.

> That is, twenty-four billion is without actual gold backing and could not be met in gold. This twenty-four billion is "promised gold money"—if bonds may be considered equal to money, and they are equal to money, through a cumbersome process of borrowing against these bonds.

Mr. President, that is the situation. Of course, there is much in what the Senator says. These bonds will not all be presented at once, yet we have $24,000,000,000 of obligations payable in gold and $4,000,000,000 of gold with which to meet them.

Mr. KEAN and Mr. REED addressed the Chair.

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from Florida yield, and if so, to whom?

Mr. FLETCHER. I yield to the Senator from New Jersey.

Mr. KEAN. In reply to the Senator from Kentucky, I may say that I went out and helped sell Liberty bonds, and that I told the people that they were payable in gold, and that the United States would make good.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KEAN. And the people expect them to be paid in gold. Within 3 weeks from this time the Secretary of the Treasury of this administration has issued notes of the United States payable in gold. Is his promise good, or whose promise is good? What can anybody depend on if we assume that the promise of the last Democratic administration is not good, and this administration starts out,

within 30 days of the time when it has promised to pay certificates in gold, and repudiates its promise?

Mr. FLETCHER. Suppose the Senator had a thousand dollars in Liberty bonds, or any other bonds, payable in gold, and they were due. He would go to the bank. Would he ask for gold for them? He would take currency, he would take legal tender.

Mr. KEAN. I would either take the gold or its equivalent for them. As the currency of the United States has now gone off nearly 20 percent, I would pay any such creditor of mine 120 percent for his debt.

Mr. FLETCHER. We preserve the parity in every respect, and what one would get in currency is legal tender of the United States, lawful money.

Mr. FESS. How is the Senator proposing to preserve the parity?

Mr. KEAN. Yes; how is the parity being preserved?

Mr. FLETCHER. The Senator would not think of walking out of his bank with a thousand dollars in gold in his pocket.

Mr. KEAN. How does the Senator propose to preserve the parity, when the currency of the United States, as measured by foreign governments, is already nearly 20 percent less than the value of gold today?

Mr. FLETCHER. There is an embargo on the export of gold, and the Senator would not spend that money in foreign countries, anyway.

Mr. KEAN. Mr. President, I cannot follow the Senator in any such statement as that, because the farmers of this country, the wheat growers of this country, the cotton growers of this country, send their products abroad, and they will find that they will get less money in return for their crops than they ever got before.

Mr. FLETCHER. On the contrary, they will get more and are getting more, and they will get more still. The effect will be to increase the prices of the commodities.

The classic statement of the proper construction of congressional powers is that of Chief Justice Marshall in *McCulloch* v. *Maryland* (4 Wheat. 316):

> Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional * * *. Where the law is not prohibited, and is really calculated to effect any of the objects entrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial Department and to tread on legislative ground. This Court disclaims all pretentions to such a power (pp. 421 and 423).

If in the exercise of its expressed powers to borrow money and to coin money and regulate its value, the Congress finds that provisions which purport to give to the obligee a right to require payment in gold—the basis of the Nation's currency—or in any particular kind of money, or in an amount in money measured thereby, obstruct the power of Congress to regulate the value of money and are inconsistent with the declared policy of Congress to maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts, the Supreme Court will accept such finding. If the Congress adopts appropriate and reasonable means to prevent the interference of such provisions with the exercise of its power to regulate the value of the money of the United States, the Supreme Court will uphold such action as a valid exercise of the implied powers of the Congress.

In *Veazie Bank* v. *Fenno* (8 Wall. 533), the Supreme Court upheld the constitutionality of a tax on State bank notes used for circulation, the avowed purpose of the tax being to drive the circulating notes out of existence in order to create a uniform currency. The Court held that such action by Congress in pursuance of its powers to coin money and to regulate the value thereof included the power to take appropriate steps to assure "a currency uniform in value and description, and convenient and useful for circulation." The Court said:

> Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it cannot be questioned that Congress may, constitutionally, secure the benefit of it to the people by appropriate legislation. To this end, Congress has denied the quality of legal tender to foreign coins, and has provided by law against the imposition of counterfeit and base coin on the community. To the same end, Congress may restrain, by suitable enactments, the circulation as money of any notes not issued under its own authority. *Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile* (p. 549). (Italics supplied.)

In Juillard against Greenman, cited above, the Court stated:

> Under the power to borrow money on the credit of the United States, and to issue circulating notes for the money borrowed, its power to define the quality and force of those notes as currency is as broad as the like power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and to make that currency lawful money for all purposes, as regards the National Government or private individuals (p. 448).

In the *Legal Tender cases*, cited above, Mr. Justice Strong said:

> Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power (p. 549).

And Mr. Justice Bradley stated in his concurring opinion:

> I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of 1 or 2 additional words, to make all contracts payable in specie (p. 567).

NOT A TAKING OF PROPERTY WITHOUT DUE PROCESS OF LAW

The joint resolution provides that every obligation, whether or not it contains a gold clause, shall be discharged upon payment, dollar for dollar, in legal tender. From a material point of view the obligee suffers no damage if what he receives is of equal value with what he claims. At the present time, all currency and coins, including gold coins, are equal in purchasing power within the United States. Against the delivery of gold coins to Federal Reserve banks in amount in currency is paid which will in turn repurchase the same amount of gold coins for duly licensed purposes. The export of gold is, however, forbidden by Congress in the exercise of powers admittedly constitutional. See *Ling Su Fan* v. *United States* (218 U.S. 302). Therefore, the joint resolution, in fact, does not subject the obligee to any material damage, and he cannot claim to have suffered any deprivation of property unless and until he can show some material damage.

In this connection mention should be made of the decision of the Supreme Court, New York County, N.Y., reached May 24, 1933, in the case of *Irving Trust Co., etc.*, v. *Hazlewood, etc.* (N.Y. Law Jour. of May 26, 1933, p. 3160). In his opinion Mr. Justice Ingraham stated:

> By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson* v. *Rodes* (74 U.S. 229) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation: the gold dollar and the paper dollar. The latter had a much depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist* v. *The Company*, decided by the Court of Appeals of England in March of this year and reported in the Times Law Reports (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage.

Even should the Congress fail to maintain the parity of all coins and currencies and their equal power in the markets and payments of debts so as to give rise to the contention that the effect of such failure combined with the effect of the resolution would amount to a taking of property, this would not be without due process of law. Bronson against Rodes did not decide that Congress could not have made notes legal tender for obligations payable in a particular kind of money. Its actual holding was a construction of the Legal Tender Act of 1862 to the effect that it was not intended by Congress to apply to obligations expressed as payable in gold and silver coin, lawful money of the United States.

In the *Legal Tender cases* the Court said:

> Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or even in peace pass nonintercourse acts, or direct an embargo. All such measures may, and must, operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts * * * (pp. 549, 550).

In the same decision the Court deals in like manner with the "closely allied" objection that the Legal Tender Acts "were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law." It states:

> * * * That provision has always been understood as referring only to a direct appropriation and not the consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? * * * (p. 551).

The Supreme Court upheld the Philippine law prohibiting the exportation of silver coin from the Philippine Islands upon similar reasoning (*Ling Su Fan* v. *United States*, 218 U.S. 302). It was contended that the statute was a taking of property without due process of law. The Supreme Court stated:

> To justify the exercise of such a power it is only necessary that it shall appear that the means are reasonably adapted to conserve the general public interest and are not an arbitrary interference with private rights of contract or property. The law here in question is plainly within the limits of the police power and not an arbitrary or unreasonable interference with private rights. If a local coinage was demanded by the general interest of the Philippine Islands, legislation reasonably adequate to maintain such coinage at home as a medium of exchange is not a violation of private right forbidden by the organic law (p. 311).

The case of *Louisville & Nashville Railroad* v. *Mottley* (219 U.S. 467) is directly in point, although the statute which operated as an impairment of the obligation of contract was passed in pursuance of the commerce power of Congress. The defendant railroad agreed in settlement of a claim for personal injury to issue to the plaintiffs annual passes upon its lines for the remainder of their lives. Thereafter an act of Congress prohibited carriers from receiving a different compensation than that specified in their published tariffs. This was construed to prohibit the issuance of the passes in question. The Supreme Court denied the right of the plaintiffs to specific performance of their contracts with the railroad. The court said:

> The agreement between the railroad company and the Mottleys must necessarily be regarded as having been made subject to the possibility that, at some future time, Congress might so exert its whole constitutional power in regulating interstate commerce as to render that agreement unenforceable or to impair its value. That the exercise of such power may be hampered or restricted to any extent by contracts previously made between individuals or corporations is inconceivable. The framers of the Constitution never intended any such state of things to exist (p. 482).

Also of importance at this point are the broad statements of the Supreme Court in Julliard against Greenman and Veazie Bank against Fenno, quoted above in this memorandum. Furthermore, while it is not contended that the operation of constitutional guaranties may be suspended by an emergency, the Supreme Court has in actual practice—as for example in dealing with the emergency rent legislation made necessary by the World War, as well as in other cases—taken into consideration, both in the general construction of the powers of Congress and in the application of the due-process clause, the existing practical emergency which the congressional enactment was designed to meet. Obviously such an approach would be peculiarly justified by the exigencies of the present economic emergency.

OUTSTANDING GOVERNMENT OBLIGATIONS

The foregoing discussion applies to provisions contained in obligations of the Government as well as obligations of private persons. It is fundamental that "governmental powers cannot be contracted away" (*North American Com. Co.* v. *United States*, 171 U. S. 110, 137; *Fertilizing Co.* v. *Hyde Park*, 97 U. S. 659) and rights conferred by the Government remain subject to the power of Congress "to make regulations in the exertion of the authority of Congress over matters within its constitutional power" (*United States* v. *United Shoe Machinery Co.*, 258 U. S. 451, 463, and 464; *Shaus* v. *American Publishers Association*, 231 U. S. 222, 234; *Horowitz* v. *United States*, 267 U. S. 458; *United States* v. *Warren Transportation Co.*, 7 Fed. (2d) 161).

When Congress finds and declares that the effect of the enforcement of certain provisions of obligations, including obligations to which the Government is a party, obstruct the powers of the Congress and are inconsistent with its policy to maintain all coins and currencies at a parity, appropriate action to protect the monetary system of the United States is constitutional, even though persons holding obligations of the United States are affected equally with all other obligees. Indeed, to discriminate in favor of creditors of the Government and against creditors of private obligors would, in the absence of facts making such discrimination necessary for the accomplishment of a valid purpose, lay the legislation open to attack as capricious and arbitrary.

Furthermore, when, as is now the case, a limitation of the effect of the legislation to contracts between private persons and future contracts of the Government would seriously impair the power of the Government to borrow money to meet its general needs and to cope with the necessities of the emergency, the constitutional power to take such action cannot be doubted.

Mr. REED. Mr. President, men's honor is not often improved by being discussed, nor is it often proved by being asserted. I think this matter before us involves the most serious question of national dishonor that has arisen in the Congress in my recollection. I think it is much more important to consider this question from the standpoint of national honesty and national honor than it is to split hairs on constitutional construction, and the letter of that charter of our liberties to which we so often refer, and so seldom follow:

Before I discuss the moralities of this proposal, I want to call attention briefly, so that it may be said in the future that these things were not omitted in the Senate from consideration, to that part of the fourteenth amendment of the Constitution which, in section 4, says:

> The validity of the public debt of the United States authorized by law * * * shall not be questioned.

Obviously, this proposed statute now presented to us does question the validity of that part of the public debt authorized by law which directs that the promise contained in it shall be expressed to be payable in gold of the standard of value at the time the bonds are issued. Plainly, the proposed statute ignores that prohibition of the fourteenth amendment.

Furthermore, it flies directly in the face of the due-process clause of the fifth amendment, because it is taking from the bondholder a part of his property without due process of law. The bond is property; the bond consists only of a series of covenants. To take from the bondholder any one of those covenants takes a part of his property; and to say that he is receiving due process of law because he is paid in the debased money of the present day is a palpable absurdity, self-evidently untrue, recognized to be untrue by those decisions of the Supreme Court rendered in our last

fever of inflation, back in the late sixties and the early seventies, when the Supreme Court in repeated cases recognized that it was not due process of law; that it was not satisfaction of the debt to pay in paper money a debt expressed to be paid in terms of gold, and as a consequence directed judgment to be entered in the two different kinds of money. For the failure to be paid in money, the Supreme Court of the United States directed judgment to be rendered either in that amount of gold dollars or in an increased amount of currency dollars.

I have before me the case of Dewing against Sears, which is found in Eleventh Wallace, page 379. In that case the yearly rent had been expressed to be 4 ounces, 2 pennyweights, and 12 grains of pure gold in coined money. That was equivalent, when the lease was made, to $80 per annum, and at the time when the suit was brought, to $87.25 per annum, in this debased currency. Judgment was directed to be entered by the Supreme Court for coined dollars and parts of coined dollars, and not for United States notes, although those notes had been made by statutes of the United States a legal tender. That followed two earlier cases, *Bronson* v. *Rodes* (7 Wallace, 229) and *Butler* v. *Horwitz* (7 Wallace, 258). In the Bronson case the Supreme Court said this:

> Payment of money is delivery by the debtor to the creditor of the amount due. A contract to pay a certain number of dollars in gold or silver coins is, therefore, in legal import, nothing else than an agreement to deliver a certain weight of standard gold, to be ascertained by a count of coins, each of which is certified to contain a definite proportion of that weight. It is not distinguishable, as we think, in principle, from a contract to deliver an equal weight of bullion of equal fineness. It is distinguishable, in circumstance, only by the fact that the sufficiency of the amount to be tendered in payment must be ascertained, in the case of bullion, by assay and the scales, while in the case of coin it may be ascertained by count.

And in the *Legal Tender cases*—I speak of the *Legal Tender cases* in Twelfth Wallace, page 457—the Court took good care, on page 48 of its opinion, to distinguish between contracts for the payment of money generally, which, of course, were subject to the power of Congress to regulate the value of the money, and contracts to pay in specially defined species of money. The Court said there:

> It is true that under the acts a debtor, who became such before they were passed, may discharge his debt with the notes authorized by them, and the creditor is compellable to receive such notes in discharge of his claim. But whether the obligation of the contract is thereby weakened can be determined only after considering what was the contract obligation. It was not a duty to pay gold or silver, or the kind of money recognized by law at the time when the contract was made, nor was it a duty to pay money of equal intrinsic value in the market. (We speak now of contracts to pay money generally, not contracts to pay some specifically defined species of money.)

I need not quote from the cases any further.

Mr. FLETCHER. Mr. President, may I interrupt the Senator from Pennsylvania?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. FLETCHER. Under the act of 1861 greenbacks, as we call them, were made full legal tender.

Mr. REED. That is correct.

Mr. FLETCHER. It was in 1862 when Congress put on the limitation that greenbacks could not be used for the payment of taxes, custom duties, and so forth, and therefore limited the legal-tender qualities of the greenbacks by that act. The Supreme Court simply held that Congress did not provide in the act of 1862 that they should be payable in coin or anything of that sort, but the Court did not hold that Congress did not have the power to make greenbacks legal tender if it desired so to do.

Mr. REED. No; they did not. They assumed, with an air that implied it was a violent assumption, that Congress had the power to pass such a statute if it specifically tried to, but then they construed the statute to mean that Congress had not meant anything so preposterous.

Mr. FESS. Mr. President, will the Senator from Pennsylvania yield there?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield.

Mr. FESS. The first issue of $60,000,000 to which the Senator from Florida [Mr. FLETCHER] refers was not really an issue of greenbacks, because they were redeemable in gold on demand. Those were the terms of that issue, that the greenbacks should be redeemable in gold on demand, and it was not the refusal to make that issue a legal tender for the payment of customs duties and interest on the public debt that caused it to stay up; it was because it was equivalent to gold, that anybody who had any of the notes of that first issue could take them to the Treasury and get gold for them at any time.

Mr. REED. Yes; and when the United States did not have enough gold to redeem them it was under obligation to go out and get the gold. That, in fact, was what was done later on after specie payments were resumed.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. Let me first answer the Senator's query about the courts passing on the constitutionality of such a bill as this. In Butler against Horwitz, on page 260 of the opinion, as it is found in Seventh Wallace, the Court said:

> It was not necessary in the case of *Bronson* v. *Rodes*, nor is it necessary now, to decide the question whether the acts making United States notes legal tender are warranted by the Constitution. We express no opinion on that point, but assume for the present the constitutionality of those acts.

Then they say:

> Proceeding upon this assumption, we find two descriptions of lawful money in use under acts of Congress.

And they go on to say that judgments should be rendered in metallic coins or in paper money the equivalent of such metallic coins, not the face equivalent but the purchasing equivalent. That began the practice of entering judgments in the two kinds of money. A breach of a contract to pay gold, under these cases, was compensated for by a judgment to pay the currency value of the gold, which was far beyond its nominal parity.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from West Virginia?

Mr. REED. I yield.

Mr. HATFIELD. The paper money equivalent would be equal to the difference in the value between the paper money and the redeemer; that is, gold or silver on a silver basis.

Mr. REED. Precisely. Mr. President, enough of the constitutional question.

Mr. FESS. Mr. President, will the Senator yield to me before he leaves the constitutional phase of the question?

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. REED. I yield first to the Senator from Ohio, and then I will yield to the Senator from Florida.

Mr. FESS. In the list of prohibitions upon the States written in the Constitution it is provided that the States may not change the obligations of a contract.

Mr. REED. That is correct.

Mr. FESS. There was written no such inhibition on the Federal Government. The question has been raised, Why would the makers of the Constitution forbid that power to the State and not inhibit it to the General Government? The suggestion has been made whether that question is not answered by the provision forbidding ex post facto legislation.

Mr. REED. No. An ex post facto law is one passed after the event and is almost always applicable only to criminal or quasi-criminal cases. Such a law is an effort to make an act a crime or impose a penalty for an act after the act has occurred. That is what is meant by an ex post facto law.

Mr. FESS. To make a crime of some act that was not a crime at the time it was committed?

Mr. REED. Yes; but there is no question of crime involved here. In the last clauses of the fifth amendment, however, we find the due process of law limitation on the action of the Federal Government, and that has been construed in a long row of cases to prevent the taking of property by legislative action without suitable compensation to the person whose property is taken.

Mr. FESS. The query that is in the mind of many questioners is why the framers of the Constitution did not write an inhibition against the Government itself invalidating contracts when it did write such an inhibition with reference to the States.

Mr. REED. I remember there was some discussion of that, and it is reported, I think, in the Federalist, but I do not remember it sufficiently well to undertake now to repeat it. If any other Senator does, I shall be glad to yield to him at the moment.

Mr. FESS. My understanding is from reading the reports that the makers of the Constitution never assumed that the Government would perform that kind of an act.

Mr. REED. I think that was the real reason, but I do not remember the expression of it.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. BORAH. Mr. President, I have never seen any answer to the question which the Senator from Ohio asks. The debates on the Constitution give no intimation; there is no suggestion in regard to it, and I know of no answer to the question, except the fact that the framers of the Constitution simply did not do it. However, it can hardly be said that they did not do it because they assumed the National Government would not do such a thing when they did assume that the States would do such a thing, the States being composed of the same people who as a whole make up the National Government.

Mr. REED. I think probably, in all truth, it was an inadvertence, or if it was not an inadvertence, it was not considered a very necessary precaution. So far as I know, this is the first time that an act of the kind that is now pending before us has been presented in the American Congress.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. Yes.

Mr. FLETCHER. I should like to call attention for a moment to the opinion of Mr. Justice Strong in the *Legal Tender cases,* in which he said in part:

> Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

I think the reason this matter of the impairment of contracts by the Federal Government was left out of the Constitution was because the framers of the Constitution wanted to preserve the absolute sovereignty of the Federal Government.

Then Mr. Justice Bradley said in his concurring opinion:

> I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of one or two additional words, to make all contracts payable in specie.

Mr. REED. That, however, was not the majority opinion.

Mr. FLETCHER. No; that was a concurring minority opinion by Mr. Justice Bradley.

Mr. REED. Mr. President, let us leave off the discussion of the dry constitutional phase of this subject and return to the question of the essential honesty of it.

Last November 4, 3 days before the election, President Roosevelt made a speech in Brooklyn in which he criticized bitterly his adversary, Mr. Hoover, for having implied at Des Moines that the United States was in danger of going off the gold standard. After denouncing that "gospel of fear" this is what he said:

> The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States.

Passing over the fact that a libel must be written and that President Hoover's Des Moines speech was only spoken, we will assume that Mr. Roosevelt meant "a slander upon the credit of the United States." Later on in his speech——

Mr. WHEELER. I understand the speech of President Hoover at Des Moines was written, so that it would be a libel.

Mr. ROBINSON of Arkansas. In any event, it was published.

Mr. REED. The speech may have been slanderous of the credit of the United States, and its printing and publication may have been libelous. It is evident, however, that Mr. Roosevelt meant to express the indignation which rose from the bottom of his soul at the very suggestion that anybody should say that the United States was in danger of going off the gold standard. To make that so plain that even the people of Brooklyn would understand him, he followed with this statement:

> It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was; and I might add Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant, embodied in these securities—was as dubious as the President of the United States claims it was.

That shining knight, campaigning for the national honor, capitivated the people of this country by those phrases; they elected him to office by an enormous majority, and he was inaugurated in March. It came to pass that it was necessary to borrow money in April, and on April 23 of this selfsame year Mr. Roosevelt's administration put out $500,000,000 in Treasury notes, payable in gold of the present standard and value. That was done on the 23d of April, Mr. President, by the administration of this honorable man, who said:

> No responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant embodied in those securities—was as dubious as the President of the United States claims it was.

If that covenant is dubious today it was more so on April 23. If the United States cannot honor that promise now, it knew on April 23 that it could not. If the gold embargo is an excuse for dishonoring it now, the gold embargo was in force on April 23.

How can we, as a part of the Government of the United States, look in the face of the debtor to whom we sold bonds by making that promise less than 6 weeks ago? How can we face him in self-respect? We took $500,000,000 of money from the people of the United States on April 23 in the reliance on their part upon our promise to pay in gold coin of the present standard of value. Never did any confidence man or trickster pull off a more dishonorable performance than that, if it was then in mind that we were to repudiate the outstanding promises of the United States to pay in gold or its equivalent.

The Supreme Court showed us back in the Civil War days how it is possible to pay in gold equivalent without trying to pay, as suggested by the Senator, $2 of liability with $1 of gold coin. What a feeble excuse that is for our repudiation—what a feeble excuse, when the Secretaries of the Treasury during the war time issued $26,000,000,000 of gold bonds to carry on the war, every one of them containing that promise to pay in gold value, and at that time there was not in all the world mined gold equal to $26,000,000,000.

Adding together all the coinage of all the nations, and all the gold that is used in the arts and all the gold that has been smelted since the smelting of gold ore began, it did not equal $26,000,000,000, and to say that is an excuse now for dishonoring that promise is pitiful. As I tried to say to the Senator from Kentucky [Mr. BARKLEY] awhile ago, it is like saying to the whole population of the United States, "None of you may walk down Pennsylvania Avenue because you could not all do it at the same moment."

Money is a circulating medium, and yet the very suggestion that is made by our friends on the other side of the aisle is that the gold that pays these bonds ceases to circulate the instant it is paid, and that that which is paid to the first comer cannot circulate and cannot be brought back to the Federal Treasury for use to pay again. Any child who understands what money is could answer that suggestion.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from West Virginia?

Mr. REED. I yield.

Mr. HATFIELD. The Government of the United States had a national debt represented in bonds that had been issued during the war days. A few years after the end of the war the bonded indebtedness of the Government of the United States was reduced by the then Treasurer of the United States between $8,000,000,000 and $9,000,000,000 notwithstanding there was only $11,000,000,000 of gold in the world. Is not that true?

Mr. REED. That is quite true.

Mr. HATFIELD. Indicating that it is the velocity with which money moves that meets the obligations and not the amount of money.

Mr. REED. Why, of course. After all, if we will preserve a self-respecting currency of stable value with a recognized gold equivalent, nobody will ever ask for the metallic gold in payment.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. Can the Senator from Pennsylvania or any Senator tell us how much of the $8,000,000,000 or $9,000,000,000 reduction was brought about by the payment of a single dollar in gold?

Mr. REED. I doubt if any was, because the money of the United States was on a self-respecting basis and the people were satisfied to accept a gold equivalent. Currency and gold were interchangeable, and as long as they are nobody wants gold. The people only want it when it is hard to get.

Mr. BARKLEY. Will the passage of this joint resolution make any form of money, either currency or metallic, any less desirable on the part of the people of the United States?

Mr. REED. Yes.

Mr. BARKLEY. Will they be any less willing to accept either gold or its equivalent, either in silver or currency based upon gold, as they have always been?

Mr. REED. The Senator asks the result. Its immediate result will be just as it has been of recent days, to drive down the gold value of United States currency. We have seen that in the foreign exchange quotations of the world. The dollar has been weakened and is pronouncedly weaker in its gold-purchasing power since this measure was introduced by the administration in the House of Representatives.

Mr. BARKLEY. Has there not been a corresponding increase in the value of commodities?

Mr. REED. Of course.

Mr. BARKLEY. Is not that one of the objects of the effort to bring about a restoration of commodity prices?

Mr. REED. Of course.

Mr. BARKLEY. And is it not——

Mr. REED. I hope the Senator will let me proceed without interruption for just a moment.

Mr. BARKLEY. Very well.

Mr. REED. There are two kinds of panics. One is the sort of panic where people want to get rid of securities and get money in exchange. The other panic—and it is just as much panic as the first kind—is where they want to get rid of their money and get some kind of property in exchange.

That is what has been going on since March in this country. There is nothing in the business situation that would justify a rise in commodity and security prices so great as has occurred in these 3 months.

Mr. FESS and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. REED. Let me proceed just a moment, and I shall be glad to yield to both Senators.

Mr. FESS. My observation is very pertinent to what the Senator is saying.

Mr. REED. I have no doubt the Senator from Arkansas was going to make a pertinent observation too.

Mr. ROBINSON of Arkansas. I presume the Senator from Ohio does not think so.

Mr. REED. I will yield to the Senator from Ohio.

Mr. FESS. I am sure the Senator from Arkansas had a pertinent observation to submit. On the subject of foreign exchange, letters coming from a personal friend of mine, who is in the Consular Service in France, state that his salary in May was 31 percent less in purchasing power than in April.

Mr. REED. That is because he received fewer francs for his dollar than he did a month before.

Mr. FESS. That is a practical observation.

Mr. REED. We have Army officers at present completing the building of some monuments in France. Wild appeals have come from them in recent days that their salaries, when translated into French francs, now are not sufficient to give them the barest livelihood over there. If we delude ourselves that the dollar has not gone down in gold value, we are just sticking our heads in the sand. It did not need to go down. We did not have to go off the gold standard; but we did it, and as a result, an inevitable result, prophesied then when that bill was pending, the dollar has gone down in its gold equivalent, and prices normally have gone up; but they have only gone up as expressed in our rubber money. They have not gone up anything like as much expressed in gold.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. We went off the gold standard because practically every country in the world had depreciated its currency, and consequently our world trade was being wrecked by reason of those countries going off the gold standard. The world manufacturing trade was being captured by the Chinese and the Japanese and they were selling their manufactured products so low that our manufacturers could not compete. The result was that the manufacturing plants in the Senator's own State and in the New England States and all over the United States were closed, and millions of our people were walking the streets because of the fact that we were clinging to the gold dollar.

That is the cause of it, and the trouble is with Senators on the other side of the Chamber, or at least some of them, that under this administration, when we no longer want to cling to the fetish of the gold standard, they see commodities going up and people going back to work in their factories, and it makes them angry. Let me predict if we do remain on the gold standard and still keep the high-class dollar, it will be very difficult to say what will happen to the United States of America. It is difficult to say what would have happened if the theory and the idea now being advocated by the Senator from Pennsylvania had been continued.

Mr. REED. If the Senator's remarks are intended as a question, the answer is "no." [Laughter.]

Mr. WHEELER. Of course, I expected that answer.

Mr. REED. Of course, it is true that foreign countries have enjoyed a momentary advantage by depreciation of their currency. They have enjoyed it at the expense of their working people, just as today we are enjoying a sort of feverish prosperity at the expense of our working people because we have reduced their wages nearly 20 percent. They do not know it. They are beginning to suspect it as they see that their wages do not go so far in purchasing power. But the plain truth is, and in honesty we ought to say it to the working people, just as we warned them would be the case, that their wages have been cut 20 percent, and so we are better able to produce at their expense.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator now yield to me?

Mr. REED. I have been too yielding, but I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. A few moments ago the Senator declared that there are two kinds of panics. One kind is when those who have property are overanxious to get rid of it and exchange it for money. The other is when those who have money are overanxious to get rid of it in exchange for property. He stated that we are now in the midst of the second kind of panic, implying, I take it, that in his opinion commodity prices are now excessive. I wish to ask the Senator if that was the clear implication of his declaration that we now have a panic in which people are so anxious to get rid of their money that they are paying excessive prices for commodities?

Mr. REED. I do not know that I should say prices are excessive. They are not as high as in times of business activity.

Mr. ROBINSON of Arkansas. Will the Senator yield further?

Mr. REED. No; I will not yield until I have finished my thought. But I do say that the rise in prices here has been very much greater than it has been in the other nations of the world during the last 3 months. That is particularly true with reference to commodities that have a world-wide market. Take tin, for example. Pig tin has gone up from about 25 cents a pound in March to about 40 cents a pound now, a rise of 60 percent. There has not been any such comparable rise in Great Britain where tin is dealt with as actively as it is here. The same thing has happened with reference to copper. The same thing has happened with reference to a great number of commodities which are dealt in on a world-wide market, and to the extent that the rise here exceeds the rise in other markets I say it is a false and spurious rise.

Mr. ROBINSON of Arkansas. Mr. President, I would like to ask my final question on this subject. I do not wish to harass the Senator, as I think he knows.

Mr. REED. Yes; I know that. I yield to the Senator.

Mr. ROBINSON of Arkansas. With respect to the panic which the Senator says we are now experiencing because of the excessive prices of commodities, does he feel that the present prices of commodities in the United States and of property in the United States are so high that he can with any degree of propriety characterize them as indicating a panic?

Mr. REED. Yes, Mr. President.

Mr. ROBINSON of Arkansas. Let me finish my question. Does not the Senator feel that commodity and property prices are still so low that little property is moving, and the people are still holding to their money instead of exchanging it for property, and that this is the cause of the continuance of the depression, and to the extent that these facts and conditions exist the depression does continue?

Mr. REED. Mr. President, I desire to answer quite responsively.

I think commodity prices are still low. I want to see them go up for the good of the country; but I want to see them go up in a wholesome way, and not by false methods. I want to see my little grandson grow tall, but not by changing the yardstick that measures him. That is what is happening. Prices are growing tall, but we are using a rubber yardstick.

Mr. WHEELER. Mr. President, will the Senator yield right there?

Mr. REED. Yes; I yield.

Mr. WHEELER. Let me say to the Senator that the reason why our commodities were so low is this:

For instance, take the case of copper. The reason why copper was so low in the United States of America was because with the depreciated currencies of other countries, such as Mexico and Chile and Africa, they could send their copper to this country and sell it much lower than we could, because they were off the gold standard. The same thing was true of wheat. The same thing was true of cotton. The same thing was true of all commodities that had to be sold upon the world market.

I agree with the Senator that if those countries had come back to our standard and agreed upon a world value of gold and a world value of money it would not have been necessary for us to go off the gold standard. Certainly, however, one of two things was necessary, either that they should come back to the gold standard or else we had to go off it, or our markets were absolutely ruined.

Mr. REED. No; I do not agree at all. It was not necessary to do either of those things.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. REED. I have a notion to yield the floor. I beg the Senator's pardon for my impatience, but I have not had more than 1 sentence out of 10 in the last half hour. Will the Senator from Kentucky allow me to apologize to him and yield now?

Mr. BARKLEY. I will not only allow the Senator to apologize but I will allow him to proceed.

Mr. REED. I thank the Senator. I am almost through, Mr. President.

Last December the French Government repudiated their promise, to which they had pledged the national honor, to pay this Government an installment of interest upon the money that was advanced to them to aid them in reconstruction after the war period. They were amply able to pay; and I remember, as I look back to that, that I thought it was one of the greatest stains upon the honor of a nation that I had ever seen.

I want now almost to apologize for my thoughts at that time; because here are we, with the greatest reserve stock of gold that is possessed by any nation on earth, with our vaults literally bulging with it, with a comparatively moderate national debt, much lighter per capita than that of many other countries that are still paying their debts as they promised, with the ability to pay these interest coupons in gold undoubted, admitted; and we, by a statute which Congress is about to pass, I am afraid, are breaking a promise when we do not need to break it. We are saying to the people of the world—and I assure you that they are listening in other countries as well as this one—that the sacred promise of the United States is a scrap of paper only; that all the taunts we directed at France last December, or at Germany back in August 1914, about their failure to observe their solemn promises, are just as true of us as they were of them; that the honor of the United States is about to receive a stain from this action which we will not be able to erase for a hundred years.

Mr. President, it is nothing to treat flippantly. It is nothing to decide out of hand. I tell you, Mr. President, we are face to face with a crisis in American credit.

We will endure. The Nation is not going to explode into bolshevism. We will take the long upward path again, just as we did in 1878, and we will come back to honoring our promises in the specie in which we have promised to honor them. They did it then, those grandfathers of ours, and we can do it, and the national strength will enable us to do it. But for generations to come Americans will grow red around the ears when they think of the dishonest and dishonorable thing that this Congress did to the promise of the Nation, on the faith of which it took the wealth of its citizens into its coffers. When they think of what

we did, I hope they will look back to see that some of us protested against doing it.

Now, Mr. President, I move to amend the pending joint resolution on page 2, line 10, by striking out the words "heretofore or", so that the words will read:

Every obligation, hereafter incurred.

If Congress wants to abolish the gold clause in future bonds, all well and good. I should vote for such a measure. To do it in past bonds is what I am trying to avoid by the proposal of this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. KEAN. Mr. President, we have been here now some 3 months. During that time we have given the President of the United States authority under the Economy Act to reduce the expenses of the Government; and while a large majority of the Senate voted for that bill, I do not believe there is a Senator within the sound of my voice who approves the cuts made in the allowances to the battle-scarred veterans who rendered field service to their country in the Great War.

During the last session of Congress, day by day, the then distinguished junior Senator from Nebraska, Mr. Howell, arose to his feet and asked the Senate, "What are you going to do for the farmers?" My friend Senator Howell was a man of sterling character, sincere, able, and persistent. I had great respect for him and for his ability and courage. He rendered valuable service to his State and to his country while he was in the Senate. He has now gone to his reward.

But what have we done during this session for the farmer? We have passed a farm bill which taxes the processor for the benefit of the farmer. In other words, we have taxed one class of people to give a bounty to another, which I do not approve. But this is only a part of the bill, because in the same measure we gave power to the President to reduce by one half the number of grains in the gold dollar. We specified in the farm bill that the average price of wheat should be 88.4 cents a bushel. We specified that the average price of cotton should be 12.4 cents a pound. The prices at the time that bill was introduced were somewhere around 46 cents for wheat and 7 cents for cotton. As these were American prices and not foreign prices, it stands to reason that if the President reduces the gold dollar by one half, or to a value of 50 cents, wheat should at least double its price, which would practically be the equivalent of the price in the bill, and should cotton double its price that would be 14 cents; so that the farmer is fooled again.

When we forbade the exporting of gold, the value of the dollar in the markets of the world went down 10 percent. Two weeks ago it went down by another 5 percent; and almost daily since that time there has been a drop in its value.

This, of course, is a great boon to the speculator, and the stock market is boiling, but the majority of our people are not speculating. The man who, by the sweat of his brow and by denying himself, has put away money in the savings bank, or bought a Government bond, has lost in the last 2 months 18 percent of his savings. If we keep on, he may lose 50 percent of his savings.

It is going to take some time before the wages of the man who works for wages catch up to the rapid decrease in the value of the dollar; and while his expense of living is going to increase, it is going to be difficult for him to get his wages increased as fast as the dollar goes down.

I had hoped, when the President suspended gold exports, that that would only be a temporary measure, and that within a month or two, when grain and cotton bills began coming into exchanges, the effect would be that the United States would resume its position as a free gold country.

The Assistant Secretary of the Treasury appeared before the Banking and Currency Committee and said that he felt that the enactment of this joint resolution was essential to refinancing the Treasury. On the other hand, he acknowledged that practically all the Government obligations held by the banks that come due between now and the 1st of January of next year are held by the Federal Reserve banks; and as we passed the bill here giving the President of the United States authority to issue such bonds as he pleases, and practically to put them in the portfolios of the Federal Reserve banks, there is no excuse for going off the gold basis at this time, because all the President has to do is to offer those certificates to the Federal Reserve banks, and they will take them in exchange for the bonds that come due between now and the 1st of next January.

Mr. President, the Assistant Secretary of the Treasury also acknowledged that in Mr. Cleveland's time we bought gold so as to preserve the gold basis of the United States. He said that he was unwilling to buy it now because he thought that this was an easier way to handle the matter.

I am one of those who went out among the people and urged them to buy Liberty bonds. I told the organization which was formed for the purpose of selling Liberty bonds to the people that my boys and their boys were in the front lines, and that perhaps the failure of the loan might jeopardize their lives, and that therefore it was their duty and my duty to see that the bonds were sold. I said to them that Mr. Morgan and Mr. Rockefeller were only pikers when it came to selling a billion dollars of bonds, that there was but one place where a billion dollars could be had, and that was out of the pay rolls of the United States, and that their organization must have a representative stand at the paymaster's windows and insist that every man, when he got his wages, should take his share of this loan.

These bonds were pledged on the faith of the United States, to be payable in gold. Some of the people who bought them still hold those bonds. They represent the sweat and toil of the workers of the United States.

Much of the money realized on the bonds was loaned to foreign governments, and we are now asked not only to repudiate the contract made by a Democratic administration during the war, but it is also proposed that we relieve the foreign governments of a part of their debt, and saddle it on the back of the workingman of the United States.

The United States is not bankrupt. Its people still have courage to go ahead. They still have courage, if properly led, to pay their honest debts in honest coin.

The working people, the widow and orphans, the poor people of the United States, are going to suffer if this measure shall be enacted. I pray that God may help the people of the United States.

Mr. BORAH. Mr. President, there are two questions which seem to be presented by this joint resolution. One of them is the constitutional question, the other a question of policy.

Mr. JOHNSON. Mr. President, will the Senator yield while I call a quorum? This is the most important measure we have had before us.

Mr. BORAH. I yield.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Kendrick	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Bachman	Dickinson	King	Robinson, Ind.
Bailey	Dieterich	La Follette	Russell
Bankhead	Dill	Lewis	Schall
Barbour	Duffy	Logan	Sheppard
Barkley	Erickson	Lonergan	Shipstead
Black	Fess	McAdoo	Smith
Bone	Fletcher	McCarran	Steiwer
Borah	Frazier	McGill	Stephens
Bratton	George	McKellar	Thomas, Okla.
Brown	Glass	McNary	Thomas, Utah
Bulkley	Goldsborough	Metcalf	Thompson
Bulow	Gore	Murphy	Townsend
Byrd	Hale	Neely	Trammell
Byrnes	Harrison	Norris	Vandenberg
Capper	Hatfield	Nye	Van Nuys
Caraway	Hayden	Overton	Wagner
Carey	Hebert	Patterson	Walsh
Clark	Johnson	Pope	Wheeler
Connally	Kean	Reed	White

Mr. LEWIS. I desire to announce the absence of the senior Senator from Colorado [Mr. COSTIGAN] because of illness, he now being confined to his home.

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. BORAH. Mr. President, there are two questions presented by this joint resolution. One is a constitutional question, the other a question of policy.

Our authority to pass the joint resolution has been doubted, particularly outside of this Chamber. It seems to me that the authority within the Constitution for the enactment of such a measure is fairly well established by the decisions of our Supreme Court in construing the Constitution of the United States. The Constitution provides, as we recall, that—

> The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The Supreme Court has construed that provision of the Constitution to mean that the Congress has full and complete and plenary power over the entire subject of money. Originally—and indeed it was so argued during the consideration of the legal tender laws—it was supposed that this clause authorized Congress to deal only with the subject of metal money, but the Supreme Court has clearly established, and the country has accepted for over a half century, the authority of the Congress to control and deal with the entire subject of money, anything from paper to gold.

The power is unlimited, and that power cannot be circumscribed or embarrassed either by previous acts of Congress or by contracts entered into by private parties. The power of Congress over our monetary system is free and full at all times.

If the Congress sees fit to establish a certain monetary system, and if by reason of that act certain rights spring up, in contracts or otherwise nevertheless, it may modify or change or reestablish the monetary system, notwithstanding that the effect of doing so may control or, in a sense, impair obligations theretofore incurred. I am now discussing purely the constitutional question, and not the question of policy, or some would say the moral question.

Congress may deem it wise to establish a certain monetary system today, and it may establish another system in subsequent days, and whatever change takes place in values, in property or in contracts, by reason of the action is change which is inevitable in the exercise of the constitutional power of Congress.

Something has been said this morning to the effect that such action on the part of Congress as is contemplated by this joint resolution would impair the obligation of contracts. As I have said, I am now considering purely the legal question. The Federal Constitution makes no prohibition such as is found in the Constitution with reference to the States.

Assuming, for the sake of the argument, that the effect of the enactment of the joint resolution would be to impair the obligations of the Government, as a legal proposition there is no prohibition on the authority of Congress to exercise that power.

The Supreme Court in the *Legal Tender cases* (12 Wall. 550), referring to this question, said:

> It is then clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts. And it is no sufficient answer to this to say it is true only when the powers exerted were expressly granted.
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> If, then, the Legal Tender Acts were justly chargeable with impairing contract obligations, they would not for that reason be forbidden unless a different rule is to be applied to them from that which has hitherto prevailed in the construction of other powers granted by the fundamental law. But, as already intimated, the objection misapprehends the nature and extent of the contract obligation spoken of in the Constitution. As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obligation of a contract can extend to the defeat of legitimate Government authority.

Notwithstanding the fact that contracts between private parties had been made, based upon the monetary system which has obtained, notwithstanding the fact that the Government had issued its obligations payable in gold, these contracts and these obligations were taken with the understanding that the power of the Government was such that it could change its monetary system and thereby affect the contracts entered into either by private parties or issued by the Government.

The Senator from Pennsylvania [Mr. REED] referred to the fifth amendment to the Constitution with regard to the due-process-of-law clause. That question was also passed upon by the Supreme Court, and it said:

> Closely allied to the objection we have just been considering is the argument pressed upon us that the Legal Tender Acts were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law. That provision has always been understood as referring only to a direct appropriation, and not to consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon, or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo, be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? Was the idea ever advanced that the new regulation of gold coin was against the spirit of the fifth amendment? And has anyone in good faith avowed his belief that even a law debasing the current coin, by increasing the alloy, would be taking private property?

Or impairing the obligations of contracts?

I do not think it is necessary, Mr. President, to discuss the constitutional question at length. I merely call attention to those decisions. It is true that at the time those decisions were rendered there was a divided court, but since that time the principles announced by the majority of the court have been accepted by the country, and Congress has accepted them. Even at this session we have acted upon the theory that Congress has the power to control the entire subject of money and thereby indirectly to affect contractual obligations, or, as some would claim, to take property without due process of law.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. LOGAN. If Congress may change the amount of gold in the dollar, and such action is legal as it affects contracts which provide that payment shall be made according to a certain standard of weight and fineness, I should like to ask the Senator from Idaho if Congress might not also pass a law which would change the weight or measure of any commodity that was sold? If a contractor had bought a million bushels of wheat, could Congress then say that 28 pounds should constitute a bushel of wheat, and would that be no impairment of the obligation of a contract, calling the attention of the Senator to the fact that Congress is vested with the power to regulate weights and measures as well as to coin money and fix the value thereof?

Mr. BORAH. I think Congress may establish a system of weights and measures which might be different from the system obtaining at any particular time.

Mr. LOGAN. Does the Senator think that such action would not be the impairment of the obligation of a contract?

Mr. BORAH. If it were the impairment of the obligation of a contract, there is no prohibition in the Constitution of the United States against Congress impairing the obligation of a contract, if Congress in the exercise of its constitutional powers affects the terms of a contract that the citizen undertakes to accept.

Mr. LOGAN. That is very true, but it seems to me, as a matter of general law, that if a man buys a million bushels of wheat when 56 pounds constitute a bushel, if Congress

should pass a law reducing the weight of a bushel we could not, by passing such a law, take half the wheat which he has purchased away from that man.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. NORRIS. I am going now to read from the *Legal Tender cases* (12 Wall. 549), which I think will answer the question of the Senator from Kentucky [Mr. LOGAN].

We have been asked—

Said the Court—

whether Congress can declare that a contract to deliver a quantity of grain may be satisfied by the tender of a less quantity. Undoubtedly not. But this is a false analogy. There is a wide distinction between the tender of quantities, or of specific articles, and a tender of legal values. Contracts for the delivery of specific articles belong exclusively to the domain of State legislation, while contracts for the payment of money are subject to the authority of Congress, at least so far as relates to the means of payment. They are engagements to pay with lawful money of the United States, and Congress is empowered to regulate that money.

Mr. LOGAN. Mr. President, I agree that that is sound, and an answer; but where the contract made by the Government or by private individuals specifically provides that it shall be satisfied in gold of a certain weight and fineness, then it follows, I think, under the principle announced in what the Senator from Nebraska has just read, that it becomes a commodity and not a legal value.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. The power of Congress over contracts, not only between the Government and private individuals but between private individuals, is broader than even the question of regulating the value and the quantity of any given metal. It applies likewise to interstate commerce. The Senator may recall the case upon which the Supreme Court passed where a man or his wife, or both of them, were injured by the Louisville & Nashville Railroad, and, as compensation for that injury, the railroad agreed to give to each of them, or both of them, a pass over all its lines for the remainder of their lives. That was stipulated in a written contract. Congress, however, came along and finally passed a law making it unlawful to issue such passes. The parties to the contract, the injured persons, brought suit for specific performance, and the Supreme Court held that such a contract must be subject to the sovereign power of Congress to regulate commerce and therefore could not be enforced.

Mr. LOGAN. Mr. President, I simply want to observe that I happen to be very familiar with the case mentioned by my colleague because Colonel Motley was an old friend of mine and resided in my town at the time, and I have always been absolutely satisfied, in my own mind, without the least lingering doubt, that the Supreme Court decided the case wrong.

Mr. BORAH. As I understand the principle with reference to the power of Congress over money, it may exercise that power, and whatever loss or injury results in the exercise of that power is a loss or injury which the citizen must accept. Every person contracts in the light of the power of Congress to change, modify, or wholly reestablish the kind of money which must be accepted as lawful money. If this were not true, the Congress would be shorn of its power through a previous expression of its wisdom on the subject to the utter exclusion of its later wisdom under wholly different circumstances.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. I believe the Senator is departing from the point on which I wish to ask him a question. He remarked a moment ago that there was nothing in the Constitution which prohibits Congress from impairing the obligation of a contract. I am not certain that is true. There is an express provision prohibiting the States from impairing the obligation of a contract, which evidences that, in the conscience of those framing the Constitution, the impairment of the obligation of a contract was not a desirable power to be vested in a State government, either because they thought the impairment of such an obligation was a breach of faith or was an unsound policy. That language is not in the Constitution as related to Congress, and cannot be, in those express terms, because the Constitution in the bankruptcy clause vests Congress in express terms with the power to impair the obligation of a contract, and it prescribes the way in which Congress shall exercise that power through the enactment of a uniform rule of bankruptcy.

Bankruptcy presupposes that the debtor shall surrender his property to his creditor in liquidation of his debt. There is a rule that the expression of one thing is the exclusion of another. Congress can impair the obligation of a contract; there is not any doubt about it; it can make such an impairment through the enactment of a bankruptcy law. I think that reinforces the conclusion that it cannot do so in any other wise.

Mr. BORAH. Mr. President, I do not think, as a legal proposition based upon the decisions of the Supreme Court, that there is any doubt at all that the principle invoked with reference to the impairment of the obligation of contracts does not obtain with reference to the National Government, in dealing with the question of money.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. I will yield in just a moment. The National Government, in the exercise of its sovereign power, such as the coinage of money and regulating the value thereof, cannot be restrained by contractual relations. It would not be contended for a moment, I presume, that by reason of contracts, either of the Government under the authority of Congress or between private parties, there could be impaired, embarrassed, circumscribed, or limited the sovereign power of the Government to coin money and regulate the value thereof.

I now yield to the Senator from Virginia.

Mr. GLASS. Mr. President, does the Senator contend that it is competent for the Congress to declare that 12.9 grains of gold constitute 25.8 grains of gold?

Mr. BORAH. No; I do not contend that, but I contend that Congress may declare that a dollar with 12.9 grains must be accepted in payment of a dollar of 25.8 grains. It may fix the value of the dollar, the value of money.

Mr. GLASS. Is not that the contention, in the last analysis? When a contract requires the Government to pay the holder of its obligation 25.8 grains, is it competent for Congress to say that the Government shall pay him 12.9 grains?

Mr. BORAH. I contend when an individual takes an obligation payable in gold, specified as suggested by the Senator, that he takes it with the full understanding that the Government may change its monetary policy at any time and that he must accept whatever the Congress says at a particular time shall constitute money. I am not discussing now a commodity contract; I am discussing a contract to pay dollars.

Mr. GLASS. I submit that it does not relate to the monetary policy of the Government at all. The contract does not say that the Government shall pay so many dollars. It says the Government shall pay so many grains of gold, to wit, 25.8 grains. Is it competent for Congress to say that contract is fairly met if the Government says it will pay only 12.9 grains; The contracts provide that the Government shall pay so much money of a certain weight and fineness.

Mr. BORAH. Yes; but it is money. It is dollars to be paid, although the dollars are supposed to be so much gold, but it is dollars.

Mr. GLASS. Yes; but it is money of a certain weight and fineness.

Mr. BORAH. Exactly; but if the Government sees fit to change the weight and fineness and still make it money, the individual must accept the money of the weight and fineness fixed.

Mr. GLASS. In other words, the Senator contends that the Government can legitimately declare that 2 ounces make a pound?

Mr. BORAH. No; I do not declare anything of that kind. I contend the Congress may fix the value of the dollar as to its gold content. I declare that when the Government says it will pay a certain number of dollars, and designates those dollars of a certain weight and fineness, it may thereafter exercise its power to name what the dollar shall be and to say that the dollar shall be of a different weight and fineness, and the individual must accept that dollar. That is what was decided by the court of last resort in England only a few days ago. I am not to be confused by treating these contracts as contracts to deliver a commodity; they are contracts to pay money, and Congress may control them, because they are contracts to pay money.

Mr. WHEELER and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Montana, who, I think, rose first.

Mr. WHEELER. I want to call the attention of the Senator from Idaho to the fact that by the acts of February 7, 1862, July 11, 1862, March 3, 1863, March 3, 1864, June 3, 1864, March 3, 1865, and March 18, 1869, all Government bonds were payable in coin, meaning both silver and gold. Then the Congress of the United States demonetized silver and thereafter those bonds were payable only in gold.

If the price of silver had been higher than the price of gold, we would have had exactly the same situation, because of the fact that the Congress would in effect have repudiated a former contract. It was said by Daniel Webster that the demonetization of silver was unconstitutional because of the fact that the bonds had been payable in coin of the United States, but the Supreme Court did not take that view of it.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. Is it not true that the Supreme Court of the United States has held that the United States Government cannot make a contract with any person that operates to deprive it or divest it of its sovereign power to deal with the subject?

Mr. BORAH. The Government cannot contract away its sovereignty. Neither can it legislate away its sovereignty. If it legislates this year touching the subject of money, it may exercise it differently another year, and any legislation theretofore obtaining would not be controlling as to subsequent legislation. It may repeal or modify statutes touching the money question the same as it may repeal other laws.

Mr. BARKLEY. But if the Government, either by legislation or by contract which is the result of legislation or made in pursuance of legislation, entered into a contract with reference to the weight and fineness or value of any money, either metallic or other kind, which would deprive it of its right to deal with it in the future, that would be in effect a surrender of its sovereignty.

Mr. BORAH. Exactly.

Mr. GLASS. Mr. President——

Mr. BORAH. I yield to the Senator from Virginia.

Mr. GLASS. If I may be permitted, whatever the Supreme Court has decided, if my neighbor agrees to pay me 10 bushels of wheat for a consideration given, and at an appointed time, notwithstanding his ability to do otherwise, he paid me only 5 bushels of wheat, I would regard him as a thief and would never make another contract with him.

Mr. BORAH. The Senator is now discussing the moral question or the question of policy, which I said a few moments ago I was not discussing while discussing the legal question. He is also confusing a contract to deliver a commodity with a contract to pay money. What I contend is that it is impossible for Congress to commit itself against the future exercise of its power to coin money and regulate the value thereof in any way that it sees fit. It could not issue bonds and by the issuing of bonds commit itself to certain policies for all time to come and deprive itself of the exercise of its judgment in a different emergency and under different circumstances. What it should do as a matter of policy is another thing, but what it may do as a matter of law there can be little doubt.

Mr. GLASS. As I said to the Senator, I am not contesting the point that the Senate can exercise its constitutional right to coin and fix the value of money. I do not think that is involved. I think what is involved is that the Government has agreed with the holders of its bonds to pay them 28.8 grains of gold of existing fineness, and if it pays them any less than that it is repudiation.

Mr. BORAH. That comes back to the question of policy which I am going to discuss in a few moments.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. A moment ago I failed to make this point which I rose to make. The Senator said there is nothing in the Constitution which prohibits Congress from impairing the obligation of contract. Those of us who think Congress has not that power are not called upon to show the prohibition of such power in the Constitution. It devolves upon those who assert the power to cite the section and clause in the Constitution which grants the power to Congress for the Government to violate its contract.

I have always felt that the fifth amendment, which prohibits the taking of property without due process of law and without just compensation, applies in this instance, and I put this question to the Senator: He owns a horse worth $100. Can the Government of the United States confiscate or commandeer that horse without paying the Senator just compensation?

Mr. BORAH. That, in my judgment, has no relevancy to the subject which we are now discussing. We are discussing contracts to pay money, to pay dollars, and Congress may compel a person to accept a dollar of a different gold content in satisfaction of a dollar of a certain gold content. A dollar is a dollar under the decree of the Government, whether it has one gold content or another. Let us keep away from commodity contracts. They throw no light on the issue here.

Mr. GORE. Suppose the Senator sells me the horse for $100 and takes my note for $100; can the Congress enact a law to confiscate that note and take the value of the Senator's horse away from him without any compensation?

Mr. BORAH. No; the Congress cannot enact a law to confiscate the note, but the Congress could enact a law changing its monetary system which might result in reducing the value of the note. Undoubtedly it could do that.

Mr. GORE. That brings me to this point, and then I shall not disturb the Senator further. A bond of the United States is the promise of the Government to pay a fixed sum of money at a fixed date in the future with interest. A Treasury note is the promise of the Government to pay, not at a fixed time. Sometimes that promise is to pay on demand and sometimes that promise is to pay bearer. We have just enacted a law authorizing the Government of the United States to liquidate its interest-bearing bonds payable in gold with Treasury notes payable to bearer.

A Government bond is nothing but the Government's promise to pay in the future with interest. A Treasury note is nothing but the Government's promise to pay either on demand or to bearer. When we authorized the Government to pay its bonds with Treasury notes, we authorized the Government to discharge one promise to pay, bearing interest payable in gold, with another promise to pay not bearing interest and not payable in gold.

Does the Senator think that it is good faith for the Government to pay off one promise to pay, bearing interest payable in gold, with another promise to pay which does not bear interest and is not redeemable in gold?

Mr. BORAH. Mr. President, that raises the question of policy which I am going to discuss later.

Mr. GORE. I have a quotation from Charles Sumner debating this very point in 1868, in which he referred to repudiation, which I shall not do. I shall ask later to have it inserted in the RECORD. I do not wish to disturb the Senator for that purpose at this time.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER (Mr. BYRD in the chair). Does the Senator from Idaho yield to the Senator from Georgia?

Mr. BORAH. I yield.

Mr. GEORGE. Before the Senator leaves the constitutional question, is not this the situation? That Congress, exercising the power of the Congress, is not expressly restrained from violating a contract; that the coinage of money and the fixing of the weight and value of it is one thing, is a power that cannot be impaired and cannot be contracted away, cannot be limited, cannot be whittled down in any sort of imaginable process, but that the protection of a valid contract is an altogether different question.

The only inhibition that the Supreme Court has ever been able to find under our Constitution on the power of the Federal Government to violate a contract is found in the fact that a valid contract is property, and property cannot be taken without due process of law and without paying for it. But that is one question, the protection of a contract, and the exercise of the sovereign power to coin money and to fix its value is altogether a different question.

Mr. BORAH. Certainly.

Mr. GEORGE. One is absolutely sovereign and the other is very closely related to municipal laws.

I have no difficulty in reaching the conclusion that the Congress may fix the weight and fineness of the gold content or of the silver content as to value, which will, of course, control all contracts then in existence as well as contracts thereafter made. So long as those contracts merely call for the payment of money, when the Congress has declared a certain thing to be legal tender, that legal tender is tenderable in discharge of the debt. I have no question that as between individuals who have undertaken to prescribe by contract terms the payment of a specific kind of money of a specific value, the Congress may nevertheless declare a different thing to be legal tender, and that such a declaration of Congress should be binding as between the parties.

There is a serious question in my mind on this phase of the matter and this phase only. For instance, at the time when the Government issues its bonds or obligations it has exercised its sovereign power. It has provided for the coinage of money and has fixed the weight and value thereof. In precisely the terms of that money, weight and value thereof as fixed by the Congress, under that valid act of Congress, the Government contracts to pay a certain number of dollars of that specific kind and description. The question is not whether the Congress may not exercise its constitutional power to coin money and fix the value thereof different both as to quantity and fineness, but the question is whether that contract itself comes within the protection of the principle which our Supreme Court has recognized. That is to me the only question that arises out of the pending joint resolution, and the only close question on the naked matter of law or constitutionality. Of course, the question of policy and of morality I am not discussing.

I take this view of the matter: In that I may be wrong, but I want to ask the Senator, with this long preliminary statement, whether this is his view:

That a contract calling for gold of the present weight and fineness is, after all, a contract calling for the payment of money; and the descriptive terms entering into that contract are, after all, to be tested by the cardinal principles by which all contracts are tested, to wit, the intent and meaning of the parties to the contract.

If the contract is dischargeable in money, although the contracting parties go further and undertake to describe specifically the kind of money, it is nevertheless a contract calling for a money payment. If it is, it falls clearly within the control of the Congress itself, which, in the exercise of its sovereign power, may from time to time, from day to day, vary the content of the money or legal tender.

That I understand to be the effect of the English case to which the Senator referred. Without having read the case closely, it seems to me that the English court said that although the contracting parties had undertaken to define precisely the kind of money so far as its quality and quantity were concerned, nevertheless it was a contract dischargeable in money. I go further in my own reasoning—that the courts would always be disposed and must always be disposed to regard a contract so written as one dischargeable in money, because to give it any other effect is to tend, at least, to limit and to restrict the exercise of the sovereign power placed in the Government—in the Congress, in this instance—to coin its money and fix its value.

I think, if I understand the Senator, that our views are perhaps very similar upon the legal phase of the question.

Mr. BORAH. I agree entirely with the Senator, if I understand his conclusions.

In other words, when the Government agrees to pay a $1,000 bond, it agrees to pay a thousand dollars, and then it defines the dollar of a certain weight and fineness of gold. But it is an agreement to pay money; and the Government may change the content of the money, and the bondholder must accept what the Government designates as money, although it may be of a different weight and fineness. That is precisely what the English decision decided.

I did not intend to take up the time on that phase of the matter, however.

Mr. WHEELER. Mr. President, if the Senator will pardon me, it would seem to me that the Government would not have any right to enter into a commodity contract of that kind under the law.

Mr. BORAH. It does not assume to enter into a commodity contract. It does not assume to pay a certain amount of bullion. It agrees to pay so much money, and defines what the dollar is, and so forth; but it does not agree to deliver so much bullion. It is not a bullion contract and is not so regarded. It is a negotiable instrument. The dollar sign is printed all over it.

Mr. GLASS. Mr. President, may I ask the Senator a question?

Mr. BORAH. I yield.

Mr. GLASS. Suppose a great house such as Tiffany, engaged in the manufacture of various articles composed partially or altogether of gold, such as gold plate and gold trinkets and gold watches, with large values, had a contract with the United States to pay them, in return for the surrender of their bonds, so many gold dollars of 25.8 grains, desiring the gold for use in their manufacturing establishment. Would it not be virtual confiscation of their property to pay them in gold of one half that value?

Mr. BORAH. If Tiffany & Co. had an agreement from the Government of the United States to pay so many dollars of a certain weight and fineness of gold, undoubtedly the Government could treat that as money; and in its future legislation, if it changed the value of the money, they would have to accept the value as determined by the Government.

Mr. GLASS. In other words, then, they would have confiscated the property of the contracting party.

Mr. BORAH. That very question came up in the *Legal Tender cases,* and the Supreme Court held that it was not a confiscation.

Mr. GLASS. Oh, yes; I know there are differences of opinion; and the Supreme Court was packed in order to get that decision in the *Legal Tender cases.*

Mr. BORAH. I disagree very strongly with the view of the Senator that the Supreme Court was packed; and that contention has been answered so completely and so fully that I do not think it can be justly charged at this time. That

was a charge born of the fierce politics of the day, but time has proven it to be false.

Mr. GLASS. It was so completely believed that the man who was put on the court to render the decision went down in history as infamous.

Mr. FLETCHER. Mr. President, may I call the Senator's attention to the fact that in the case of Julliard against Greenman, reported in One Hundred and Tenth United States Reports, page 421, decided March 3, 1884—1884, not in war time——

Mr. BORAH. Yes; I have that case here.

Mr. FLETCHER. In that case the court upheld the exercise of the same power as in the *Legal Tender cases*, and said:

> The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts. * * * The question whether at any particular time, in war or in peace, the exigency is such, by reason of unusual and pressing demands on the resources of the Government——

And that is the condition now. There is an exigency, and there is an emergency, and there are unusual pressure and demand upon the Government—

> that it is, as a matter of fact, wise and expedient to resort to this means, is a political question, to be determined by Congress when the question or exigency arises, and not a judicial question, to be afterward passed upon by the courts.

Mr. BORAH. Yes; I am fairly familiar with that decision.

Mr. GORE. Mr. President, one commentator upon the case——

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I will yield to the Senator from Oklahoma for a question.

Mr. GORE. I desired to make an observation on the case just referred to by the Senator from Florida. It will take only a moment.

Mr. BORAH. Very well.

Mr. GORE. One commentator on the case just cited by the Senator from Florida used these words—that it approaches perilously near to the doctrine of inherent sovereignty; the point being that the United States, under that decision, has certain inherent powers of sovereignty not derived from the Constitution of the United States. That shipwrecks the whole theory upon which our institutions are founded——

Mr. BORAH. I do not rely upon the doctrine of inherent sovereignty.

Mr. GORE. One moment; which is that the Government of the United States is one of limited powers and not of unlimited powers.

Mr. BORAH. Exactly; and that is what I am discussing. I am not asserting the existence of kingly powers or monarchial powers. I am relying upon the express terms of the Constitution of the United States, which gives Congress, without limit or embarrassment or being circumscribed in any way, the power to coin money and regulate the value thereof. It may do that as often as the exigency seems to demand it; and the fact that it does it today in one way, and establishes one weight and fineness today, and establishes another a year from now, does not in the slightest degree impair the power of the Government to do that thing.

Now, Mr. President, I want to say just a word about a matter which the able Senator from Virginia referred to awhile ago when he said that the Supreme Court was packed when it made the decision in the *Legal Tender cases*.

That proposition has been answered so fully and so completely that it seems to me unnecessary to go into it; but I may say that if the court at that time rendered a decision which seemed to be doubtful in the minds of many people, it is no longer a matter of doubt. Long afterward, and after all the conditions and the passions and the excitement of the war were over, the Supreme Court of the United States took up the case again, and, in time of peace, held that it was within the power of the Government of the United States to make paper money a legal tender for the payment of debts contracted either prior to the time the act was passed or after the act was passed. The *Legal Tender cases* are no longer questioned, and the old political libel about a packed court cannot be revived at this time to throw doubt upon a decision, the principles of which have been accepted in legislation for more than half a century.

Mr. President, I desire to refer for just a minute to the English case, which seems to me to be pertinent in view of the discussion which has just taken place.

The facts of that case were as follows:

> The plaintiff, a holder of one of the defendant's bonds, sought a declaration of his rights under the payment provisions of the bond providing that—
>
> The company * * * will * * * pay to the bearer * * * in London, England, * * * the sum of £100 in sterling or gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928.

That was the agreement—that they would pay so much sterling, so many pounds of sterling, of a certain description, as follows:

> * * * in sterling or gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928.

Both courts—the court to which the matter was first taken and the court of appeals—decided that the party must accept the sterling, which was then about 30 percent below the value at the time the contract was made. Why? Because while the contract designated a certain description of the sterling, of a certain amount of gold, nevertheless they held that it was in fact a contract for the payment of money, and that the question of money was under the control of Parliament.

Mr. GORE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. GORE. I wish to ask the Senator a question.

The theory of the British constitution is that Parliament is omnipotent. The commentators go so far as to say that Parliament could constitute a man judge in his own case, that seeming to be the extreme doctrine. Does the Senator think that a case rendered under such a constitution would be a precedent under a constitution where the fathers of this Republic were afraid that some day some Congress might undertake to deprive a man of his property without due process of law, and forbade that act?

Mr. BORAH. The Parliament of England has no more control over the money question than the Congress of the United States under the grant given in the Constitution. There is no limitation upon the power of Congress. It is not circumscribed in any respect whatever. It is given full and plenary power to deal with that subject; and therefore it is the same as if there were no Constitution whatever, as the Senator indicates in the case of England.

Mr. GORE. For the sake of the argument, and only for the sake of the argument, I think possibly that might be considered as true with respect to future contracts. I think a different point of morals and law and constitutional provisions would relate to past contracts.

Mr. BORAH. This was a past contract, however, upon which the court was passing.

Mr. GORE. Oh, in England; yes. It would not make any difference there.

Mr. BORAH. With reference to the English case, I read the following:

> Only after some hesitation did the learned justice confess that he was swayed to the belief that the principal money secured by the bond was the definite sum of £100 sterling.
>
> "And not an uncertain amount, to be ascertained on the day of payment by adding to the sum therein specified a further amount of sterling in the event of a decrease in the gold value of that specified sum." * * *
>
> Lord Justice Lawrence argued that the gold clause—
>
> "does not and cannot * * * prevent bank notes, which under the acts of 1833 and 1928 are made legal tender, from

being legal tender. The plaintiff, under the express terms of those acts, is legally bound to accept bank notes in payment of the moneys secured by the bond, and upon such payment the indebtedness of the company under the bond would be discharged and the obligation thereunder extinguished. * * * A contract that a debt shall be discharged by payment in gold coins (being one form of legal tender) cannot abrogate the enactment by the legislature that the debt may be discharged by the payment of bank notes (being another form of legal tender)."

That seems to me to be directly in point upon this proposition. However, I have spent more time than I desired to spend upon the legal question.

Mr. President, the question of policy is a far more difficult proposition. It is a matter which certainly gives wide range for a difference of opinion. It is a matter which justifies legitimate debate and serious consideration upon the part of this body. I do not think anyone can claim that it is free from difficulty. I do not think anyone can claim that the course which is indicated by this joint resolution is one which is free from doubt. In other words, there are two sides to this proposition on the question of policy.

Changing the monetary system of a country is a serious matter at any time, and under any circumstances. It necessarily results in injury to some of the people. It necessarily results in property disadvantage to some of the people. It has that effect inevitably; and the question which we are called upon to determine in determining our vote, as I see it, is whether the policy to be adopted is in the interest of the people as a whole, even though it may work to the property disadvantage of a portion of the citizenship.

I read a paragraph from Senator Fessenden which seems to me to express the matter I am attempting to express far better than I can state it. He was Chairman of the Committee on Finance at the time the legal tender laws came before Congress for consideration. He was afterward Secretary of the Treasury. He said upon the floor of the Senate:

Say what you will, nobody can deny that it is bad faith. If it be necessary for the salvation of the Government, all considerations of this kind must yield; but to make the best of it, it is bad faith, and encourages bad morality, both in public and private. Going to the extent that it does, to say that notes thus issued shall be receivable in payment of all private obligations, however contracted, is in its very essence a wrong, for it compels one man to take from his neighbor, in payment of a debt, that which he would not otherwise receive or be obliged to receive, and what is probably not full payment. It is a contribution which every man is bound to make under the circumstances. We can take all the property of any citizen. That is what is called a forced contribution. * * * The question after all returns: Is this measure absolutely indispensable to procure means? If so, as I said before, necessity knows no law.

There can be no justification for this policy, Mr. President, in my judgment, except in the great necessity of the national situation. As I see it, our Government is not making a situation—it is meeting a situation. Our Government is not making a condition—it is meeting a condition. We are not hastening to change our monetary system. We are doing so after 3 years of painful experience which has cost our people millions.

Mr. REED. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. REED. What would the Senator say of the good faith or bad faith of this very same Government's issuing promises on April 23 of this year? The emergency was as great then as it is now, or greater.

Mr. BORAH. Mr. President, let me say, since the Senator has asked that question, that in May a year ago in discussing this question I indicated upon the floor of the Senate, and quoted a number of authorities to the effect, that we would inevitably be forced off the gold standard; that if we could not find some means other than through the monetary system of raising prices of commodities and lifting the masses of the people out of their then condition of distress, in order to protect ourselves against the cheap-currency countries of the world we would be compelled to go off the gold standard. There has never been a time in the last year and a half when I could see any escape from the United States abandoning the gold standard. I said then that the gold dollar was no longer an honest dollar; that its constant appreciation was burying many of our people under debt and augmenting the values of the creditor.

What was in the minds of those who issued the notes upon the 23d day of April I do not know. If they issued them understanding that the conditions were such that at this time we would be stepping off the gold standard, it cannot be defended in morals, it cannot be justified. But if events since then have compelled them to take this course that exempts them from criticism.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. BARKLEY. Referring to the question asked by the Senator from Pennsylvania with reference to the issue of certain obligations on the 23d day of April carrying the gold clause, the Senator from Pennsylvania, I am sure, knows that under the law as it then existed, and as it now exists, those bonds had to be issued in that form under the law. If we were to issue similar obligations tomorrow, or next week, they would have to carry that clause, which is the basis of this legislation. So that there is no question of morality or bad faith connected with the April 23d transaction any more than would be connected with any other transaction, and as long as there are outstanding obligations of the United States carrying the gold clause, there never can be a repeal of the law under which they were issued without somebody raising the question that we are undertaking to repudiate past obligations.

Mr. BORAH. Mr. President, let us go further into the discussion of the situation as it presents itself at this time, because I am frank to say that the idea of a government not complying with its contract is a very distasteful proposition to me.

At the present time some 36 nations of the world are off the gold standard. The gold standard was adopted primarily because of the great value of gold as an international medium of exchange. It is no longer such. The world is today off the gold standard. That has resulted in great loss to the people of the United States for the last year and a half or 2 years. We have lost in trade, we have fallen in commerce, by reason of our effort to maintain the gold standard in a world which was upon a managed currency basis.

Mr. President, it is a question with me, and has been from the beginning, as to how long the United States could make a successful fight for the gold standard, single and alone, practically, with the exception of France, without bankrupting its people. It is said that we might continue to fight, and in time we might escape from the dilemma in which we now find ourselves; but in the meantime what would be the effect upon the masses of the people of the United States if we are to compare our stand in its future effect with the effect it has had for the last year and a half?

It is true that men who hold gold contracts will lose something when this legislation is enacted, according to the terms of the contracts. It is said that there are $100,000,000,000 of obligations in which is found the gold clause. If that is true, then under present conditions the people would have to pay $150,000,000,000 in order to satisfy the $100,000,000,000 of debts. The appreciation of gold cannot be ignored in adjusting the equities of this situation. In other words, somebody in this fight for the gold standard must suffer, and suffer extremely.

The masses of the people of the United States have suffered intolerably, homes have been lost, farms have been lost, families have been scattered by reason of the constant fall of commodity prices, and it devolves upon the Government of the United States to find an escape from the present condition of affairs in some way or other. Our people have suffered, and much of that suffering, much of the sacrifice made, has been due to the appreciation of the dollar. How long can we continue such a course? And why should we continue? After all, while you may say contracts are sacred, supreme over contracts, supreme over any particular money system is the welfare of the people as a whole.

It is true that we have had some evidences of a return of prosperity. But let us not deceive ourselves. There is little

evidence of any permanent return of prosperity. Until we find a means by which we can restore to the great masses of the people the purchasing power which has been sacrificed, there will be no real permanent return of prosperity. I do not know how that is to be accomplished, with the entire world upon a managed-currency basis, and the United States upon a gold-standard basis.

What chance is there for a change? What chance is there that these nations upon a managed-currency basis are going to change their policy? To my mind, there is practically no chance. If we are to judge Great Britain's policy by the announcement which she has made, through her leading statesmen, she does not propose to surrender the advantage which she has by reason of the fact that she is now at the head of a group of managed-currency nations. It has been of stupendous advantage to Great Britain. I can well understand why, as Mr. Chamberlain says, they have no intention of going back to the former gold standard.

If they are not going back to the gold standard, how long can we continue the fight for the maintenance of the gold standard? They are taking our trade; they are taking our commerce; they are invading the home market by reason of the advantage which it gives them.

The question which is presented to me is, Shall we consider the interests of the great masses of the American people and establish a policy which has some assurance of more or less strength and return to the American people some degree of their purchasing power?

It has been said by the able Senator from Pennsylvania [Mr. REED], and has been said by the able Senator from Virginia [Mr. GLASS], that this would be repudiation. I am not prepared to controvert that fact. When the Government of the United States says that it will pay a certain amount in gold, and prepares to pay in a different currency, I am not prepared to controvert the proposition that that is repudiation. According to the terms of the bond, we are not complying with the obligations. The bondholders may well say, in the language of the immortal bard:

> 'Tis mine and I will have it.
> If you deny me, fie upon your law!
> There is no force in the decrees of Venice.
> I stand for judgment:
> Answer; shall I have it?

It was also said, however, in the same great play:

> This bond doth give thee here no jot of blood.

While the bondholder technically has a right to claim the obligation according to its terms, the bondholder must take his position with the rest of the American people in the sacrifice which we are making and have made for the last year and a half or two years. If he collects the normal amount in the bond, then he gets more than the debtor contracted to pay. This appreciation of the dollar is outside the bond—it is the jot of blood. The situation cannot be remedied without someone suffering a loss. The bondholder must share with the others a part of that loss.

I can see no escape from our present awful condition without a change in our monetary system. I have not wanted to see the gold standard abandoned. I believe that if we had had the courage to deal with the silver question in an effective way, we might, by buttressing the gold standard with an additional supply of metal money, have maintained the gold standard. I think it would have been helpful, at least.

On the other hand, if we had seen fit to issue the amount of Treasury notes provided for in the Thomas amendment, I think we might surely have maintained the gold standard, although it would undoubtedly to some extent have decreased the value of the dollar, but not, in my judgment, materially or substantially. But in some way or other we must cease to pay tribute to the gold standard at the expense of the average citizen of the United States. In my opinion, that is what this joint resolution foreshadows as the policy of the Government, and for that reason I support it.

The able Senator from Pennsylvania has offered an amendment. I thought of that amendment myself after I read the report of the hearings. Suppose, however, we struck out the words "or heretofore." That would leave the obligations now in existence payable in gold, and that certainly would accentuate and increase the value of those obligations beyond anything that was contemplated at the time they were issued.

It would be adding a vast amount of value to the obligations, and it does not seem to me that that would be a fair thing to do. Now, Mr. President, I concede that there is some harshness here. But we are dealing with a great national emergency. I would not legislate against the bondholder, but I would legislate in the interests of the Nation as a whole. If in doing so some detriment flows to the bondholder, then I say, "The Sabbath was made for man, not man for the Sabbath"; the bondholder was made for the country, not the country for the bondholder.

Mr. BARKLEY. Mr. President, I hesitate, after we have listened to the very able argument of the Senator from Idaho [Mr. BORAH], to attempt to add anything further to this discussion, but there are certain observations which I wish to make with reference to this proposed legislation in order that my own views upon it, both as to its legality and its morality, may become matters of record.

Much has been said here today with reference to the question of morality involved in the passage of a law by Congress authorizing or resulting in the repudiation of a contract, while the Constitution itself prohibits States from enacting similar legislation. I think, in order that we may understand that distinction, we must take ourselves back to the days when the Constitution was framed and realize what was in progress at that time among the Original Thirteen States.

It will be recalled that for nearly 8 years after the Revolutionary War had ended, and after the treaty of peace had been negotiated and agreed to, there was no government in the United States really worthy of the name. The very States themselves, which had been united in the war for freedom, began to fall apart with jealousies and envy, each one undertaking to erect around itself artificial barriers that would retard the progress of commerce and trade and even the recognition of the obligation of contracts on the part of citizens of the various States. The State of Virginia and the State of Maryland had a quarrel—a very serious quarrel—over the navigation of the Potomac River. The Legislature of New York passed an act prohibiting the importation of firewood from Connecticut into New York, and likewise prohibiting the importation of vegetables grown in Maryland and Virginia. When the Constitutional Convention met in Philadelphia, as the result of the conference held in Annapolis between Virginia and Maryland, and they were setting about to write a fundamental law of this land, setting up a nation, they were confronted with the question whether they would allow the various States, in the exercise of their sovereignty, to carry into legislation the envies and the jealousies which had grown up among them since the Revolution had been concluded.

It was for that reason that the commerce clause was written into the Constitution, providing that Congress, and Congress alone, should have the power to regulate commerce among the States and with foreign countries. Under the exercise of that power Congress could pass a law that would result in the nullification and the impairment of contracts between citizens of two or more States. If a citizen of the State of Pennsylvania should enter into a contract with a citizen of the State of Kentucky to ship in on a given date a certain commodity produced in Pennsylvania, Congress might thereafter enact a law that would prohibit the shipment of that particular article in interstate commerce, thereby nullifying the contract entered into between the citizen of Kentucky and the citizen of Pennsylvania. In the exercise of the power of taxation Congress can nullify contracts between citizens of the United States and the citizens of foreign countries, for any manufacturer in England or France or elsewhere in the world might enter into a contract to provide on a certain day for a certain price a given commodity produced in his country, such commodity to be shipped to the United States, and before its fulfillment Con-

gress might, in the exercise of its taxing power, levy a duty upon that article so high as to make it impossible for it to be brought in, or might even provide an embargo making unlawful the shipment of that particular commodity into the United States, the result of which would be not only the impairment but the nullification of a contract between a citizen of the United States and a citizen of a foreign country. Thus, Mr. President, the power was given to Congress in order that the various States, in the exercise of their power, having, as they had then, developed a spirit of envy and jealousy among themselves, might not enact legislation not only to nullify contracts between citizens of the State but to nullify contracts between citizens of the State and citizens of other States.

It has not been contended that Congress did not have the power, in the exercise of a reasonable degree of its authority, to pass legislation that would result—whether it was designed to do so or not—in the nullification and impairment of contracts. The States cannot pass bankruptcy laws; Congress has sole jurisdiction to enact bankruptcy laws applying to all the citizens of the United States; and in all such laws, from the very beginning until this moment, the question of the impairment or nullification of the obligation of contracts has always been uppermost. It is the very object of the bankruptcy law to permit citizens of States to go into court and provide for the discharge of their debts without the payment of a single dime, which, of course, not only impairs but nullifies the obligations of contracts.

Therefore I do not regard it as a question of morality or of immorality attaching to the Government of the United States because Congress, in the exercise of its supreme power, conferred upon it by the Constitution, has enacted from time to time legislation not designed to nullify contracts, not designed to impair the obligation of contracts, but, in the interest of the public and in pursuance of a sound public policy, has enacted legislation the result of which has been to impair and nullify contracts between citizens of the same State and citizens of different States of the Union.

It may be said that there ought to be a different standard set up by Congress or applied by Congress in its attitude toward private contracts between citizens and its attitude toward contracts of its own. I may be obtuse on that subject; my moral perceptibility may not be as keen as that of some others; but I do not see why there is any question of morality involved in the exercise of a supreme authority by the Government of the United States in the interest of all the people living in a republic under whose theory, at least, the welfare of all the people must be supreme to that of any one person. It is under that authority that we may declare war, and in the pursuance of that policy take the lives of our citizens, on the ground that the welfare of 120,000,000 people is supreme and superior to the welfare of any number of people who make up the 120,000,000. Therefore, in the exercise of our sovereign power, in the interest of our people, in order that our democracy, our theory of government, our principles, and our civilization may be preserved, we can destroy the lives of millions of our people on the theory that the good of all the people requires the sacrifice of some of them in the exercise of the policies of government.

Not only have we the power to do that, but in the exercise of the exclusive power conferred upon Congress to coin money and regulate the value thereof, the same principle is involved. I do not understand the word "coin" merely to mean the melting of gold or silver or copper into a liquid and then its coinage into money with the imprimatur of the United States Government printed upon it. The word "coin" there means not only to coin by melting the metal and converting it into dollars or half dollars or eagles or half eagles or nickels or dimes or pennies, money made of metal, but it means likewise the issuance of other kinds of money by the Government of the United States. The word "coin" means not only to coin in its narrow and restricted sense, but it means the power to issue; and it is under that power and under the definition of the word "coin" that all our paper money is in circulation today. Every greenback, every national-bank note, every Federal Reserve note, every gold certificate, every silver certificate, now in circulation under the authority of the United States has been issued under this constitutional power to coin money and regulate the value thereof. It means, of course, to print or to issue; there is no other authority to issue money in the Constitution except under the particular section to which I am referring.

Mr. President, as to the question of the Government's contract or of any contract, to which the Senator from Pennsylvania has adverted, and which has been so ably discussed by the Senator from Idaho, let me say that these bonds, these obligations, carrying with them what is called "the gold clause", providing that they shall be paid in gold of the value and fineness that existed on a certain date prior, in one case, to 1910, and in another case, I believe, prior to 1900. If it be admitted—and it must be—that Congress can change that contract without involving the question of morality or legality by a change in the content of that dollar, it likewise has the power, it has the right, to change it as to payment in specie. In other words, if Congress has the power, which it does have, to say that, notwithstanding all these contracts that are outstanding, notwithstanding the fact that when those contracts were entered into the content of the gold dollar was 25.8 grains, Congress may tomorrow provide that the gold dollar shall contain 20 grains or 15 grains, thereby changing to that extent that contract.

Nobody denies that Congress can enact such legislation, for if it could not do it, its hands would always be tied; it would always be in a strait-jacket. So long as there was a single bond outstanding in the hands of any citizen carrying this obligation to pay in gold of a certain particular degree of fineness and value we never could escape from that strait-jacket until all our obligations were discharged and the United States Government occupied the anomalous and unusual position of owing nobody anything by reason of its obligations in writing. If the contention of the Senator from Pennsylvania and other Senators is to hold that so long as there is an outstanding obligation carrying the gold clause providing for payment in gold of a certain fineness and value, then we never can escape from that, and Congress and the Government would be utterly powerless to change it until we had by some miracle discharged all the debts that the Government of the United States owes, started over, after wiping the slate clean, and provided that in the future all bonds shall be payable not in gold but in legal tender.

By the way, we have in the act of May 12, as I recall, known as the "Agricultural Relief Act", which is a combination of several acts, definitely entered upon the policy of making all money of the United States, of whatever material it is made, whether gold, silver, copper, or paper, of equal value in the payment of all debts, public and private. Therefore, under the law enacted within less than a month, any obligation of the United States, or any obligation of any private citizen, may be paid in any money that is now outstanding under the power of Congress to coin and issue money under the Constitution.

Mr. ADAMS. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I yield.

Mr. ADAMS. I wonder if the Senator would be good enough to explain why in this joint resolution that is now pending, currency is excluded. The term "obligations" is used and the right to enforce the gold clause in an obligation is forbidden. I am asking the Senator for an explanation as to why currency should be excluded because, as I understand, our currency is payable in gold; and if our bonds are payable in currency, there is a chance, then, that currency may find its way back, seeking redemption in gold, and we are up against practical repudiation on the one side and against legal repudiation on the other.

Mr. BARKLEY. As a matter of fact, the Senator knows that the currency is redeemable in gold. Anybody who has

one of the bonds of the United States Government and is paid in currency under this joint resolution, if it shall be enacted, may take that currency and have it redeemed in gold, when the restrictions are lifted, if and when they are lifted, with reference to payment now of gold in discharge of the obligations of the United States which have been brought about by recent proclamation of the President operating under legislation passed at this session of Congress.

Mr. ADAMS. Then we are only going part way off the gold standard?

Mr. BARKLEY. As a matter of fact, we are not going off the gold standard except insofar as we have prohibited the exportation of gold and except insofar as we have restricted payments in gold for the time being. The law has not been repealed which says that gold shall be the standard of value in the United States. Even if the President should exercise this power to reduce the gold content of the dollar from 25.8 grains to 20 grains, the gold dollar would still be the standard of value in the United States. So we are not really legally off the gold standard except insofar as we have suspended gold payments. Gold is still the standard of value in this country. There may be a difference insofar as foreign countries are concerned, but so far as the people of the United States are concerned the sole standard of all our values will be gold until the Congress repeals that law, no matter how much the gold content may be reduced by proclamation of the President.

Mr. ADAMS. That is, the term "gold standard" has two meanings, one a standard of measurement like we use the yard for measuring cloth, and the other is that we are off the gold standard in that we are not paying out gold.

Mr. BARKLEY. That is correct. We are only in a very partial and superficial sense off the gold standard. So long as we do not pay our obligations in gold, so long as we prohibit the shipment of gold to foreign countries, to that extent we are off the gold standard; but if this should continue for 40 years, gold would still be the standard of value in the United States of America.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Montana?

Mr. BARKLEY. I yield.

Mr. WHEELER. I will have to disagree with the Senator that we are on the gold standard at this time.

Mr. BARKLEY. Legally, I say.

Mr. WHEELER. I have to disagree with the Senator in reference to that for the reason that our world commodities at the present time are not measured in value of gold, for the reason we cannot get gold and we are not paying gold, and consequently our dollar has gone down in its gold value in foreign countries. When that happened it was because of the fact that we were no longer measuring it in gold.

Mr. BARKLEY. Of course, what the Senator says is true in a sense, but I am speaking of the legality of the matter. There has been no enactment of Congress repealing the law that fixes the gold dollar as the standard of value. In order that the RECORD may contain it, I wish to read it. It is very short. It is section 314, United States Code Annotated, title 31:

> The dollar consisting of 25.8 grains of gold nine tenths fine shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with that standard, and it shall be the duty of the Secretary to maintain such parity.

That is what I am talking about.

Mr. WHEELER. Of course, the law still remains upon the statute books, but the truth is that when we stop payment in gold and stop shipping gold, then our commodities cease to be paid for in terms of gold.

Mr. BARKLEY. That is true as a matter of practical operation, but we are on the gold standard and still will be until Congress repeals that section of the law to which I have just referred.

Mr. President, it has been contended that by the passage of the joint resolution now before us we are depriving somebody of something. Let us admit, for the sake of argument, that we are depriving them of a legal fiction, and in my estimation that is about all it amounts to. A while ago, in argument with the Senator from Pennsylvania [Mr. REED], I referred to the fact that there are some twenty-odd billion dollars of outstanding obligations, payable in gold, on the part of the United States. The Senator undertook to draw an analogy between that situation and the 120,000,000 people of the United States trying to go down Pennsylvania Avenue at the same time. I do not need to refer to the entire indebtedness of the country. On the 15th of October 1938 there will fall due an issue of Liberty bonds to the amount of $6,268,000,000. On that day, 5 years from now, every man and every woman who holds one of those bonds, amounting in the aggregate to nearly 6½ billion dollars, will have the right to march up to the Treasury of the United States and demand gold in payment under the terms of the bonds. How much gold is there in the Treasury with which to meet those obligations on that date?

Mr. McADOO. Mr. President, the Senator was looking directly at me. Does the Senator ask me?

Mr. BARKLEY. A little more than $4,000,000,000.

Mr. McADOO. Does the Senator ask me the question?

Mr. BARKLEY. No; I am answering my own question.

Mr. McADOO. I thought I would answer it if the Senator desired.

Mr. BARKLEY. I am glad to have the Senator answer it because I am sure he can do it much more accurately than I.

Mr. McADOO. I should like to suggest to the Senator that the Treasury has no gold with which to redeem anything.

Mr. BARKLEY. Theoretically, it has.

Mr. McADOO. Actually, it has not. The Treasury never has any gold to redeem anything unless there is a surplus in the Treasury.

Mr. BARKLEY. But its reputation is that it has about $4,000,000,000.

Mr. McADOO. It has an undeserved reputation, because, as a matter of fact, the Treasury does not own the gold.

Mr. BARKLEY. That makes the situation even worse. If we might assume there is now earmarked in the Treasury of the United States $4,000,000,000, which is all the gold in the country, it would lack $2,500,000,000 of being enough gold to discharge the obligations payable in gold on the 15th of March 1938.

Mr. McADOO. I concede that. The gold in the Treasury is earmarked, but is not earmarked for the benefit of the Treasury. It is earmarked for the benefit of the people of the United States who hold the gold notes of the United States.

Mr. BARKLEY. I understand that, and I am only answering the illustration of the Senator from Pennsylvania that if all the people of the United States were to be expected to walk down Pennsylvania Avenue at one time there would not be room enough for them, which is a ridiculous analogy. I am saying that we have built up over a period of years a legal fiction. In all probability there will not be a single bond of this more than $20,000,000,000 payable in gold that will ever be paid in gold.

Mr. McADOO. I agree with the Senator about that.

Mr. BARKLEY. Therefore we are taking nothing away from any bondholder who holds the bonds, because they did not pay for them in gold in the first place, and they will not be redeemed in gold.

Mr. McADOO. We are depriving them of a fiction, and that is all. I think the legislation is necessary to make perfectly clear the basis on which we shall proceed in the future.

Mr. BARKLEY. That is the basis of my argument, that all we are taking away is a legal fiction.

Mr. KEAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Kentucky yield to the Senator from New Jersey?

Mr. BARKLEY. I yield.

Mr. KEAN. There are $29,000,000,000 of deposits in the banks of the United States. There is about $5,000,000,000

or $6,000,000,000 of currency. Can the Senator explain how the depositors are all going to get paid?

Mr. BARKLEY. There are about 120,000,000 people in this country who would like to have an explanation of that now, and why they have not been able to get it——

Mr. KEAN. I have no doubt the Senator could explain it.

Mr. BARKLEY. Because when they went to the bank to get their money it was not there; and if this emergency shall continue and men are allowed or encouraged to hoard the gold, and in order to get the gold they surrender their bonds payable in gold, there will not be enough gold there to pay them. The same situation with respect to our gold obligations and our Treasury and our entire financial system might result that has resulted to more than 10,000 banks in the country, because the money was not there with which to redeem their promises to pay depositors.

Mr. KEAN. I would like to say to the Senator that by repudiating the gold obligations we are forcing the people of the United States to hoard gold, and that almost every man in the United States is hoarding gold because we are going to repudiate our obligations.

Mr. BARKLEY. One of the objects of the pending joint resolution is to prevent the hoarding of gold and to prevent the further escape of gold from the United States of America.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I yield.

Mr. ADAMS. May I ask the Senator if it is not true that by the gold being retained by the Federal Reserve bank we are aiding in the payment of depositors rather than otherwise? There is practically 2½ times the amount in currency issued against each dollar of gold when it is in the vaults of the Federal Reserve banks, so we are aiding in providing a supply with which depositors are paid by holding the gold rather than paying it out.

Mr. BARKLEY. That is undoubtedly true, and therefore we are preserving the basis of all our currency.

The Senator from New Jersey [Mr. KEAN] a while ago said he helped to sell some of these bonds and when he made his speeches to the enthralled audiences of New Jersey, as I am sure they were, he told them they were to be paid in gold of the fineness and value at that time. Of course, I am not in a position to dispute that, but I have no doubt that that fact had very little to do with the sale of the bonds. We were issuing billions upon billions of dollars' worth of bonds in this country at that time. Everybody knew there was not enough gold to pay a single issue of Liberty bonds, such as the issue coming due in 1938, amounting to something over $6,000,000,000. They were buying those bonds on the faith of the Government and the credit of the Government of the United States. They are not being deprived of anything, because they did not pay for those bonds in gold. They paid for them in currency, and that currency is of equal value now with the very gold about which we are talking, so they are not being deprived of anything of value.

Mr. KEAN. Mr. President, will the Senator yield further?

Mr. BARKLEY. I yield.

Mr. KEAN. I should like to say to the Senator that at that time the people of New Jersey and the people of the United States bought those bonds on the gold basis, when they could have bought bonds of England or bonds of France on better than a 7-percent basis. But they believed the Government of the United States when it made its promise to pay in gold—believed that promise was good. In addition to that I should like to say to the Senator that he is mistaken that those people are getting for their bonds today the same as they paid in, because the purchasing power of the dollar has gone down nearly 20 percent in the last 2 months.

Mr. BARKLEY. The Senator will recall that at the time the bonds of the United States were being sold during the World War the credit of England and France had gone down to such an extent that it was necessary for us to issue those bonds and sell them to the people of the United States in order to get the money to lend to England, France, and other allied countries. Those bonds were not bought because there was a gold clause in them. They were bought because the people of our country, without regard to politics or religion, desired to uphold the hands of their Government and provide the money necessary to win a great war. If there had been no gold clause in those bonds, the amount that would have been sold to the American people would not have been a dollar less than were sold with the gold clause contained in them.

Mr. KEAN. I do not question the patriotic fervor of the people of the United States, but I do question the rate at which a bond could have been sold in currency at the time that those bonds were sold. The question of the difference in the rate was a question of the difference between 7 percent on the one hand as against 4 or 4¼ percent, and the difference was the credit of the United States as against the credit of those other countries which were engaged in the war.

Mr. BARKLEY. Of course the Senator refers to the 7-percent bonds of England and France. The very fact that they were bearing 7 percent interest shows that the credit of those countries had declined to such an extent that they had to promise to pay that enormous rate of interest in order to sell their bonds at all. I refer the Senator to the fact that now the paper currency, with which we propose to pay off these bonds, if this joint resolution is passed, buys as much goods as a dollar and a half of gold would buy at the time the bonds were issued. We are not taking anything away from the bondholders. We are not depriving them of the right to use that legal tender. We have not reduced the value of their bonds by one cent. We merely propose to change the particular type of currency in which they are paid; and that type, after they get it, will buy as much as a gold dollar or a silver dollar or any other form of currency in the Nation.

Mr. KEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky further yield to the Senator from New Jersey?

Mr. BARKLEY. I yield.

Mr. KEAN. The little Kingdom of Belgium sold its 7-percent bonds in this country during the war. Only a week ago they offered to allow those bonds, payable in dollars, to be sent abroad to be stamped so that they may be payable in gold. England is paying her bonds in gold. France is paying her bonds in gold. Every other country that has any credit at all is living up to the obligations it incurred.

Mr. BARKLEY. I think the Senator is mistaken about that. There are a lot of French bonds in England now selling below par because of the fear that they will not be paid in gold.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHEELER. My understanding is that the Treasury of the United States has bonds of France and Belgium and other countries that they are not only not paying in gold, but they are not paying them at all. They are not only not paying the bonds, but they are not paying the interest.

Mr. BARKLEY. Not even the interest.

Mr. WHEELER. Those bonds are down here in the Treasury of the United States, paid for with the people's money; and yet the Senator from New Jersey talks about France and England and Belgium and these other countries not repudiating! Why, our own Treasury has their bonds down there now, and they have refused to pay them.

Mr. KEAN. And the Senator is advocating that we repudiate our bonds to the people of the United States in the same way that France has repudiated its bonds, when we have gold in the Treasury of the United States by which we can meet every obligation.

Mr. BARKLEY. Oh, no; Mr. President!

Mr. KEAN. The Senator from Kentucky is advocating that we repudiate our word, repudiate the obligation of the

United States, and become in the same category as some of the South American countries.

Mr. WHEELER subsequently said: I ask unanimous consent to have inserted in the RECORD at this point a statement of the foreign-government securities owned by the United States. This does not include interest accrued and unpaid.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Securities of foreign governments owned by the U.S. Government compiled from latest reports received by the Treasury Mar. 31, 1933

Foreign obligations:			
Funded bonds:			
Under the debt-funding agreements as authorized by the acts of Congress approved Feb. 9, 1922, Feb. 28, 1923, Mar. 12, 1924, May 23, 1924, Dec. 22, 1924, Apr. 28, 1926, Apr. 30, 1926, May 3, 1926, Mar. 30, 1928, Feb. 4, 1929, Feb. 14, 1923, and Dec. 18, 1929:		*Principal amount held*	
Austria		$23,752,217.00	
Belgium		400,680,000.00	
Estonia		16,466,012.87	
Finland		8,546,000.00	
France		3,863,650,000.00	
Great Britain		4,368,000,000.00	
Greece		31,516,000.00	
Hungary		1,908,500.00	
Italy		2,004,900,000.00	
Latvia		6,879,464.20	
Lithuania		6,197,682.00	
Poland		206,057,000.00	
Rumania		63,860,560.43	
Serbs, Croats, and Slovenes		61,625,000.00	
			$11,064,038,496.50
Unfunded obligations:			
For cash advances made under authority of acts of Congress approved Apr. 24, 1917, and Sept. 24, 1917, as amended:			
Czechoslovakia		61,974,041.10	
Russia		187,729,750.00	
			249,703,791.10
For surplus war supplies sold on credit by Secretary of War under authority of acts of Congress approved July 9, 1918, and June 5, 1920:			
Czechoslovakia		20,604,302.49	
Nicaragua		290,627.99	
Russia		406,082.30	
			21,301,012.78
For relief supplies sold on credit by American Relief Administration under authority of act of Congress approved Feb. 25, 1919:			
Armenia		8,028,412.15	
Czechoslovakia		6,428,089.19	
Russia		4,465,465.07	
			18,921,966.41
For relief supplies sold on credit by United States Grain Corporation under authority of act of Congress approved Mar. 30, 1920:			
Armenia		3,931,505.34	
Czechoslovakia		2,873,238.25	
			6,804,743.59
			11,360,770,010.33
German bonds:			
For account of reimbursements of the costs of the United States Army of occupation and the awards of the Mixed Claims Commission, under the funding agreement of June 23, 1930, as authorized by the act of Congress approved June 5, 1930 (bonds are in reichsmarks, which for the purpose of this statement are converted at 23.82 cents to the reichsmark):			
	Reichsmarks	*Reichsmarks*	
Army costs		997,500,000	237,604,500.00
Mixed claims	2,040,000,000		
Private awards (estimated)	1,415,000,000		
Government awards (estimated)		625,000,000	148,875,000.00
		1,622,500,000	
			386,479,500.00
Total foreign obligations			11,747,249,510.33

Mr. BARKLEY. Mr. President, the Senator from New Jersey rolls the word "repudiate" under his tongue as a sweet morsel. There is no question of repudiation involved here, except in the imagination of the Senator himself. The money in which we pay these obligations will buy as much as any other money issued under the authority of the United States. It will even buy the very gold in which he wants to continue to obligate the United States to discharge these obligations.

Mr. KEAN. To be sure it will; and that is just what I want the United States to do.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Oklahoma?

Mr. BARKLEY. I yield to the Senator from Oklahoma.

Mr. GORE. I think the crux of this whole controversy lies in the statement which the Senator from Kentucky has just made. I do not deify gold. I cannot commune with those who worship no god but gold. But a promise made is a debt unpaid. If the people who hold these gold obligations are to receive payment in money which is the equivalent of gold, then they have in fact and in law suffered no loss and the contract has not been breeched.

My point is this: The Refunding Act and the Credit Strengthening Act of 1869 provided that the securities of the United States should be paid in coin or its equivalent. I quote from that act:

> It is hereby provided that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States—

And so forth.

Would the Senator be willing to insert in the pending joint resolution a provision that these obligations shall be paid in gold or its equivalent? If so, that would meet my substantial objection.

Mr. BARKLEY. Personally I do not think that is necessary, because under the act of Congress recently passed all money is equivalent to gold; so that that is a redundant expression. Every dollar issued by the United States is equal to every other dollar, and the Secretary of the Treasury is charged with the solemn duty of maintaining the parity not only between gold and silver but between gold and silver and every dollar of paper money that is issued in this country. So that by operation of law every dollar is equivalent to the gold dollar, and therefore it is not necessary to include it in this joint resolution.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Ohio.

Mr. FESS. How would the Senator proceed to maintain parity, with the Government refusing to pay gold? That is what we are doing here—refusing to pay gold. How are we going to maintain parity?

Mr. BARKLEY. By preserving our gold as a basis for the issuance of currency under the law as it now exists. Certainly we cannot maintain the parity of gold if we allow this gold to go out into the hands of people who either hoard it or take it abroad, and thereby reduce the amount of our gold base upon which we can issue paper money, either national-bank notes or Treasury notes or Federal Reserve notes. So this is one of the ways, if I may answer the Senator, by which we propose to preserve that parity; because if this gold is allowed to escape from its present

situation, certainly the basis of our currency will be to that extent undermined, and the faith and credit of the country to that extent reduced.

Mr. FESS. The Senator certainly knows that there is no such thing as parity unless we are willing to accept that which establishes parity when the equivalent is presented. If we eliminate the gold clause, that is violating a contract which requires the payment of gold if it is demanded. The Senator knows that that is the only way to maintain parity.

Mr. BARKLEY. Of course, the question of parity and the standard of values is one that is so intricate that I dare say there is not a man in the world who understands it. We talk about the value of gold and the value of silver as measured with each other and with commodities; but there is no fixed standard of value as between money and commodities, because today wheat or tobacco or corn may be worth one price, and tomorrow, as measured by dollars, it may be worth a different price, and the day after it may be worth a different price. Nobody can watch the fluctuations in the price of farm commodities or any other commodities in this country and reach the conclusion that there is, or ever can be, any fixed standard of value for either money or commodities.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I had yielded to the Senator from Ohio.

Mr. FESS. That is the situation.

Mr. BARKLEY. We are in an emergency. When the emergency is over, and these restrictions with reference to the use of gold either for export or for the discharge of debts have been lifted, and we come back to what the old darkey called "nor*malcy*", then we will not, of course, need to use these artificial and temporary expedients which are now necessary because of the great emergency in which we find ourselves.

Mr. FESS. The observation the Senator makes, that there is no parity, is one in which there is a great deal of force; and that is why I am objecting to his insisting that we are maintaining parity in the very act whereby we refuse to pay gold under a contract that requires it. That destroys the parity, if there is any such thing as parity.

Mr. BARKLEY. Oh, no; the Senator and I cannot agree about that, because, as I said a while ago, the gold that is now used as a basis for the circulating currency of this country must be preserved. In my judgment, we must resort to whatever means are necessary to preserve that basis. That is the foundation, the backlog, of all our currency. If by any means, either by hoarding or by exportation, or by any other means, we dissipate that foundation or destroy that backlog, then the value of all of our currency has been destroyed.

Mr. FESS. How are we going to preserve it by this legislation?

Mr. BARKLEY. We are going to preserve it by declining, if the circumstances authorize it, to pay these obligations in gold when they become due, but pay them in money that is legal tender for all purposes.

Mr. FESS. In other words, we are going to maintain the value of our currency by refusing to recognize our promise regarding its redemption in gold.

Mr. BARKLEY. Not at all. We are going to maintain the value of our currency by preserving our gold untouched and intact, and use a substitute which has been declared by law to be equal in paying or purchasing value with the gold which we are now undertaking to preserve.

Mr. KEAN. Mr. President, will the Senator yield now?

Mr. BARKLEY. I will yield again, but I do not want to take up the whole afternoon.

Mr. KEAN. I will not interrupt the Senator further, then.

Mr. BARKLEY. I am willing to yield to the Senator.

Mr. President, I think it has been established here beyond any doubt that we have the legal right to do this; that under the Constitution we may do this thing. I am unable to see that any moral question is involved, because, after all, we are taking away from nobody anything of value. We will pay them in money that will buy as much as gold; and that is all money is used for, as a medium of exchange. If I have a horse and you have a mule, and I want your mule and you want my horse, we can trade them; but if you do not happen to want my horse, and you have something else that I want, I sell my horse for money, and I take that money and buy what you have that I want. That is the only reason for the issuance of money.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Does the Senator from Kentucky yield to the Senator from Texas?

Mr. BARKLEY. I yield.

Mr. CONNALLY. Let me ask the Senator if the whole crux of the proposition is not this:

That the Constitution, giving the Congress the power to coin money and regulate the value thereof, gives to the Congress the power to say what is money, and incidentally gives it the power to do anything which will make that effective; that every contract is made in subordination to that suspended power of the Congress that whenever it is necessary, the Congress can pass a law making effective its control of what is money; and that any contract that runs into that, or contravenes it, has to give way before the Constitution?

Mr. BARKLEY. Undoubtedly that is true; and Congress could tomorrow, if it wanted to, pass a law destroying the value of gold as money at all by saying that hereafter gold shall not be money, silver shall not be money, but lead and tin and aluminum may be money. Congress undoubtedly has the power to do that, and by the passage of such an act it, of course, would automatically violate a contract that the Government had entered into with somebody else to pay in gold; but it would not be a violation of the constitutional power to do that thing.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. BARKLEY. I yield further.

Mr. CONNALLY. Is it not also true that every contract, when it is made, carries with it the constitutional provision, and the Constitution becomes a part of that contract to that extent?

Mr. BARKLEY. Undoubtedly. There is an adage which every lawyer and every citizen understands—that ignorance of the law excuses no man. It may be a rather ruthless rule sometimes, but it is a rule which has been found necessary to preserve order in civilized society. Every man who makes a contract with the Government of the United States, or with one of his fellow citizens, makes it with the understanding that Congress, within its jurisdiction and its constitutional powers, has the right to enact legislation that may impair that contract or may result in its nullification, although Congress had no such primary intention when the enactment was placed upon the statute books.

Therefore, I say it is undeniable that Congress has the unlimited power to do this. We contend that public policy, and the emergency in which we find ourselves, make it necessary to do it. It will be unfortunate if anybody suffers by it, although I do not think anybody will, because they are not to be paid in anything less valuable or less usable as money, and they are to receive money with the same purchasing power as the gold denominated in the bond.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from California?

Mr. BARKLEY. I yield to the Senator.

Mr. JOHNSON. Is the Senator equally confident that his rule prevails where the Congress itself has made a contract, and itself has written that contract for the Government, and the Government has made the particular contract thus written by Congress?

Mr. BARKLEY. I am equally certain in that case, because in the very nature of things, I will say to the Senator, and according to the Supreme Court's own decisions, the Government of the United States cannot contract away its sovereignty; and if the Government cannot do it, Con-

gress cannot authorize it to do it; and Congress cannot enter into a contract that deprives it of its supreme power as a sovereign to exercise that power in behalf of all the people as conditions and circumstances may demand.

Mr. JOHNSON. Mr. President, if the Senator will permit me again——

Mr. BARKLEY. I yield further; yes.

Mr. JOHNSON. Eliminating the legal problem, conceding that it is as the Senator suggests—I am not questioning that as a matter of power—as a matter of propriety does the Senator think there should be any difference between the private contract that Congress subsequently abrogates in part or affects by its legislation, and the public contract that Congress itself makes for the Government and the Government itself executes?

Mr. BARKLEY. I can very easily understand how men would contend that where the Government itself has entered into a contract, it ought to be less inclined to violate that contract, even technically, than it would be to authorize the violation of a contract between two individuals. I do not draw any very fine-spun distinctions between these two types of contracts, however.

In the first place, the power of Congress and of the Federal Government to exercise their constitutional rights for the benefit of all the people, I think, takes precedence over the right of any private citizen, either in a private contract or in a public contract. Therefore, I do not think there is any very great question of morality involved here; but even if we might say that there is, we are not by this joint resolution taking anything away from anybody except a legal fiction, because, as a matter of fact, in all the history of the country these bonds have not been paid in gold. They could not be paid in gold when they became due, as I undertook to illustrate before the Senator came in. Therefore, we are taking away from them nothing but a fetish, nothing but a legal fiction that is without value so far as commodities are concerned and the exchange of commodities and the use of money in the purchase and sale of commodities.

Mr. GORE. Mr. President——

Mr. BARKLEY. I yield to the Senator from Oklahoma.

Mr. GORE. I desire to ask the Senator a question. I will not comment on his suggestion that this promise of the Government to pay in gold is a mere fetish.

Mr. BARKLEY. Mr. President, the Senator misunderstood me. I did not mean that a promise is a mere fetish. I mean that it is a fetish to suppose that this gold which is nominated in the bond is of any greater value to the people who obtain it than the money which they will receive, which will be of equal value to gold in purchasing commodities here and abroad.

Mr. GORE. Mr. President, if the Senator will write that into this measure, he will have no quarrel with me. That is all I insist upon, that the contract be kept according to its terms, in good faith, settled in gold or its equivalent where gold was promised.

What I rose for, however, was to get the reaction of the Senator to this point. By the terms of the Bland-Allison Act, passed in 1878, it was provided that the silver dollars coined under that act should be full legal tender except as otherwise stipulated in a contract. The act passed in 1890, the Sherman Act, providing for the purchase of silver, expressly provided that the silver dollars coined in pursuance of that act should be legal tender except where otherwise stipulated in a contract. The pending joint resolution makes not only silver dollars but, as I understand it, it makes nickels and pennies, universal and unlimited legal tender.

Mr. BARKLEY. Not by this joint resolution. The act of Congress passed on May 12 last, known as the "Agricultural Act", did that.

Mr. GORE. I wish the Senator would check that.

Mr. BARKLEY. It does in a way, but it merely reiterates what the law provided for, and makes some amendment because of the fact that Philippine coins, under that section, were made legal tender in the United States.

Mr. GORE. Will not the Senator read that? I do not want to trouble him, but I would like to get it in the RECORD at this point. I believe it is the last section.

Mr. BARKLEY. It reads:

> All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

Mr. GORE. I take it that under that the Government could pay off a billion dollars of its gold bonds in pennies, in copper pennies which are now legal tender for only 25 cents.

Mr. BARKLEY. That is another legal fiction. But theoretically it could.

Mr. GORE. I do not know; perhaps it is a legal fiction that the governments of Europe are not paying us at all. They have refused to pay the money they owe the United States. I do not make much distinction between that act and the act of our own Government, which has promised to pay gold, and refuses to pay gold. Although I wish the words "the equivalent of gold" might be inserted, I make no distinction between gold and copper and cotton, or any other thing which the Government has stipulated to pay. I think it ought to keep its word according to the terms of the bond. But my point was this: Does not the Senator think that the fact that the silver dollars which were made legal tender should not be legal tender at any time where it was otherwise stipulated in the contract? If the bond had stipulated silver dollars and the bondholder desired and demanded silver dollars I should equally oppose their payment in gold. To me this is a mere matter of good faith.

Mr. BARKLEY. No; I do not, I will say to the Senator. At the time of the enactment of the two statutes to which he referred Congress undoubtedly would have had the power to go the whole distance by making those silver dollars legal tender in all cases. It did not do so because the condition of the country and the objects to be attained by that act, and the emergency, if there was one, were not such as to require or to make necessary the exercise of the power of Congress to go the whole distance, to make the silver dollars provided for in that act legal tender in all cases, which it could have done. They did not see fit to do it. The same is true with reference to the second act referred to by the Senator, the one enacted in 1878.

Mr. KEAN. But they did agree to pay in gold.

Mr. BARKLEY. The conditions which made possible the enactment of those two statutes were entirely different from the conditions which confront us now. The basis for our currency, the entire foundation, the very background, the very heart of our circulating medium, under the laws as they now stand, until they are repealed, laws providing that the gold dollar of the present standard of fineness and value should be the standard of value in this country, were not involved then. We were trying to preserve the gold we now have in our country as the basis for currency. We were trying to make it impossible for the very credit of our country and the credit of our currency and the faith of our people in that money to be undermined by a reduction in the amount of gold available as a standard of value and as a basis for our currency.

What will happen if the amendment of the Senator from Pennsylvania shall be adopted? I think it is undisputed that Congress has the power to do what is proposed, and that there is no immorality in doing it, that we are robbing nobody of anything of value when we do it. Therefore, why make a difference between bonds which have heretofore been issued and those which may be hereafter issued?

If it were possible to provide that all future bonds issued by the Government of the United States should be payable in any sort of coin or any sort of currency, without affecting the relative value, or, as Dr. Einstein might call it, the relativity, existing between those which have already been issued and those which may be hereafter issued, I can conceive of no serious objection to providing only for the issue of future bonds payable in this money about which we have been talking, free from the gold clause. But the very moment we make an exception, the very moment we put

past obligations on a pedestal and say that Congress shall not touch them, but that all future obligations shall be payable in any kind of money which the United States sees fit to pay them in, we give to them an artificial value which they ought not to possess in comparison with the bonds which may hereafter be issued.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. KEAN. Does not the Senator think that the difference is that in one case we are living up to our obligation and the obligation sells at its true value, and that in the other the obligation will sell at its true value, too?

Mr. BARKLEY. No; I do not think there is any such question as that involved.

Mr. KEAN. Of course, there is.

Mr. BARKLEY. I would not, of course, attribute this position to the Senator from New Jersey, but it may well be that many of those in this country who hold bonds which are already in existence would like to see the future bonds payable in any kind of money, in order that the value of those they already hold might rise to an exorbitant value as compared with the future obligations of the United States, thereby making it impossible, at least difficult, for the United States to refinance its obligations in the future, or sell its bonds to the public. Of course, I acquit the Senator from New Jersey of any such purpose as that.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. SHIPSTEAD. Can the Senator tell us how many Federal issues are coming due within the next year, the short-term certificates?

Mr. KEAN. I can give the Senator that information. They amount to $2,000,000,000, and they are practically all held by the Federal Reserve banks.

Mr. BARKLEY. There are coming due within the next few months Treasury certificates amounting to $2,122,000,000. Then there are Treasury bills amounting to $978,000,000, and they are falling due each week. These are almost daily transactions. Then, in addition to that, there are coming due obligations amounting to $3,924,000,000; in 1933 and 1934 Liberty bonds amounting to $8,201,000,000, and then, beginning in 1940, and for a period of years thereafter, obligations amounting to $5,000,000,000. So the total of these certificates and Liberty bonds amounts to over $20,000,000,000. But the Treasury bills, amounting to $978,000,000, are coming due each week; Treasury certificates amount to over $2,000,000,000; Treasury notes amount to $3,924,000,000, and then a little later there will come due Liberty bonds amounting to nearly $8,250,000,000.

Mr. SHIPSTEAD. Mr. President, in this crisis, the holders of these bonds would all demand gold. How long would it be before the gold would be absorbed and the Government would not have any gold, and would have to pay a big premium for gold or else not be able to pay its contracts at all? Would not that be a threat to the national safety?

Mr. BARKLEY. Mr. President, that is what I have been undertaking to show, that before the end of this year, if all these obligations were paid in gold, as they provide they shall be paid, it would exhaust the entire gold supply of the United States.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. GORE. I think the Senator is correct in his statement that Congress has the power to disfranchise the gold clause so far as future contracts are concerned. I do not think there would be any question of public morals involved in such an act. There would be a question of public policy. But the Senator has just observed that to discriminate between past and future contracts would have a depressing effect on the future contracts and would bring an enormous enhancement of value to outstanding contracts payable in gold, if I understood him.

Mr. BARKLEY. In substance I said that. I am not sure that it would undoubtedly depress future contracts. I am not certain about that. I am not certain they would sell below par, although it would undoubtedly enhance the value of the outstanding obligations.

Mr. GORE. Why would it have that effect?

Mr. BARKLEY. Because anybody who had any money to invest in United States bonds, instead of investing that money in the new bonds, would go upon the markets of the United States and buy Liberty bonds and these Treasury notes and Treasury bills because of the prospect that they might be enhanced in value and thereby return a profit to them on the transactions. To that extent the field for marketing these new securities would be restricted, if not destroyed, and it is entirely conceivable that in that way the new bonds would be depressed below their real value.

Mr. GORE. Then the owners of the outstanding gold bonds have a value that would be lost if the gold clause were disregarded?

Mr. BARKLEY. No; they do not have a value that would be lost, because the enactment of this joint resolution will have no effect upon the real value of those bonds. But the owners of those bonds might be deprived of garnering an artificial profit which they might otherwise obtain if their bonds had to be paid in gold, while future bonds are to be paid in any money that is legal tender in the United States. There is quite a difference between taking away from somebody what he has and taking away from him the opportunity to make more out of it than he should at the cost of the welfare of the United States and the condition of our people.

Mr. GORE. But I am assuming that the owners of gold bonds who have bought them in good faith, and have paid for them, bonds bearing a lower rate of interest than they would have otherwise accepted, had a real property interest in the bonds.

Mr. BARKLEY. Of course they have a property interest in the bonds, and when those bonds become due, the Government of the United States will pay them to the last dime, without any repudiation and without any reduction. They will be paid in the money which everybody else must accept in the payment of debts due them, or the money they receive for commodities produced by the sweat of their brows and their muscle and their brawn for the support of the world.

Mr. KEAN. Mr. President——

Mr. BARKLEY. Mr. President, I have taken more time than I had intended to take, and I desire to draw my remarks to a close, so will ask my colleagues not to interrupt me further, because I understand we want to try to get a vote on this joint resolution this afternoon, if possible, and I do not want to delay.

For the reasons I have assigned, I hope that not only will the amendment offered by the Senator from Pennsylvania be defeated but that the joint resolution will be promptly enacted, so that there will be no further uncertainty or hesitation with reference to the attitude of our Government and our people toward this great emergency which now exists, and toward our efforts to solve it in the light of our experience and of our opportunity and of our obligations to the whole people.

Mr. FESS. Mr. President, there has been no proposal that has reached either the House or the Senate in my experience that has been such a surprise to me as the one now pending. It came with a startling suddenness, without any suggestion of a situation which forced it. The manner in which it came naturally has created a doubt in my mind as to what it is intended to meet; how serious is the problem which makes it necessary that such an unusual procedure involving an open violation of the Government's pledge should be made at this time. There must be some situation which we do not understand, or no such proposal could be made by the administration.

The surprise comes largely because of the well-known views of the President of the United States. Those views have been expressed, time and again, publicly; and here is a proposal in contradiction of all that has heretofore been said, publicly, at least, by him. The question of maintaining a sound currency basis has been fundamental with both parties for the last 20 years. There have been some aberrations

on the part of some leaders in both parties, but, so far as the position of the two great parties for the last 20 years, there is no question as to their stand that a sound basis of currency should be preserved at all hazards. That is the language of the platform adopted at its last national convention by the party now in control:

We advocate a sound currency to be preserved at all hazards—

And so on.

Some might have said that that declaration was made only for the purpose of catching votes. I would not make that statement. I had supposed that the leaders of the two parties honestly took that position. If I had entertained any doubt as to what was the position of the President, all doubt would have been removed by what he said, not only incidentally, here and there, but by what he said just before the election when he reviewed his position. He then said he stood upon his party's platform. I will not read from the speech of Mr. Roosevelt what was read a while ago by the Senator from Pennsylvania [Mr. REED], but will only read a statement from the same speech, which was not included in the quotation of the Senator from Pennsylvania. Mr. Roosevelt, a few nights before his election as President, said:

The Democratic platform specifically declares, "We advocate a sound currency, to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said—

These are the words of the President—

"Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest, at Butte, I repeated the pledge of the plaform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The same thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

The last sentence had reference to what President Hoover had said, that the election of Mr. Roosevelt would likely lead to an abandonment of the gold standard.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. FESS. I have quoted the language of the Democratic candidate, who is now President, in a speech delivered by him only a few nights before election. That ought to clarify in the minds of the people of the country the position not only of the dominant party but of the head of that party. I say that this proposal came with such startling suddenness and as such a surprise and it involves such possibilities that I am concerned about what the President thinks we are to confront in the future and what causes him to make the proposal here presented. I now yield to my friend from Colorado.

Mr. ADAMS. Mr. President, I am wondering if two things have not been confused in the discussion of the Senator from Ohio. He stated that the President declared that he proposed to maintain a sound currency. It occurs to me that the very purpose of the pending joint resolution is to do that very thing. Our currency is maintained by the gold reserve behind it. The purpose of this measure, as I gather it, is to preserve that gold reserve, to prevent it being paid out upon bonds, so that the gold reserve may back up our currency and give us a gold currency. If there is an attack to be made upon the joint resolution, it is not because under it the currency is not to be sound but because there is a repudiation, if Senators wish to use the term, of the strict letter of the bond, not of the currency. The joint resolution itself specifically excepts and exempts the currency of the country from its provisions, and leaves the currency still payable in gold.

Mr. FESS. Mr. President, for a hundred years there has been discussed in this country the question of a sound money system, and never before has anyone had the audacity to suggest that the abandonment of the gold basis, upon which the value of currency is founded, is an adherence to a sound currency system. No one has ever taken such a view as that. There have been two schools of thought in America, and they are not confined to one political party. There are representatives of both schools in all political parties. There is not a political party, including the Republican Party, and certainly including the Democratic Party, that does not have within it those who belong to the school of sound money and those who belong to the school of soft money. It remains for the defenders of this administration in the effort to go off the gold standard to say that this course is to be done in order to maintain a sound currency, in the hope that they can make the people believe that there has not been any change of view on the part of the leader of the administration.

Mr. President, if that is not true, there must come an explanation of why the man in the Democratic Party who speaks with the voice of authority for sound money was called from his sick bed to reply to the statement of President Hoover that we were about to go off the gold standard, and that we would go off the gold standard if the Democratic Party were elected. From that sick bed came this voice in the party in behalf of sound money, and bitter resentment was expressed because of the suggestion that we were going off the gold standard. The man who wrote the plank on sound currency in the Democratic platform is the man who was called from his sick bed to denounce the statement that the Democratic Party would take the Nation off the gold standard. Now to put the lie in his mouth and to maintain that the abandonment of the gold standard is in the interest of the maintenance of a sound currency is too silly for anybody to contemplate for a moment.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. FESS. I yield to the Senator from Kentucky.

Mr. BARKLEY. I have no desire to get into a controversy about the speeches made in the last campaign, but I do recall distinctly that the Senator from Virginia [Mr. GLASS], to whom the Senator from Ohio is referring, in that great speech which he made was answering the argument put forth by Mr. Hoover and by Secretary Mills that the United States had been within 2 weeks of going off the gold standard, and if it had not been for him it would have been off the gold standard. But, be that as it may, does the Senator admit that if we had never issued these obligations, if the Government had never had to borrow any money from the very beginning, the question of the gold standard would not have been involved?

Mr. FESS. I do not think that the question of the gold standard is seriously involved in the original issue of those bonds. In other words, I do not know that I can agree with some of my friends who say that the bonds were sold because the gold clause was in them. I am certain that constituted an element of marketability, perhaps, but I am of the opinion that too much emphasis is being put on that.

Mr. BARKLEY. The Senator will admit, will he not, that at the time these bonds were issued Congress could have provided that they could have been payable in legal tender or in any kind of money that Congress wanted to provide, and therefore, even under those circumstances, their issuance would not have involved the gold standard?

Mr. FESS. Congress could have so provided, but it was feared that they would not be marketable if that was done.

Mr. BARKLEY. But I say that if Congress has the power to do that it could have done it, and if those bonds had been issued payable in any money that is legal tender that would not in any way have affected the gold standard in the United States, would it?

Mr. FESS. Does the Senator mean that it would have changed the law?

Mr. BARKLEY. It would not have changed the law, and it would not have changed the fact at all. We could have provided in the beginning that all these bonds should be paid in any kind of money, and still we would have been on the gold standard, and we would be on the gold standard now.

Mr. FESS. Provided we did not go off.

Mr. BARKLEY. We have not gone off.

Mr. FESS. Oh, yes; we have gone off the gold standard.

Mr. BARKLEY. If, in the beginning, we could have issued these bonds payable in any kind of money without affecting the gold standard, how does it affect the gold standard now if we provide that they shall be paid in the same kind of money in which we could have provided they should be paid in the original issue of the bonds?

Mr. FESS. I am not talking now about what the pending measure is doing; I am talking about what we have already done. I am not questioning the legality or the constitutionality of the power of Congress to do this particular thing; I am rather inclined to believe, in the light of the decisions that have been rendered and the discussion of the various cases before those decisions were made, that under the power of Congress to coin money and regulate the value thereof and to establish weights and measures, we have the power to say how many grains shall be in a unit, whether it shall be legal tender or not, and that later on we may change it under our constitutional authority. I am not going to discuss the constitutionality of it. While it is a mooted question whether the fifth amendment is applicable, the argument to that effect has not greatly impressed me. I am perfectly willing to waive the question as to whether we have constitutional authority to do it, and to assume that we have.

What I rose to say was that this sudden resolution is so far-reaching that it reaches the point of an open violation in the case of a contract between the Government and its citizens of the terms the Government wrote into that contract. I think we could change the terms without regard to the other party if we wanted so to do, but I count it an immoral thing to do, so immoral that there must be some explanation of why we propose to do it.

I tried to ascertain these possibilities and of what must be in the mind of the administration to lead it to take this unusual course in asking us to violate a solemn pledge that the Government has made. I can see one side to it. In all probability it is the determining factor. We are going to have enormous obligations maturing soon. Heretofore we have always relied upon refinancing by refunding a portion and paying a portion; that is, what we can pay we will pay, and what we cannot pay we will have to renew, in the hope that we may refund at a lower rate of interest and in that way save something to the people of the country. These obligations, if paid, can only be paid through taxation or through borrowing. There is a limit to taxation. It is not possible for us through the sources of taxation to meet these obligations which are coming due. We must rely upon borrowing. In view of the emergency legislation that is entailing billions of additional money that must be raised, that means today an increase in the interest on the public debt from $600,000,000 in 1930 to an amount now above the billion dollar mark that must be paid every year. That obligation will have to be paid either by taxes or by borrowing.

How do we propose to meet the obligations of nearly $8,000,000,000 that will come due before October 1 of this year if all the legislation now enacted and yet to be enacted becomes operative? What is the possibility of financing these obligations? It cannot be done by increased taxation. There are only two ways left to do it. One is to pay them by issuing fiat money, as we have authorized the President to do to the amount of $3,000,000,000, and the other is to borrow. If we go to the full extent of the application of the fiat issue of $3,000,000,000, there will still be $5,000,000,000 to be paid. How are we going to meet that? There is no other way except by borrowing. The President by decree has taken us off the gold standard, and he cannot issue the $5,000,000,000 with the gold clause therein when he has taken us off the gold standard. That would be an inconsistency and he does not want to face it.

The apologists for the financing of the Treasury are openly stating that we pass this measure in the interest of financing these obligations. What is the embarrassment? In the face of the decree taking us off the gold standard we cannot write the gold clause into the bonds now to be issued. If we do, it is a violation of the position we have taken as a National Government in the last 3 weeks, and so we are not going to do it.

Then, if we do not write in the gold clause, our bonds will not be marketable, as is admitted by the proponents of the measure. They want to make them marketable and the only way they can do it is to drag down to the level of the issue they must make all the existing Government bonds that now have the gold clause. Men say that is not dishonorable, that that is a high standard of financial ethics. To me it is the most amazing thing that has ever been promulgated in finance so far as I know.

This is what will happen. If it is conceivable that the only thing that is back of a bond is the good faith of the Government that issues it, is it conceivable that with that good faith gone by the passage of this joint resolution, we will make the future stable? Who wants to buy obligations of any government that will not maintain the promise of its contract? We will fail to finance these obligations and we cannot make these bonds marketable because we are by this act destroying the credit of the Government.

What is the remedy? Mark my word, Senators, then comes what we have always been afraid of, a new issue of greenbacks, of fiat, to meet what we cannot meet by borrowing. If we can start the printing presses and print the $5,000,000,000 we need, it will not cost the Government any more than the cost of the paper and the ink and the labor. When on October 1 this financing is confronted, we will see then what will be the effect of an open violation of the faith of this Government in refusing to keep its word to its citizens.

Mr. President, I have said all along that whenever we start on a question of inflation, under whatever name it may be called—managed currency, assuming that inflation can be controlled, which is abject nonsense—we start something that will not be stopped. This country is facing a situation where we will have to issue our obligations to meet what otherwise we cannot meet because of our failure to borrow, because we are destroying our credit as a nation.

That is the economic side of the issue. The moral side of it is the thing that impresses and disturbs me. Possibly we have a perfect legal right to do this. My good friend from Kentucky [Mr. BARKLEY] has said that he does not see any immorality in it. Whenever the terms of a contract are written in the contract and one of the contracting parties, without the permission of the other contracting party, but simply because he has the power to do it, proceeds to change the terms of the contract in open violation of the contract, that is an immoral act, as it appears to me.

The immorality in it is denied on the basis that it will not have any particular bad effect. It has been argued over and over that we will still maintain the parity of all money. I know that the resolution is designed to do that, and the element that is the resolution to give that power is the legal-tender feature that is written in it, making all money legal tender for all debts, including even national-bank currency that is not a Government obligation at all, and never has been thought of to be included in the realm of legal tender. The resolution undertakes to legalize, as a tender in the payment of debts, any money of whatever denomination we may have issued.

The mere fact of legal tender is not sufficient to maintain the value in the payment of obligations. There is no power in any government to give value where there is no value. We can change prices by decree of law, but we cannot change values, as the distinguished occupant of the chair at this time, Mr. THOMAS of Utah, knows very well because of his background. It is easy for us by decree to make a different price, but legislation does not create values and cannot add to value.

The law can say that this particular thing is so and so. So far as the exchange value would go in price that might be true, but when we undertake by law to say, " This is what it is not ", that is not true, although we do it so far as the law can go. The mere fact of picking up a piece of paper

and stamping it as a dollar does not make it a dollar. If we could do that, then the Government ought to print thousand dollar bills instead of dollar bills. It would not take any more paper or ink or labor. But we do not do it because we cannot create value by Government decree. When we talk about maintaining parity of all these currencies, national bank notes, Federal Reserve bank notes, Federal Reserve notes, gold certificates, and whatnot—when we undertake to maintain parity, thereby saying through the Government that this buys so much, that does not make it buy so much. There is not power enough in Washington to make it so if the law of supply and demand is operating the other way.

Men talk about maintaining parity in the different moneys and eliminating gold, which is the measure unit. It is folly, it is absurd to talk about parity of that kind. The moment we put gold in circulation, and paper money that is not redeemable in gold, the paper money will drive out of circulation every dollar of gold within a month.

There is no better established principle in law or in physics, in science or in economy, than that where good and bad money are in circulation together, the bad money always drives out of circulation the good money.

If we say we are maintaining gold and yet going off the gold standard, it is folly to talk about maintaining a parity. It is a parity in that nothing will have value. It is like the old woman who was told that the drought had destroyed her potato crop. She said, "Well, thank God, one consolation is, if I do not have any potatoes, nobody else will have any!" [Laughter.] That is what we are doing when we eliminate gold as the basis and expect currency to circulate on a parity with gold.

The opposition has been offered over and over by those who have spoken that we have to do this. They do not want to say "Go off the gold standard", but that is what they have done. It is said that we have to do this in order that we may carry on business, on the ground that there is not gold enough to do the business of the country.

Mr. President, the past rises before me like a dream. I am carried back to 1896, when every street corner in every town had a soap-box orator on it declaring that the gold standard must be abandoned. Never in my life, or the life of anyone living, was there such general excitement over any political question that had become an issue in a campaign. The same argument that we have heard on this floor today was made then and repeated a thousand times—that there was not gold enough in the country to do the business of the country.

Mr. President, I have always been in favor of reasonably enlarging the specie basis of our circulation. I have never been opposed to the use of silver on such a parity with gold as the governments will agree upon, so that there will be no advantage taken. That is, if we should coin silver and make it legal tender in relation to gold on a ratio that represents the present actual market value, the silver dollar would be too large, too bulky. That means that there would have to be some seigniorage element in the silver, by which the silver dollar, if sold as bullion, would be greater in price than that much bullion; but, in order to avoid embarrassment arising out of that, it would be necessary for us to have the governments of the world agree upon some ratio.

I have always been for it. I am for it now. I would not be in favor of the free and unlimited coinage of silver at any particular ratio. Of course I would not, for that would immediately drive gold out of circulation. I am, however, in favor of the addition of silver upon a basis that can be agreed upon; but at that time international agreement was taboo. It was thought that all that was necessary was for us to announce the basis of 16 to 1, and then everything would be lovely. The argument was that we had to do it because we did not have money enough to do the business of the country.

Mr. President, no one knows better than the occupant of the chair [Mr. THOMAS of Utah] that the quantity of money is not the element that makes value, and it is not even the element that determines prices. It has some effect, but very little; and over and over in the last Congress the agitation was that we must have more money. The Borah amendment to the home-loan bank bill was offered for that purpose. That would permit us to issue $1,600,000,000 more in bank money. Look at the pitiful amount that was issued under it. Then under the emergency banking bill we revived the old, effete idea of basing a bank issue on Government bonds, and we authorized an issuance of Federal Reserve bank currency with a basis of $3,000,000,000 of bonds.

Not very much currency was issued. As the President will recognize, for a time we issued up to $4,000,000,000 of United States Federal Reserve notes and national-bank notes. That was to meet the emergency; but it is recognized that as the currency is increased, if there is not a demand for it in business, it immediately becomes idle and is of no use. That is what we are suffering from now. The quantitative theory of money has some value; but those who insist that we must go off the gold standard on the ground that we have not enough gold to do business are in error—as if a gold standard means that every contract that is written must be paid in gold and will be paid in gold.

Mr. President, there are over $100,000,000,000 of contracts now with the gold clause, outside of the Government obligations, and there are all the contracts that the Government has entered into in the form of bonds with the gold clause, and yet there may not be one dollar of gold demanded in the payment. It would not be necessary. The only thing that is necessary is for the Government to announce that it will not violate its contract, and then no bondholder will want to redeem his bond in gold. The moment we discriminate, however, we make gold of a superior value, and every man who can get it will hold it; and there is no law I know of that can make it come out of hiding.

I have been somewhat amused at the argument that we must do this thing because we have not gold enough to pay these obligations in gold. That is folly. It is a simple statement. It is not even elemental. The only thing that is necessary is for the citizen who holds an obligation of the Government to know that the Government is going to treat him honorably. He will not demand payment in gold. He will demand it in any money the Government has which is equivalent to gold.

What has become of the proud boast of America that it does not make any difference in what corner of the globe it may be; it does not make any difference whether it is an American gold dollar, an American silver dollar, an American greenback, an American national-bank note, an American Federal Reserve bank note, an American Federal Reserve note, or whatnot; wherever that obligation is, whether it is in China, in the South Seas, or in any corner of civilization, it passes for 100 cents on the dollar? What has become of that proud boast? Why has it been true in the past? Because Uncle Sam has always been known as honoring his pledge. When he gives a promise he will not violate it.

What now becomes of the pledge? Here our friends are saying that we shall depend now on nothing except the promise of the Government. All we need to do now, it is said, is to issue these bonds on the promise of the Government and believe that they will stay at par, while in the very same breath we are arguing that the Government shall not keep its promise!

Mr. President, I have sympathy with the people who are in debt. I belong to that class. Most of us are. For a man of limited means, I have had as much misfortune in unfortunate investments as most other people. I can state that every investment was made on the basis that I thought it was a safe thing. I never played the market. I never bought a thing in my life on the stock exchange. I never allowed anybody else to do it for me; but I have made a few small investments. All of them have gone the way that most investments go. I have sympathy for people who are in debt. I have voted for bankruptcy laws, and I will vote for the mortgage relief bill. Usually, when we get in debt and have trouble to pay, we tighten up our belts, work a little harder, are a little more frugal, are as industrious as possible and as economical as possible, in the hope that

we can meet our obligations; and if we cannot, then we will sometimes ask for the privilege of bankruptcy relief, and we will go into bankruptcy.

I never believed the Government of the United States would come to that position; but there is where we are today.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FESS. In a moment.

Senators are stating, time and time again, that we cannot meet our obligations. It cannot be done. We must do this in an emergency. Do what? Confess our bankruptcy, and say we cannot pay, and demand, without the agreement of the other party, that we shall shave down the debt and pay it in terms which are a violation of what we originally agreed to. That is the position in which this Government is today—openly confessing its bankruptcy.

I yield to my friend from Illinois.

Mr. LEWIS. Mr. President, I ask the able Senator from Ohio if he has not unconsciously fallen into error in his statement that these contracts calling for the value of gold of so much fineness, and so forth, call for the delivery of coined gold. Does not my friend realize, and will he not acknowledge, that a contract for the value of so much gold, described as of so much fineness, means only money of the value of the gold? It does not mean to deliver the gold. May I not insist that my able friend recognizes that that kind of a contract does not call for the delivery of gold, but only for money of the value of gold?

Mr. FESS. Exactly.

Mr. LEWIS. It might be the greenback of the United States, which in the East Indies and the West Indies and anywhere else in the world is recognized as the money of the United States of America.

Mr. FESS. I wish the Senator from Illinois had been here when his colleagues were talking about our inability to settle our obligations in gold because we did not have gold enough, as if the contract had to be settled in gold. Nobody ever thought any such thing as that. In other words, I want to observe that we are maintaining the standard of our contracts, and probably it will not be asked that one of these bonds be settled in gold. Not one gold dollar will be asked. Yet on every hand people say we must take this action because there is not gold enough to take care of the face of the bonds. That is a silly statement. I would not think anybody would be impressed by such a statement as that. In other words, just as the Senator from Illinois has stated, it is a question of the value of the money, and not a question of the particular kind of delivery that will be made when the contract is paid.

Mr. LEWIS. Mr. President, I am equally anxious to ask my able friend in what way, then, does the United States indicate what he describes to be a state of bankruptcy? If upon the basis of gold, our money, of whatever nature, is still of the value of gold, where is it bankruptcy if we have both the credit and the money, of any kind or all kinds, to meet our obligations?

Mr. FESS. Mr. President, I thank the Senator for calling my attention to my statement. I want to omit the word "bankruptcy." I do not mean that our Government is in bankruptcy. I mean that the argument that is being offered that we must take this action is an argument that we are in bankruptcy. It is far from my belief that this Nation is in bankruptcy. I think probably my statement might indicate that I thought that, but I do not. On the other hand, I think the Nation has all the natural resources upon which to build a great prosperity, if we could only unlock those resources. But we are far from actual bankruptcy. The argument that we must take this action because we cannot meet the situation is to contend that we ought to go into a court of bankruptcy and have some adjustment made.

I will say to my friend from Illinois, and I should like to have his reaction to this, that I am not sure, if we go on as we are asked to do by this measure, whether we will not be in the position where we will not be able either to borrow sufficient money or to collect taxes with which to meet our obligations. That situation is a dangerous one.

Mr. LEWIS. Mr. President, I reply to my able friend by confessing that I do not understand what he implies by the suggestion that we will tamper with our credit.

Mr. FESS. Tampering with the credit is changing the terms of a contract without the consent of both contracting parties.

Mr. LEWIS. My answer to that is that changing a contract may not in any way tamper with the credit. It may really enhance it in the hands of those who hold the obligation.

Mr. FESS. I am rather surprised at that answer, coming from my friend from Illinois.

Mr. LEWIS. Unless my able friend can indicate to me that a contract is tampered with and its credit depreciated, merely because of a change in the method of payment, I could not agree with him.

Mr. FESS. Let me illustrate what I mean. The Government has followed a policy for 60 years. That policy is to be changed by changing the terms of our contracts. I think that if we changed the terms of all the bonds hereafter to be issued, there would be no immorality, but I think there would be dangerous economic consequences if we should say that from now on we would not issue any bonds containing the gold-redemption clause. I think that economically would have a bad effect, but morally we have a perfect right to do it. However, when we change the contracts already issued, and modify them, taking out a clause which was regarded as an element necessary in their sale, I think it is, first, immoral, and, secondly, certainly would endanger the future credit of our Government.

Whatever differences we may have there is one thing which heretofore never was in dispute, that we have the shade of George Washington pleading for the maintenance of a national credit, of James Madison, of Andrew Jackson, of old Thomas H. Benton, of all the leaders of democracy and of the Whigs, when they were pleading that the Government should never drop below the level of a high moral standard in the observance of its promises.

Not even in Civil War times was any such effort as this made. Think of the type of leadership of Grover Cleveland. I could not help thinking of John G. Carlisle when the Senator from Kentucky [Mr. BARKLEY] was speaking today. What a power for the national credit was that great statesman of Kentucky. Think of the great array of men who never would compromise with any element of dishonor when it came to the question of the National Government maintaining its word. Then see to what lengths we are being led today. There must be some explanation for it.

There is one thing we cannot ever afford to do, and that is go back on the honor of the Nation when we have once pledged it. There is one position the United States never must take; we must not ever stoop to the low level of a promise made only to be broken.

If this Nation maintains its high honor—and if that is gone there is not very much left—if it maintains its high honor, it must not tamper with the obligations it has written into the law.

We used to say, "His word is as good as his bond" and "His pledge is equal to that of the Government." If we enact this measure, what is the pledge of the Government? A solemn promise broken. Men are apt to jeer because they say the bondholder is a rich man. Not at all. We all engaged in the campaign for the sale of Liberty bonds in 1917 and 1918. Congress passed the authorization, and the last clause of the bond authority provided an appropriation for floating those bonds, an appropriation of something like $2,000,000 to pay the expenses of floating the bonds of the Government.

To whom were those bonds sold? To any and all citizens, and one who did not buy until it hurt was regarded as an ingrate. The bonds were not sold alone to the moneyed people. The campaign upon which we entered throughout this Nation included an approach to men and women who were ill-prepared to buy bonds, but we put it up to them that it was their duty to buy them, and they bought them.

I do not mean that the gold clause written in the bond was so much of an element in the sale of the bonds. It might have been to the big buyers, but it was not so to a very large proportion of the people. But it must not be understood that that is not an element of value in those bonds; and there should be no movement to take it out, because if left in, it will make issues of future bonds of less value. That is confessedly the reason for the attempt to take out that clause. That itself is dishonorable, because it is an effort, immediately a confession, that we will take out of the bonds already in existence some value that is in them.

Mr. President, there are 2 or 3 other items I desire to discuss. One is as to the effect of the effort to enforce a contract in the courts of the United States because it contains specific terms, if the Government itself, which supports the courts, will not respect the terms of its contracts. Then I want to discuss another feature, the effect this action would have upon what we will receive from the countries of Europe in settlement of their debts to us in the depreciated currencies of those countries. Although France is on a gold basis, she has stabilized her franc at only one fifth of its real worth in terms of gold, and the question is whether, after having canceled more than one half of her debt, we are to be paid one fifth of the balance of it.

Mr. KEAN. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. FESS. I yield.

Mr. FLETCHER. Mr. President, of course the Senator has a right to suggest the absence of a quorum, but I hope very much that we may proceed. This is a very urgent matter, and we have not very much time.

Mr. KEAN. Mr. President, it is now 4 o'clock on Saturday afternoon, and most of the Senators are absent from the Chamber. It is not fair that a few should be required to remain here if there is not to be a quorum. Therefore I insist upon my suggestion of the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Russell
Ashurst	Dickinson	La Follette	Schall
Bachman	Dieterich	Lewis	Sheppard
Bailey	Dill	Logan	Shipstead
Bankhead	Duffy	Lonergan	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Black	Fletcher	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Borah	George	McNary	Thompson
Bratton	Glass	Metcalf	Townsend
Brown	Goldsborough	Murphy	Trammell
Bulkley	Gore	Neely	Vandenberg
Bulow	Hale	Norris	Van Nuys
Byrd	Harrison	Nye	Wagner
Byrnes	Hatfield	Overton	Walcott
Capper	Hayden	Patterson	Walsh
Caraway	Hebert	Pope	Wheeler
Carey	Johnson	Reed	White
Clark	Kean	Reynolds	
Connally	Kendrick	Robinson, Ark.	
Coolidge	Keyes	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present. The Senator from Ohio has the floor.

Mr. FESS. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I ask the Senator from Ohio to yield to me for a moment in order that I may make a statement. It was announced to the Senate on yesterday that it would be necessary, if possible, to vote on the pending joint resolution today. The indications are that the debate will be prolonged. Notwithstanding, I make the request that all Senators remain in access to the Chamber, in order that a vote may be had without the necessity of sending out for Senators. That will be done, however, if the necessity arises.

Mr. McNARY. Mr. President, will the Senator from Arkansas yield to me?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Oregon?

Mr. ROBINSON of Arkansas. Certainly.

Mr. McNARY. Will the Senator permit me to propound an inquiry?

Mr. ROBINSON of Arkansas. Certainly.

Mr. McNARY. I know it is the desire of the Senator to get a vote on this very important measure today. The Senator knows, however, the difficulty of getting a quorum on Saturdays, when there is such a great accumulation of work. In view of the present situation, would it not be possible to make an agreement as to a time for voting on Monday?

Mr. ROBINSON of Arkansas. I am aware of what the Senator states; but the fact is well known—it has been announced—that the Treasury has a number of important transactions to be undertaken on Monday, June 5. For that reason it was announced several days ago that it was desired that this joint resolution be acted on prior to that date. That is the reason I am not in a position to consent to postponing a vote until Monday. I realize that all that the Senator from Oregon has said is true; yet, notwithstanding that fact, when the absence of a quorum was unexpectedly suggested a few moments ago, a quorum immediately responded; and I desire now to express my thanks to Senators for the promptness with which that result was secured.

Mr. McNARY. It occurred to me that possibly Monday would not be too late a day to bring about a vote on the joint resolution. If that were done, it would accommodate a great many Senators.

Mr. ROBINSON of Arkansas. Announcement was made 2 or 3 days ago that the effort would be made to dispose of this joint resolution not later than today; it was thought that it might be done earlier, so that we might recess over today, but I repeat I am not in a position to consent to a postponement; and it is my policy—and I say it frankly—insofar as I can do so, to keep the Senate in session today until the vote shall be taken.

Mr. FLETCHER. I want to say to the Senator from Arkansas that all arrangements have been made for issuing certain notices by the Treasury Department on Monday, and the Department cannot go on with that until this measure shall have been acted on; so it is necessary to proceed with it now.

Mr. FESS. Mr. President, I am not finding any fault whatever with the position of the Senator from Arkansas. Only a few days ago I talked with him about these two measures, this one and the industrial recovery bill, and said to him that unless we speeded up the measure then delaying us we would not get through unless we held night sessions, and that we might not get through even then. I told him that these two measures would require some time for discussion. The Senator from Arkansas knows very well that what I am saying is within reasonable limits of time. I am not killing time, as he knows. This proposed legislation is to me the most important measure that has yet come before us, for it deals with the credit of the Government and its solemn pledge.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I do not wish to question the good faith of the Senator from Ohio or of any other Senator, but I think I do see signs—and I think everybody else here who is not blind sees them—of a disposition on the part of some Senators to protract this debate and to carry the issue over, so that the Treasury Department will be under a condition of uncertainty when it finds it necessary to act. I myself do not care to contribute to that end, and I am making it plain to Senators now that, so far as I am concerned, I will seek a vote on this measure before there shall be either a recess or an adjournment.

Mr. FESS. Mr. President, so far as reaching a decision on this measure is concerned, it is perfectly obvious that it would be the most foolish thing for anyone who is opposed to it to enter into any kind of obstructive tactics to delay a vote. The votes for it are here; they are going to be cast for it; the decree has gone forth. I know before the vote is taken what the result will be, and everyone else knows it. I have not the slightest desire to defer a vote for a minute. All I want to do is to express my opposition to the action about to be taken and to give some of the reasons why I so seriously disapprove of what we are proposing here to do. I shall not detain the Senate for more than 10 or 15 minutes and then I shall be through.

I think when the Government sets the example of breaking its own pledge and ignoring the terms of its own contract, it opens the way for everyone who does not want to abide by the terms of a contract into which he has entered to disregard it; and when the terms of a contract are disregarded and the courts are called upon to determine whether its terms can be changed, the Government that changes the terms of its own contract is in a poor position to enforce the decree of a court that refuses to allow the terms of a contract to be changed. I know there must be something serious in the background or we would not be asked to humiliate ourselves to the degree of causing the Government to violate its solemn pledge.

Not only that, but we are complaining here, and rightfully so, against our foreign debtors for not expressing a willingness, at least, to the extent of their ability, to pay what they owe us. I do not know whether there is going to be any serious effort on the part of some of those countries to pay what they owe. Of course, we cannot enforce payment. We would not be so foolish as to resort to the only possible way to enforce it, which would be war. We would not think of such a thing as that. If those countries decide to default, I see no remedy at all so far as forcing them to pay is concerned.

But how can we show any distaste or retribution of any kind against a debtor country that refuses to obey the terms of a contract when our own country violates the terms of its own contract with its own citizens? It immediately gives an opportunity and a background for those nations to say, "You do not pay your own citizens in accordance with the terms of your own contract. We therefore are not bound to respect the terms of our contract." I have never said very much about the position of those countries. I have come to the conclusion that every step indicates that they are going to default in a measure. If they decide to default, that is their business. So far as I am concerned, however, I do not propose ever to vote an agreement to permit them to cancel. But if we do not obey the terms of the contract this Government makes with its own citizens, how can we have the face to say to those countries that they must obey the terms of the contract we have with them?

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Montana?

Mr. FESS. I yield.

Mr. WHEELER. When we demonetized silver in 1873, we did exactly the same thing then with silver that we are now doing with gold, because bonds at that time were payable in either gold or silver; that is, they were payable in coin.

Mr. FESS. The Senator has frequently referred to that fact. The Senator knows that up to 1873 there were only about 8,000,000 silver dollars in circulation in all our history. Silver in the bullion was worth more than silver in the coin; so it was not profitable to use silver for money, because it was more profitable to use it as a commodity. When the question of monetization was dropped out of the law, there was no thought that there was to be any great reduction of the monetary circulation, because there was no silver in circulation at that time, as the Senator knows. I have heard that statement a thousand times, and yet those are the facts, and the Senator knows it. The Senator does not want to drive me to opposition with his view on silver, does he?

Mr. WHEELER. No; but I do want to call attention to this fact: Before we demonetized silver, silver was worth more than bullion. Consequently, the person who held Government bonds that were payable in coin was deprived of having the bonds paid in silver. In other words, we did then with silver exactly what we are doing now with gold. Daniel Webster contended that we had no constitutional right to do it; but, notwithstanding that fact, we did it.

Mr. FESS. The Senator knows that Daniel Webster was dead 20 years before the demonetization of silver took place. He died in 1852, and the demonetization of silver took place in 1873.

Mr. WHEELER. He contended always that we had no right to demonetize silver. I have his speech. If the Senator has any doubt with reference to it, I can get a specific quotation from the speech he delivered in the Congress of the United States.

Regardless of that fact, I say that when we demonetized silver, when the bonds of the United States provided that they should be paid in coin of the United States, we did to silver then exactly what we are doing now to gold; and there was no contention by those who then believed so faithfully in gold that we were depriving the people of the country of any contractual right which they had with the Government.

Mr. FESS. Does my friend endorse the demonetization of silver in 1873?

Mr. WHEELER. I did not.

Mr. FESS. Does he endorse it now?

Mr. WHEELER. No, indeed; I do not. I should like to see it remonetized; but because of the fact that we have not remonetized it, we are driving the Government to do exactly what we are doing at this present time. If the Senator from Ohio had gone along with me with reference to the remonetization of silver, we would not have found ourselves in the position we are in, where we are compelled to go off the gold standard and in effect demonetize gold so far as the United States is concerned.

Mr. FESS. The Senator has stated that what we did in 1873 to silver is nothing more than we are doing now to gold; and yet he condemns that step, but he approves this one. It is rather singular for the Senator to take both those positions in the same breath.

Mr. WHEELER. The Senator misunderstood me. I say we have a constitutional right to do it. Under the Constitution we have the right to do it.

Mr. FESS. I do not deny it.

Mr. WHEELER. Under the Constitution we have a right to do this.

Mr. FESS. I do not deny it.

Mr. WHEELER. I thought the Senator was contending that under the Constitution we have no right to do it.

Mr. FESS. No. I am of the opinion, while it is a disputed question, that there is no violation of the Constitution in this particular proposal.

Mr. GLASS. Mr. President, will the Senator yield to me for a personal statement?

Mr. FESS. I am very glad to yield to the Senator from Virginia.

Mr. GLASS. I find that I am obliged to leave the Senate. I simply desire to announce for the RECORD that if present I should vote against the passage of the joint resolution, and that I am paired with the senior Senator from Idaho [Mr. BORAH].

Mr. FESS. Mr. President, there would be nothing so surprising to me as an announcement from the Senator from Virginia that he would be anything else than opposed to such a measure as this. My only surprise is that there are so many Senators who ought to think as he is thinking, but who, for some reason or other, take the view that we can violate the contract of our Government with its citizens, and who still think we can float bonds on a basis of that kind. I am anxious to see what will be the progress and the success of this Government up to October 1, when we come to float bonds to meet the maturing obligations. Then we will remember what has been said here today.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Pennsylvania.

The amendment was rejected.

The PRESIDING OFFICER. The joint resolution is still open to amendment.

Mr. McNARY. Mr. President, I was on my feet to secure recognition before the amendment was adopted. I feel that we should have an expression by a roll call on the amendment. I ask unanimous consent that the vote by which the amendment was adopted may be reconsidered, and that we may have a roll call upon the adoption of the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Robinson, Ind.
Bachman	Dickinson	King	Russell
Bailey	Dieterich	La Follette	Schall
Bankhead	Dill	Lewis	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Smith
Black	Fess	McCarran	Steiwer
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Bratton	George	Metcalf	Thompson
Brown	Goldsborough	Murphy	Townsend
Bulkley	Gore	Neely	Trammell
Bulow	Harrison	Norris	Vandenberg
Byrd	Hatfield	Overton	Van Nuys
Byrnes	Hayden	Patterson	Wagner
Capper	Hebert	Pope	Walcott
Caraway	Johnson	Reed	Wheeler
Carey	Kean	Reynolds	White
Clark	Kendrick	Robinson, Ark.	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

Mr. McNARY. I ask for the yeas and nays.

Mr. TRAMMELL. Mr. President, I desire to occupy not more than 3 to 5 minutes prior to the vote.

A few moments ago I sent to the desk an amendment to this joint resolution. When I sent the amendment to the desk, however, it was not my purpose to ask for a vote on it this afternoon. Therefore, I will leave the amendment on the desk to be printed and offer it to some other bill in the early part of next week.

Briefly, the amendment deals with the situation portrayed in an article which appeared in the Washington Times yesterday afternoon, headed "Forestry Vets Sacrificing Benefits", which I ask to have printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORESTRY VETS SACRIFICING BENEFITS—BONUS ARMY BOYS WHO JOINED CORPS CANNOT CONTINUE TO DRAW COMPENSATION

Members of the last bonus army here who volunteered for the reforestation service will lose their veterans' disability compensation.

The Veterans' Administration said today that such men would come under section 10 of the President's revised veterans' relief regulations.

THREE CLASSES HIT

This section stipulates:

"No person holding office or position, appointee or elective, under the United States Government or municipal government of the District of Columbia or any corporation, the majority of stock of which is owned by the United States, shall be paid a pension or emergency officers' pay, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States, and (2) those persons so employed who are protected by special provisions of the act."

The Veterans' Administrator explained that the regulation applies not only to the veterans who enlisted in the reforestation service but to member employees in veterans' homes and hospitals and to certain Government employees receiving small salaries in addition to compensation from the administration.

NO MORE CHECKS

The Veterans' Administrator, Gen. Frank T. Hines, it was said, has these three classes under consideration with reference to what recommendations might be made to the President in their behalf.

Meanwhile the bonus boys who became foresters at the Government's invitation are going to receive a shock when their next compensation check is due.

They aren't going to collect.

Mr. TRAMMELL. The substance of this article is that the veterans who have enlisted in the Government's reforestation service have lost their compensation or their pension on account of entering that service, under some law which says that veterans shall not be allowed compensation when in the Government service, and also under a regulation which has been promulgated.

I think there must have been some oversight in attempting to take the compensation or pension away from some poor, destitute veteran who entered the reforestation service, where he is to receive only $30 per month. It is to protect him against this, which I believe to be an injustice, and certainly the result of some order or regulation that was not seriously considered, that I have sent the amendment to the desk and shall offer it to some other bill early next week. I do not want to delay a vote on this measure.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED].

Mr. ROBINSON of Arkansas and other Senators called for the yeas and nays, and they were ordered.

Mr. REED. May the amendment be stated?

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 10, after the word "obligation" it is proposed to strike out the words "heretofore or", so as to read:

Every obligation, hereafter incurred—

And so forth.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FRAZIER (when Mr. NYE's name was called). On this question my colleague [Mr. NYE] is paired with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present he would vote "nay", and I understand that the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR], who is unavoidably detained from the Senate. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I desire to announce a pair on this question between the Senator from Louisiana [Mr. LONG] and the Senator from Massachusetts [Mr. WALSH]. If present, the Senator from Louisiana would vote "nay", and the Senator from Massachusetts would vote "yea."

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. Not knowing how he would vote on this question, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. ROBINSON of Indiana. Has the junior Senator from Mississippi [Mr. STEPHENS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. ROBINSON of Indiana. I have a general pair with the Senator from Mississippi. In his absence I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HEBERT. The Senator from Maine [Mr. HALE] has a pair with the Senator from Mississippi [Mr. HARRISON]. I understand that if those Senators were present the Senator from Maine would vote "yea", and the Senator from Mississippi would vote "nay."

Mr. HARRISON (after having voted in the negative). As has just been stated, I am paired with the Senator from Maine [Mr. HALE]. I find, however, that I can transfer my pair with him to the senior Senator from Arizona [Mr. ASHURST]. I do so, and will allow my vote to stand.

Mr. HEBERT. The Senator from Vermont [Mr. AUSTIN] is paired with the Senator from Nevada [Mr. PITTMAN]. If present, the Senator from Vermont would vote "yea", and the Senator from Nevada would vote "nay."

The Senator from Delaware [Mr. HASTINGS] is paired with the Senator from Colorado [Mr. COSTIGAN]. On this ques-

tion the Senator from Delaware would vote "yea" and the Senator from Colorado would vote "nay."

The Senator from Vermont [Mr. DALE] is paired with the Senator from California [Mr. MCADOO]. On this question I am informed that the Senator from Vermont would vote "yea" and the Senator from California would vote "nay."

The Senator from Idaho [Mr. BORAH] is paired with the Senator from Virginia [Mr. GLASS]. I am informed that on this question the Senator from Virginia would vote "yea" and the Senator from Idaho would vote "nay."

Mr. BORAH (after having voted in the negative). As announced by the Senator from Rhode Island, I have a pair with the senior Senator from Virginia [Mr. GLASS]. As he has not come into the Chamber and my pair should be, and has been, announced, I withdraw my vote.

Mr. LEWIS. Mr. President, I could not hear altogether the announcement of the Senator from Rhode Island [Mr. HEBERT]. I assume, however, that the Senator from Rhode Island presented a full list of the pairs so far as our Republican colleagues are concerned.

I desire to say that the Senator from Tennessee [Mr. MCKELLAR], the Senator from Nevada [Mr. PITTMAN], the Senator from Colorado [Mr. COSTIGAN], the Senator from Louisiana [Mr. LONG], and the Senator from California [Mr. MCADOO] have authorized me to say that were they present and at liberty to vote on this particular question they would vote "nay."

I desire to announce that the Senator from Nevada [Mr. PITTMAN] is absent in attendance upon the London Economic Conference.

I also desire to announce that the Senator from Colorado [Mr. COSTIGAN] is necessarily detained from the Senate by reason of illness.

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from New Mexico [Mr. BRATTON], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Louisiana [Mr. LONG], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Mississippi [Mr. STEPHENS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent on official business.

The result was announced—yeas 21, nays 48, as follows:

YEAS—21

Bailey	Gore	McNary	Vandenberg
Barbour	Hatfield	Metcalf	Walcott
Carey	Hebert	Patterson	White
Dickinson	Johnson	Reed	
Fess	Kean	Schall	
Goldsborough	Keyes	Steiwer	

NAYS—48

Adams	Caraway	Kendrick	Robinson, Ark.
Bachman	Clark	La Follette	Russell
Bankhead	Connally	Lewis	Sheppard
Barkley	Dieterich	Lonergan	Shipstead
Black	Dill	McCarran	Smith
Bone	Duffy	McGill	Thomas, Okla.
Brown	Erickson	Murphy	Thomas, Utah
Bulkley	Fletcher	Neely	Thompson
Bulow	Frazier	Norris	Trammell
Byrd	George	Overton	Van Nuys
Byrnes	Harrison	Pope	Wagner
Capper	Hayden	Reynolds	Wheeler

NOT VOTING—27

Ashurst	Couzens	King	Pittman
Austin	Cutting	Logan	Robinson, Ind.
Borah	Dale	Long	Stephens
Bratton	Davis	McAdoo	Townsend
Coolidge	Glass	McKellar	Tydings
Copeland	Hale	Norbeck	Walsh
Costigan	Hastings	Nye	

So Mr. REED'S amendment was rejected.

Mr. WALCOTT. Mr. President, I desire to offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 22, it is proposed to strike out the comma and the words "excepting currency" and to insert in lieu thereof the following:

Incurred on and after the date this resolution takes effect, excepting currency, but not including any such obligation incurred prior to such date which by its terms is payable in gold or gold coin.

Mr. WALCOTT. Mr. President, the purpose of this amendment is to make it impossible for the United States Government to repudiate past obligation with reference to gold payments. In other words, even if this joint resolution should be agreed to with this amendment on it, then the United States Government may not default with reference to gold payments on any of its Government bonds.

Mr. President, I wish in connection with this to make a carefully considered and very brief statement.

The basic provision, contained in lines 3 to 14 on page 2, reads:

Every provision which purports to give the obligee a right to require payment in gold is declared to be against public policy, and no such provision shall be contained in or made with respect to any obligation hereinafter incurred.

Assuming that what is desired is merely to displace gold from its position as a preferred form of contractual obligation, the provision quoted seems to go much too far and to place the whole proposal in an absurd light. It is not necessary to forbid the making of such contracts, and to do so would seem to be a serious infringement of the right of free contract.

The language of the joint resolution, in lines 14 to 19, page 2, seems to be a hasty catch-all provision designed to repeal gold contracts wherever specified in the laws of the United States.

I read those lines, as follows:

Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

This seems a careless way of bringing about a result which ought to be effected through detailed study of the statutes with a view to repealing only those things that need repeal. It is probable that this clause would repeal a great many provisions that ought not to be altered, certainly in any such way as proposed, with resultant embarrassment.

The definition of the term "obligation" to include all obligations of the United States except currency is repudiation of Government debts, and as such, needs no comment whatever.

On page 3, section 2, an amendment is provided for the last sentence of subsection B, section 43, of the act of May 12, 1933. This gives a blanket legal-tender power to all coins and currencies of the United States. This is an unwise provision, which reverses the whole tenor of our note-currency legislation for years past. It gives the legal-tender power to national-bank notes, and this is a step always resolutely opposed in the past by financial authorities of every party. It also reverses those provisions which have protected the gold revenues of the United States by withholding the legal-tender quality from various kinds of paper in the past. It is an unnecessary and gratuitous step, not called for by the requirements of the case as set forth in the resolution itself.

Mr. President, we borrow gold, and we pay our debts in paper. We borrow paper, and we pay our debts in shells. We borrow shells, and we pay our debts in pebbles. That is the inevitable degradation of a currency system when we get away from an established base. We can experiment to almost any reasonable extent with various economic laws until we touch the base of the currency. We can have a 75 or perhaps even a 50 percent batting average with the experiments along lines of price control, and a thousand other avenues in our industrial relations. But the minute we disturb contractual obligations, the foundation of our currency, we begin to flounder.

This amendment applies only to those obligations which have already been issued by the Federal Government, and I hope very much indeed that it will be agreed to, and save

the United States from what I believe to be a public disgrace and an international calamity, a default.

On Mount Sinai, on a table of stone, four words were written which I think apply to our present dilemma if we fall from grace in this respect—"thou shalt not steal."

Mr. JOHNSON. Mr. President, before the Senator takes his seat, may I ask him to explain, if he will, one phrase here? We start in the first section of the joint resolution, on page 2, with this language:

> Every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold * * * is declared against public policy.

Then, in line 20, we undertake to explain what the term "obligation" means, when we say:

> As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency).

What is the construction of the two words "excepting currency"?

Mr. WALCOTT. Mr. President, my amendment is to amend this particular language, to amplify the language, and make it refer to all obligations of the United States Government already issued. I agree with the Senator that there is ambiguity in this particular item.

Mr. JOHNSON. Mr. President, I will not assert any ambiguity except with myself in regard to it. It may be perfectly plain; but what is meant by "currency" there which is excepted from the definition of obligation?

Mr. WALCOTT. The only thing I can think of is that it means what it says; that is, either hard metal or gold certificates calling for payment in metal.

Mr. REED. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. REED. Our Federal Reserve notes carry on them the legend "Payable in gold on demand." They are excepted from the class of obligations which are repudiated by this joint resolution.

Mr. JOHNSON. That is exactly what I wanted to ascertain.

Mr. REED. After this joint resolution is enacted these Federal Reserve notes—I happen to have just one here in my pocket——

Mr. JOHNSON. May I have it? [Laughter.]

Mr. REED. I am afraid the Senator would be forced by this legislation to pay me back in some kind of "monkey" money, so I cannot lend it to him; but it carries these words on it:

> Redeemable in gold on demand at the United States Treasury or in gold or lawful money at any Federal Reserve bank.

We all know that that promise is broken every time such a bill is presented at the Treasury. The Government will not redeem it in gold.

Mr. JOHNSON. That is exactly what this measure says, is it not?

Mr. REED. That is what it says, yes; but that is just another promise that is going to be broken.

Mr. JOHNSON. I do not construe it in that fashion. I construe this, if the Senator will pardon me, merely to mean that as to the obligations referred to it will not be permissible to pay any of them in gold, save currency.

Mr. REED. That is exactly it.

Mr. JOHNSON. May I ask the distinguished Senator from Florida, the chairman of the committee, if that is his construction of it?

Mr. FLETCHER. My construction of it is that that bill would be payable in gold, that the gold is there in reserve with which to redeem it.

Mr. JOHNSON. Then, we are making certain obligations of the Government payable in gold, and we are making certain other obligations of the Government not payable in gold. Is that correct?

Mr. FLETCHER. The currency is payable in gold.

Mr. JOHNSON. How much currency of that sort its outstanding?

Mr. REED. Something over $2,000,000,000, the last time I looked it up.

Mr. JOHNSON. Is that fairly accurate, may I ask the Senator from Florida?

Mr. FLETCHER. I should think that is accurate.

Mr. JOHNSON. Is there any good reason why, even though this particular currency bears the proviso that it is payable in gold, the distinction should be made between that currency, over two billions of which is outstanding, and the bonds which the Congress of the United States has decreed shall be payable in gold, and which the Government of the United States has decreed should be payable in gold? There may be a very good reason for the distinction. I am endeavoring to ascertain, that is all.

Mr. FLETCHER. The bonds are payable in money, and there is a gold reserve. The bonds are payable in money.

Mr. JOHNSON. But they are payable in gold.

Mr. WALCOTT. Expressly.

Mr. JOHNSON. It is expressly provided so, not only provided by the Government when it sells them but provided by us when we authorize the issuance.

Mr. FLETCHER. I will say to the Senator that there may be some future legislation with reference to this item, and this leaves the matter open so that there may be. There is to be a great Economic Conference, and we do not know just what will result from that Economic Conference. This leaves it open, so that if Congress hereafter decides to pay in bullion instead of in coined gold, it would have the right to do that. It may be, a time will come when we will cease coining these gold pieces and pay in bullion instead of the coin itself.

Mr. JOHNSON. I repeat, I am asking merely for information. Then, as I understand the Senator, the design of the joint resolution is that some things shall yet be payable in gold and some things shall not yet be payable in gold.

Mr. FLETCHER. It may be. That will be entirely a matter to be determined.

Mr. JOHNSON. Then the upshot of it is that we are going half way off the gold standard, so far as this joint resolution can take us—we have gone off it long ago—and we are remaining halfway upon the gold standard.

Mr. BULKLEY. Mr. President, is it possible that the gold promise of the Federal Reserve note is merely a promise to redeem in gold, and that if the content of the gold dollar should be reduced it could be redeemed by paying a smaller gold dollar, whereas the obligation of the bonds and of the certificates requires payment in gold of a specified standard of weight and fineness?

Mr. JOHNSON. That is, there is a contemplation in the joint resolution, then, that we will pay this currency in a smaller gold dollar. Is that it?

Mr. BULKLEY. In connection with the Thomas amendment to the farm bill, it would seem to me that would be a reasonable interpretation.

Mr. JOHNSON. This illustrates, Mr. President, the one thing in which I am interested. I am not opposed to this joint resolution, and I do not want to be opposed to it; but I do not like the idea that with a measure of this magnitude, explained as this measure has just been explained, we should hasten with such rapidity and celerity under such explanations.

Mr. FLETCHER. Mr. President, I may say to the Senator, if the Senator from Connecticut will permit me to interrupt, that this joint resolution deals with interest-bearing obligations. It does not disturb the base of the currency, so far as that item is concerned.

Mr. GORE. Mr. President, the remark of the Senator from California, that this measure leaves us half on the gold standard and half off the gold standard, reminds me of what the old farmer said about the mermaid: "Too much woman to fry, too much fish to hug." [Laughter.]

Mr. JOHNSON. Will the Senator please repeat that?

Mr. GORE. No; I will not. [Laughter.]

Mr. JOHNSON. Must I be relegated to the CONGRESSIONAL RECORD to enjoy the wit of the Senator from Oklahoma? [Laughter.]

Mr. WALCOTT. Mr. President, I desire to thank the Senator from California for raising the question with refer-

ence to the currency. I still think there is ambiguity in the use of the word "currency"; and, as to his last question, I am perfectly certain that it is explained in section 2, where it is provided that—

All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. WALCOTT. I yield.

Mr. REED. Will not this joint resolution as it is now explained leave us in just this position—that our bonds will be payable, not in gold, but in currency, and that when one has obtained that currency it will be payable in gold, except that nobody knows how big the gold dollar will be with which it is paid?

With that state of uncertainty, American business is expected to go ahead and recover. Is that the understanding?

Mr. WALCOTT. I think that is exactly right. It provides, "shall be legal tender only at valuation in proportion to their actual weight", referring to these pieces of metal which we are to except.

Mr. GORE. That is the law now.

Mr. LEWIS. Mr. President, the Senator from Pennsylvania—skilled and educated upon this question, as all of us will bear testimony from his different presentations on the subject—called our attention to the Federal Reserve notes. I will ask the Senator whether he does not, in looking at the bill which he exhibited, admit that that bill provides that it shall be redeemable in gold—then some other items—and then "lawful money"? What distinction does my able friend make between "lawful money" as written in the bill and gold?

Mr. REED. The bill contains a promise that it will be paid in gold at the Treasury, or either in gold or in lawful money at any Federal Reserve bank. If one wants gold positively, he has only to go to the Treasury for it; and if the administration and the Government keep the promise, he will get the gold.

Mr. LEWIS. What does my able friend say is the meaning of the words "lawful money", if they do not mean such money as the Government has made lawful for the payment of debts?

Mr. REED. Of course, that is what they mean.

Mr. LEWIS. Then under this measure it becomes lawful money of the same value as gold.

Mr. REED. It is lawful money now.

Mr. LEWIS. Then, upon that basis, I ask my friend, since it is lawful money and the joint resolution does not make any change, where is the difference between the value of the gold and the lawful money?

Mr. REED. Just where it was in Germany. Germany issued so much lawful money that it took a million times a million marks to buy an orange, but it was still lawful money.

Mr. LEWIS. That was a squeezing process, I realize. [Laughter.]

Mr. REED. Yes.

Mr. LEWIS. But the distinction is that this is not Germany; this is the United States of America, and here is the American Treasury, while that was Germany, in the condition in which they were after the war.

Mr. REED. German credit was bad from the time she treated her promise as a scrap of paper.

Mr. LEWIS. I am anxious to impress upon my friend from Pennsylvania this thought: If the bill he carries in his pocket provides for payment in gold or some other form or fashion of lawful money, does not the promise of the Government mean that, whatever the form of the money, it is American money, and therefore redeemable in gold?

Mr. REED. Under the act of 1902, as I recall, all money of America is exchangeable for gold, and since 1878 until now there has never been any doubt in anyone's mind of the interchangeability of our different forms of money.

Mr. LEWIS. But the bill the Senator exhibited carries the same value, does it not, as the gold dollar will carry?

Mr. REED. Of course, because it is interchangeable.

Mr. LEWIS. Then, since it is interchangeable with gold, the gold does not purchase any more than the bill itself does. I understand the Senator; it is interchangeable merely to get coin; but does the gold dollar buy any more than the paper dollar?

Mr. REED. Of course it does. When it was interchangeable freely it did not, because the value was identical; but the moment we went off the gold standard, then just so soon paper money started to drop in value. Back in 1870 the paper dollar was lawful money, but it was worth only 35 cents in gold. Now we are starting on that path again.

Mr. LEWIS. This is not the America of that day; this is the America of unbounded credit, of vast gold in its Treasury, of vast resources behind it, and bonds, behind which are the security and honor of the country.

Mr. REED. Precisely.

Mr. LEWIS. We had a civil war in those days.

Mr. REED. Yes; but the Civil War was over in 1870.

Mr. LEWIS. But we were still suffering from the results of it.

Mr. REED. If the Senator will bear with me—

Mr. LEWIS. Certainly.

Mr. REED. In 3 months the gold value of our paper money has gone down 20 percent.

Mr. LEWIS. I hope the Senator will permit me to correct him. He calls attention to the fact that it has gone down in value. It has only gone down in speculation on Wall Street, in the hands of those who speculate in money, but not in its value, in its power to purchase the commodities, or in its usefulness in trade and commerce.

Mr. REED. If the Senator cares to put it in that way, all right, but we can test its value accurately by contrasting its purchasing power in gold currency today with its purchasing power 3 months ago. It is necessary now to pay 20 percent more in order to buy a Swiss franc or a French franc or an Italian lira than it was necessary to pay on the 4th of last March.

Mr. LEWIS. Why does an American have to purchase money of foreign countries which has been so greatly depreciated by virtue of their laws and their methods and systems? Our American dollar holds before the world a value equal to and in excess of foreign moneys.

Mr. REED. We have to get coffee from other lands and to pay for it in foreign money. That would seem to be fairly obvious. The same thing is true of tin and sugar and hemp and a long list of commodities which I could mention to the Senator.

Mr. LEWIS. Does not the Senator assume that we pay it by either exchange of goods or entries on books? We do not pay in gold. Am I not right about that?

Mr. REED. We did pay in gold. Until we put an embargo on gold we stood ready to pay our balances in gold at all times; but the moment we put on the embargo down started the dollar and the moment we repudiate our public debt, as we are now proposing to do, down the dollar will go further.

Mr. LEWIS. In specultation, in the hands of those who speculate in money. I ask the Senator if he wants to convey the impression that if this joint resolution shall be passed the note he has disclosed to us from his pocket, which he says is redeemable in gold or legal money, will not be redeemed according to the way in which it is written?

Mr. REED. I am sure of it. The Senator has only to go to the Treasury at the other end of Pennsylvania Avenue and ask our Government to perform its promise, and he will be laughed at.

Mr. LEWIS. Then, what do the words "lawful money" mean on the bill?

Mr. REED. The words "lawful money" are not used with regard to the Treasury. The inscription is "redeemable in gold at the Treasury", and that promise is being broken every time a bill is taken to the Treasury, although we have more gold in the Treasury today than has any other country in the world.

Mr. LEWIS. I ask the able Senator, then, if we have more gold than we have ever had before, is it not behind all this money and is not the money in proportion to the gold behind it of a gold value?

Mr. REED. Not a bit of it.

Mr. LEWIS. That is where we differ, and I think it is a fundamental difference.

Mr. REED. Because when the Government declines to part with its gold that gold might as well be at the bottom of the ocean, because, unlike any private citizen, the Government cannot be forced to meet its promise.

Mr. LEWIS. But the theory is that the promise is to be kept with lawful money.

Mr. GORE. Mr. President, the Senator from Illinois just remarked that America of today is not the America of the Civil War. I have here an extract from a speech delivered by Charles Sumner in this Chamber on this subject at a time when we were on a paper-money basis, when there was no gold in the country, when there was no silver in the country, and it was delivered at just about the time the Supreme Court held that a contract which by its express terms called for payment in gold coin of standard weight and fineness was an enforceable contract; indeed, the Court said it was, to all intents and purposes, a bullion contract. I desire to have read the passage from Charles Sumner's address.

Mr. LEWIS. Let me ask the Senator from Oklahoma if it was not the address in which he spoke of the money as being repudiated? Am I not right?

Mr. GORE. Yes, sir; he did.

Mr. LEWIS. Perhaps it was due to his attitude of mind toward his country at that particular time, because it sought to make some common concessions in the interest of peace.

Mr. GORE. The speech was delivered in 1868, several years after hostilities between the States had been concluded.

Mr. LEWIS. The able Senator knows that the word "reconstruction" carries with it much suggestion.

Mr. GORE. Yes; but even in that hectic and chaotic age Mr. Sumner held fast and firm to the obligation of the United States to do what it promised to do. That is all I am insisting upon.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[From the Congressional Globe—Speech of Mr. Sumner in the Senate June 11, 1868]

The proposition to pay bonds in greenbacks becomes futile and fatuous when it is considered that such an operation would be nothing more than the substitution of greenbacks for bonds and not a payment of anything. The form of the debt would be changed; but the debt would remain. Of the twenty-five hundred millions which we now owe, whether in greenbacks or bonds, every dollar must be paid sooner or later or be ignobly repudiated. By paying the interest of the bonds in coin instead of greenbacks the annual increase of the debt to this extent is prevented. But the principal remains to be paid. If this be attempted in greenbacks, it will be by an issue far beyond all the demands of currency. There will be a deluge of greenbacks. The country must suffer inconceivably under such a dispensation. The interest on the bonds may be stopped by the substitution; but the currency will be depreciated infinitely beyond any such dishonest saving. The country will be bankrupt. Inconvertible paper will overspread the land to the exclusion of coin or any chance of coin for some time to come. Farewell, then, to specie payments. Greenbacks will be everywhere. The multitudinous mice that swam the Rhine and devoured Bishop Hatto in his tower were not more destructive. The cloud of locusts described by Milton as "warping on the eastern wind" and "darkening all the land of Nile" were not more pestilential.

Mr. GORE. Mr. President, it seems to me that some Senators confuse names and things. The word "dollar" they confuse with the thing, the intrinsic worth embodied in that dollar. The discharge of one promise to pay with another promise to pay is not payment.

I think I can illustrate this by a parable or a fable. I agreed to deliver to a market man in this city on yesterday 100 dozen eggs. I tendered 100 dozen as fine eggshells as any cook ever saw. The market man was a little punctilious. He refused to accept the eggshells as eggs. He now insists upon my paying the eggs instead of shells; and I want, therefore, to amend this measure or the Agricultural Relief Act by providing that my shells shall be immediately tenderable in payment of eggs. [Laughter.]

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut [Mr. WALCOTT].

Mr. HEBERT. Mr. President, I am not disposed to detain the Senate unduly by a discussion of the pending measure; but I cannot bring myself to vote upon it without saying something regarding what I consider to be a dishonor to the Nation, if this proposed act shall become a law.

The discussion up to this point appears to have proceeded upon the theory that the pending joint resolution affects only Government obligations; at any rate, the discussion has been limited to its effect upon obligations issued by the Government of the United States. Of course, it is much more far-reaching than that, as Senators may readily observe from a reading of its provisions. Let me quote a very few lines from section 1, beginning in line 3, on page 2, as follows:

That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy.

That, Mr. President, means, of course, that this proposed law will apply not only to the obligations issued by the United States Government but it will apply to the obligations payable in gold issued by every corporation, by every individual, by every citizen of the United States and outstanding at the present time. So, not only is the Government going to debase its own honor but it is going to put its citizens in the position of doing that very same thing. I venture to say that no man within the sound of my voice, no man who sits as a Member of this august body, would ever be willing to take advantage of the provisions of this measure in settling his obligations with his fellow men.

As I have had occasion to meet with the citizens of my State, I have repeatedly gloried in the fact that our Government has always done honor to its obligations. I have repeatedly called the attention of the citizens of my State to what has occurred in the countries of Europe, those countries where there has been a revaluation of the money. I have called attention to the fact that the Government of France has revalued its franc so that at the present time it is worth, and for some years past it has been worth but 4 cents, whereas formerly it was worth 20 cents compared with our money, and what that revaluation meant to the citizens of that country, losing, as they did, four fifths of that which they had been able to set aside for a rainy day or for the future. I have frequently called attention to what occurred in Italy, where the lira had been revalued so that it is now worth 5 cents, in view of its former value of 20 cents, and what that has meant to the citizens of that country; that through all these changes abroad the Government of the United States has maintained the dollar, and that it was still worth 100 cents everywhere. I regret, if this measure becomes a law, that I shall have to take back what I have said so often in the presence of the citizens of my State, because it will no longer be true.

What is going to happen to those obligations issued not only by the Government of the United States but by corporations, by individuals perhaps domiciled in this country and sold abroad? Are they going to be permitted to dishonor their credit? Are they going to be permitted to say they refuse to honor their solemn promises to pay their obligations in accordance with their terms? Really, if the pending joint resolution becomes a law, that is going to be a way open to them.

That will not be the end of the matter either. I said a moment ago that the Governments of France and Italy

and of other countries of Europe have revalued their moneys. If now we are to provide a different means of settling our obligations, what is going to happen when we come to demand the payment of our war debts, which this Congress has repeatedly said shall not be canceled? Both great political parties and the candidates of both parties have repeatedly promised their constituents that under no circumstances would those debts be canceled. If the measure becomes a law, then why cannot the people of France say to the Government of the United States, "We have revalued our franc. You have revalued your dollar, in effect. We will pay you on the basis of our revaluation, just as you are paying your obligations to us on the basis of your revaluation."

Italy might well say, when she comes to pay her obligations to the United States, "When we made our promise to you the lira was worth 20 cents in your money. At that time your dollar was worth 100 cents. Now, however, there has been a revaluation of your dollar, just as there has been a revaluation of our lira, and we shall pay you our obligation on the basis of our revalued money, just as you are paying your obligations to us on the basis of your revalued money."

Mr. GORE. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. GORE. The measure authorizes the payment of obligations in paper money or any money designated in the measure, including, as I understand it, nickels and copper pennies. [Laughter.]

Mr. HEBERT. Mr. President, I am not unmindful of the solemn statement made by the candidates of both parties for the high office of President of the country during the last campaign. We were assured on every hand that we should continue to have a sound currency. We were assured that there was no danger of our going off the gold standard. We were assured that the value of our money would be held up to par, as it had always been throughout the years. But when we are asked to pass a measure like this I hesitate to think what must have been in the minds of the candidates of the party now in power when they were making those statements to the electorate of the country.

I can see absolutely no objection, as a matter of policy, to providing that as to obligations to be issued in the future they shall not contain a provision making them payable in gold. I can well understand, as a matter of policy, that we could go along with such a provision of law. But as to the obligations now existing—obligations solemnly entered into between the parties, the conditions of which were known to all who would learn—I cannot see the wisdom, I cannot see the justice, I cannot see the equity of passing a measure which would change the conditions of such obligations at this time.

Mr. President, it is tantamount to changing the rules in the middle of the game. We heard a reference to that during the last campaign. That is not American. It is not good sportsmanship. Above all, it is not honorable.

I do wish that this administration should be willing to reconsider its determination to foist upon the country any such measure as we are considering at this time.

Mr. LEWIS. Mr. President, I do not want to misunderstand the position or the statement made a few moments ago by the Senator from Pennsylvania. May I ask the Senator from Pennsylvania if I am right in assuming that he presents the thought that if the joint resolution which is now pending is passed, the provision authorizing gold to be taken from the Treasury would end and have no value?

Mr. REED. No; this particular type of promise is excepted from the bill. The measure declares it to be against the public policy for the gold clause to have been in bonds in the past, but excepts currency from that provision.

Mr. LEWIS. Does the Senator contend that if the amendment tendered by the able Senator from Connecticut [Mr. WALCOTT], asking that currency be stricken out, were agreed to, then the currency could not be paid in gold?

Mr. REED. That would be repudiated, too. As a matter of fact, it has already been repudiated by the Treasury.

Mr. LEWIS. I think I see there is really no difference.

Mr. REED. No; there is not the slightest difference.

If the Senator will pardon me for speaking in his time, I may say to the Senator from Illinois that the pending measure declares it to be against public policy for our Government to have made the promise that it made in my paper dollar in pursuance of law then existing. The law at the present moment requires our bonds to be payable in gold of the standard of value existing at the time of their issue. The pending measure declares that that law was against public policy. It repudiates our solemn promise, just as it violates the solemn assurance which Mr. Roosevelt gave on the eve of his election last November.

Mr. WHEELER. Mr. President, I desire to invite attention to statements repeatedly made on the floor of the Senate that if the joint resolution is passed, it means that our dollar will no longer be worth 100 cents. Of course, our dollar is going to be worth 100 cents, regardless of whether the joint resolution passes or whether it does not pass. Senators have repeated again and again that the dollar is not going to be worth 100 cents, and that we are not keeping our dollar at par.

What is par for a dollar, and when is a dollar worth 100 cents? Our dollar is at par when it has the same purchasing power in one year that it has in another. Senators on the other side of the Chamber are contending that we are repudiating because of the fact that we are intending to raise commodity prices in comparison with the gold dollar. The gold dollar formerly purchased less commodities than it does now. In 1926 it purchased much less than it does at the present time. At the present time, notwithstanding the fact that commodity prices have risen, the gold dollar is much higher than it was in 1926 or 1928. The value of the dollar is a relative thing compared with commodities throughout the world.

The Senator from Pennsylvania [Mr. REED] talks about repudiation, and about the American dollar going down in value. I invite attention to the fact that at the present time it is much higher, and has much greater purchasing power, in this country or in any other country, than it had in 1926. The reason why it has gone down in purchasing power in European countries at the present time is not that our dollar has depreciated so much as because of the fact that foreign currencies have depreciated to such an extent that they were completely putting us out of the world market. I have called attention to the fact that what we have done by keeping our country constantly upon the gold standard, and keeping our dollar higher, has been to depreciate the price of silver. What we were doing was to build up the industries of China and India and Japan; and every time we did anything to build up those industries we were putting men on the streets in the United States of America.

When England went off the gold standard, and when she depreciated her currency 30 percent, what did it mean to Great Britain? It meant that instead of her people continuing to be unemployed, they began to go back to work and be employed—just exactly the same thing that happened in this country when there was talk of our going off the gold standard. Immediately commodity prices began to rise.

The Senator from Pennsylvania [Mr. REED] today talked about labor, and how labor was affected by reason of the fact that commodity prices have gone up. Did the Senator from Pennsylvania, or anybody on the other side of the Chamber, complain when the United States Steel Corporation and every other great corporation in this country slashed wages by reason of the high-priced dollar, and because of the fact that they were unable to sell their commodities abroad? Not at all. The high-priced dollar compelled all of the great corporations and industrial organizations in the United States to cut wages and throw people out of employment.

Let me say to the Senate that there is only one way in which wages can be kept high, and that is by having a market for the work of the men. In other words, it does not make any difference how many labor organizations there are; if there is not work for the men, wages are going down.

This bill, in my judgment, is not going to have the disastrous effect which has been predicted for it on the floor by the opposition. I am convinced that we had to take this stand. We are not repudiating our debts. We are doing simply what the Constitution of the United States gives us the right to do. That is, we are going to lower the purchasing power of the dollar. In my judgment, that will help to bring back prosperity to the United States of America. It seems to me that the people who are contending that we should keep our present high-priced dollar are doing a disservice to this country, and are only helping the industrialists of other countries.

Without taking up any more of the time of the Senate, I submit that this joint resolution should pass.

Before sitting down, however, since so much has been said about gold, I desire to call attention to a very brilliant speech made by Mr. Ingalls, United States Senator from Kansas, on February 15, 1878. Mr. Ingalls was one of the outstanding Members of this body. On the subject of gold, he said:

If we are to have a monometallic standard, I believe silver to be immediately preferable to gold. It is less subject to fluctuation; its production is more steady; its cost more uniform.

No enduring fabric of national prosperity can be builded on gold.

GOLD IS THE MONEY OF MONARCHS

Kings covet it; the exchanges of nations are effected by it. Its tendency is to accumulate in vast masses in the commercial centers, and to move from kingdom to kingdom in such volumes as to unsettle values and disturb the finances of the world. It is the instrument of gamblers and speculators, and the idol of the miser and the thief. Being the object of so much adoration, it becomes haughty and sensitive and shrinks at the approach of danger, and whenever it is most needed it always disappears. At the slightest alarm it begins to look for a refuge. It flies from the nation at war to the nation at peace. War makes it a fugitive. No people in a great emergency ever found a faithful ally in gold. It is the most cowardly and treacherous of all metals. It makes no treaty that it does not break. It has no friend whom it does not sooner or later betray. Armies and navies are not maintained by gold. In times of panic and calamity, shipwreck and disaster, it becomes the chief agent and minister of ruin. No nation ever fought a great war by the aid of gold.

I call attention to the fact that during the last war it became necessary for practically every country to go off the gold standard.

On the contrary, in the crisis of greatest peril it becomes an enemy more potent than the foe in the field; but when the battle is won and peace has been secured, gold reappears and claims the fruits of victory. In our own Civil War it is doubtful if the gold of New York and London did not work us greater injury than the power and lead and iron of the rebels. It was the most invincible enemy of the public credit. Gold paid no soldier nor sailor. It refused the national obligations. It was worth most when our fortunes were lowest. Every defeat gave it increased value. It was in open alliance with our enemies the world over, and all its energies were evoked for our destruction. But, as usual, when danger has been averted and the victory secured,

GOLD SWAGGERS TO THE FRONT

and asserts the supremacy.

* * * * * * *

Bank notes were originally issued in amounts precisely equal to the representative value of the gold and silver in the vaults, and they were intended merely to preserve the metals from loss by abrasion from use and from the depredations of thieves. But gradually they were issued largely in excess of this in order to release for more remunerative purposes a greater amount of productive capital. If by any process all business were compelled to be transacted on a coin basis, and actual specie payments should be enforced, the whole civilized world would be bankrupt before sunset. There is not coin enough in existence to meet in specie one-thousandth part of the commercial obligations of mankind. Specie payments, as an actual fact,

WILL NEVER BE RESUMED

neither in gold nor silver, in January 1879, nor at any other date, here nor elsewhere. The pretense that they will be is either dishonest or delusive.

The American people have no special reverence for coin. They believe that all money, whether of metal or paper, is a creation of law and has precisely the value that the Government issuing it declares it shall possess. The creation of money is a power delegated to Congress by the people. Its unit must necessarily be arbitrary, and its value rests upon the consent of the Nation. The relative value of silver and gold to each other as compared with other commodities cannot be ascertained. It is affected by a thousand circumstances that operate every day and hour.

I likewise desire to call attention to a statement which was made upon this subject by Mr. Ingalls in which he quotes from two London papers. He says:

The act of February 25, 1862, authorizing the issue of 5.20 bonds, provides that the interest shall be paid

NOT IN GOLD, BUT COIN

That act also provides that duties on imports shall be paid not in gold, but in coin. The same act created the sinking fund, payable not in gold, but coin.

The act of February 17, 1862, makes its obligations payable not in gold, but coin.

The act of July 11, 1862, makes its obligations payable not in gold, but coin.

The act of March 3, 1863, providing for the issue of $900,000,000, makes them payable not in gold, but coin.

The act of March 3, 1864, for a loan of $200,000,000, makes it payable not in gold, but coin.

The act of June 30, 1864, to borrow $400,000,000, makes it payable not in gold, but coin.

The act of March 3, 1865, for $600,000,000, makes them payable in "coin or other lawful money"; not gold, but coin or greenbacks.

The act of March 18, 1869, "An act to strengthen the public credit", "to remove any doubt as to the purpose of the Government to discharge all just obligations to the public creditors, and to settle conflicting questions and interpretations of the laws by which such obligations have been contracted", solemnly pledges "the faith of the United States" "to the payment" "of all the obligations of the United States not bearing interest, known as United States notes", "in coin or its equivalent", and of all interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligation has expressly provided that the same may be paid in lawful money or other currency than gold and silver.

All our debt is payable in coin. Silver was legal coin when the debt was contracted. Therefore

THE DEBT IS PAYABLE IN SILVER

The odious cant about repudiation and dishonor is a knavish device to intimidate a people who have always respected their obligations. The great journals of Europe entertain no such opinions. The London Times recently said: "It could in no sense be called repudiation if silver were made the sole standard of the United States tomorrow." The London Economist, the special organ of British financial opinions, in speaking of the same subject uses the following language:

"If, at the present moment, America would become a silver country, the interest and principal of her obligations would be paid in silver. The evil, of course, would not be what the momentary circumstances of the market would now suggest. Silver would not be at 54 pence per ounce if America was a country with a sole silver currency. So large a demand as her coin requirements would send up the price very rapidly—perhaps to its old amount."

There can be no doubt of the constitutional authority of Congress to create a silver-dollar unit containing any number of grains greater or less than 412½. The only question to be determined is, What shall the weight of the dollar be? I am clearly of opinion that while the dollar of 412½ grains is required by the terms of our contract, it will be

TOO VALUABLE FOR DOMESTIC USES

One of the gold organs of New York says:

"It was the fact that in these countries—that is, the states of the Latin union—15½ ounces of silver could be exchanged for 1 of gold that caused our dollar of 412½ grains to be exported as fast as it was coined, as that coin was based upon 16 to 1, and was, therefore, worth 3 percent more in Europe than at home; and if silver should recover its lost value and be remonetized on the basis of 412½ grains, it would for the same reason be impossible to keep it in the country."

But even this condition of affairs will not be without its consolations. The advocates of gold have endeavored to leave the impression that this drainage of silver would be like blood spilled upon the ground to be drunk by the thirsty sands. But if silver goes abroad it will travel as merchandise and not as money. At the distance of three marine leagues from the shore it becomes commodity, and will sell for what it is actually worth in the land to which it goes, and it will send back gold, bonds, silk, wine, cutlery, broadcloth to the land from whence it came.

The issue of silver will also tend to remedy the evils which have resulted

FROM THE CONTRACTION OF OUR CURRENCY

not by operation of law alone, but by those great natural causes which are apparent to the most casual scrutiny.

When we talked about the remonetization of silver in this body, the Senator from Pennsylvania [Mr. REED] and others upon the other side of the Chamber said that that would be a repudiation of our gold contracts. When we talk now about paying them in the lawful money of the United States, they say that is repudiation, notwithstanding the fact that the Senator from Ohio [Mr. FESS] today said that, of course, these contracts would never be paid in gold.

No one expects them to be paid in gold. The Senator from Ohio knows that these bonds will not be paid in gold, and nobody expects them to be. The holders only expect them to be paid in the lawful currency of the United States, and whether that currency is worth a lot or whether it is worth little does not depend upon the amount of gold that we have in the Treasury of the United States. It depends almost entirely upon the faith of the people of the United States in our going out and collecting taxes to pay our debts and to take care of our obligations. That is what it depends upon and not upon the amount of gold.

To my way of thinking, Mr. President, this joint resolution will have little, if any, effect excepting to assist the President of the United States at the World Economic Conference in settling the exchange question, which is bound to come up early on the agenda of that conference.

Mr. WALCOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dickinson	Kendrick	Robinson, Ind.
Bachman	Dieterich	Keyes	Russell
Bailey	Dill	Lewis	Schall
Bankhead	Duffy	Logan	Sheppard
Barbour	Erickson	Lonergan	Shipstead
Barkley	Fess	McCarran	Smith
Black	Fletcher	McGill	Steiwer
Bratton	Frazier	McNary	Thomas, Okla.
Brown	George	Metcalf	Thomas, Utah
Bulkley	Goldsborough	Murphy	Thompson
Bulow	Gore	Neely	Trammell
Byrd	Harrison	Norris	Vandenberg
Byrnes	Hatfield	Overton	Van Nuys
Capper	Hayden	Patterson	Wagner
Carey	Hebert	Pope	Walcott
Clark	Johnson	Reed	Wheeler
Connally	Kean	Robinson, Ark.	White

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Connecticut [Mr. WALCOTT].

Mr. McNARY. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). On this vote I have a pair with the senior Senator from Maine [Mr. HALE], which I transfer to the senior Senator from Arizona [Mr. ASHURST], and vote "nay." I am advised that if present the Senator from Maine [Mr. HALE] would vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. Davis], who is absent. I therefore withhold my vote. If I were permitted to vote, I would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). On this question my colleague [Mr. NYE] has a pair with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present, he would vote "nay", and I understand that if the Senator from Maryland [Mr. TYDINGS] were present he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, I withhold my vote.

Mr. SCHALL (when his name was called). I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. If the Senator from Arkansas were present, she would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. AUSTIN] with the Senator from Nevada [Mr. PITTMAN];

The Senator from Delaware [Mr. HASTINGS] with the Senator from Colorado [Mr. COSTIGAN];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO];

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. McKELLAR]; and

The Senator from Virginia [Mr. GLASS] with the Senator from Idaho [Mr. BORAH].

If present and voting, Mr. AUSTIN, Mr. HASTINGS, Mr. DALE, Mr. TOWNSEND, and Mr. GLASS would vote in the affirmative, and Mr. PITTMAN, Mr. COSTIGAN, Mr. McADOO, Mr. McKELLAR, and Mr. BORAH would vote in the negative.

Mr. LEWIS. I desire to announce that if present the Senator from Massachusetts [Mr. WALSH] would vote "yea", and the Senator from Louisiana [Mr. LONG] would vote "nay."

I also desire to announce that the Senator from Nevada [Mr. PITTMAN] is en route to attend the London Economic Conference.

I wish to announce that the Senator from Colorado [Mr. COSTIGAN] is detained from the Senate by illness.

I also desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Massachusetts [Mr. WALSH], the Senator from Tennessee [Mr. McKELLAR], the Senator from California [Mr. McADOO], the Senator from Arkansas [Mrs. CARAWAY], and the Senator from Washington [Mr. BONE].

The result was announced—yeas 26, nays 38, as follows:

YEAS—26

Bailey	Goldsborough	Lonergan	Reed
Barbour	Gore	McCarran	Steiwer
Bulkley	Hatfield	McNary	Vandenberg
Byrd	Hebert	Metcalf	Walcott
Carey	Johnson	Murphy	White
Dickinson	Kean	Overton	
Fess	Keyes	Patterson	

NAYS—38

Adams	Connally	Kendrick	Smith
Bachman	Dieterich	Lewis	Thomas, Okla.
Bankhead	Dill	McGill	Thomas, Utah
Barkley	Duffy	Neely	Thompson
Black	Erickson	Norris	Trammell
Bratton	Fletcher	Pope	Van Nuys
Brown	Frazier	Robinson, Ark.	Wagner
Bulow	George	Russell	Wheeler
Byrnes	Harrison	Sheppard	
Clark	Hayden	Shipstead	

NOT VOTING—32

Ashurst	Costigan	King	Pittman
Austin	Couzens	La Follette	Reynolds
Bone	Cutting	Logan	Robinson, Ind.
Borah	Dale	Long	Schall
Capper	Davis	McAdoo	Stephens
Caraway	Glass	McKellar	Townsend
Coolidge	Hale	Norbeck	Tydings
Copeland	Hastings	Nye	Walsh

So, Mr. WALCOTT's amendment was rejected.

Mr. THOMAS of Oklahoma. Mr. President, I should like to have the attention of the chairman of the committee, the Senator from Florida [Mr. FLETCHER], and of the senior Senator from Arkansas [Mr. ROBINSON].

In my State one of our corporations is refinancing to a considerable extent. The bonds have been printed; and, of course, not knowing that this measure was coming on, those bonds have been printed in the usual terms, payable in gold of the present weight and fineness.

I do not desire to disturb or modify the joint resolution, but I do desire to submit for the consideration of the Senator in charge of the bill and to the senior Senator from Arkansas and others an amendment which will permit this refinancing to go ahead without disturbance.

On page 2, in line 9, we find a prohibition against refinancing if the refinancing bonds contain the gold clause. I submit an amendment to the effect that this shall not be a prohibition until 15 days from the date of the approval of the joint resolution. It does not in any sense change the joint resolution, and the only possible objection to it would be that perhaps the administration desires to have the joint resolution go into effect immediately.

If the House would agree to this amendment, which does not change the joint resolution, it would take care of the refinancing of a substantial amount in my State, and would not in any sense change the form of the pending measure.

Of course, after this measure is enacted, if the company to which I have referred should issue these gold bonds, the joint resolution provides that they can be payable in currency, in lawful money, and, of course, the company would understand that, and that would be no bar.

Mr. FLETCHER. Mr. President, the trouble is that if there is an amendment put on this joint resolution in the Senate it will have to go back to the House. The House is not in session now, and I do not know when the House might take it up. The House might agree to it, or it might not, and if it did not, the matter would have to go to conference, and it might be several days before the joint resolution could be enacted.

I wish very much the Senator would not offer the amendment. If any amendment shall be made to the joint resolution, I do not see how we can accomplish what the Treasury says is absolutely necessary to the proper conduct of the financial affairs of the Government through the enactment of this measure now.

Any amendment would require that the measure go back to the House. On that account I hope the Senator will not offer the amendment. I should have to oppose it; and under the circumstances I think it is very important to the country at large, to all our people, and certainly it is important in the conduct of our financial affairs by the Treasury, that we act on the joint resolution now and pass it without amendment, without making it necessary to send it back to the House.

I might suggest to the Senator that all the company to which he has referred would have to do would be to reprint the bonds, and that would be better than to delay the joint resolution.

Mr. ROBINSON of Arkansas. Mr. President, the Senator also addressed his remarks to me. I merely desire to say that I am constrained to agree in the statement made by the Senator from Florida. I hope the Senator from Oklahoma will not feel compelled to offer the amendment.

Mr. THOMAS of Oklahoma. Mr. President, I realize that in the face of the objection of the Chairman of the Committee on Banking and Currency, in charge of the pending measure, and the objection of the senior Senator from Arkansas, my amendment would probably not be agreed to; but I felt it necessary to present this amendment in order to attempt to protect a situation which will be very embarrassing to a substantial concern in my State.

In order that the record may be made, I desire to submit the amendment and have it placed in the RECORD.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment was as follows: On page 2, in line 9, to strike out the word "hereafter", and after the word "incurred", to strike out the period and to insert the words "at a time more than 15 days after the date of the approval of this joint resolution."

Mr. SCHALL. Mr. President, it seems to me that there are four problems to consider in the joint resolution before us, each in a different field of study, economics, morality, legality, and psychology.

The question of economics arises from the relative positions of debtors and creditors and as to which class should bear the burden of loss due to a change in value of the medium of exchange.

Morals are concerned with the issue arising from a congressional fiat that declares that a dollar labeled such on paper shall have the same value as has a gold dollar of the present weight and fineness. Such is not the case in practice, for we need only look at the foreign exchanges to know that already our paper dollars are worth only 85 cents. We are now trying by law to tell the American people that that is not so, and that either one, gold or paper, is worth the same.

The legality of the retroactive clause in this resolution is in doubt, but likely unconstitutional in accordance with the view taken by the United States Supreme Court in the case of *Bronson* v. *Rodes* (7 Wallace, 229), where the Court ordered payment in the metal where there existed a disparity between metal and paper.

The fourth element, that of psychology, seems to me to be equally persuasive in leading me to believe that the proper thing to do here is to vote against this resolution.

We confess here we are unable to pay our debts according to our contractual agreements. We have more gold now than we had when we entered into these contractual obligations, and yet we say we cannot pay as we agreed. We offer instead paper money, as that is just as good—so Congress says, because it has the power to say so.

What possible effect can this declaration have on the mind of the people of the country? This is the same position as was recently taken by the banks when they told their depositors they did not have the money and needed a moratorium. With the banks closed, business stopped and we reached the bottom of the depression. Bank credit having been taken out of our financial structure, values fell to the lowest level since the so-called "hard times" began. To reestablish confidence in our banks the Government now has to guarantee bank deposits. We cannot survive as a Nation without the use of banks.

Now we proceed to destroy confidence in our money, our currency, by saying that we have not enough gold back of it to pay as agreed, so we insist on handing our creditors paper money. This declaration will cause people to "run from the dollar" to spend their money in commodities, causing an artificial stimulus to business, higher prices as the money depreciates, and finally destruction of value of money and a collapse of the price structure. This is the result history proves in each instance to follow. Russia right now by legislative fiat says that her rubles are worth two for a dollar; she knows that across her border they are buying five or six or more for a dollar.

We are setting out to make a similar attempt by destroying the faith of the American dollar when we say we will not redeem in gold, and history has not failed to demonstrate the same conclusion in each instance, a collapse of values and a destruction of confidence in the national currency.

The integrity of the American dollar has never been questioned in our memory; let us not leave to our descendants a blemish on that faith.

I ask unanimous consent to have printed in the RECORD an item from the New York Times of May 28, 1933, written by Mr. W. B. Sheppard, of Denver, Colo., in regard to the subject which I have been discussing.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 28, 1933]

STABLE CURRENCY FOUND ESSENTIAL—FLUCTUATIONS IN VALUE HIT ALL CLASSES IN THIS COUNTRY

To the EDITOR OF THE NEW YORK TIMES:

"The origin of legal tender among English-speaking people", said Edward Atkinson, "was the decree of an English king making it a penal offense to refuse the king's money after he had debased it."

In this country the validity of this doctrine was first asserted by the Legal Tender Act of February 1862, which made greenbacks "a legal tender in payment of all debts, public and private, except duties on imports and interest on the public debt." This legislation, frankly a war measure, was held by the United States Supreme Court, 5 to 3, in 1870 (*Hepburn* v. *Griswold*, 8 Wallace, 603), not to govern contracts entered into prior to its enactment. In 1871 two vacancies on this bench were filled by the appointment of Justices Strong and Bradley; 2 days after the confirmation of the latter the Attorney General moved for a reconsideration; and a few months later *Hepburn* v. *Griswold* was formally overruled as to prior contracts. In 1833 this Court held (*Juillard* v. *Greenman*, 110 U.S. 421) that Congress possessed the prerogative of declaring any old thing a legal tender for all debts payable in dollars, no matter when contracted.

Since 1883, in this country, most long-term obligations have contained stipulation for payment in "gold coin of the present standard of weight and fineness." In 1868 this Court had held (*Bronson* v. *Rodes*, 7 Wallace, 229) that such contracts are enforceable. And this distinction between real and fiat money was recognized in the words of the act of May 1878, "unless otherwise expressly stated in the contract."

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is, Shall the joint resolution pass?

Mr. REED and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). Making the same announcement of the transfer of my pair with the Senator from Maine [Mr. HALE] to the Senator from Arizona [Mr. ASHURST], I vote "yea." The Senator from Maine, if present, would, I am advised, vote "nay."

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the junior Senator from North Carolina [Mr. REYNOLDS] and vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). On this vote my colleague [Mr. NYE] is paired with the senior Senator from Maryland [Mr. TYDINGS]. If my colleague were present, he would vote "yea", and if the Senator from Maryland were present he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I again announce my general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote if present, I withhold my vote.

Mr. SCHALL (when his name was called). I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. If she were present she would vote "yea", and if I were permitted to vote I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is paired with the Senator from Vermont [Mr. AUSTIN], the Senator from Colorado [Mr. COSTIGAN] is paired with the Senator from Delaware [Mr. HASTINGS], the Senator from Louisiana [Mr. LONG] is paired with the Senator from Massachusetts [Mr. WALSH], and the Senator from California [Mr. MCADOO] is paired with the Senator from Vermont [Mr. DALE]. The Senator from Louisiana desires it especially announced that if present he would vote "yea." I understand that if present the Senator from Massachusetts [Mr. WALSH] would vote "nay", while the other Democratic Senators whose names I have mentioned, if present, would vote "yea." I am so authorized to announce.

I wish also to announce that the Senator from Nevada [Mr. PITTMAN] is absent, en route to the London Economic Conference, and that the Senator from Colorado [Mr. COSTIGAN] is detained from the Senate by illness.

I desire further to announce that the following Senators are absent on official business:

The Senator from Arizona [Mr. ASHURST], the Senator from Washington [Mr. BONE], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from New York [Mr. COPELAND], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Louisiana [Mr. LONG], the Senator from California [Mr. MCADOO], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Mississippi [Mr. STEPHENS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH].

Mr. MCKELLAR. I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. If he were present, I am advised that he would vote "nay." Therefore I transfer my pair to the junior Senator from Washington [Mr. BONE], and will vote. I vote "yea."

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. AUSTIN] is paired with the Senator from Nevada [Mr. PITTMAN] and that the Senator from Virginia [Mr. GLASS] is paired with the Senator from Idaho [Mr. BORAH]. The Senator from Vermont and the Senator from Virginia, if present, would vote "nay" on this question, and the Senator from Nevada and the Senator from Idaho, if present, would vote "yea."

The result was announced—yeas 48, nays 20, as follows:

YEAS—48

Adams	Bankhead	Bratton	Byrd
Bachman	Barkley	Brown	Byrnes
Bailey	Black	Bulow	Capper
Clark	Harrison	McKellar	Shipstead
Connally	Hayden	Murphy	Smith
Dieterich	Kendrick	Neely	Thomas, Okla.
Dill	La Follette	Norris	Thomas, Utah
Duffy	Lewis	Overton	Thompson
Erickson	Logan	Pope	Trammell
Fletcher	Lonergan	Robinson, Ark.	Van Nuys
Frazier	McCarran	Russell	Wagner
George	McGill	Sheppard	Wheeler

NAYS—20

Barbour	Goldsborough	Kean	Reed
Bulkley	Gore	Keyes	Steiwer
Carey	Hatfield	McNary	Vandenberg
Dickinson	Hebert	Metcalf	Walcott
Fess	Johnson	Patterson	White

NOT VOTING—28

Ashurst	Costigan	Hastings	Reynolds
Austin	Couzens	King	Robinson, Ind.
Bone	Cutting	Long	Schall
Borah	Dale	McAdoo	Stephens
Caraway	Davis	Norbeck	Townsend
Coolidge	Glass	Nye	Tydings
Copeland	Hale	Pittman	Walsh

So the joint resolution was passed.

The preamble was agreed to.

Mr. FLETCHER. Mr. President, I ask that Senate Joint Resolution 56 may be indefinitely postponed.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. Mr. President, before that action is taken, I wish to ask a question. Reserving the right to object, I should like to ask the Senator from Florida what it is that he asked be indefinitely postponed?

Mr. FLETCHER. It is a Senate joint resolution similar to the House joint resolution which has just been passed, the Senate resolution having been submitted by me and referred to the Committee on Banking and Currency, reported back and placed on the calendar. Meantime the House passed a similar joint resolution on the same subject, and the Senate has considered and passed the House joint resolution.

Mr. NORRIS. Very well; I have no objection.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 56 will be indefinitely postponed.

RELIEF OF HOME OWNERS

Mr. BULKLEY. I move that the Senate proceed to the consideration of House bill 5240.

Mr. HARRISON. Mr. President, will the Senator withhold that motion for a moment?

Mr. BULKLEY. I withhold it.

Mr. HARRISON. May I ask the Senator if his bill shall be taken up, will he not permit me on Monday to submit a conference report on the electric-energy tax at some time that is agreeable?

Mr. BULKLEY. I shall have no objection to that being done.

Mr. HARRISON. Very well.

OHIO RIVER BRIDGE AT OWENSBORO, KY.

Mr. BARKLEY. Mr. President, will the Senator withhold the motion for a moment?

Mr. BULKLEY. I withhold the motion.

Mr. BARKLEY. Mr. President, in 3 or 4 days the time will expire within which the State Highway Commission of Kentucky may commence the construction of a bridge at Owensboro, Ky. I ask unanimous consent that the Committee on Commerce may be discharged from the further consideration of the bill (S. 1815) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., and that the bill may be considered and acted upon at this time.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. Mr. President, reserving the right to object, I should like to ask the Senator from Kentucky how much time has the company within which to commence the building of the bridge?

Mr. BARKLEY. It is a bridge to be constructed by the State Highway Commission of the State of Kentucky. A good deal of preliminary work has been done, but the time will expire now in 4 or 5 days.

Mr. NORRIS. Has there been a bill for the construction of the bridge passed heretofore?

Mr. BARKLEY. A bill has heretofore been passed giving them the right to build the bridge, but the time under that bill is about to expire.

Mr. NORRIS. When was that bill passed? How much time have they had?

Mr. BARKLEY. They have had a year, but, of course, the conditions for financing have been adverse, and it is desired that the permit be renewed. It is a matter in which the State Highway Commission of Kentucky is vitally concerned.

Mr. NORRIS. Over what river will the bridge be built?

Mr. BARKLEY. The bridge will be built over the Ohio River at Owensboro, Ky., connecting Kentucky and Indiana. It is all right, I will say to the Senator.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Kentucky is not this the same bridge bill which was reported from the subcommittee last year, over which I was the presiding chairman?

Mr. BARKLEY. The bill was reported from the Committee on Commerce during the last Congress and was passed by Congress.

Mr. VANDENBERG. I recall it very well.

Mr. NORRIS. Mr. President, if the bill passed last year, what is the necessity for the bill now?

Mr. BARKLEY. It was passed during the last Congress and the time provided in that bill is about to expire and will expire next week.

Mr. NORRIS. I should like to ask what provisions are in this bill we are about to take up in regard to tolls? Tolls are provided for, are they?

Mr. BARKLEY. Under the laws of Kentucky the State highway commission has authority to build toll bridges, to pay for the construction of the bridges out of the tolls, and to issue bonds with which to obtain the money to build the bridges. This bill simply provides an extension of time under the original act passed by Congress.

Mr. NORRIS. Under the proposed statute, will the time come when the bridge will be free?

Mr. BARKLEY. Absolutely. Under our law when the tolls have paid for the bridge the bridge automatically becomes free.

Mr. NORRIS. I presume this bill follows the regular formula that the committee has prescribed?

Mr. BARKLEY. There is a formula prescribed by the committee, and that formula was complied with in the passage of the original act. This bill merely extends the time within which the bridge may be commenced under the terms of the original act.

Mr. NORRIS. Then, as I understand, it is not a new measure for the building of the bridge?

Mr. BARKLEY. No.

Mr. NORRIS. But it simply extends the time for building the bridge provided in the original act?

Mr. BARKLEY. That is correct.

Mr. NORRIS. I think I have no objection, Mr. President.

The PRESIDING OFFICER. The Senator from Kentucky asks unanimous consent that the Committee on Commerce be discharged from the further consideration of Senate bill 1815. Is there objection? The Chair hears none, and the Committee on Commerce is discharged from the further consideration of the bill.

Mr. BARKLEY. I now ask unanimous consent that the Senate proceed to the consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., authorized to be built by the State Highway Commission of Kentucky by an act of Congress approved June 9, 1932, are hereby extended 1 and 3 years, respectively, from June 9, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

RELIEF OF HOME OWNERS

Mr. BULKLEY. I ask for a vote on my motion that the Senate proceed to the consideration of House bill 5240.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

RECEPTION AND REFERENCE OF EXECUTIVE NOMINATIONS

Mr. ROBINSON of Arkansas. Mr. President, it is necessary to have a brief executive session. Pending that question, I ask unanimous consent that if executive nominations shall be sent to the Senate before the hour of 7 o'clock this evening and the Senate shall not be in session the Secretary may receive and the Vice President may refer the nominations.

Mr. McNARY. Will the Senator briefly state the reason for the request?

Mr. ROBINSON of Arkansas. I have been advised that the messenger is on his way from the White House with sundry nominations.

Mr. McNARY. The Senator simply wants authority to have the nominations referred to the appropriate committees?

Mr. ROBINSON of Arkansas. Yes; and to prevent the necessity for holding the Senate in session, the President having requested the nominations be received today.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

ASSISTANT SECRETARY OF THE TREASURY

The Chief Clerk read the nomination of Thomas Hewes, of Connecticut, to be Assistant Secretary of the Treasury.

Mr. LA FOLLETTE. Mr. President, on the last occasion an executive session was held, the senior Senator from Michigan [Mr. COUZENS], a member of the Finance Committee, asked that the nominee, Mr. Hewes, be requested to appear before the Finance Committee, and the Senator stated, as appears in the RECORD, that he was giving me certain correspondence which he had concerning Mr. Hewes. A subcommittee of the Committee on Finance was appointed to hear Mr. Hewes, that subcommittee consisting of the Senator from Georgia [Mr. GEORGE], the Senator from Connecticut [Mr. LONERGAN], and myself.

We conferred with Mr. Hewes briefly this afternoon. I directed his attention to some of the matters contained in the correspondence which the senior Senator from Michigan had placed in my hands, and Mr. Hewes very satisfactorily, so far as I was concerned, explained the points which have been raised in this correspondence. Therefore, so far as I am concerned, I have no objection to the nomination being confirmed.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COMMISSIONER OF EDUCATION

The Chief Clerk read the nomination of George F. Zook, of Ohio, to be Commissioner of Education, Department of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmd.

THE ARMY

The Chief Clerk proceeded to read sundry nominations for promotions in the Regular Army.

Mr. ROBINSON of Arkansas. I ask unanimous consent that nominations for promotions in the Regular Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

OFFICERS' RESERVE CORPS

The Chief Clerk read the nomination of James Sumner Jones to be brigadier general, Adjutant General's Department Reserve.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate took a recess until Monday, June 5, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 3 (legislative day of May 29), 1933

UNITED STATES CIRCUIT JUDGE

Louis FitzHenry, of Illinois, to be United States circuit judge, seventh circuit, to succeed George T. Page, retired.

ASSISTANT ATTORNEYS GENERAL

Harold M. Stephens, of Utah, to be Assistant Attorney General to fill an existing vacancy.

Frank J. Wideman, of Florida, to be Assistant Attorney General to fill an existing vacancy.

William Stanley, of Maryland, to be assistant to the Attorney General, vice John Lord O'Brian, resigned.

UNITED STATES ATTORNEYS

Jim C. Smith, of Alabama, to be United States attorney, northern district of Alabama, to succeed John B. Isbell, whose resignation is effective June 30, 1933.

Clyde O. Eastus, of Texas, to be United States attorney, northern district of Texas, to succeed C. W. Johnson, Jr., resigned.

Carl L. Sackett, of Wyoming, to be United States attorney, district of Wyoming, to succeed A. D. Walton, resigned.

MEMBERS OF THE FEDERAL RESERVE BOARD

J. J. Thomas, of Nebraska, to be a member of the Federal Reserve Board for a term of 10 years from January 25, 1933, vice Wayland W. Magee.

M. S. Szymczak, of Illinois, to be a member of the Federal Reserve Board for a term of 10 years from April 19, 1933, vice Roy A. Young, resigned.

INTERSTATE COMMERCE COMMISSIONER

Carroll Miller, of Pennsylvania, to be an interstate commerce commissioner for a term expiring December 31, 1939, vice Ernest I. Lewis.

MEMBERS OF THE BOARD OF DIRECTORS OF THE TENNESSEE VALLEY AUTHORITY

Harcourt Alexander Morgan, of Tennessee, for the term expiring 6 years after May 18, 1933.

David E. Lilienthal, of Wisconsin, for the term expiring 3 years after May 18, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 3 (legislative day of May 29), 1933

ASSISTANT SECRETARY OF THE TREASURY

Thomas Hewes to be Assistant Secretary of the Treasury.

COMMISSIONER OF EDUCATION

George F. Zook to be Commissioner of Education.

PROMOTIONS IN THE REGULAR ARMY

Meredith Donald Masters to be first lieutenant, Field Artillery.

MEDICAL CORPS

To be lieutenant colonels

George Fairless Lull
Charles Clark Hillman
Sidney Lovett Chappell
Harry Louis Dale
George Russell Callender
Edward Thomas Breinig
Weidner
Raymond Whitcomb Bliss
Norman Thomas Kirk
William Benjamin Borden

To be captains

Roland Keith Charles, Jr.
Joseph Julius Hornisher

Edward James Gearin to be first lieutenant, Medical Administrative Corps.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

James Sumner Jones to be brigadier general, Adjutant General's Department Reserve.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 3, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal God, our Father, through all the past years we have been abundantly helped and succored by divine care. May we have the deepest gratitude for Thy abounding mercy and goodness, and may these lead us to repentence and not selfishness. As we lift our thoughts, our yearnings, and our petitions to Thee, open Thy heart, O Father, and let Thy blessing flow as from the rock with the cleansing streams. As we have been taught that Thou art the ruler of heaven and earth, O give us conscious power, wisdom, and goodness, and make us all wiser than our own understanding. We would submit ourselves to Thy guidance. We rejoice in the coming of that glory in which shall be revealed the unrealized and the unseen; then our souls shall break forth into resounding joy, thanksgiving, and praise. We thank Thee. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5389. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 510) entitled

"An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes."

FITZSIMONS ARMY HOSPITAL, DENVER, COLO.

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a letter addressed to the Director of the Budget.

The SPEAKER. Is there objection?

There was no objection.

Mr. LEWIS of Colorado. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter to the Director of the Budget and Memoranda showing why the hospital should not be abolished:

ROOM 404, HOUSE OFFICE BUILDING,
Washington, D.C., May 10, 1933.

Hon. LEWIS W. DOUGLAS,
Director of the Budget, Washington, D.C.

DEAR MR. DOUGLAS: Pursuant to our recent conversation, I herewith submit memorandum, with schedules attached, concerning Fitzsimons Army Hospital at Denver, Colo., including a statement of reasons why it should not be abandoned.

Very truly yours,

LAWRENCE LEWIS,
Representative, First (Denver) District of Colorado.

MEMORANDUM CONCERNING FITZSIMONS ARMY HOSPITAL AT DENVER, COLO.

As a part of the economy program, the Surgeon General of the United States Army proposes to close Fitzsimons Hospital, to return all Veterans' Administration cases to veterans' hospitals, and to distribute the Army and Navy patients to hospitals in localities less favorable for the treatment of tuberculosis than is that in which Fitzsimons is situated.

I. Economy demands retention of Fitzsimons Hospital (see schedule 1).

II. Conservation of Government's $4,000,000 investment demands retention of Fitzsimons Hospital (see schedule 2).

III. Perfection of technique and success in treatment of tuberculosis demands retention of Fitzsimons Hospital (see schedule 3).

IV. Recognition by both Army and Navy of superiority in treatment of tuberculosis demands retention of Fitzsimons Hospital (see schedule 4).

V. Eminent medical specialists on tuberculosis urge retention of Fitzsimons Hospital (see schedule 5).

VI. Military preparedness demands retention of Fitzsimons Hospital (see schedule 6).

VII. Considerations of humanity demand retention of Fitzsimons Hospital (see schedule 7).

RECOMMENDATION

That Fitzsimons Hospital be continued as an Army hospital to which shall be admitted tuberculosis patients of the Army, Navy, Veterans' Administration, and Public Health Service, each department to contribute to cost of operation. This will afford to all Government patients the advantages of a personnel carefully selected throughout 16 years and a technique in the treatment of tuberculosis of extraordinary success in returning patients to civil usefulness, thus effecting economy in money and property, health, and human lives.

SCHEDULE 1. ECONOMY DEMANDS RETENTION OF FITZSIMONS HOSPITAL

The proposal to close Fitzsimons Hospital, to put all Veterans' Administration cases in veterans' hospitals, and to distribute the Army and Navy patients to hospitals in localities less favorable to the treatment of tuberculosis, will not result in a pecuniary saving to the United States Government.

The official figures demonstrate that the treatment of tuberculosis at Fitzsimons costs the Government less than at any other Government hospital, as shown by the following figures of per diem per patient:

At Fitzsimons Hospital (official figures furnished on request by Surgeon General Patterson of the Army)	$4.41
At veterans' hospitals (report of Veterans' Administration for 1932, p. 25)	4.83
For the 6 months ending Dec. 31, 1932, the Army charged Veterans' Administration for its tuberculosis patients at Fitzsimons (official figures furnished on request by Surgeon General Patterson of the Army)	4.11

The continuance of Fitzsimons Hospital at Denver, Colo., as an Army hospital, is justified by economy as demonstrated by official per diem costs at all Army hospitals as compared to Fitzsimons. (Figures given as of Dec. 31, 1932, furnished on request by Surgeon General Patterson of the Army.)

At Fitzsimons, Denver, $4.41; Letterman, San Francisco, $4.44, or 3 cents more; William Beaumont, El Paso, $4.49, or 8 cents more; Walter Reed, Washington, D.C., $5.26, or 85 cents more.

The showing of Fitzsimons is especially commendable in view of the fact that it has the largest percentage of tuberculosis cases which are the most expensive to treat, and this is true although the hospital has been operating at only 50 percent capacity. The Veterans' Administration costs for tuberculosis cases is $4.83 per diem (report of Veterans' Administration, 1932, p. 25).

The annual cost of maintaining the 972 patients recently at Fitzsimons Hospital, on the basis of costs of other hospitals, would be an increase over the cost at Fitzsimons of:

At Letterman Hospital	$10,643.40
At El Paso Hospital	28,382.40
At Walter Reed	301,563.00
At veterans' hospitals	149,007.60

Abandonment of Fitzsimons Hospital would be accompanied by heavy transportation expenses which cannot be accurately estimated. On an assumption of an average cost of $50 per patient, this transportation charge would amount to $48,600.

In addition to this, there would be the cost of closing this large institution and moving its very valuable equipment and supplies. Doubtless additional construction would be necessary at other hospitals because of the increased demand that would be made by veterans entitled to hospitalization who will make this request because of deduction in their compensation.

It is estimated that in Colorado alone there are 1,200 active tuberculosis cases that will be entitled to hospitalization, and there are 200 tuberculosis cases in addition not entitled to pension or hospitalization, but who are disabled to a 75-percent degree and will request domiciliary care at a soldiers' home. These cases could be cared for economically and well at Fitzsimons in lieu of incurring construction costs and greater operating costs elsewhere.

SCHEDULE 2—CONSERVATION OF GOVERNMENT'S $4,000,000 INVESTMENT DEMANDS RETENTION OF FITZSIMONS HOSPITAL

Fitzsimons Hospital, built during the World War, in a suburb of Denver, Colo., is the largest Army hospital in the United States. It has a capacity of 1,832 beds. The site, costing approximately $150,000, was bought by citizens of Denver and leased to the United States Government for 999 years at $1 a year.

The large investment of the Government in this institution (estimated at $4,000,000), as well as the many thousand dollars spent in improvements since the opening of the hospital, including sums spent this last year, are jeopardized by the terms of its 999-year lease, which provides that title reverts to the lessor (Denver Chamber of Commerce, trustee) at the end of 1 year following the abandonment of the site for hospitalization purposes.

Clearly the sacrificing of a $4,000,000 investment by the Government cannot be termed true economy, nor in keeping with the dictates of prudent financial policy.

SCHEDULE 3.—PERFECTION OF TECHNIQUE AND SUCCESS IN TREATMENT OF TUBERCULOSIS DEMANDS RETENTION OF FITZSIMONS HOSPITAL

A unique tuberculosis treatment of extraordinary merit is available at Fitzsimons Hospital. It was developed there by the late Colonel Bruns with special facilities and a trained professional unit skilled in the practice of his methods. The annual report for 1932 of the Surgeon General of the United States Army fully and clearly sets forth the splendid results obtained at Fitzsimons in the treatment of tuberculosis.

In the section devoted to Fitzsimons General Hospital, Col. Carroll D. Buck, M.C., commanding, referring to the technique and results in the treatment of tuberculosis, says at page 276:

"A noteworthy feature in the treatment of pulmonary tuberculosis is the marked reduction in the rate of hemorrhages and other complications. In one group of 1,222 admissions there were only 45 pulmonary hemorrhages. In an entire tuberculosis service, with 1,332 admissions, only 108 cases of pulmonary hemorrhage were reported. The marked reduction in the frequency of this complication was due in a large measure to the uniformity in which artificial pneumothorax and other forms of collapse therapy were applied. In four of the largest tuberculosis units, 46.7 percent of the patients are receiving artificial pneumothorax treatment. The technique of the initial pneumothorax treatment has been standardized and carefully worked out so that there is a marked reduction in accidents which formerly frequently followed this procedure. There has not been a death from pulmonary embolism, and only 11 cases of spontaneous pneumothorax following the introduction of artificial pneumothorax. There has also been a marked reduction in the number of cases developing fluid under treatment. The improvement is due largely to the more judicious and more frequent refills with more careful fluoroscopic check before and after them. Approximately 65 percent of the patients are receiving some form of collapse therapy. The use of this form of treatment has also caused a marked reduction in the number of cases complicated by laryngitis or enterocolitis.

"About 400 cases in the various tuberculosis units were given heliotherapy treatment, the total treatments being approximately 9,900. Patients who were classed as 'activity undetermined' were often given heliotherapy as a test of activity. The other types of cases treated were abdominal tuberculosis lesions, fistulas, bone and joint cases, glandular and genito-urinary tuberculosis. In pulmonary tuberculosis it is limited to the fibrous cases after they have stood the test of graduated exercise. Seven platforms have now been installed in all of the tuberculosis as well as the medical and surgical wards. The alpine lamp treatments were given in some cases which were unable to take heliotherapy for various reasons."

And again at page 277:

"The surgery of pulmonary tuberculosis continues to be a most important feature of the surgical work and constitutes about 25 percent of the operations performed. It is to be repeated that surgery is not definitive treatment in pulmonary tuberculosis. The cases which come to operation have had long-continued treatment on the medical wards and the standard nonoperative treatment

has failed to give satisfactory results. It is the expert in tuberculosis who must decide when surgery is to be resorted to and must advise as to the form which surgical intervention is to take. The success in carrying out most of these procedures depends on close cooperation between the medical and surgical services. The patient must be made to realize that an operation in this condition is not curative. It may be necessary to operate again, and no matter what is done surgically the disease still remains a medical condition, and medical treatment is as much indicated after as before surgical intervention. The surgeon has no miraculous power, and his work here, as in other departments of surgery, is beset with pitfalls, filled with disappointments, and only occasionally crowned with conspicuous success. This success, if any, must be evaluated by the medical service, for the patient returns to it long before any intelligent opinion of the outcome can be formed.

"The same type of surgical procedures were used during this year as in the past. They include phrenic exeresis, pneumoloysis, intrapiural pneumolysis (the Jacobaeus operation), extra plural thoracoplasty, and drainage and unroofing for empyema. In addition, two others have been tried, namely, excision of the scaleneus muscles in conjunction with phrenic exeresis and the unroofing and drainage of tuberculous cavities in the lungs."

SCHEDULE 4—RECOGNITION BY BOTH ARMY AND NAVY OF SUPERIORITY IN TREATMENT OF TUBERCULOSIS DEMANDS RETENTION OF FITZSIMONS HOSPITAL

That Fitzsimons is the hospital of the United States Army best suited for the treatment of tuberculosis cases, and recognized as such by the Surgeon General's Department and by the heads of the other Army hospitals is shown by Annual Report of the Surgeon General, United States Army, 1932, from which the following extracts are taken:

At page 262, the commanding officer of Walter Reed General Hospital at Washington, D.C., says:

"Tuberculosis section * * *. Military patients are sent to Fitzsimons General Hospital * * *."

At page 269 the officer in command of Letterman General Hospital at the Presidio, San Francisco, under heading "Tuberculosis section", says:

"This section, with a bed capacity of 38, is utilized for the diagnosis and temporary treatment only. The military patients are transferred to Fitzsimons General Hospital as soon as the diagnosis is made and their physical condition warrants it."

At page 313 the department surgeon in charge of Philippine Department says:

"Tuberculosis: The department surgeon reports that there was a slight increase in the rate for tuberculosis, both in the Philippines and China * * *. American soldier patients are returned to the United States."

(The undersigned has been informed from time to time that tuberculosis patients from the Philippines have been sent to Fitzsimons Hospital.)

At page 321, the report of the surgeon in command of Panama Canal Department says:

"Twenty-four cases of tuberculosis were transferred to Fitzsimons General Hospital, in comparison with 14 for the preceding year."

The superior advantages of Fitzsimons Hospital for the treatment of tuberculosis patients is also recognized by the Navy. In the Annual Report of the Surgeon General, United States Navy, 1932, page 23, under heading "Hospitalization", it is stated:

"This gives a total of 2,221,514 treatment days in naval hospitals for all classes of patients. This total does not include * * * 4,229 treatment days for tuberculosis patients at the naval unit, United States Army Fitzsimons General Hospital, Denver, Colo. * * *"

After referring to the total number of persons of the Navy under treatment, the report proceeds:

"This total does not include 10 tuberculosis patients at the naval unit, Fitzsimons General Hospital (U.S. Army), Denver, Colo. * * *"

In a personal interview on May 1, 1933, the Surgeon General of the Navy stated to the undersigned that he deplored the removal of Navy tuberculosis patients from Fitzsimons Hospital; that they were well cared for at Fitzsimons; that the Navy had no hospital suitable for the treatment of tuberculosis; that to send tuberculosis patients to Norfolk or Mare Island might be fatal to them.

SCHEDULE 5.—EMINENT MEDICAL SPECIALISTS ON TUBERCULOSIS URGE RETENTION OF FITZSIMONS HOSPITAL

A group of eminent medical specialists of national and, indeed, international reputation in the treatment of tuberculosis, while in attendance at the Congress of American Physicians and Surgeons in Washington, D.C., prepared and signed the attached statement urging that it be submitted in this connection as expert medical opinion on this subject.

The doctors point out the advantages both to the patients and to the Government of retaining Fitzsimons Hospital as a medical center for the treatment of tuberculosis.

They draw sharp attention to the very serious responsibility of jeopardizing the lives of patients should they be removed from Fitzsimons to other localities.

The letter from these eminent specialists is as follows:

WASHINGTON, D.C., *May 9, 1933.*

Hon. LAWRENCE LEWIS,
House of Representatives, Washington, D.C.

DEAR MR. LEWIS: Fitzsimons General Hospital, located near Denver, is the largest and best of its kind in the United States for the treatment of tuberculosis. The equipment of the hospital is of the best and it has an unusually able technical personnel. The work of this hospital has been watched by everyone interested in tuberculosis work, especially those interested in heliotherapy and lung surgery.

The location of Fitzsimons is ideal, there being no better all-the-year-round climate in the United States than is to be found on the eastern plateau of the Rockies. The Southwest is a one-season climate, and so recognized by the private sanatoria directors, who advise their patients to go to the hills or mountains during the summer months. Such procedure would not be practical for the tuberculosis patients of the Army and Navy, and it would entail very great expense. We cannot believe that the Surgeon General of the Army would care to assume the responsibility of jeopardizing the lives of the large number of hospitalized patients by moving them to other locations at this time.

It is recognized that in time of war the military medical men find it necessary to issue drastic orders for the removal of patients from various hospitals. The necessities of the situation often override any consideration of the jeopardy of the lives of the patients. We are not now faced with such a situation. Humanitarian considerations should really come first in this instance.

We approve the administration's plan to balance the Budget, and heartily endorse President Roosevelt's policy to bring this about. Yet we do not think he wishes, or intends, to create hardship for the very ill. This plan of closing the hospital cannot be for economic reasons, unless we have been misinformed, for the per diem cost per patient has been much less at Fitzsimons than at any other Government hospital.

The undersigned Colorado physicians, attending the Congress of the American Physicians and Surgeons, now in session in Washington, urge the representatives from Colorado in Congress to make every effort to retain Fitzsimons Hospital for the treatment of Army and Navy patients. Your interest and cooperation will be greatly appreciated by the medical profession of Colorado.

Very truly yours,

C. F. Hegner, M.D., Denver; Leonard Freeman, M.D., Denver; G. Walter Holden, M.D., Denver; Henry Sewall, M.D., Denver; Charles E. Sevier, M.D., Denver; John A. Sevier, M.D., Colorado Springs; James J. Waring, M.D., Denver; Gerald B. Webb, M.D., Colorado Springs; Leonard Freeman, Jr., M.D., Denver.

SCHEDULE 6.—MILITARY PREPAREDNESS DEMANDS THE RETENTION OF FITZSIMONS HOSPITAL

Apparently it is the policy of the Veterans' Administration practically to abandon the use of Army hospitals for veteran patients, and to use instead Veterans' Administration hospitals. Not only from the point of view of economy (which is discussed in schedule 1), but also from the point of view of military preparedness, such policy, if carried out, would be disastrous. Clearly a sound governmental policy would dictate the maximum use of long-established Army hospitals. The curtailment or abandonment of Government hospitals to such extent as may be necessary should be limited to those directly under the Veterans' Administration.

The extensive governmental hospitalization of ex-service men is actually a temporary problem and the passing of the need for all of the 84 Veterans' Administration hospitals is but a matter of time. It is certain that within a comparatively brief period, measured by the life of the Nation, numbers of these Veterans' Administration hospitals will either be abandoned or put to other uses. But the Army will continue on; and, in case of war, the existence as "going concerns" of well-organized hospitals with efficient staffs will save many lives such as in our other wars have been sacrificed unnecessarily. It is clear that the closing of any particular Army hospital would detract just so much from military preparedness.

Especially is this true in the case of a hospital designed primarily for the treatment of a particular disease to which men of military age are peculiarly susceptible; a hospital located in a region selected from among all those in the Nation as being unusually well adapted by reason of its altitude and all-year-round climate to the successful treatment of that disease; a hospital where there has been organized as a result of years of selection a personnel trained in the use of special equipment to treat that disease; a hospital where there has been developed a technique in the treatment of that disease which has proved extraordinarily successful in arresting and curing that disease and returning its victims to useful civil vocations. Such a hospital is Fitzsimons for the treatment of tuberculosis.

In a national emergency Denver could supply immediately a civilian staff of skilled doctors, familiar with Fitzsimons technique and methods.

SCHEDULE 7.—CONSIDERATIONS OF HUMANITY DEMAND RETENTION OF FITZSIMONS HOSPITAL

The unparalleled advantage afforded by Colorado for the treatment of tuberculosis is so well recognized that it is unnecessary to elaborate on it. The chances of recovery are so much greater there than in any of the other Army, Navy, or veterans' hospitals, outside of Colorado, that the institution should be maintained for the joint use of all branches of the service.

The primary function of a hospital is to cure. If the Government wishes to do everything possible to cure its tuberculosis patients, then this institution should be saved for that purpose. The removal of present patients to other localities less desirable in the treatment of this disease would be to many of them a virtual death warrant. To other patients less seriously afflicted the change

in climate and surroundings would cause marked retardation in their progress toward recovery. World-wide recognition has been given to the advancements made by Fitzsimons Hospital in the treatment of tuberculosis, and it would be a serious loss to have the staff and organization assembled there broken up and scattered as the result of closing the hospital.

There are many additional advantages of location enjoyed by Fitzsimons. Its proximity to seven Army posts, which vary from 1 hour to about 1½ days' travel to Fitzsimons; Denver, a city of 300,000 population, offers many advantages, such as rail connection for North and South, East and West; there is a low-cost basis of living in Denver which is an advantage to the families of veterans residing in the community, as well as to the institution itself, in the purchase of supplies; Denver offers a fine opportunity of employment to families of veterans, thus offering some relief to demands for charity which would otherwise be made; the proximity of Denver with its many cultural advantages, as well as the entertainment furnished, with the approval of the hospital authorities, by a large number of Denver organizations, helps build and maintain the morale of tuberculosis patients at Fitzsimons and is of valuable assistance during the period of recuperation.

LAWRENCE LEWIS,
Representative, First (Denver) District of Colorado.

OIL AND THE RECOVERY BILL

Mr. FORD. Mr. Speaker, I ask unanimous consent to place in the RECORD a statement on the oil industry.

The SPEAKER. Is there objection?

There was no objection.

Mr. FORD. Mr. Speaker, I wish to clarify the issue in regard to the proposed Government control of the oil industry of the United States. The President has suggested an amendment to the National Recovery Bill giving him authority to exercise such control. I have entire confidence in the President, and I am entirely in favor of his suggested amendment to the recovery bill. But I know that he cannot possibly himself exercise the power to control the oil industry. He will have to delegate it to some subordinate. Not knowing who may be appointed to exercise this power, I therefore am convinced that the basis of the proposed proration of oil should be fixed by the Congress.

Let me place the facts clearly before you.

The large oil companies are all for proration. They blithely propose two methods, which happen to be identical. They advocate proration on an acreage basis or on a cubical-content basis. Whichever one is selected, they win; for in either case such proration is not on the production of producing wells now in the field, but on that of oil-land holdings, developed or undeveloped.

What the independent oil producers want, and what this Congress should insist upon, is proration by potential production, based on development already made. In plain English, each well in each field will be allowed, under potential proration, to produce in proportion to its established ability to produce. Curtailment will be on a percentage basis. If the percentage should be fixed at, say, 06 percent, then a 1,000-barrel well will be permitted to produce 600 barrels a day, or the monthly equivalent. And this whether it belongs to a poor man or to a great corporation.

This is fair; it is easily adjusted; it puts the owner of a single well on precisely the same basis as the great corporation owning enormous oil fields. One producing well on a 5-acre tract thus is accorded precisely the same treatment as one producing well on a thousand acre tract. Because there is no injustice, no discrimination in favor of the huge corporations and against the small producers, the public is going to approve and applaud.

Proration by potential, as I have explained, protects the small producer and gives justice to all producers. That is emphatically not so with proration by the so-called "acreage basis" or by the identical cubical-content basis. Under either of the latter equally obnoxious methods, the Oil Trust seeking a monopoly of the Nation's oil business, will be given by the United States Government and by the permission of this Congress an unfair advantage over the small, independent oil producers, land owners, and royalty owners.

These great oil corporations, in control of large tracts of land, under the acreage plan of oil proration are able to make their unprofitable lands count on the same basis as their productive lands situated in a favored position on the oil structure. This simply means that lands which are relatively remote from proved oil structures and producing wells, and which are included in the same land holdings, can be consolidated in a so-called "unit plan" of operation and thus be allowed a prorated share of the oil production, although not actually contributing to that production. I say without fear of successful contradiction that this cry of "waste" and "overproduction" is just plain Oil Trust propaganda. There actually is no overproduction of crude oil in the United States, as the following figures from the United States Bureau of Mines conclusively proves:

	Barrels
The total demand for petroleum in the United States in 1932 was	936,770,000
The total domestic production of petroleum in the United States in 1932 was only	818,761,000
Excess demand over production	118,009,000
Average daily consumption of petroleum in the United States in 1932	2,554,000
Average daily production of petroleum in the United States in 1932	2,237,000
Excess consumption over production	317,000
Average daily consumption of petroleum in the United States in January 1933 (latest available figures)	2,424,000
Average daily production of petroleum in the United States in January 1933 (latest available figures)	2,161,000
Daily consumption in excess of production	263,000

Overproduction does not exist. It is not the problem of the industry. Monopoly is its problem and the problem of the people.

These great oil corporations have been crying overproduction for years and battling to force the acreage plan of proration on the independents of the oil industry. They say, in effect, "Let us regulate the oil industry on the acreage basis of proration and the little fellows will be forced into the unit plan of operation. In a short time, with the oil production under our control, the independent refiners will not be able to get any oil, and then our monopoly will be complete."

I need hardly tell you, gentlemen, that with such a monopoly in control of the oil industry, and with independent competition eliminated, gasoline prices will reach the sky, and the American consumers will pay and pay dearly.

LEAVE TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House when it convenes on Monday next on the subject of "The Progress of Farm Relief Legislation", speaking for 20 minutes without interruption. I hope that no one will object.

Mr. SNELL. Mr. Speaker, there has been a general understanding that the Speaker would not recognize anybody to make such a request in advance of the time when the address was to be made.

The SPEAKER. That is the understanding, and the Speaker will have to object himself and suggest that the request be made on Monday.

Mr. GRAY. Mr. Speaker, then I give notice that I shall make that request on Monday morning.

The SPEAKER. To obtain unanimous consent to address the House, it is necessary that the Member make the request upon the day he desires to speak.

INTERSTATE RAILROAD TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended. Pending that, I ask unanimous consent that when the House has completed its consideration of the bill the enrolling clerk have authority to change numbers of paragraphs and sections of the bill wherever necessary.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1580, with Mr. HILL of Alabama in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

TITLE I—EMERGENCY POWERS

SECTION 1. As used in this title—

(a) The term "Commission" means the Interstate Commerce Commission.

(b) The term "coordinator" means the Federal coordinator of transportation hereinafter provided for.

(c) The term "committee" means any one of the regional coordinating committees hereinafter provided for.

(d) The term "carrier" means any common carrier by railroad subject to the provisions of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

(e) The term "employee" includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

(f) The term "State commission" means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carrier by railroad under the laws of any State.

Mr. KELLY of Pennsylvania. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KELLY of Pennsylvania: Page 30, line 18, after the word "thereof", add a new paragraph, as follows:

"(e) The term "subsidiary" means any company which is directly or indirectly controlled by or affiliated with any carrier or carriers. For the purpose of the foregoing definition, a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act."

Mr. BLANTON. Mr. Chairman, before the gentleman discusses that, I rise to a point of order for the purpose of getting a decision from the Chair. I reserve the point of order to ask a parliamentary inquiry. The entire Senate bill comes from the House committee as one amendment. The committee has stricken out all of the Senate bill and put in its substitute as one amendment. Should that substitute be read in its entirety as one amendment, or is it to be read by sections?

The CHAIRMAN. The rule under which we are considering the Senate bill provides that the committee substitute shall be considered as an original bill under the 5-minute rule.

Mr. BLANTON. Then it will be read by sections?

The CHAIRMAN. It will be read by sections.

Mr. BLANTON. And we can offer amendments to each section after the reading of each section?

The CHAIRMAN. That is correct. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. RAYBURN. Mr. Speaker, I desire to make a point of order.

The CHAIRMAN. The Chair thinks the gentleman from Texas comes too late.

Mr. BANKHEAD. There has been no debate.

The CHAIRMAN. The gentleman from Texas obtained recognition after the gentleman from Pennsylvania had offered his amendment.

Mr. BLANTON. Mr. Chairman, I reserved the point of order, which preserved the right in favor of the chairman of the committee and of every other Member of the House. Whenever a point of order is reserved, it is for the benefit of all Members, and the remarks I made were made under the reservation of the point of order. When I withdraw my reservation of the point of order, the gentleman from Texas [Mr. RAYBURN] can renew it, when there has been no intervening debate.

The CHAIRMAN. The Chair had disposed of the point of order made by the gentleman from Texas [Mr. BLANTON], and the Chair then recognized the gentleman from Pennsylvania [Mr. KELLY].

Mr. BLANTON. But there had been no intervening debate. And when I withdrew my reservation, any other Member could renew it.

Mr. MAPES. Mr. Chairman, I rise to make a further point of order. I do not know what point of order the gentleman from Texas [Mr. RAYBURN] has in mind, but I submit there cannot be more than one point of order pending at the same time. The gentleman from Texas [Mr. BLANTON] raised a point of order, which the Chair decided, and immediately thereafter the gentleman from Texas [Mr. RAYBURN], the chairman of the committee, made the point of order against the proposed amendment of the gentleman from Pennsylvania before the gentleman from Pennsylvania proceeded to debate.

It seems to me the gentleman from Texas [Mr. RAYBURN] was trying to raise the point of order within the proper time.

Mr. RAYBURN. I certainly made the point of order as soon as I could.

The CHAIRMAN. The Chair feels that the gentleman from Pennsylvania had been recognized and had started to debate the amendment before the gentleman from Texas [Mr. RAYBURN] made his point of order.

Mr. RAYBURN. I beg leave to disagree with the Chair. The gentleman had not started to debate the amendment.

Mr. BLANTON. There must be debate ensue, and there had been no debate on the amendment. While the Chair had recognized the gentleman from Pennsylvania, there had been no debate.

The CHAIRMAN. The Chair is advised that, according to the Official Reporter's notes, the gentleman from Pennsylvania [Mr. KELLY] had not proceeded with any discussion and had not said anything. Therefore the Chair will entertain the point of order made by the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I make the point of order that this bill, title I, refers to railroads, and railroads only; and a subsidiary of a railroad may mean many, many things. It may be a hotel; it may be a shoe factory; it may be a health resort; it may be a bus line, or a truck line, or an amusement park, or what not. This bill is written around the proposition that it applies only to railroads and not to subsidiaries; and the committee, by motion, struck that section out of the bill as it was passed by the Senate.

Mr. KELLY of Pennsylvania. Of course, the Chair knows that this amendment, as I have offered it, is identical with the provision carried in the Senate bill, which was sent to the House Committee on Interstate and Foreign Commerce. It is a definition only, a definition which seems to me to be essential to this bill for the protection of railroad investment and railroad labor. I cannot see how a point of order against the definition of the word "subsidiary" could be upheld. I submit the matter to the Chair.

The CHAIRMAN (Mr. HILL of Alabama). The Chair is ready to rule. The pending section deals with definitions. The amendment offered by the gentleman from Pennsylvania [Mr. KELLY] is merely a definition. If there is no provision in the bill with reference to subsidiaries, of course the amendment offered by the gentleman from Pennsylvania would be meaningless. The section merely deals with definitions. This is the proper place for definitions. The Chair therefore overrules the point of order.

Mr. HUDDLESTON. Mr. Chairman, may we again have the amendment reported?

There being no objection, the Clerk again reported the amendment offered by Mr. KELLY of Pennsylvania.

Mr. KELLY of Pennsylvania. Mr. Chairman, the purpose of this amendment is to clarify certain provisions of the bill and make them effective. The word "subsidiary", which was used in the measure as sent to the House committee, was defined under the Senate bill. It should be defined in this bill. I agree with the Chairman of the Committee on Interstate and Foreign Commerce, that this amendment will refer to bus and motor companies, to express companies, and to other transportation companies of that kind which should be covered in this bill if the purposes of the measure are to be carried out.

For instance, Congress about 2 years ago passed a bill reported by the Committee on Post Offices and Post Roads in this House, providing that where train service was discontinued the railroad company should be given the contract for carrying the mail by motor bus without any competition, without any taking of bids, and at the rate which was paid for the mail transportation on the trains. That was a distinct advantage. Now if we omit these bus companies in this bill, it will be possible for the railroad companies to deal with employees of those bus and motor companies in a way which will be a hardship to them and in part nullify the protective provisions of this bill. We are endeavoring to protect workers in the railroad service. It seems to me to be but just that we protect those who will be assigned to the motor and bus companies when they are transferred from the regular railroad service.

There are also express companies to be considered. These companies are subsidiaries of the railroad companies. They have a force of men in the terminals and elsewhere handling express matter and another force of men handling baggage and other material from the trains. It will be possible to transfer men from the railroad service into the express service and then use any method that may be desired to economize at the expense of the workers employed in the express company. That is unfair. If we are to do anything effective toward giving protection to the workers in the transportation industry, we certainly should make sure there is no loophole left where hardships can be inflicted upon those in the express, motor bus, and other subsidiary companies.

Mr. MEAD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes; I yield.

Mr. MEAD. Some Members are unduly alarmed because they feel this might apply to hotels, coal mines, and so forth. While I do not believe it is necessary so far as the change I suggest is concerned, would the gentleman agree to a change in his amendment, adding the word "transportation" before the word "subsidiary", so that it would read "transportation subsidiary"?

Mr. KELLY of Pennsylvania. Of course, that is the purpost of my amendment. If it needs clarification, I would accept the gentleman's suggestion. It is the purpose to deal solely with transportation agencies. The Pullman Co. is another in addition to those I have named. That is a separate organization, with many employees engaged in transportation, and yet it does not come directly under the provisions of this bill, unless "subsidiaries" are covered. From every standpoint it seems to me we should make sure that these definitions are comprehensive enough to cover the word "subsidiary" and make it apply to those companies, in order to make this bill serve the purpose of regulating and developing transportation on a fair and square basis.

Mr. SNELL. Will the gentleman yield for a question?

Mr. KELLY of Pennsylvania. I yield.

Mr. SNELL. It has come to my mind that at the present time we have no legislation in any way governing transportation as to motor busses and trucks in any way connected with interstate commerce.

Mr. KELLY of Pennsylvania. That is true, but we can reach them through this bill by including these subsidiary companies.

Mr. SNELL. How are you going to reach them when there is no law on the statute books controlling them? I was in favor of a bill we had several years ago to control them, and I think they should be controlled; but it seems to me the gentleman is attempting to go at it in the wrong way to try to reach them through this bill, when there is no legislation on the statute books in any way controlling their operation.

Mr. KELLY of Pennsylvania. I may say to the gentleman from New York that under this bill we can establish the control he favors. When we are putting restrictions on the dismissal of transportation workers on the railroads, we can make them effective by defining as subsidiaries these bus and motor lines, express companies, and others.

Mr. SNELL. Does not the gentleman think he is putting restrictions on a corporation that has none of the advantages of Federal legislation and regulation?

Mr. KELLY of Pennsylvania. I have just given one instance where we have given railroad companies valuable motor-bus contracts, without any competition whatever, because they were carrying mail under a railway mail contract. That is a very great advantage, which they very greatly desired.

Mr. SNELL. To a bus company?

Mr. KELLY of Pennsylvania. To a bus company, a railroad subsidiary, without competition. I am asking that they be included under the provisions of this bill.

Mr. HUDDLESTON. Mr. Chairman, the amendment of the gentleman from Pennsylvania in its present form is dangerous. Not even a member of the committee, who have given this subject careful study, can be certain of the field for its operation, not to speak of the gentleman from Pennsylvania, who has not had the opportunity to give it the study that we have.

The committee considered this subject very carefully, and unanimously, as I recall, agreed that it would be dangerous to adopt such a provision. If it were confined to "subsidiaries" under the jurisdiction of the Interstate Commerce Commission, the situation would be different; but under the terms of the amendment as offered it includes "any company", whether transportation company or otherwise, whether it be mercantile, hotel, amusement, or whatever it might be which is "directly or indirectly affiliated" with a railroad company. So that if certain of the stockholders of a railroad company should see fit to incorporate an amusement park or a hotel with the view to operating it near a railroad terminal for the mutual advantage of both, although the enterprise was not owned by the railroad company, and although it was not controlled by it, under the amendment offered by the gentleman from Pennsylvania the coordinator would have jurisdiction to step into that purely intrastate proposition and to shut it down.

The gentleman expressed interest in employees—there is no provision in this bill for taking into consideration the interest of the employees of these subsidiaries. There is no provision by which they could be represented or their interests cared for. Note the remoteness of the connection with a railroad carrier. The employees of a purely intrastate company and operation might have their interests jeopardized, perhaps sacrificed, by some action the coordinator might take.

Mr. Chairman, the subject of railroads and interstate commerce is highly complex. May I say that after 12 years' service on this committee I recognize more than ever my limitations and the number of things I do not know about it. How presumptuous, then, it would be for me, without having given any special study to it or having heard any witnesses or knowing anything in particular about the subject, to undertake to thrust into this bill an amendment of such far-reaching importance. I cannot think of anything which would be calculated to cause more far-reaching consequences or perhaps do an incalculable injury than an amendment of a technical nature such as this.

If the gentleman wants to amend this bill, he should amend it in some respect in which there is not such complexity and in which we might be able to understand what the consequences of the amendment may be, and not undertake to thrust a charge into it and blow it up as an experiment to see what consequences might flow from it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. RAYBURN) there were—ayes 30, noes 79.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby cre-

ated the office of Federal coordinating of transportation, who shall be appointed by the President, with the advice and consent of the Senate, or be designated by the President from the membership of the Commission. If so designated, the coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct; except that the coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as coordinator. The coordinator shall have such powers and duties as are hereinafter set forth and prescribed; and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

Mr. MAPES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAPES: Page 31, line 22, after the words "the President", strike out the remainder of the line, all of line 23 and line 24, to and including the word "agents", and insert in lieu thereof the following:

"Appoint such experts and assistants to act in a confidential capacity, and, subject to the provisions of the Civil Service laws, such other officers and employees, and in accordance with the Classification Act of 1923 fix the salary of such experts, assistants, officers, and employees."

Mr. MAPES. Mr. Chairman, I do not care to take any more of the time of the Committee than is necessary to explain what this amendment does. I offered the same motion in the committee in substance.

The amendment strikes out the language in the bill which authorizes the coordinator to appoint his employees and assistants without regard to the Civil Service law and to fix their salaries without regard to the Classification Act of 1923, and substitutes therefor language similar to that contained in the Railroad Labor Act which will put the office of the coordinator under the classified Civil Service. The amendment would permit the coordinator to appoint necessary experts without regard to the Civil Service laws and regulations, but the rest of his office force would be appointed in accordance with Civil Service laws and regulations and their salaries would be fixed according to the Classification Act of 1923.

I know that during this session a good deal of legislation has been passed authorizing the appointment of employees without regard to the Civil Service laws and authorizing the appointing officers to fix their compensation without regard to the Classification Act, in fact, without any limitation at all upon the discretion of the appointing officer in that respect.

I think Congress and the country eventually will come to realize that such provisions are vicious.

I do not want any legislation with such a provision in it to pass without very definitely expressing my opposition to it.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. MAPES. I yield.

Mr. SNELL. After the extreme interest shown by the majority yesterday in the honest and efficient carrying-out of the Classification Act and the Civil Service laws, does the gentleman think they will have any objection to adopting his amendment at this time?

Mr. MAPES. I should like to have them agree to it. At any rate I shall give them the opportunity to vote upon it.

Mr. SNELL. I am sure after the exhibition we had here yesterday they will grant the gentleman's request.

Mr. RAYBURN. Mr. Chairman, this provision of the bill was very thoroughly considered, not only at the hearings but in the committee. The committee turned down the amendment of the gentleman from Michigan [Mr. MAPES] by an overwhelming majority.

I may say that no one knows at this time who is going to be the coordinator, unless it is the President of the United States. It has been stated in various press reports that Commissioner Eastman will be furloughed from the Interstate Commerce Commission and made the coordinator. I doubt if his appointment would be displeasing to anybody, because he is a man of outstanding ability and has the confidence of the shippers and the public in general, as well as of labor and the railroads, as few other men in his position over the years have had.

One of the things that Mr. Eastman was very definite about was that among those whom the coordinator would call around him would be men who should be of the highest technical skill that he could get, and he thought it would greatly cripple the efforts and the accomplishments of the coordinator if he had to go to the Civil Service rolls to get these employees.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. RAYBURN. Yes.

Mr. SNELL. In the building-up of this organization will it not also be necessary to have quite a number of what we may call average clerks and assistants in connection with the work?

Mr. RAYBURN. That is true.

Mr. SNELL. Would it not be all right to put them under Civil Service?

Mr. RAYBURN. This act will run for 1 year, under the law, and by proclamation of the President may be extended for another year. It will be in operation only 2 years. It is thought that in building up this organization to do this expert work, the coordinator should be given the privilege of selecting the help that he thinks is necessary, and it probably would not run more than 100 people.

Mr. SNELL. I understand that; but considering the facts that exist here at the present time, when a great many of these Civil Service employees are going to be out of jobs on account of the new orders combining and coordinating various activities of the Government, you have these people here now, and they are accustomed to this kind of work, and would it not be better to take care of them rather than bring in a lot of new people here who would not be acquainted with the work?

Mr. RAYBURN. I should think if the coordinator were a capable man, and I presume he will be, he will be the type of man who will call around him capable people; and if there are more capable people among those who are discharged from positions under the Civil Service in Washington, he will take them.

Mr. SNELL. But a large number of these jobs would simply need efficient clerks; and if they have been doing that kind of work for some time, we may presume they are efficient. We have these people here and to a certain extent we owe them some obligation, and it seems to me it would be only fair to this number of employees if you were to allow at least the common employees to come under the Civil Service laws, and especially since on yesterday you showed such interest in the honest application of the law.

Mr. RAYBURN. I happened not to be here at that time yesterday, but I want to say to the gentleman that when he talks about honest application of the law——

Mr. SNELL. I accept the gentleman's apology.

Mr. RAYBURN. There has not been any such thing.

Mr. SNELL. I am not arguing that, but you say that you want honest administration of the law.

Mr. RAYBURN. There has not been any such thing, for the simple reason that the gentleman knows, as well as I do, that with respect to States even as far away as his own State, and especially the States in the far South, the States of Virginia and Maryland and the District of Columbia have as many on the Civil Service rolls as any other half a dozen States of the Union.

Mr. SNELL. That can be taken care of with the law as it exists at the present time. We are all agreed on that, but the other question remains with respect to the honest and efficient administration of the law, and I think we ought to observe the law here in the House if we are going to ask the Commission to observe it.

Mr. RAYBURN. I think, Mr. Chairman, it would be very much better for the orderly work of the coordinator if he were allowed to choose his own corps of workers.

Mr. MAY. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. MAY. Does not the chairman of the committee feel that necessarily in the organization of any new administration under this bill that the man who has charge of its administration can take care of all these things better than anybody else?

Mr. RAYBURN. Oh, I think so; yes.

Mr. MEAD. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MEAD. In view of the attitude of the Republican Party when President Hoover's program was up for consideration and they took all those jobs out of the Civil Service, does not the gentleman think they ought to be consistent now?

Mr. RAYBURN. As I have just said, I agree with the gentleman from New York.

Mr. BLANTON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. BLANTON for the amendment offered by Mr. MAPES: Page 31, line 24, after the word "appoint", in line 23, strike out the words "and fix the compensation of."

Mr. BLANTON. Mr. Chairman, under this language, unless we strike out, all these assistants and employees will have their salaries fixed by the coordinator.

None of us know who is to be appointed as coordinator. We do know that it is reported that the president of the Southern Railway has been receiving $125,000 per year, and that in order to bring itself in line to receive loans from the Reconstruction Finance Corporation, it has reduced the salary of its president to $60,000. This coordinator may be the kind of big-hearted personage who thinks it is all right to pay these 50-, 60-, 75-, 100-, and 200-thousand dollar salaries. And after we give him carte blanc authority, it will then be too late to complain when he begins to pay the salaries.

After all, it comes out of the pockets of the people. The railroads have learned that the Interstate Commerce Commission is going to give them a fair return on their money invested, and to make up for the expenses of running railroads including these outrageous salaries paid officials, the Interstate Commerce Commission raises the freight and passenger tariffs accordingly. So the people pay for it. And the railroads have quit fighting against bills, but let any kind of a bill be passed, and then they get relief from the Interstate Commerce Commission.

We do not know whether this coordinator will pay to his assistants and employees five thousand, ten thousand, fifteen thousand, or twenty-five thousand. I am getting tired of voting for bills with that language in it, allowing certain departments to fix the compensation themselves, and having the assurance given as an excuse for it, that the salaries will not be exorbitant, and then as soon as the set-up is made, when you get the list of salaries you find out that they are exorbitant. Then we cannot stop it. The time to stop this big salary business is in the making of the law. The time to prevent the coordinator from paying exorbitant salaries is right now in this bill, by putting in it a proper limitation.

Mr. RAYBURN. The gentleman understands that this money does not come out of the Treasury of the United States.

Mr. BLANTON. I know that eventually it comes out of the pockets of the people, for the Interstate Commerce Commission always raises the freight and passenger tariffs to take care of all expenses. If we do not stop exorbitant salaries being paid when people are starving to death, we ought to say that Congress does not believe in orderly government, run in behalf of the people.

Mr. McFARLANE. Will the gentleman yield?

Mr. BLANTON. No, I regret that I cannot yield; I have only 5 minutes. We had a bill here the other day in which the House provided for an additional $50,000,000 being loaned to the insurance companies, and at first that bill provided that the Reconstruction Finance Corporation would not loan any money until these companies reduced the salaries of their officials down to not over $17,500 per annum. The committee eliminated that wise provision from the bill. When we tried to put it back, in the debate we showed that the insurance companies had raised the salaries of their presidents and other officials until—for instance, the New York Life was paying its president $125,000 a year. The Metropolitan Life was paying its president $200,000 a year, and yet there are some people starving to death in various parts of the United States.

Mr. PARKER of New York. Let me say to the gentleman that they have not borrowed any money and have not asked for any.

Mr. BLANTON. They could do it under the act we passed, and yet that wise limitation was stricken from the bill, and the matter of forcing them to reduce salaries was left to the Reconstruction Finance Corporation. All it has done is to require them to reduce these huge salaries 60 percent so that, instead of paying its President $200,000, the Metropolitan Life Insurance Co. could pay its President only $80,000 per annum—$5,000 more than the President of the United States gets.

Are you in favor of that? The time to stop these outrageous salaries is right now.

I tried to stop them when the Reconstruction Finance Corporation Act was passed. Excuses then were given. We were assured that it would not pay big salaries, and yet as soon as it was set up and we got the break-down of its salaries, we found that they were paying one man $16,500 a year and numerous others almost that amount. It is outrageous the way the salaries are paid under such blanket provisions as are put in this bill.

Mr. HASTINGS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HASTINGS. Under the gentleman's amendment, if adopted, what salaries would be received?

Mr. BLANTON. They could not pay more than $10,000, which is provided under the Classification Act. I am not in favor of that act and it ought to be repealed, as its maximums are entirely too high; but, thank God, it does limit them to $10,000. If you strike out this language provided in my amendment, they cannot pay a salary of over $10,000. Is not that far more than enough for the assistants and employees of this coordinator?

I do not think we ought to pay that, but we should put at least that limit on it, and from now on every bill that is brought into this House is going to have a sane limitation on salaries if I can get my wish about it.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Texas. First, let me read from the hearings on page 46:

Commissioner EASTMAN. I do not think that any man ought to accept this job unless he is given absolutely a free hand in the matter of appointments.

As to the amendment of my colleague from Texas, if his amendment is adopted, he leaves in the language "without regard to the Civil Service laws and the Classification Act" that he is talking about. He says that under that they cannot be paid more than $10,000, but he leaves the bill so that that is not regarded. Under the bill as it passed the Senate not more than $250,000 a year can be expended by the coordinator, for the simple reason that under the Senate bill the railroads are assessed $1 per mile, while under the House bill it is thought there may be a necessity for a little more money than that, and we put in a limit of not more than $2 a mile on each individual railroad, which would amount to about $500,000.

Mr. BLANTON. But my colleague knows that if we strike the language out and put in no restrictions as to compensation, before they can pay a single salary they will have to bring the set-up and get it approved by the Committee on Appropriations.

Mr. RAYBURN. I think the gentleman is mistaken about that.

Mr. BLANTON. How would they get them paid?

Mr. RAYBURN. They would naturally pay them out of the assessment made against the railroads, this amount of money that is provided in the bill.

Mr. HASTINGS. May I ask the chairman of the committee a specific question? If the amendment of the gentleman from Texas [Mr. BLANTON] is not adopted and the language remains in the bill as it is written, what is the maximum amount—or is there a maximum or minimum amount—that any of these officers may receive?

Mr. RAYBURN. The maximum amount is $500,000 which the coordinator can spend.

Mr. HASTINGS. That is the aggregate amount that may be paid all the employees; but I want to know if there is anything in the bill that would limit the amount paid to an individual?

Mr. RAYBURN. Not a thing.

Mr. HASTINGS. Then they could get $25,000 or $100,000?

Mr. RAYBURN. Yes; to come out of the revenues of the railroads and not out of the Treasury of the United States.

Mr. HASTINGS. They could go to any amount except that they could not exceed in the aggregate $500,000.

Mr. RAYBURN. I do not know whether there is anything to the rumor, but it is generally understood that Mr. Eastman will be the coordinator. He receives $12,000 a year, less 15 percent. I doubt whether he would employ anybody at a higher rate than he gets himself.

Mr. HASTINGS. Why not put a limitation in to that extent?

Mr. RAYBURN. I think it would be a mistake and would do no good.

Mr. FORD. Mr. Eastman gets $8,500 a year. He was cut from $12,000 to $10,000, and then he received a cut of 15 percent.

Mr. RAYBURN. That is correct.

Mr. MAPES. Mr. Chairman, I move to strike out the last word, and in my time I ask unanimous consent that the Clerk again report the amendment of the gentleman from Texas [Mr. BLANTON].

There was no objection, and the Clerk again reported the Blanton amendment.

Mr. BLANTON. Will the gentleman from Michigan yield to permit me to ask leave to substitute an amendment for the one that I have offered?

Mr. MAPES. I refuse to yield at the present time. I have no complaint to make with the speech which the gentleman from Texas [Mr. BLANTON] made, but I submit to the Committee that his amendment means nothing.

The amendment which I submitted is definite. It does what the gentleman has in mind, and in addition brings the employees under the Civil Service. The coordinator would still be allowed to select experts without reference to the Civil Service law, but all other employees would be selected according to the rules of the Civil Service law, and the compensation in all cases would be fixed according to the Classification Act of 1923. Congress spent a good deal of time considering the matter before the passage of the Classification Act. It applies to all Government employees. By the adoption of my amendment the coordinator would be relieved of having to pass upon the question of what was to be paid to each man employed by him.

The gentleman from Texas [Mr. RAYBURN] has called attention to the fund that is to be used by the coordinator. The House committee changed the recommendation of the Senate and provided that the railroads should pay into the fund to meet the expenses of the coordinator $2 per mile for every mile of railroad in the United States. That will provide the coordinator with $500,000 to use in 1 year. If no limitation is placed upon him in the exercise of his discretion, the sky will be the limit. I agree entirely with the argument of the gentleman from Texas [Mr. BLANTON] as far as it goes, but I am opposed to his amendment. It ought to be voted down and the amendment which I have submitted ought to be adopted by the House.

Mr. BLANTON. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw the amendment which I offered for the present.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. BLANTON]?

There was no objection.

Mr. BLANTON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk, as a substitute for the amendment offered by the gentleman from Michigan [Mr. MAPES].

The Clerk read as follows:

Amendment offered by Mr. BLANTON as a substitute for the amendment offered by Mr. MAPES: Page 31, line 23, strike out the words "and the Classification Act of 1923 as amended"; and in line 24 strike out the words "and fix the compensation of."

Mr. BLANTON. Mr. Chairman, this modified amendment meets the objection raised by the Chairman of the Committee on Interstate and Foreign Commerce, my friend from Texas [Mr. RAYBURN]. If we will pass this amendment, as I have changed it, they cannot pay any salary in excess of $10,000 to anybody, and the salaries they do pay must comport with the provisions of the Classification Act of 1923 as amended. It does not leave to the coordinator, one man in the United States, the privilege of fixing the compensation of every assistant and every employee he has, at any exorbitant amount he may allow.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. SNELL. If you are going to be fair on one line, why not take the whole proposition and use them the same as you do in every other department of the Government?

Mr. BLANTON. The gentleman means also put back the language about making them come through the Civil Service?

Mr. SNELL. Yes. I should like the gentleman to tell us why not?

Mr. BLANTON. I am going to get 15 minutes here some time today and tell the great minority leader, and he is one of the greatest "minority" I ever saw——

Mr. SNELL. It will not be necessary to put that in the RECORD. You have put it in several times, and everybody knows it. [Laughter.]

Mr. BLANTON. I am going to tell him what a farce the Civil Service has been for the last 12 years under his administration.

Mr. SNELL. That is all right. We will grant that. Why do you not repeal the law, then?

Mr. BLANTON. I cannot yield further to the former great Chairman of the Rules Committee, who knows the rules and who ought to obey them by not interrupting until I yield.

Mr. SNELL. I thank the gentleman. He does know something about the rules, too.

Mr. BLANTON. Knowing the rules, he ought not interrupt me. [Laughter.] I want to tell you something about the administration of the Civil Service under the Snell regime—the great minority leader. Here is the city of Washington, with less than 500,000 population. It is entitled by law to 132 Civil Service employees. Yet it has 10,778 of its people on the pay roll as Civil Service employees. This city of Washington has 25 times as many of its citizens on the pay roll as has the great State of Texas, 900 miles across it east and west, and 900 miles across it north and south. As was stated by my colleague from Texas, the chairman of this committee, the city of Washington, the State of Maryland, and the State of Virginia have more employees on the Government pay rolls than any other 15 States in this Nation.

Mr. HASTINGS. Or in 45 States.

Mr. BLANTON. It is outrageous. Here we put a stop on that abuse the other day in an amendment on a bill and it has gone to the Senate, and they have torn our amendment all to pieces and fixed it so that they can continue to do this, to carry out this so-called farcical "Civil Service law" under the Snell regime. [Laughter.] We are getting tired of it.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLANTON. Certainly.

Mr. SNELL. As a matter of fact, the gentleman knows very well that I have never had anything to do with the Civil Service law.

Mr. BLANTON. Well, he is the only spokesman here for it now.

Mr. SNELL. Is that not true?

Mr. BLANTON. Well, he is the only spokesman for it now on the floor. You cannot get anybody else to approve it.

Mr. SNELL. I am not speaking for it. [Laughter.] I am for all the laws on the statute books, and you have not the courage to repeal the Civil Service law.

Mr. BLANTON. I have got the courage now to vote to repeal it and to stop this infernal injustice to all the other States of the Union.

Mr. SNELL. You are going to do a real injustice to everybody in the Civil Service, and you do not have the courage, with all your votes, to repeal a law, which in effect you are doing by piecemeal.

Mr. BLANTON. I will put my courage up against the courage of the gentleman from New York any time.

Mr. SNELL. Start in on it now.

Mr. BLANTON. Mr. Chairman, I ask the former Chairman of the Committee on Rules to observe the rules and not interrupt me.

The CHAIRMAN. The gentleman from Texas declines to yield further.

Mr. COOPER of Ohio. Will the gentleman yield for a question?

Mr. BLANTON. No; I am sorry; I cannot. I want to attend to the gentleman from Potsdam first. [Laughter.]

The CHAIRMAN. The gentleman from Texas declines to yield.

Mr. BLANTON. Yes. Under the Snell regime——

Mr. SNELL. Mr. Chairman, I make the point of order that the gentleman from Texas is not proceeding in order.

Mr. BLANTON. Oh, I am in order.

The CHAIRMAN. The gentleman from Texas will proceed in order and discuss his amendment.

Mr. BLANTON. And I know the rules better than the former Chairman of the Rules Committee, and I observe them better. [Laughter.] You know under his regime——

The CHAIRMAN. The time of the gentleman from Texas has expired. [Laughter.]

Mr. BLANTON. I will deal with that later, Mr. Chairman, as there are many interesting rules and regulations under the Civil Service during the last 12 years that deserve discussing. Under the unanimous consent granted me, I would like to say here and now that shortly after President Harding was inaugurated every Democratic postmaster in the country, practically, was forced to resign, and they were replaced with Republicans. When a Civil Service examination was held, and none of the three eligibles were satisfactory to the Republican organization, that examination was discarded and a new one held, until there was a Republican eligible on the list that would satisfy the Republicans.

Our beloved colleague, Hon. ED POU, the dean of Congressmen here, represents a Democratic district in North Carolina. It is a cotton district. He has been a Member of this House for 31 years. He is the honored Chairman of the great Committee on Rules. Yet every cotton statistician in his Democratic cotton district is a Republican and has been for 10 years. That illustrates what the United States Civil Service is under Republican rule. I want to see Democrats, loyal and worthy, in charge of every appointive position in this Government. And, in my judgment, the time has come for this change, most important to the people, to take place.

Mr. PARKER of New York. Mr. Chairman, in this bill we are giving more power to one man over property in the United States than was ever given to any one man before in the history of the country. We are giving this coordinator control over $20,000,000,000 worth of property that is owned by the people. The railroads are to pay the expenses of this coordinator, and if this coordinator is big enough to hold down the job we are going to give him, he is big enough to appoint his employees and fix their salaries. If he is not big enough, then the President of the United States falls very short of what I think his ability is.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the other day I tried to get 5 minutes' time to discuss a matter that is again brought on the floor this afternoon.

Day before yesterday, and today, gentlemen have stated from the floor of the House that under the law there were only 138 residents of the District of Columbia entitled to be employed in the Civil Service, and that because of the fact there are more than that number of residents of the District of Columbia employed in the Civil Service they have found fault with the system.

Personally, I believe it would be unfair unless we did employ many times more than 138 residents of the District of Columbia in the Civil Service.

Let me call attention to the fact that if a man came from your State or mine 30 or 40 years ago and worked for the Government here in the District of Columbia he retained his residence in your State or my State. He came here as a young man, we will assume, was married and raised a family. Those boys and girls are now grown up and have become young men and women. They are not citizens of Wisconsin, Texas, or Oklahoma. They are citizens and residents of the District of Columbia. There is no other place for them to find employment here in the District of Columbia except in the Federal service. This is not an industrial city. This is the seat of the National Government and it is well known that practically all people living here, or at least a large percentage of them, must find employment in the Federal service.

If we are to say that only 138 people who are residents of the District of Columbia are to receive employment in the Civil Service, then we must assume that these young people must leave their family ties, these young men and women who were born and raised here in the District of Columbia must run out to Oklahoma, Texas, or Wisconsin to find employment.

I do not claim to be the champion of the cause of the people of the District of Columbia. This is the first time I have found it necessary, in my judgment, to defend the people of the District of Columbia on the floor of the House, but I think it would be grossly unfair to have any system whereby the number of the residents of the District of Columbia on the Federal pay roll is restricted to 138.

I think it is only fair and just that there should be a larger number of them employed by the Government. If we do not give them jobs here, it means they must go out of the District of Columbia, leave their families, leave all behind them, go out to Michigan, Wisconsin, Oklahoma, Texas, and other States and compete with citizens there for jobs. People born and raised in the District are acclimated to conditions here. Their entire lives have been spent here, and I, for one, protest against any bill which would limit the number of Federal employees from the District of Columbia to 138.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. SNELL. Is it not a fact that the proportion for the District of Columbia in the Civil Service has been going on for the last 40, 50, or 75 years?

Mr. BOILEAU. I believe the gentleman is absolutely correct. I do not believe people from other States should come here and take jobs from people who are doing their work well; residents of the District of Columbia should not lose their jobs just because they happen to live in the Nation's Capital. [Applause.]

Mr. RAYBURN. Mr. Chairman, we want to get along with this bill. I want to give everybody an opportunity to discuss the bill, but hereafter I shall make a point of order against anyone who speaks out of order.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I want to speak on two points. First, with reference to the amendment of the gentleman from Texas,

I want to call the attention of the members of the committee to the fact that if the amendment of the gentleman from Texas [Mr. BLANTON] is adoped it will not affect the salary of the coordinator, because by reference to the bill at page 32, lines 6 to 10, inclusive, the following language is found:

The coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission he shall receive no compensation in addition to that which he receives as a member of the Commission.

This part of the section, of course, is not affected by the amendment of the gentleman from Texas, and if the amendment of the gentleman from Texas is adopted, it will not affect, therefore, the right of the President to fix the salary of the coordinator. I think the other salaries should be limited. Therefore I am in favor of the amendment of the gentleman from Texas.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. PARKER of New York. If the gentleman will read the further provisions of the bill he will find that the President can fix all salaries.

Mr. HASTINGS. I am not in favor of that. I think there ought to be some limitation upon the salaries of the subordinates appointed by the coordinator.

From the chairman of the committee and others I have tried to ascertain whether any limitation has been placed upon the salaries of any of these other employees, but they have not been able to show me where it is contained in this bill.

If the amendment of the gentleman from Texas [Mr. BLANTON] means a limitation on these salaries except that of the coordinator, I am in favor of it, because I do not believe exorbitant salaries ought to be paid. If we are going to provide salaries, I think we ought to put some limitation on them.

Now, if larger salaries are necessary for experts or other employees, I think we ought to be frank enough to so provide in this bill that we may not lay ourselves open to criticism hereafter.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. BLANTON. That is the reason this language is put in this bill, to permit them to be without the operation of the Classification Act and to be able to pay the employees any amount the coordinator may want to pay. So when you strike this language out it means knocking out the limitations of the Classification Act under which the maximum salary is $10,000.

Mr. HASTINGS. I hope the gentleman's construction is correct. I favor the amendment with that construction. If we vote this amendment and exorbitant salaries are fixed, we are responsible.

Now, with reference to the Civil Service law and in answer to the gentleman from Wisconsin: Here you have an act that was passed January 16, 1883. Let me read the provision of this act, for it has been misquoted all too frequently by every partisan paper in the District of Columbia.

This act says:

Third. Appointments to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

That act was passed on January 16, 1883. In other words, it was passed 50 years ago.

Now, what I am contending for is that in the administration of this law it ought to be observed.

Mr. BOILEAU. Will the gentleman yield?

Mr. HASTINGS. Not now. I have only 1 minute left. I think the gentleman's State of Wisconsin is entitled to fair representation among the employees in the District of Columbia. I think the gentleman's State of New York is entitled to fair representation as well as the State of the gentleman from Michigan. I think every State of this Union is entitled to its fair apportionment of Federal employees in accordance with the terms of the act of January 16, 1883, and I will bet you that no man here on this floor will dare go back to his district and tell them that they do not have competent men and women there to fill their quota. When and if you do, send me a clipping from your home paper for my scrapbook.

The pro forma amendments were withdrawn.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Texas for the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 33, noes 97.

So the substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 42, noes 90.

So the amendment was rejected.

Mr. LANHAM. Mr. Chairman, I move to strike out the last two words for the purpose of asking the chairman of the committee a question.

I understand that this bill, as it passed the Senate, contained a provision which prohibited the cancelation of through routes over railroad lines except with the prior consent or approval of the coordinator. It is contended by some that many of the shorter lines would likely have to be abandoned unless they could participate in through traffic. I should like to ask for information what the provisions of the pending bill are with regard to this matter.

Mr. RAYBURN. If a railroad is acting under the coordinator, it cannot be done without the consent of the coordinator.

Mr. LANHAM. And if not acting under the coordinator, then it would be done according to existing regulations?

Mr. RAYBURN. In accordance with existing laws and regulations.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. The coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the coordinator shall have initially designated such groups, three regional coordinating committees shall be created, one for each group, and each committee shall consist of five regular members and two special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered, and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 32, in line 19, after the word "and", strike out "two special members" and insert in lieu thereof the following: "Four special members, two of whom shall represent the shippers and shall be selected by such method as the coordinator may prescribe."

Mr. RAMSPECK. Mr. Chairman, I am offering this amendment at the suggestion of the Atlanta Freight Bureau. This organization represents the shippers in my district, and they feel that the shippers ought to have representation on this coordinating committee, just as they had during the war when we had the railroads under the direction of a Director General of Railroads. The shippers had representation at that time, and they say it was very helpful to them.

I think if we are going to have control of our transportation system by this coordinator and by this regional committee, which is set up under section 3, we certainly ought to give the people who furnish the freight and pay the freight some representation in the decisions to be made, and I hope this committee will adopt the amendment.

Mr. BULWINKLE. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. BULWINKLE. Has the gentleman read section 9, which provides:

Any interested party, including, among others, any carrier, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission—

And so on—

dissatisfied with any order of the coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review.

Does not that give sufficient representation?

Mr. RAMSPECK. I may say to the gentleman I do not think that serves the same purpose or gives them the necessary representation. These coordinating committees are going to make some very important decisions that are going to affect the shippers and their interests, and I cannot see any reason why these committees should not have shipper representation.

Mr. BULWINKLE. This is strictly a railroad proposition, and anything affecting the public interest goes before the coordinator and before the Interstate Commerce Commission and before the courts, if necessary, and they have every right that a shipper has now, and more.

Mr. RAMSPECK. But if they had representation on the committee they could avoid the necessity, in many, many instances, of going to the burdensome program of an appeal after an adverse decision has been made.

I hope the Committee will accept this amendment.

Mr. RAYBURN. Mr. Chairman, I will say to the gentleman from Georgia and to the Committee that if the House adopts this amendment it is going farther afield than the Congress has ever gone in regulating any public utility.

This section of the bill provides a way for the management of the railroads to set up their committees.

It would be a remarkable thing if we should wish on the management of the railroads somebody that has no interest in the property of the railroads and who in our opinion has no right to sit as representing the owners, as the gentleman from North Carolina has so well said. The interest of the shipper is well protected in this bill, and the shipper has his remedy. I trust that the Committee will not adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken, and the amendment was rejected.

Mr. EDMONDS. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee a question. Line 14, page 33, provides:

Members of the committees may be removed from office, and vacancies may be filled in like manner.

How are you going to remove them from office?

Mr. RAYBURN. They are to be removed in a like manner—those who elected them can remove them.

Mr. EDMONDS. The coordinator cannot remove them?

Mr. RAYBURN. No.

Mr. DEEN. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to revise and extend my remarks in connection with the bill, and include therein the names of several leading railroad companies, showing the salaries paid the presidents, and in addition to that some information furnished by the Reconstruction Finance Corporation which shows the names of 65 of the leading railroad companies which have secured loans from the Reconstruction Finance Corporation and the amount actually loaned, the amount paid back, and also the amount canceled.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. Mr. Chairman, in connection with the passage of this bill S. 1580, entitled "An act to relieve the existing national emergency in relation to interstate railroad transportation", it is of interest to note the schedule of salaries paid the presidents of some of the leading railroad companies in the United States.

	President's salary	
	1929	1932
The Atchison and Topeka Ry. system	$75,000	$67,500
Baltimore & Ohio system	125,000	120,000
Burlington system	60,000	60,000
Chesapeake & Ohio Ry. Co., the Hocking Valley Ry. Co., and Pere Marquette Ry. Co	100,000	90,000
Chicago & Eastern Illinois Ry. Co	50,000	45,000
Chicago & North Western Ry. system	75,000	61,000
Chicago, Milwaukee & St. Paul, and Pacific Ry	75,000	67,500
Delaware & Hudson Railroad Corporation	100,000	90,000
The Delaware, Lackawanna & Western R.R. Co	75,000	67,500
The Denver & Rio Grande Western R.R. Co	60,000	54,000
Erie R.R. system	75,000	67,500
Great Northern R.R. Co	90,000	60,000
Illinois Central system	100,000	90,000
The Kansas City Southern Ry. Co. and Texarkana & Fort Smith Ry. Co	50,000	45,000
Lehigh Valley Ry. Co	80,000	72,000
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co	50,000	45,000
Missouri, Kansas & Texas R.R. Co	50,000	
Missouri Pacific system	100,000	73,333
New York Central	100,000	80,000
New York, New Haven & Hartford Ry. Co	75,000	90,000
Norfolk & Western Ry. Co	75,000	67,500
Northern Pacific Ry. Co	50,000	50,000
Pennsylvania Railroad system	150,000	121,500
Rock Island system	66,000	57,750
Southern Ry. system	100,000	67,500
Southern Pacific Co	100,000	90,000
Union Pacific system	100,000	90,000

With the passage of this bill it is hoped that the coordinator will be instrumental in securing a lower schedule of salaries for high officials of railroads and a greater consideration for the thousands of laboring men connected with the railroads who make their existence possible. It is true that railroads have been handicapped by the appearance of trucks and busses and there ought to be specific regulations governing all common carriers, whether railroads or motor busses and trucks.

The greatest barrier to the progress of railroads is not the lack of business, nor the motor-transportation competition. It is freight rates. The structure of freight rates has been steadily climbing for the past 15 or 20 years. They are almost prohibitive at the present time. Industry and commerce have been at the mercy of the outrageous freight rates of railroad companies. A man in my district recently shipped a carload of goats from southern Georgia to New York. The freight was several dollars more than the price paid the shipper for his goats, whereupon the purchaser wired the shipper to wire or send him a certain amount of cash to pay the balance due on freight. The shipper wired that he could not send the cash but could ship him some more goats. This is a ridiculous situation, but it is representative of the unreasonable freight rates now in vogue. If this bill will correct this injustice and enable the producers and manufacturers to patronize the railroads, business throughout the country will take on new life and prosperity will be back again. A flexible schedule ought to be established so that railroad companies will not receive 2 and 3 times as much for hauling farm produce as the growers and shippers receive for the same produce. This will be real farm relief.

Mr. Chairman, I wish to submit some figures furnished me by the Reconstruction Finance Corporation, showing the number of railroads who have borrowed money from that Corporation and the amounts secured, also the purposes for which the loans were granted. Since the credit of the Federal Government is behind the Reconstruction Finance Corporation, I think the taxpayers will be interested in this information.

One hundred and nineteen loans aggregating $377,639,426 were authorized to 65 railroads. Two million three hundred and eighty-three thousand three hundred and thirty-two dollars of this had been canceled or withdrawn, $17,421,336.47 remained at the disposal of borrowers, and $357,684,757.53 had been disbursed to them, of which $20,523,340.60 had been repaid.

The proceeds of these loans were to be used for the following purposes:

For completion of new construction	$48,545,483
For construction and repair of equipment and Dotsero Cutoff by Denver & Rio Grande Western Railroad	13,550,000
To pay interest on funded debt	91,507,981
To pay taxes	22,849,124
To pay past due vouchers for wages, materials, etc	20,173,009
To pay principal of maturing equipment trust notes	28,861,342
To retire maturing bonds and other funded obligations	92,849,993
To pay loans from banks	37,793,900
To pay other loans	16,171,587
Miscellaneous	5,387,007

The loans authorized to each railroad, together with the amount disbursed to and repaid by each, are shown in the following table:

	Authorized	Disbursed	Repaid
Aberdeen & Rockfish R.R. Co	$127,000	$127,000	
Alabama, Tennessee & Northern R.R. Corporation	275,000	275,000	
Alton R.R. Co	2,500,000	2,500,000	
Ann Arbor R.R. (receivers)	634,757	634,757	
Ashley, Drew & Northern Ry. Co	400,000	400,000	
Baltimore & Ohio R.R. Co	71,625,000	68,739,978	
Birmingham & Southeastern R.R. Co	41,300	41,300	
Boston & Maine R.R. Co	7,569,437	7,569,437	
Buffalo-Union, Carolina R.R. Co	53,960		
Carlton & Coast R.R. Co	549,000		
Central of Georgia Ry. Co	3,124,319	3,124,319	$220,691
Central R.R. Co. of New Jersey	500,000	464,298	
Chicago & Eastern Illinois Ry. Co	5,916,500	5,916,500	76,500
Chicago & North Western Ry. Co	31,232,133	30,532,133	2,393,000
Chicago Great Western R.R.	1,289,000	1,289,000	
Chicago, Milwaukee, St. Paul & Pacific Ry. Co	8,000,000	8,000,000	
Chicago, North Shore & Milwaukee R.R. Co	1,150,000	1,150,000	
Chicago, Rock Island & Pacific Ry. Co	13,718,700	13,718,700	
Cincinnati Union Terminal Co	10,398,925	8,300,000	[8,300,000 [[1] 2,098,925
Columbus & Greenville Ry. Co	60,000		[1] 60,000
Copper Range R.R. Co	53,500	$53,500	
Denver & Rio Grande Western R.R. Co	7,350,000	4,374,100	500,000
Erie R.R. Co	13,403,000	13,403,000	2,189
Eureka Nevada Ry. Co	3,000		
Florida East Coast Ry. (receivers)	717,075	627,075	[1] 90,000
Fort Smith & Western Ry. (receivers)	227,434	227,434	
Fredericksburg & Northern Ry. Co	15,000		
Gainesville Midland Ry. (receivers)	10,539		
Galveston, Houston & Henderson R.R. Co	1,061,000		
Georgia & Florida Ry. (receivers)	354,721	354,721	
Green County R.R. Co	13,915	13,915	
Gulf, Mobile & Northern R.R. Co	520,000	520,000	260,000
Illinois Central R.R. Co	6,363,000	6,346,333	33,333
Lehigh Valley R.R. Co	6,500,000	5,500,000	
Maine Central R.R. Co	2,550,000	2,550,000	
Maryland & Pennsylvania R.R. Co	100,000	100,000	
Meridian & Bigbee River Ry. Co	600,000		
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co	6,843,082	6,843,082	366,089
Mississippi Export R.R. Co	100,000	100,000	
Missouri Pacific R.R. Co	23,134,800	23,134,800	
Missouri Southern R.R. Co	99,200	99,200	
Mobile & Ohio R.R. Co	785,000	785,000	785,000
Mobile & Ohio R.R. Co. (receivers)	1,070,599	1,070,599	
Murfreesboro-Nashville Ry. Co	25,000	25,000	
New York Central R.R. Co	27,499,000	23,100,000	
New York, Chicago & St. Louis R.R. Co	18,200,000	17,788,120	2,688,413
New York, New Haven & Hartford R.R. Co	700,000		
Pennsylvania R.R. Co	29,500,000	28,500,000	
Pere Marquette Ry. Co	3,000,000	3,000,000	
Pittsburgh & West Virginia Ry. Co	3,975,207	3,975,207	
Puget Sound & Cascade Ry. Co	300,000	300,000	
St. Louis-San Francisco R.R. Co	7,995,175	7,995,175	2,805,175
St. Louis Southwestern Ry. Co	18,790,000	18,672,250	790,000
Salt Lake & Utah R.R. (receiver)	200,000	200,000	
Sand Springs Ry. Co	162,600	162,600	
Southern Ry. Co	14,751,000	14,751,000	
Tennessee Central Ry. Co	147,700	147,700	
Texas, Oklahoma & Eastern R.R. Co	108,740		[1] 108,740
Texas & Pacific Ry. Co	700,000	700,000	
Texas South-Eastern R.R. Co	30,000	30,000	
Tuckerton R.R. Co	45,000	39,000	[1] 6,000
Wabash Ry. (receivers)	15,731,583	14,825,000	
Western Pacific R.R. Co	4,366,000	4,366,000	1,303,000
Wichita Falls & Southern R.R. Co	400,000	400,000	
Wrightsville & Tennille R.R. Co	22,525	22,525	
Total	377,689,426	357,884,758	20,523,340

[1] Denotes amount canceled or withdrawn, instead of repayment. (Total cancelation, $2,383,332.)

The Corporation has received information from the borrowing roads showing the following distribution by States of $21,186,145.40 of the $22,849,124 lent to pay taxes:

Alabama	$450,920.56
Arkansas	1,761,773.52
California	103,879.72
Colorado	$854,800.00
Delaware	15,000.00
District of Columbia	206.84
Florida	7,948.44
Georgia	873,204.59
Illinois	2,582,876.34
Indiana	424,330.15
Iowa	225,601.00
Kansas	1,255,075.84
Louisiana	485,000.00
Michigan	4,137,182.50
Kentucky	11,962.84
Minnesota	258,919.00
Mississippi	68,934.57
Missouri	1,516,384.01
Montana	12,058.09
New Jersey	2,863,532.45
New York	133,780.73
North Dakota	457,500.00
Ohio	175,419.71
Oklahoma	1,210,914.27
Pennsylvania	425,290.11
South Carolina	17,828.60
Tennessee	412,073.83
Texas	280,100.00
Virginia	2,047.69
Wisconsin	163,000.00

Federal income taxes amounting to $25,994 were also paid by the borrowers out of money advanced for tax purposes.

The Clerk read as follows:

SEC. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use, (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

Mr. MAY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Section 4, strike out the word "and" immediately preceding "(c)" and insert in the next line, between the word "expense" and the semicolon, a comma and the following: "or (d) results in the greatest reduction in freight and passenger rates consistent with the requirements of the Interstate Commerce Act, as amended by section 205 in this act, with respect to justness and reasonableness of rates."

Mr. MAY. Mr. Chairman, I understand the meaning of this section to be that it is an effort on the part of this committee—and I want to congratulate them for their splendid work in connection with the legislation—to enable the railroads to perform the greatest public service possible at the least cost and realize the greatest net return on their operation.

To my mind—and I think most Members of the House who have studied the question will agree with me—the most difficult thing the railroads have to contend with in the matter of income and earnings is the question of freight and passenger rates.

Mr. PARKER of New York. Will the gentleman yield?

Mr. MAY. Yes.

Mr. PARKER of New York. If the gentleman's amendment is adopted, it will absolutely preclude the coordinator from considering service.

Mr. MAY. Oh, no.

Mr. PARKER of New York. It will; and service is fully of as much account and importance as rates. There is no question in my mind that he can pay no attention at all to service.

Mr. MAY. I will say to my friend from New York [Mr. PARKER] that to my mind there is grave question as to whether the Interstate Commerce Commission has not been a detriment rather than a help to the railroads, and particularly by their arbitrary action for the last 20 years. They have literally handcuffed the railroads to a schedule of rates that makes it impossible for the shippers to patronize the

roads and thereby they have helped to destroy traffic rather than create and increase traffic. The law of legitimate competition under fair traffic practices has been destroyed and the very principle of competitive activity is what has developed our great system of railway transportation until it is the finest and best in the world. If the Commission were forced to release the shackles, they could then have some reasonable chance to compete with busses and trucks that run by multiplied thousands upon great Federal highways thousands of miles of which we are building every year.

The amendment will enable the coordinator, with the approval of the Interstate Commerce Commission, to do the very thing that this bill does not authorize him to do, namely, to regulate downward freight and passenger rates in this country which has not been done for 20 years. Of course, I realize that it may be argued here by the committee, if they oppose my amendment, which I think they ought not to do, that there are hearings pending before the Interstate Commerce Commission for that purpose now; but I undertake to say that some 2 months ago the Commission granted the privilege, as a test—and this is merely experimental legislation—to three southern railroads of reducing passenger rates for 6 months. The result of that is that they have increased their revenues, have had more traffic, and have improved the service. That will be the result of any scheme that the coordinator or the Commission may undertake under this legislation in authorizing a reduction in freight and passenger rates.

We talk about tariffs in the House of Representatives, and we condemn the Smoot-Hawley tariff and the Hoover-Grundy Tariff Acts, and I think they ought to be condemned, but the meanest tariff in the United States is the schedule of freight and passenger rates on railroads, and everybody knows it. The only purpose of my amendment is to authorize the Commission by express legislative mandate to lower these freight rates, if it becomes necessary to do so, and when you come to consolidating terminals and the facilities of railroads in the great terminals of the country it may become absolutely necessary, and I believe it will, that one railroad shall concede to another a portion of its rate or make some adjustment of rates, and under the present legislation they will have no power to do that, unless this amendment be adopted.

Mr. DUNN. Is this mandatory?

Mr. MAY. This is merely permissive. It expresses the will of Congress, to show that we want a reduction in rates. The press a few days ago charged me with having feelings about the matter. I have no feeling about it at all. I want to help the railroads, and I believe the greatest step toward helping them is to give them a reduction in freight rates.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. MAY. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MAY. I call attention to one schedule of freight rates particularly applicable to my section of the country, and I hope you will not think that I am hammering away particularly for my constituents in this, but what is true of rates on coal from southern fields to the lake ports is true of rates on oranges from Florida and fruits and vegetables from Texas and on steel and iron products from East to West. It is true everywhere.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. MAY. Not now. I put in the RECORD, on page 3908, on the 11th day of last February, a table furnished by the Interstate Commerce Commission of the present rates on bituminous coal in carload lots from the southern fields to the lake ports. In that table it is shown that the rate from Kentucky and West Virginia and Virginia to the lake ports, to Toledo, Ohio, is $2.37 per ton. One Mallet engine will pull 150 cars of coal that will average 50 tons to the car, and some of them will average 70 tons to the car, and that means 8,000 tons of coal that will amount to $20,000, and two train crews will do that in 15 hours. Yet the three railroads—the L. & N., the Norfolk & Western, and the C. & O.—were denied permission to reduce these rates when they applied to the Interstate Commerce Commission for that right. I yield to the gentleman from Connecticut.

Mr. GOSS. If the gentleman's amendment is adopted, it has the effect of upsetting the decision of the Interstate Commerce Commission in the Lake Cargo Coal case. Is not that true?

Mr. MAY. No.

Mr. GOSS. The gentleman is legislating on the floor to upset a decision of the Interstate Commerce Commission.

Mr. MAY. It does not have the effect of upsetting the decision, because this is merely a legislative enactment; but I will say that the decision ought to be upset. Who ever heard of a case where the shipper, the carrier, and the consumers were all demanding a reduction and then it was refused?

Mr. GOSS. That is the point. The Commission made its decision, and now the gentleman comes on the floor with an amendment trying to upset their decision.

Mr. MAY. Such a judicial monstrosity ought to be upset. Probably a judicial perversion would be a more appropriate name.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes; I yield to my colleague.

Mr. BROWN of Kentucky. If this is a legislative act, we do upset that decision; but I ask the gentleman if it will not be upsetting a decision in favor of the people back in his State and in the States of a great many other gentlemen here?

Mr. MAY. It will not only be that, but it will be in favor of the people of every section of this country and will set a precedent as to what the Congress of the United States means and what it wants on the question of freight and passenger rates. Freight and passenger rates are throttling business in every section of this country and every avenue of business. Freight rates have become so prohibitive that a carload of coal in my section of the country sells for $10, and yet it costs $180 to get it to the market. If that is not an obstruction to commerce, I do not know what it is. That is what we call "killing the goose that lays the golden egg." Everyone knows how essential it is that the value of railroad securities shall be preserved in order not only that the railroads may finance themselves but that investors in their stocks and bonds may be protected. The railroads are as essential to our business and commercial life as is the blood to the human system. When either is obstructed paralysis sets in, and that is just what has occurred to both business and commerce.

Mr. RAYBURN. Mr. Chairman, I told the House yesterday that I thought freight and passenger rates were both excessive, but surely upon the floor of the House is not the place to fix rates.

I call attention to page 53, section 205, paragraph 2, which I think entirely answers the gentleman from Kentucky [Mr. MAY]. That leaves with the Interstate Commerce Commission, as it is now, the question of fixing rates. If the gentleman is displeased with leaving the fixing of these rates with 11 men, after a hearing, surely he does not want to take it away from 11 men and give it to 1 man who is a temporary employee of the Government.

Mr. MAY. Will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. MAY. Section 15a of section 205 is an amendment, in a way, of the Interstate Commerce Act as it now exists?

Mr. RAYBURN. Yes.

Mr. MAY. It merely provides that when used in this section the term "rates" means rates, fares, charges, and all classifications, regulations, and practices relating thereto.

Mr. GOSS. Read the next section.

Mr. RAYBURN. Yes. Read the next one, section 2. I will read it in my own time.

In the exercise of its power to prescribe just and reasonable rates, the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the

need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service.

I think that is a complete answer.

Mr. MAY. If the gentleman will yield, may I explain my purpose by saying that this bill as reported is the substitute bill of the House for the Senate bill, and at the time I prepared my amendment I had only the original draft of the bill that I do not think contained this clause.

Mr. RAYBURN. Oh, title II of this bill has been on the calendar during all of last session of Congress and the early part of this session of Congress.

Mr. MAY. I asked the legislative counsel to prepare this amendment, and it was prepared at this place.

Mr. RAYBURN. The gentleman was looking at the coordinator bill, I presume.

Mr. PARKER of New York. Even if the amendment offered by the gentleman from Kentucky [Mr. MAY] were adopted, it throws the decision right back to the Interstate Commerce Commission, because there would be appeals taken immediately.

Mr. RAYBURN. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. MAY].

The amendment was rejected.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: After the comma, following the word "use", in line 22, on page 33, add the following: "provided no routes now existing shall be eliminated except with the consent of all participating lines or upon order of the coordinator."

Mr. COX. Mr. Chairman, the bill as it passed the Senate carried this language. It was written in, in the interest of the short-line railroads of the country. You understand that these roads now enjoy the benefits of arrangements made as a result of agreements between the short-line roads, and in some instances upon the order of the Interstate Commerce Commission. If the established routes are interrupted, it will probably mean putting out of business altogether many of the short-line railroads in the country.

Mr. MAY. Will the gentleman yield there?

Mr. COX. In just a minute. The short-line railroad is a community interest, employing largely people of the vicinity, and are able to carry on because of these arrangements that have been made between them.

This simply serves as a restraint upon the regional committee in dealing with the short-line roads. It does not mean that they may defeat the will of the coordinator. It simply means that the committee cannot, of its own motion in the absence of an agreement between the short-line roads, abolish these routes that have been established. The coordinator may even, in the absence of agreement between the roads, order the routes abolished. In other words, it gives the coordinator the power to determine as to what shall be done.

I offer the amendment, Mr. Chairman, in the interest of the short-line roads. It was carried in the Senate bill and was written in for the express purpose of taking care of these neighborhood properties.

I now yield to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Is not one of the important features of the amendment offered by the gentleman from Georgia, the fact that it will stamp out and eliminate numerous small industries in the communities along the short lines, if the short lines are abandoned?

Mr. COX. That is true. The short-line roads serve these community enterprises, and if they are wiped out as a result of the action of the committee, under the influence of the big roads, it simply means a paralysis of the small industries that have been built up along and are served by the short-line roads of the country.

I hope the amendment will be adopted.

Mr. RAYBURN. Mr. Chairman, the committee considered this amendment, considered it with Mr. Eastman, a member of the Interstate Commerce Commission, sitting with us. He thought it was an undesirable amendment.

More than that, a representative of the short-line railroads was in my office this morning and told me that the bill we had reported to the House was entirely satisfactory to them. At the present time the shipper has a right to route his freight as he pleases, and he will have it after this bill is passed. The coordinator has no authority under this bill to abandon a line. That is the business of the Interstate Commerce Commission, under the act of 1920, and this does not change it.

Mr. COX. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COX. The gentleman observed the language in the amendment that has been offered, which gives the coordinator the power to work his will upon the situation? In other words, the amendment provides——

Mr. RAYBURN. It says "on agreement of the parties or"——

Mr. COX. "Or upon the order of the coordinator." Therefore the coordinator controls in the situation.

Mr. RAYBURN. I think the word "or" makes a difference.

As I say, the committee rather thinks it would be a dangerous proposition, and I do not think the Senate committee adopted it. I think it was one of those amendments which was accepted on the floor of the Senate.

I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

The Clerk read as follows:

SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the coordinator that he give appropriate directions to the carriers by order; and the coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title.

Mr. BECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BECK: On page 34, line 17, strike out lines 17, 18, 19, 20, and 21 and insert the following: "he consider the matter in dispute and advise such carriers and committees as to his conclusions as to what should be done by the carriers in the matter in controversy to serve the public interests and promote the objectives set forth in section 4."

Mr. BECK. Mr. Chairman, I offer this amendment upon my own responsibility and without discussing the matter with anyone until within the last half hour. I have offered it for the purpose of challenging the attention of the Committee to the power herein given to the coordinator to "enforce" any order whatsoever in respect to the railroads, even though the subject matter of the order may refer solely to intrastate commerce, or to the financial set-up of an organization, or the reduction of its fixed charges, or the further employment or discharge of employees.

There seems to be a difference between two members of the very capable Committee on Interstate Commerce, of which I had at one time the honor, and was very proud, to be a member, as to what is the meaning of the words "that the coordinator shall enforce."

On the one hand, the gentleman from Connecticut [Mr. MERRITT] yesterday said that the coordinator would have no power to enforce any order except insofar as the prestige of his high office would insure a moral pressure upon the carriers to agree to whatever the coordinator might decide.

Upon the other hand, the gentleman from New York [Mr. PARKER] only half an hour ago emphasized the idea that the expression "enforce" had considerable teeth, because, possibly having it in mind, he said what I fear may be true, namely, that this coordinator will have greater powers than had ever before been vested in any public official in the whole history of our country. I do not pretend to quote his language exactly, but that was the substance of it.

In this connection I differ with him, because I think the coordinator will have two very close rivals in dictatorial powers, one the director under the economic recovery bill and the other the Secretary of Agriculture in respect of agriculture; but, certainly, the dictator of agriculture, on the one hand, and the dictator of the manufacturing industries, on the other, and now the dictator of the railroads, will, like Pompey, Crassus, and Caesar, divide the entire industrial field of America between them and exercise dictatorial powers not unlike the great triumvirate of ancient Rome.

The purpose of my amendment is simply this: I recognize that this bill is in many respects, an admirable bill, but I do think it is a mistake, following the prevailing fashion of creating dictators, to say that the coordinator over the carriers shall have the final decision and power of enforcement as to any matter, as to whether, for example, the carriers shall take on or discharge employees, whether they shall reorganize a railroad or whether they shall reduce the bonded indebtedenss of a railroad. I say in any of these matters, if the carriers do not agree with the coordinator, to make him a dictator, not only decide the question in controversy but to enforce it. This, to my mind, is very doubtful wisdom. I am too old in years and too old-fashioned in my conceptions of government to favor the creation of such dictators.

Mr. TERRELL. Mr. Chairman, will the gentleman yield for a brief question?

Mr. BECK. I yield.

Mr. TERRELL. Does the gentleman feel that Congress, under the Constitution, can confer power upon this coordinator so affecting the rights of the individuals who own the railroads, that he may say that their property shall be destroyed in accordance with his dictation?

Mr. BECK. In reply to the gentleman from Texas, I think Congress has no such power, and I think that the first time the coordinator attempts to enforce a matter that is not within the scope of interstate commerce, he will find that the courts will say so, unless they have wholly lost courage. But I told the House some days ago that, having made one final plea for the sanctity of the Constitution, I was disposed in future to regard that as my "swan song" and, therefore, I do not base my objection upon constitutional grounds.

[Here the gave fell.]

Mr. BECK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. I believe the coordinator ought to decide emergency questions that may arise in the present critical situation between the carriers whether they affect interstate or domestic commerce. I would, however, place the sanction of his decision upon the force of public opinion, because, if in this trying period of time the coordinator says that two carriers who differ between themselves as to what is necessary in the public interests, then the force of public opinion, together with the great coercive power of the Interstate Commerce Commission in respect to interstate railroads, will insure the enforcement of what the coordinator requests. But you give him in this bill the power to enforce. How? How is he going to enforce? If a railroad is ordered by the coordinator to discharge a thousand employees and the railroad declines to do so, can the coordinator walk into the railroad offices and strike the thousand men from the rolls of the company? If a carrier declines to reduce his fixed charges, can the coordinator go in and strike a pen through the mortgage and cancel or reduce the bonds to the particular amount that is required?

You are giving a single individual absolute power over every detail of railroad management and you are attempting to give him some vague power to enforce. How? If he goes into court, what is the court to decide? The court can only say that Congress made him the final judge of what the railroads should do in a matter that is nonpracticable.

Mr. HUDDLESTON rose.

Mr. BECK. I know what the gentleman is going to ask. See if I do not anticipate his question. The gentleman is going to ask whether there is not an appeal to the Interstate Commerce Commission, and I shall refer to that. That is true, but they are not a body of lawyers; they are not judges. As a matter of fact, and I have said it before, and I say it again, that it is a very debatable question whether the Interstate Commerce Commission has not done far more harm to the railroads than it has done good in its operations of 45 years.

But, be that as it may, nevertheless, will you trust to one man or to the whole Commission all the details of railroad management, some of which are beyond the field of Federal power, as my friend from Texas [Mr. TERRELL] called to the attention of the House in his inquiry a few minutes ago?

I do hope the Members will pause in giving such power to any man, however able; and the proposed coordinator, Mr. Eastman, is a very able man, a very high-minded man, and I am sure has nothing but the interests of the country at heart, which I acknowledge, but he is a very positive and aggressive man and a firm believer in the Government ownership of railroads; and when he sits as the dictator of the railroad destinies of this country, you may find a situation in which this last creation of dictatorial power in this emergency legislation will bring to the country the folly of it all, because there is no excuse, even in this emergency, to set up in a Nation that is supposed to have a "government of laws and not of men" the arbitrary rule of dictators. [Applause.]

Mr. RAYBURN. Mr. Chairman, the question that must be determined is whether or not you are going to have a coordinator, and the amendment of the gentleman from Pennsylvania [Mr. BECK] goes to the very heart of the matter. If you are going to have a coordinator in this emergency—and it seems that the shippers, the railroad owners, and, with the amendments in this bill, labor, are willing to have a coordinator—in section 4 of this bill is set out what this man is going to try to accomplish: "The purposes of this title are (1) to encourage and promote or require action on the part of the carriers" that will do certain things. Before this coordinator does anything to bring this about he cooperates with the committees named by the carriers, and I think in 90 percent of the cases they will come to an agreement. In some cases they will not be able to come to an agreement, and in that instance the coordinator is given the power to act, like the Interstate Commerce Commission has the power under the interstate commerce law to act now, and the bill gives this single individual an opportunity to do these things, if we want them done. If the House or the Committee determines it does not want a coordinator, that is one thing. I am not so keen for it myself. [Laughter.] But if you are going to have a coordinator, if you are going through with this gesture, in my opinion, then you will certainly get a mere gesture and nothing else, if you adopt the amendment of the gentleman from Pennsylvania. However, if you are going to have a coordinator with power to do something in this emergency that will relieve the situation, you have got to give him the power to act and the power to put into effect orders and to enforce such orders in a legal way.

Mr. COX. Will the gentleman yield there?

Mr. RAYBURN. Yes.

Mr. COX. What is the coordinator expected to do that holds promise of relief to the general public? That is what I want to know.

Mr. RAYBURN. Well, I think the public is not injured by this legislation. I think under the advice of the coordinator, in all probability, there will be some things done in transportation that ought to have been done years ago, and on his advice something will be done. Certainly, I believe the coordinator, with his advice and with his standing is going to be able to bring about some economies, will stop some waste, and in some degree, at least, will point the way to the time when the 100,000,000 people of the country may receive some benefit from it.

Mr. BECK. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. BECK. Let us view the thing concretely and suppose the regional committee is of opinion that the New York Central ought to absorb the Pennsylvania Railroad system and the coordinator reaches the conclusion that this is true. In the first place, is it a healthy power to allow one man——

Mr. RAYBURN. He does not have any such power, I will say to the gentleman. The coordinator has no power whatsoever over consolidations. That is left in the Interstate Commerce Commission where it has been since 1920.

Mr. BECK. I know my candid and always clear friend, if he reads this section in connection with the preceding section, will see that there is nothing that affects railroad management as to which the coordinator may not make an order and enforce it.

Mr. RAYBURN. I will say to the gentleman, that has been discussed by us and we intend to say in this bill, and do say, I am persuaded, as I said in my statement in explanation of it yesterday, that the coordinator has nothing to do with the consolidation of railroads and I do not think there is anything in the act that would specifically give him that authority. We do not intend it.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. HUDDLESTON. There is nothing of a permanent nature the coordinator can do whatsoever. This whole act discharges itself and ends at the end of 2 years by its very terms and nothing that can be done will extend beyond that period. Hence no dealing with corporate structure is possible under it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BECK].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 7. (a) A labor committee for each regional group of carriers may be selected by those railroad labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, determining the wage payments of the employees of the carriers. A similar labor committee for each regional group of carriers may be selected by such other railroad labor organizations as may be duly designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. It shall be the duty of the regional coordinating committees and the coordinator to give reasonable notice to, and to confer with, the appropriate regional labor committee or committees upon the subject matter prior to taking any action or issuing any order which will affect the interest of the employees, and to afford the said labor committee or committees reasonable opportunity to present views upon said contemplated action or order.

(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933, after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.

(c) The coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever action taken pursuant to the authority conferred by this title creates conditions that make necessary such boards of adjustment to settle controversies between carriers and employees. Carriers and their employees shall have equal representation on such boards of adjustment for settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

(d) The coordinator is authorized and directed to provide means for determining the amount of, and to require the carriers to make just compensation for, property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q), of the act approved March 3, 1933, entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

Mr. MARTIN of Colorado. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Section 7, page 37, beginning with the word "after" in line 3, strike out down to and including the figures "1933" in line 7.

Mr. MARTIN of Colorado. Mr. Chairman and Members, according to the CONGRESSIONAL RECORD this morning, the Economy Act got its face lifted yesterday over at the other end of the Capitol and came very near getting another portion of its anatomy lifted.

The operation, in my judgment, greatly improved its appearance, making it look almost human. I hope when the bill comes back to the House it will be treated as was the inflation amendment on the farm bill, the conferees being relieved by vote of the House of the responsibility of deciding what they are going to do about the Senate amendment to the Economy Act.

This bill also got its face lifted at the other end of the Capitol in an important respect, and that amendment has been incorporated in the House bill by the Interstate Commerce Committee. I hope with the aid of the operation of my amendment it will remain there. That is what is known as the "amendment to freeze labor", to prevent the wholesale discharge of employees when the act goes into operation.

From the reports drifting into Washington from all over the country it strikes me that the economy nose dive has about reached bottom. I think that spirit of optimism ought to be reflected in the labors of this Congress, and so far as I am concerned, I am willing to respond to it by voting to repeal the recapture clause of the Railroad Transportation Act of 1920, which required the railroad companies of the country to pay over to the Government some $250,000,000 that they never have paid. But in exchange for that largess I think the railroad companies ought to lay off the idea that they are going to obtain remuneration for their extravagant waste in railway management at the expense of the railway employees of the country.

The Senate amendment I refer to is in the House bill. It is paragraph (b) of section 7 (a) and is a very short paragraph. It only took one semicolon to divide it into two parts. I am going to show you that it is susceptible of being divided into three parts, and one of these parts is very objectionable and may serve to throw the interpretation and operation of the whole paragraph in doubt.

Section (b) provides that—

The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933.

That is a very clear proposition.

The last provision, after the semicolon, is equally clear. That reads as follows:

Nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment by reason of any action taken pursuant to the authority conferred by this title.

Somebody may say at this juncture, what are you kicking about, with two such plain propositions in the bill; but this is the thing which, in my judgment, may throw this whole matter into confusion and cause the Members of this House no end of worry and concern after the Congress adjourns if it is left in the labor provision. In the first paragraph it is provided, as I have stated, that the number shall not be reduced below the number shown by the pay rolls as employed in May 1933, and then continues:

After deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignations, but not more in any one year than 5 percent of said number in service during May 1933.

It is said there are something over a million employees left on the railroads of the country at this time. Under that language they could cut 5 percent of those employees off as soon as the act got into operation. Not only that, but this is a continuing power, because it provides that they shall not cut more than 5 percent off "in any one year", and that would be an increasing percentage of the number left. If they ditch 50,000 or 60,000 the first year, you would not

take 5 percent of what was left the next year, but you would always go back to the base period of May 1933 and cut off 5 percent more of the number of employees who were on the pay roll at that time.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Yesterday in general debate one gentleman on the floor was making an argument against this whole provision. He thought it ought to go out, and he said that this law will be administered by human beings, and they no doubt will have sympathy with the railway employees of the country, the men working on the railroads. The gentleman very courteously permitted me to interrupt him. I suggested to him that a lot of us here voted for the Economy Act with that understanding, but it did not seem to be working out that way. The gentleman agreed and said no, it did not, but he said it is commencing to diverge in that direction.

Mr. Chairman, so far as I am concerned, I do not want any assurance of that kind, and I do not want any divergence in a direction; I want to arrive at the direction in this law. If we want to protect these railroad employees and prevent the railways of this country from discharging tens of thousands of them within 30 days after this Congress adjourns, let us nominate it in the bond; let us write it in the law. Gentlemen will remember the game we have been up against here until recently under the regulations of the Veterans' Economy Act about the threatened closing of hospitals and regional offices, and how, instead of being here attending to our duties on important legislation, we have been running in circles down around the War Department and the Veterans' Administration begging them not to cut off these regional offices and not to close these hospitals. We are confronted with the same proposition here, except that it is on a larger scale. Not only the railway employees will be concerned but all of your communities will be concerned in this legislation when they get ready to put into effect economies that will paralyze or wipe out or dry up little towns in your district and mine and cut employees out. You are going to have a continuing job on this bill after you get home. We have scared the veterans of this country to death, and we are backing up on that proposition. We have had time to learn something about it; we have had 3 months to see how the law would operate, and fortunately we have been here long enough to find out, and we are going to correct it. We were going to reorganize the Government by the act we passed 3 months ago, going to wipe out bureaus and consolidate departments and cut off thousands of employees. We are soft pedaling on the proposition now. We are now starting in to scare the railroad employees to death and put them up in the air, and we will not have any time to correct it if we make a mistake in this bill, because we will not have any 3 months before adjournment in which to learn about it and rectify it.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. PARKER of New York. The testimony before the committee showed that the natural decrease from death and retirement is 5 percent. That is why we put this in at 5 percent.

Mr. MARTIN of Colorado. Then why put it in if 5 percent are going to die and retire or get fired in a year? Why put it in the law? Why put this continuing proposition in here of 5 percent for every year hereafter on the basis of the average in May 1933?

Mr. PARKER of New York. The bill runs for only 2 years.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Colorado. Yes.

Mr. CONNERY. Do I understand the gentleman's idea is that after deducting the number who have been removed from the pay rolls, if his amendment prevails, they would have to put men on in their places?

Mr. PARKER of New York. Yes.

Mr. MARTIN of Colorado. My idea is this. We have had to study this hastily, we never saw the bill until today. If my amendment prevails it will not authorize any deductions under the provisions of this act.

Mr. CONNERY. They will have to put other men to work?

Mr. MARTIN of Colorado. Absolutely.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the gentleman may have 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut [Mr. Goss]?

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. GOSS. I want to make sure of a point, so that it does not go out to the country in a wrong light. I interpret this law to mean that the railroads can reduce their employees in any amount, regardless of the passage of this law. Is that true?

Mr. MARTIN of Colorado. They can do it.

Mr. GOSS. And they will be able to do it after the passage of this law, except where the coordinator orders it. Will the chairman of the committee answer that?

Mr. RAYBURN. As I understand the gentleman, if we do not pass this bill the railroads can discharge anybody they please?

Mr. GOSS. Yes. So that they can discharge them in either event.

Mr. MARTIN of Colorado. When they start to do that they will have somebody else to argue with other than the coordinator.

Mr. RAYBURN. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. RAYBURN. Does the gentleman understand that this bill specifically provides that no act of the coordinator shall result in discharging anybody from employment? That is exactly what the bill provides. I want to say to the gentleman further that he may be a better representative of labor than the gentlemen who are paid here to represent them, and who in my association with they have shown themselves to be very able men, and they agree to this language.

Mr. MARTIN of Colorado. Yes. I understand that railway labor agreed to this proposition as it reads now, because as was stated yesterday on the floor, this was the best proposition they could get; but, in my judgment, they can get a better proposition, and that is to cut out any ambiguous or doubtful language that is now in this bill.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. MARTIN of Colorado. I yield.

Mr. HUDDLESTON. Four of the heads of the internationals called to see me the other day and said they wanted this bill passed; that it protected their interests, and that without this bill a reduction of employees would occur. This is for their protection and not against it.

Mr. MARTIN of Colorado. And if I sat down with those four gentlemen this morning and went over this bill with them and pointed out some of these things, perhaps they would agree with me, too.

Mr. HUDDLESTON. May I say further that they were represented by one of the best lawyers in the United States, who drew this particular provision, Mr. Richberg. Does the gentleman think he is more competent to deal with this matter than the man I have named?

Mr. MARTIN of Colorado. No; I would not for a moment pit myself, legally or in any other way, against Mr. Richberg; but if you want to freeze railway labor and keep it where it is, you do not need that proposition in there. When you strike it out, you will have this bill absolutely clear and understandable. It is clearly a concession of some kind. It must be intended to subserve some purpose other than

to relieve the railway companies of the necessity to replace employees who drop out in the natural order.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has again expired.

Mr. CROSSER. Mr. Chairman, in passing on the amendment offered by the gentleman from Colorado there is one consideration which must not be overlooked. The gentleman from Alabama [Mr. HUDDLESTON] correctly stated that the representatives of all the railway labor organizations of the country approved section 7 of the bill exactly as it appears in the bill. He is correct in saying that Mr. Richberg was really the one who drafted the amendment. Section 7 was very fully discussed with the President of the United States and he approved it. Now, if we wish to make sure of the provisions contained in section 7 of the pending bill and which are so valuable to railway labor, if we wish to make sure that the bill including these provisions so valuable to labor receives the approval of the President, then it is the part of wisdom on the part of the friends of labor to accept the section as it appears in the bill. I think that we would be jeopardizing the interests of labor by disregarding the agreement reached by the President, the representatives of all the railway labor organizations, and others. Section 7 as it now stands and as agreed upon gives labor very broad protection. I want to make sure that the measure will be approved by the Chief Executive.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after listening to the distinguished gentleman from Ohio and the distinguished Chairman of the Committee on Interstate and Foreign Commerce, I dislike to oppose the committee on this amendment, but it seems to me that by passing the amendment offered by the gentleman from Colorado [Mr. MARTIN] we will put men back into the jobs of men who have retired or died. It does not seem to me it will do much harm to the bill or much harm to the railroads to put another man back in a job where a man has died.

Mr. CROSSER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. CROSSER. I think the President felt we were going the very limit if we took the normal decrease in number due to death and resignations, in offering this freezing amendment.

Mr. CONNERY. I really do not see how it is going to do the railroads any harm, and this is putting men to work. Putting men to work is certainly a laudable ambition. When a man dies you should fill his place.

Mr. CROSSER. But that was the feeling of the President, I am sure, that we could not go much farther, safely, at this time.

Mr. CONNERY. I believe you are not going far enough. I am with the gentleman from Colorado [Mr. MARTIN] when he says that the labor representatives of the brotherhoods will naturally take what they can get, but if somebody offers an amendment on this floor that gives them a little more, I do not think they will object to that, and I do not think the amendment which the gentleman has offered will kill the bill with the President.

Mr. MAY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. MAY. Is this bill satisfactory to organized labor?

Mr. CONNERY. I understand it is absolutely satisfactory to organized labor. I talked with the representatives of the brotherhoods, and they said it was satisfactory to them and that the gentleman from Ohio [Mr. CROSSER], and the gentleman from New York [Mr. MEAD] would probably offer amendments which they would favor.

Mr. RAYBURN. I may say to the gentleman that when we pass this bill, railroad labor is in a much better position than it is today.

Mr. CONNERY. Oh, I agree with the gentleman, except that I see a chance with this amendment, offered by the gentleman from Colorado, to do even a little better for labor.

Mr. HUDDLESTON. Is the gentleman not willing to leave it to their representatives?

Mr. CONNERY. The gentleman knows as well as I do, when after Mr. Green of the American Federation of Labor has come before the Labor Committee and said, "I am for this bill", if on the floor of the House somebody offers an amendment which would be greatly beneficial to labor, that Mr. Green would not oppose it.

Mr. RAYBURN. Suppose the amendment were worse for the country?

Mr. CONNERY. No amendment that benefits labor can be bad for the country. It is not bad for the country to put another man to work when a man dies. It is good for the country.

Mr. RAYBURN. What if there is no money to pay it?

Mr. CONNERY. There is not much money involved there.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. O'MALLEY. The adoption of the amendment of the gentleman from Colorado would make possible the employment of 5 percent more men than if it were not adopted?

Mr. CONNERY. Yes; it would. It would put men to work in the place of those who die or retire.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GOSS. Subsection (b) of section 7 says that the number of employees in the service of a carrier shall not be reduced by reason of the action taken pursuant to the authority of this title of the bill.

I still contend, if I can read the English language, that there is nothing in the operation of this title of the bill that will prevent a railroad from laying off its employees other than those coming under the authority of this title. I should like to get this point straightened out.

Mr. RAYBURN. There is not any question in the world.

Mr. GOSS. Is not that true?

Mr. RAYBURN. Certainly.

Mr. GOSS. So, under this section they are going to be able to lay them off anyway.

Mr. CONNERY. It seems to me, then, after what the chairman has said, that if we have affirmative language in the bill telling the coordinator we do not want these men laid off, that we are doing something at least to help to remedy the present situation.

Mr. WOOD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WOOD of Missouri. Of course, railroad labor is for this section?

Mr. CONNERY. Yes.

Mr. WOOD of Missouri. Does not the gentleman think there is some danger of getting a bill so good for labor that it may be defeated?

Mr. CONNERY. No; I do not think so.

Mr. WOOD of Missouri. The gentleman knows we had a good bill in our Labor Committee, but it was so good it did not come out.

Mr. CONNERY. I think the gentleman knows that our 30-hour week bill did not come before this House because we applied it to foreign imports; and if the gentleman will notice in today's paper, the Senate Finance Committee yesterday put in an amendment on the industrial recovery bill which will allow the President to put an embargo on foreign products, thereby showing we were correct in what we put in that bill.

Mr. WOOD of Missouri. The railroad labor organizations are agreeable to this section. This is the reason I do not think we ought to disturb it, because if we disturb it, it might have the effect of defeating the legislation.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WOOD of Missouri. The only suggestion I care to make to the gentleman from Massachusetts is that if we attempt to tamper with these sections which the railway labor organizations are agreeable to, I fear it will have the effect of endangering passage of the whole bill. This is the only objection I have.

Mr. CONNERY. I do not think it will have that effect on the bill. If I did I would not be for it.

I think we can amend it by adopting the amendment of the gentleman from Colorado and still pass the bill.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COX. Much has been said about protecting the interest of users of railway properties and protecting the interest of labor. Can the gentleman inform the Committee who, in the writing of this bill, represented the users of the services that the railroads render?

Mr. CONNERY. The Chairman of the Interstate and Foreign Commerce Committee can advise the gentleman more about that than I, but I figure that if we are going to repeal the recapture clause and make the railroads a present of some $300,000,000 or $400,000,000, it would be advisable——

Mr. RAYBURN. If I may interrupt the gentleman, we are not going to make the railroads a present of any such amount.

Mr. CONNERY. What is the effect of it, then?

Mr. RAYBURN. We are simply admitting that we cannot collect an impossible debt.

Mr. CONNERY. That is one way of putting it, but the railroads get the present just the same. Anyway we are taking away $400,000,000 from the disabled ex-service men of the United States. That is a debt the Government owed that the Government should not repudiate. I do not want to mix that issue up with this, but I do not see any harm to come from this amendment—I see a benefit to labor—and I shall vote for it. [Applause.]

The CHAIRMAN (Mr. WILSON). The question is on the amendment offered by the gentleman from Colorado.

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado and Mr. O'MALLEY) there were—ayes 34, noes 60.

So the amendment was rejected.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COX: At the end of the section add the following: "*Provided*, That the provisions of this section shall not apply to independently owned and operated steam or electric railroads, commonly called short lines, which had in 1932 railway operating revenues of less than $1,000,000."

Mr. COX. Mr. Chairman, this is another amendment offered in the interest of short-line railroads of the country.

We know the short-line railroads are having their difficulties just the same as the large railroads. Under existing conditions it is almost impossible for them to keep going. We know that the short-line railroads serve largely agricultural communities. These communities now are unable to buy the services that the railroads render because of the high rates already in existence.

If you apply to the short-line railroads the provisions of section 7 of this bill, you will put them out of business altogether.

The business of the short-line roads is largely seasonal. It is the hauling of cotton, of grain, of vegetables and fruits, seasonal operations. During the busy seasons these short-line roads employ the people of the vicinity, of the neighborhood, and when the volume of business decreases, in order to keep going, they must let the seasonal labor go.

I submit, Mr. Chairman, that if you put upon these short-line roads all this Labor Committee machinery that is provided for in this bill and lay upon them the restrictions that will be imposed if this amendment is not adopted, it means that you eliminate them from the transportation business of the country.

Mr. Chairman, this amendment ought to be adopted and every Member of this House, if from agricultural sections and familiar with the conditions of agriculture and with the plight it is in, and has been in since 1923, and who is acquainted with the service the short lines render, the character of business it accommodates, the people who are the most interested in it, ought to vote for this amendment, because otherwise the short-line roads might as well fold their tents and cease striving.

Mr. CROSSER. Mr. Chairman, I rise in opposition to the amendment.

If we adopt the amendment of the gentleman from Georgia, we may just as well strike out the section altogether.

In the first place, the term "short-line railroad" is so indefinite that it may mean almost anything. If you are opposed to class legislation, then you should vote against the amendment of the gentleman from Georgia. The amendment proposes to apply one principle, one rule to one class of railroads and another to a different class. The real effect of the amendment would be to prevent workmen from acting unitedly through freely chosen representatives in negotiating or arranging the terms and conditions of the employment of such workmen. After a long struggle the railway labor organizations secured legislation making it certain that labor may freely choose its own representatives to negotiate with their employers as to the terms and conditions of employment. This amendment would, to a great extent, interfere with the right to exercise that right.

Mr. COLE. Will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Maryland.

Mr. COLE. The gentleman is familiar with the fact, but I call his attention to it so the committee may be advised. Mr. Jones, representing 71 percent of the American short-line railroads of the country, appeared before the committee and approved, in substance, this legislation.

Mr. CROSSER. Absolutely. Mr. Jones, representing 71 percent of what are called "short-line railroads", approved this bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. O'MALLEY. If the principle established in this bill is any good at all, it has to be applied universally in order to work it out.

Mr. CROSSER. It must be applied universally if it is to amount to anything at all.

Mr. O'MALLEY. If we have to make exceptions, the principle in the bill will be worth nothing at all.

Mr. CROSSER. That is quite true. I am very strongly in favor of this section. It makes certain that we shall have free and independent representation for employees as well as for employers to carry on negotiations for the settlement of terms of employment or the settlement of labor disputes.

Mr. COX. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. COX. Is the gentleman familiar with the operations of the short-line railroads of this country?

Mr. CROSSER. To some extent; yes. I am not a railroad man, but I have familiarized myself with them to some extent.

Mr. COX. Does not the gentleman know that if you were to impose these restrictions upon the roads, their operation costs would be so great they could not continue to go on?

Mr. CROSSER. I do not think so, and the best answer I can give is that Mr. Jones, the representative of the short lines, endorses the bill, and he ought to know what he is talking about.

Mr. MILLIGAN. Will the gentleman yield?

Mr. CROSSER. Yes.

Mr. MILLIGAN. Are not the short-line railroads today carrying this burden?

Mr. CROSSER. Yes.

Mr. COX. Oh, the gentleman must surely know that the short-line railroads have not entered into martial relationship with labor as the larger railroads have done, and as is being

sanctioned in the main by the provisions of the pending bill.

Mr. CROSSER. This bill does not change the situation to any extent, and let me call attention to the fact that if any railroad is to receive a benefit from the repeal of the recapture clause as provided in the second title of the bill, it is the short lines. I do not feel, therefore, that the short lines have much to complain about. We must maintain the principle in general or it will be more or less meaningless. If we believe in the principle of negotiating collectively, let us vote against the amendment of the gentleman from Georgia. Let us make it absolutely certain that men may group themselves together and freely choose representatives for the purpose of negotiating decent terms and conditions of employment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The amendment was rejected.

Mr. TAYLOR of South Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TAYLOR of South Carolina: Page 37, line 22, strike out subsection (d) in its entirety.

Mr. TAYLOR of South Carolina. Mr. Chairman, I should like to amend the amendment by striking out all after the word "for" on page 37, line 24, and also the first word on page 38, or that part of the provision applying to property losses. With all deference to the committee and their splendid work, I cannot see why the country should bear this loss.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. TAYLOR of South Carolina: Page 37, line 24, after the word "for", strike out the words "property losses and."

Mr. TAYLOR of South Carolina. Mr. Chairman, if I understand this provision, it undertakes to compensate parties having to move, by operation of this law, from one locality to another.

I can readily see why the Government or the railroads proper should bear the cost of a man and his family, for instance, but I cannot understand any equity that would require the railroads to underwrite the losses of a man in the selling or the disposition of his property incident to his moving.

I simply offer this as a matter of equity, and I hope the committee will accept the amendment.

Mr. CROSSER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Carolina [Mr. TAYLOR].

It is assumed by the gentleman in his argument that there is no basis in reason for compensating persons for loss of property resulting from the removal of railway shops and offices from places where they have heretofore existed. This assumption is entirely erroneous. It would be agreed, of course, that if a person's property were taken by public authority for public purposes compensation must be made. If, for example, a man's residence were to be located on a street which makes possible easy access from a street to the man's house, and if public authority for any reason were to cut the street in front of the house of the person in question 10 or 15 feet below the original level, the owners of the house would be entitled to compensation, of course.

Mr. TAYLOR of South Carolina. I would say that he would be entitled to compensation.

Mr. CROSSER. Everyone is guaranteed that his property cannot be taken for public purposes without just compensation. The owner of the house which we have taken for illustration had adjusted himself to the existing order of things, and justice requires that he be protected against the invasion of rights which he may have acquired by reason of his adjustment to the prevailing order.

Practically every reason that can be advanced to justify compensating a person whose property may have been taken by condemnation proceedings applies with equal force in favor of compensating persons the value of whose property has been destroyed by the removal of railway shops and offices from places where they had been located and where persons establishing residences had reasonable ground to believe the shops and offices in question would continue. The property rights destroyed in these cases are as valuable and often more so than is property the value of which has been destroyed by the change of a street or highway as suggested.

In a case like the one at Palestine, Tex., where the municipality issued bonds in the sum of $300,000 to procure money to pay as a bonus to the railroad for establishing shops and offices, everyone agrees that the property rights which would be destroyed by the removal of railway shops and offices should be paid for. The only difference between that particular case and the more common case where railway shops have been established without specific contract with the municipality is that in the former case the obligation of the railroad was expressed in a formal way, whereas in the ordinary case it is fair to argue that there was an implied obligation on the part of the railroad to continue its shops or to compensate those whose property may have been destroyed by the removal of the same. My contention is that the people who have established their homes in a place where railway shops have been located have adjusted themselves to the social order there existing, and that it would be unfair and unjust to destroy property rights which have been acquired depending on that order. We hear much from time to time about the sacred rights of property, but it seems to me that there can be no more sacred type of property than that which a person may have acquired as a result of weaving his life into the life of the community which has been established because of the existence and assumed continuance of business arising from the presence of railway shops and offices. We must remember, too, that a railway company has the right to condemn property on the theory that it is for the public benefit. It is fair to contend, therefore, that if they are to be allowed to destroy property values on the theory that it is for the public good, they must pay the damage caused by destroying those values.

Some people seem to think that the only thing that constitutes property is so much dirt or other material which can be seen and touched. In truth, the most valuable property is of an intangible nature. I say that people who have been induced by a railroad company to settle in a community and who have spent most of their lives there have acquired property rights, and if they should be destroyed they ought to be compensated for them.

I want to call the gentleman's attention to the President's statement during the last campaign—I think in Salt Lake, when he was discussing this subject. He spoke of the different factors involved in a railway system. He said that one factor is the physical property of the railroads, the owners of the securities constitute another, and the third is the human element required to operate the railroads, which is just as important—yes, much more important than the others.

Mr. TAYLOR of South Carolina. I should like to say to the gentleman that I do not appear here to help any class of wealth or anything, but I am here as a special representative of labor—the human element. I am interested in the people of my section. Down there they were not given any consideration when the depression came. They were put out of their work and lost their homes by judgment of the court.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent that his time be extended for 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. Is it not true that this bill marks a revolution in transportation, and that it disturbs a social order

or social system that has been established upon the theory that these railroads were separate entities?

Mr. CROSSER. Exactly.

Mr. LOZIER. And would never be consolidated or coordinated.

Mr. CROSSER. That is the point that I was trying to make clear.

Mr. LOZIER. And is it not true that when you adopt a revolutionary system, in the period of transition it is the function and duty of the State to conserve the rights which have been established as a result of the old social order?

Mr. CROSSER. That is what I was trying to make clear.

The CHAIRMAN (Mr. WILSON). The question is on the amendment offered by the gentleman from South Carolina.

The amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 1 minute out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McKEOWN. I do this in order to call the attention of gentlemen in the House to the fact that the bill H.R. 5884, the amendment to the Bankruptcy Act, is available, with the report. The bill will probably be called up on Monday under suspension of the rules.

The Clerk read as follows:

SEC. 9. Any interested party, including, among others, any carrier, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission, or the Governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

Mr. EDMONDS. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: Page 39, line 3, after the words "State commission", insert "or commercial organization."

Mr. GOSS. Mr. Chairman, I make the point of order that it is not germane to this section of the bill.

Mr. EDMONDS. Mr. Chairman, this amendment merely allows commercial organizations that have traffic committees to attend these hearings as they do at present before the Interstate Commerce Commission. I can see no reason why it is not germane to the bill.

Mr. MILLIGAN. This provides that any interested parties can attend these hearings. A commercial organization would be an interested party.

Mr. EDMONDS. Commercial organizations having these associations in this way would be able to represent one or two hundred people before the Commission instead of having 40 or 50 of them go to the expense of coming down here.

Mr. MILLIGAN. The organization itself in that case would be an interested party.

Mr. EDMONDS. Mr. Chairman, I do not want to say anything further on the subject. I hope the committee will accept the amendment, because it makes plain what I said this morning, and is included in a letter from the Philadelphia Chamber of Commerce, which does not understand it the way the gentleman from Missouri states.

Mr. HUDDLESTON. Mr. Chairman, I have no authority to accept the amendment. I really do not think it is necessary. I think it is already included, but I have no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend the remarks I made this morning.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

SEC. 13. It shall further be the duty of the coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including, also, the stability of railroad labor employment and other improvement of railroad labor conditions; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 42, line 17, after the word "conditions", strike out the semicolon and add the words "and relations."

Mr. MEAD. Mr. Chairman, I have neither offered nor supported any amendments which might be termed "alien" to this legislation. This amendment which I seek to have adopted now was considered by the House committee. It was approved by the Senate committee and made a part of the Senate bill. In the minds of some it may not be necessary; in the minds of others it might not seem important. At any rate, its adoption should not disturb any of the Members who are interested in the bill. In my judgment the word "relations" contemplates more and is broader in its scope than the word "conditions." This contemplates the human element in the industry. President Roosevelt in his Utah speech, made during the recent campaign, explained the three important elements that go to make up this great industry. He explained that the cars, the tracks, and the locomotives, and so forth, made up the physical elements; the bondholders and stockholders made up the financial element; but that by far the most important element was the human element, which comprised both the employees and the management of the roads.

My amendment deals with this all-important element. Permit me to say, Mr. Chairman, that this legislation creating a coordinator will prove to be a study and an investigation of the entire transportation industry. Much good will result from the work that will be accomplished. The problem will be nearer solution when this legislation comes to its end. The value of this legislation to the future of this country will be improved by the addition of the amendment which I have sent to the desk.

When we enacted the industrial-control legislation, we approved a new concept in the social order. Prior to that the Government held it was its duty to safeguard property rights and to afford protection to the people. We now recognize another duty of government. That duty is to see that every worker has a job, that he not only enjoys the right to live but the right to employment as well.

This all-important human element in the transportation industry should be given every proper consideration in this measure. Their mighty contribution would, in my judgment, aid in the solution of the vexing problems confronting this industry. The adoption of the word "relations", adding it to the word "conditions", will permit of this closer relationship between management and employee. It will develop a dual responsibility and make for a higher efficiency in the operation of our transportation lines. It considers

the community of interest between all the forces concerned in this great enterprise.

While I have been supporting the committee and have opposed the adoption of amendments not heretofore considered, I think the adoption of this proposal, approved as it was by the Senate committee, will strengthen the bill. Its application by the coordinator will result in much improvement in the efficiency and management of our railroads. Let the employees participate in the counsels of the roads and they will vindicate the confidence we have in them.

I hope the committee will accept the amendment.

Mr. RAYBURN. Mr. Chairman, the committee, after some consideration, realizing that this amendment would be in conference if we struck it from the Senate bill, felt that the word "relations" was such a broad word, indefinite in a way, that it might cover a great many things. We thought it ought to go over for further consideration and conference with the Senate committee. If a reasonable suggestion can be made as to why it is necessary, I am sure the House committee would accept it. However, the committee feels at this time, as I have just stated, that it is such a broad word and that we do not know just exactly what it means, or what was in the minds of the Senate committee and the Senate when it was passed, that it should be left for further consideration. The committee would like very much to see this amendment not put in the bill today, so that we may have the benefit of conversation with the Senate committee on it; and if it appears to be necessary, if it appears to be the just and right thing to do, I think the House committee would agree to it, but we do not know what it means, frankly, and I do not think anybody else can very well determine what it means.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. CLARKE of New York. Why is not the word "conditions" inclusive of the word "relations"? They are complementary in language.

Mr. RAYBURN. That is the view which the House committee took.

The CHAIRMAN (Mr. HILL of Alabama). The question is on the amendment offered by the gentleman from New York [Mr. MEAD].

The question was taken; and on a division (demanded by Mr. MEAD) there were ayes 42 and noes 49.

Mr. O'MALLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. RAYBURN and Mr. MEAD to act as tellers.

The Committee again divided; and the tellers reported there were ayes 66 and noes 39.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 17. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10, no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

Mr. EDMONDS. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: On page 44, line 17, after the word "by" in line 17, strike out "a proclamation of the President for 1 year or any part thereof" and insert in lieu thereof "Congress."

Mr. EDMONDS. Mr. Chairman, we have been passing quite a large number of bills in the House, in which the President is given authority to extend the operation of certain laws by proclamation. There is, of course, in these bills always an opportunity to say that Congress will not be in session and therefore the President should have that power. With regard to this bill we cannot say 1 year from now that Congress will not be in session or that Congress cannot investigate as to whether it is advisable to continue this act. Therefore I think we should reserve to ourselves the right to consider what has happened up to that time and have it reported back to Congress for us to act upon.

I do not understand that the gentlemen here wish to give away all their rights to the President. Certainly here is an opportunity by which we can ourselves decide whether this legislation has been successful or whether it is necessary to continue it for a longer time.

Mr. PARKER of New York. Mr. Chairman, I rise in opposition to the amendment. This is an administrative bill. It is not a legislative bill. We are conferring authority on the President to do certain things. If it is going to be thrown back into Congress, it means we must pass an entirely new act. If the act is good from a legislative standpoint, the President should have the power to continue it for another year.

Mr. EDMONDS. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. EDMONDS. We do not have to pass a new act at all. We simply pass an act continuing this act.

Mr. PARKER of New York. That is better still, then.

Mr. EDMONDS. But there may be some changes a year from now that we would be glad to make in this act when we find out how it is working.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. EDMONDS].

The amendment was rejected.

The Clerk read down to and including line 17 on page 52.

Mr. RAYBURN. Mr. Chairman, I offer a committee amendment. At the beginning of line 6, on page 50, insert a quotation mark.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such moneys shall be terminated. The general railroad contingent fund established under such section shall be liquidated and the Secretary of the Treasury shall distribute the moneys in such fund among the carriers which have made payments under such section, so that each such carrier shall receive an amount bearing the same ratio to the total amount in such fund that the total of amounts paid under such section by such carrier bears to the total of amounts paid under such section by all carriers; except that if the total amount in such fund exceeds the total of amounts paid under such section by all carriers such excess shall be distributed among such carriers upon the basis of the average rate of earnings (as determined by the Secretary of the Treasury) on the investment of the moneys in such fund and differences in dates of payments by such carriers.

(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this act, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, an amount equal to such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with subdivision (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this subdivision shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106 (b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with law.

Mr. BROWN of Kentucky. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Kentucky: On page 54, line 24, after the word "carriers", insert "except that any railroad owing money due to or to become due to the Reconstruction Finance Corporation or any other agency of the United States Government shall pay in full said indebtedness before being entitled to the distribution of the aforesaid fund."

Mr. BROWN of Kentucky. Mr. Chairman, section 206 is the section under which you are proposing to pay back to the railroad some $15,000,000 that has been collected under the so-called "recapture clause."

As has been stated by the chairman of the committee, it is a practical impossibility to collect all the money due by the railroads under this section of existing law, but we now have in our hands approximately $15,000,000, I understand. Some of these railroads owe to the Reconstruction Finance Corporation in excess of $300,000,000. We have $15,000,000 in our hands, yet under this section we propose to pay to them that $15,000,000 before they settle their indebtedness to the Reconstruction Finance Corporation.

My amendment provides that any railroad that owes the Reconstruction Finance Corporation or any other agency of the United States Government money due or to become due shall not share in this distribution until such railroad has paid its indebtedness.

Mr. PARKS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. PARKS. I fully agree with the gentleman's statement, but that is the law now.

Mr. BROWN of Kentucky. Will the gentleman show me some section which says that is the law?

Mr. RAYBURN. It comes under the scope of the general law. The general law covers that, as the Government sets off funds in the Government's hands belonging to any railroad which is in default on its debt.

Mr. BROWN of Kentucky. Of course, I shall be glad to admit that I do not know all the statutes that have been passed by the United States Government or by the States, and if I did know them all, they might repeal all the laws I ever knew, but I wish the gentleman would tell me under what law this set-off is authorized to be made on loans that are not yet due.

Mr. RAYBURN. I cannot remember the citation at the present time.

Mr. BROWN of Kentucky. I believe when it is investigated it will be found there will be no set-off on loans that are not yet due.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. DOBBINS. Is it not also true that this recapture fund is held by one agency of the Government while these loans were made by another agency of the Government?

Mr. BROWN of Kentucky. Unquestionably it is true.

Mr. MILLIGAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. MILLIGAN. I think the gentleman will find that the recapture fund is held by the Treasurer of the United States.

Mr. BROWN of Kentucky. I grant that. All that is true, but under this law the Treasurer of the United States will be authorized to pay this $15,000,000 and pay it out to these railroads who now owe the Reconstruction Finance Corporation millions of dollars in excess of this amount. This simply safeguards the taxpayers.

Mr. PARKER of New York. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. PARKER of New York. Does the gentleman realize this money does not belong to the Federal Government, but belongs to the railroads themselves? It was put up to create a revolving fund. It cannot be appropriated by the Federal Government inasmuch as the Federal Government did not appropriate the money originally.

Mr. BROWN of Kentucky. Granting that all that is true, this $350,000,000 the Reconstruction Finance Corporation loaned them last year did belong to the United States Government, and we are holding $15,000,000 of their money that we can now set off against that $357,000,000. However, if you want to give them this money, then give it. The $357,000,000 was taxpayers' money.

Mr. PARKER of New York. That is not the point; this is not taxpayers' money at all.

Mr. BROWN of Kentucky. The $357,000,000 we loaned them last year was taxpayers' money.

Mr. PARKER of New York. That is true.

Mr. BROWN of Kentucky. This is their money in our hands that we can set off against this loan if we choose to do it.

Mr. COLE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. COLE. Is it the gentleman's idea that because a few of the railroads of the country were good enough, we might say, to comply with this law and pay in $15,000,000, approximately, they should be punished now and not have their money, while other roads that did not pay in anything are in no way affected?

Mr. BROWN of Kentucky. Are we exacting from them one penny other than what they owe? Is it punishment to have a man pay his honest debts? If it is, then we will be punishing them.

Mr. COLE. Let them pay it hereafter.

Mr. BROWN of Kentucky. It has been the rule until now that the Government gets its share hereafter. For once in history I would like the Government to get now a part of the money owing to it.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. McFARLANE. It has been stated that in the matter of this set-off the general law will apply. If that be true let us adopt this amendment and then we will know what will be done.

Mr. BROWN of Kentucky. Certainly it cannot hurt anything.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. COOPER of Ohio. The gentleman knows the Government could not use this money as a set-off against money the railroads have borrowed from the Federal Government.

Mr. BROWN of Kentucky. If the Congress of the United States says it shall be used as a set-off as proposed in my amendment, it can certainly do it. If you pass this bill without this amendment we cannot do it. That is the purpose of the amendment.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. TRUAX. It has been stated that the Government could use this as an off-set against money the railroads owe the Government.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, as I stated yesterday in my remarks, the Interstate Commerce Commission in three reports have advocated the repeal of section 15a, the recapture clause, from the beginning.

We had long and exhaustive hearings on this matter. There was not a witness who appeared there who in any way opposed the repeal of the recapture clause in its entirety.

As I stated, the Interstate Commerce Commission three times has said it is unworkable. Mr. Chairman, the railroads advocated its repeal.

The shipper organizations unanimously recommended its repeal, and the short-line railroads especially are vitally interested in the repeal of this provision, and they are located in every section of the country.

Labor organizations appeared before the committee, both the brotherhoods and the representatives of the American Federation of Labor, and asked for the repeal of 15 (a) ab initio.

Now, I say that these little railroads are vitally interested in this $10,000,000 that has been paid in. Why? Only one so-called rich railroad paid any appreciable amount into this fund. More than $4,000,000 of this amount, with the accumulated interest, belongs to the poorer railroads. As I called to the attention of the House yesterday, one railroad, in the

district of the gentleman from North Carolina [Mr. KERR], a little railroad down there that is owned by the town, in the past has been the source of revenue to the town. Of course, it has not been during the last 7 or 8 years, but during their fat times they took money from their funds and paid it into this particular fund, and the railroad and the little town are desperately in need of money now. This is true with reference to every one of these poor, little starving short-line railroads, that are feeders to the great railroads and that serve little communities. They are as vital to the economic life of the little communities as the Pennsylvania Railroad is to the great coal fields and iron mines of the State of Pennsylvania, and when you pass this amendment you are penalizing the class of railroads in the United States that need this money above every other class of railroads in the land, and you are not applying it as far as the $357,000,000 is concerned, that has never been paid in.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. BROWN of Kentucky. The gentleman contended just a moment ago that the law already provided for just what my amendment does.

Mr. RAYBURN. I said they "could."

Mr. BROWN of Kentucky. If these railroads are bankrupt and owe the Government or the Reconstruction Finance Corporation some money——

Mr. RAYBURN. I do not think there are many of them that have been able to qualify to get a loan.

Mr. BROWN of Kentucky. But if they are bankrupt and they do owe the Government some money, does not the gentleman think that this amount of money we now have in our hands ought to be set over against the amount they owe?

Mr. RAYBURN. I say we ought to treat all the railroads alike. Those that owe the $361,000,000 and have not paid I think should be treated exactly like the little roads that did not think they were strong enough to resist the Government and therefore paid money into this fund.

Mr. PARKER of New York. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. PARKER of New York. I want to call the gentleman's attention to the fact that the railroads that have borrowed the large sums of money from the Federal Government through the Reconstruction Finance Corporation are not the roads that have paid in one dollar of recapture funds.

Mr. RAYBURN. That is true.

Mr. TERRELL. Will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. TERRELL. If these little, poor, weak railroads have not borrowed any money from the Government, they will not be hurt, and if they have borrowed some money, why should they not pay it before we give this money back to them?

Mr. RAYBURN. Why should we not ask the big railroads to pay this $361,000,000?

Mr. TERRELL. We have not that money in our possession. Let us get what we can.

Mr. RAYBURN. I disagree with the gentleman.

Mr. BOYLEAU. Will the gentleman yield?

Mr. RAYBURN. Yes.

[Here the gavel fell.]

Mr. BOILEAU. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may have 1 additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOILEAU. Is it not a fact that the practical operation of this amendment would be to have the $15,000,000 applied to the indebtedness of the railroads——

Mr. RAYBURN. It is not $15,000,000 but $13,000,000. Ten million dollars has been captured and it has earned $3,000,000 in interest; and a further answer is that if these railroads were able to borrow money from the Reconstruction Finance Corporation the Government holds their securities and the money is not due.

Mr. BOILEAU. But the small railroad companies will be treated just as well as the larger railroad companies, because this amount would be applied on their debt and would reduce their indebtedness that much.

Mr. RAYBURN. It would do that; but the debt is not yet due, and they need this money between now and the time when the debt becomes due; and let me state again that the Reconstruction Finance Corporation, under the law, is not supposed to lend money to a railroad that does not have adequate collateral.

Mr. BOILEAU. At the time they secured the loans from the Reconstruction Finance Corporation they did not anticipate getting this money, so they could not be in any way prejudiced.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. MCFARLANE) there were—ayes 27, noes 76.

So the amendment was rejected.

Mr. SABATH. Mr. Chairman, I move to strike out section 206.

The Clerk read as follows:

Mr. SABATH moves to strike out section 206.

Mr. SABATH. Mr. Chairman, when in 1920 the so-called "Esch-Cummins bill" was before the House this provision, which aided and made possible the great increase in the railroad rates, was inserted to make possible the passage of that bill. We were then assured that the weaker railroads would be the beneficiaries—that it would aid the smaller railroads which could not operate profitably.

The act was passed, and the railroads started immediately to increase the rates with the sanction and approval of the Interstate Commerce Commission. For years they collected these increased rates that were permissible under that act. They have collected millions upon millions from the people of the United States, and the great majority of people thought it was only fair, feeling that they were aiding in that way the smaller and poorer roads.

A few of the small roads did pay in under the recapture clause about $10,000,000, but all of the big roads, on one pretext or another, refused to pay. Today they owe the Government, I think, nearly $300,000,000; and that notwithstanding all the money they have collected as the result of the increased rates during these years. Now, I think it is manifestly unfair, on the one hand, to enact legislation permitting the railroads to levy higher rates, and on the other hand, after 10 years and after the railroads have collected millions of dollars, to say that that legislation was unwise and allow them to retain all the excess profits they have collected, amounting, as I have said, to millions and millions of dollars.

How anyone will be able to justify voting for the repeal of the recapture clause is something I do not know. I think that the title of this measure ought to read: "A donation of $361,000,000 to the poor railroads controlled by the poor J. P. Morgan & Co." It is indeed remarkable how these financial magnets, who control the railroads, and who in this bill have the right and the power to merge and consolidate, can create sentiment in the Nation and in the House for legislation that they desire.

This provision made it possible for them ever since 1920 to obtain not only high freight rates but high passenger rates as well. If an honest compilation could be had as to what these increased rates amounted to during the last 12 years, I venture to say it would run into billions of dollars—I say billions, not millions. Yet, notwithstanding that fact, it is claimed that the railroads are "broke." I fully realize the condition of the railroads at present. If they were not in deplorable shape they would not have received $350,000,000 from the Reconstruction Finance Corporation. If they are "broke"—and no doubt many of them are—it is not because the rates are low but because the railroads have been grossly mismanaged and mulcted by the railroad manipulators, who not only have drawn millions of dollars in sal-

aries, as I am reliably informed, but have made millions of dollars on the purchase of rolling stock and other contracts.

But I realize that no matter what proof I submit today this amendment will carry and that once more these destroyers will be the beneficiaries.

I sympathize with the little roads that are not owned by the big railroads. But I rather think that before long we shall hear that these little roads are owned by the rich railroads—railroads whose officials have been fleecing the people and the Government for many years, and who have been paying their officers salaries of $150,000 a year, although these worthies have squandered, through the manipulation of stocks and through various privileges and contracts they have entered into, millions of dollars of the railroads' money.

I feel that this section should be eliminated; then let us see what will happen later on. I believe that we should put an end to this kind of legislation and to such practices whereby the railroads are losing money, as they claim they are, and yet paying their presidents $120,000 to $150,000 a year as salaries.

Mr. RAYBURN. Mr. Chairman, the same arguments that applied to the amendment offered by the gentleman from Kentucky [Mr. BROWN] apply here.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. SABATH) there were 33 ayes and 80 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 208. Paragraphs (f) and (g) of such section 19a, as amended (U.S.C., title 49, sec. 19a (f), (g)), are amended to read as follows:

"(f) Upon completion of the original valuations herein provided for, the Commission shall thereafter keep itself informed of all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and of the cost of all additions and betterments thereto and of all changes in the investment therein, and may keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed by it to be necessary to enable it to revise and correct its previous inventories, classifications, and values of the properties; and, when deemed necessary, may revise, correct, and supplement any of its inventories and valuations.

"(g) To enable the Commission to carry out the provisions of the preceding paragraph, every common carrier subject to the provisions of this act shall make such reports and furnish such information as the Commission may require."

Mr. GOSS. Mr. Chairman, I move to strike out the last word. Does the gentleman from Texas think that this paragraph can be carried out in view of the curtailment in the appropriation for the revaluation work of the Commission?

Mr. RAYBURN. We are curtailing the valuation work of the Commission by this bill. The act provides that the Interstate Commerce Commission after it completes its valuation shall keep the valuation up to date. That is impossible. They started out 4 years ago to bring the accounts up to current. They have not got them up yet.

Mr. GOSS. And yet we reduced the appropriation?

Mr. RAYBURN. We provide in this that they shall not apply, but that the Commission shall from time to time look after additions and betterments, and things like that that may be added, but that they shall not be forced to keep this current.

Mr. GOSS. So that in reality with a reduced appropriation the work will not be of much value.

Mr. RAYBURN. I am afraid not.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The question is on the committee substitute.

The substitute was agreed to.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HILL of Alabama, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 1580, and pursuant to House Resolution 169 he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Chair announced the vote.

Mr. COLLINS. Mr. Speaker, I object to the vote upon the ground that there is no quorum present.

Mr. RAYBURN. Mr. Speaker, I make the point of order that the gentleman's point of order comes too late.

Mr. COLLINS. I was on my feet seeking recognition.

The SPEAKER. The point of order is overruled. The gentleman from Mississippi makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and sixty-five Members present; not a quorum.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 50 minutes p.m.) the House adjourned until Monday, June 5, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

85. Under clause 2 of rule XXIV, a letter from the Comptroller General, transmitting report and recommendation to Congress concerning the claim of the Western Union Telegraph Co. against the United States Government, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on the District of Columbia. H.R. 4324. A bill to authorize the merger of The Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes; with amendment (Rept. No. 196). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 5903) to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; to the Committee on Indian Affairs.

By Mr. DOUGHTON: A bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes; to the Committee on Ways and Means.

By Mr. BURNHAM: A bill (H.R. 5905) to amend Public Law No. 425, Seventy-second Congress, providing for the selection of certain lands in the State of California for the use of the California State park system, approved March 3, 1933; to the Committee on the Public Lands.

By Mr. ELTSE of California: A bill (H.R. 5906) to amend title 1 of an act entitled "An act to maintain the credit of the United States Government", as amended; to the Committee on Expenditures in the Executive Departments.

By Mr. KNUTSON: A bill (H.R. 5907) authorizing Joseph Mirau, his successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River, at or near Lake Winnibigoshish; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAY: A bill (H.R. 5908) to repeal an act entitled "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments.

By Mr. MITCHELL: A bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; to the Committee on the Judiciary.

By Mr. WILSON: A bill (H.R. 5910) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

By Mr. HOWARD (by departmental request): A bill (H.R. 5911) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H.R. 5912) for the benefit of Navajo Indians in New Mexico; to the Committee on Indian Affairs.

By Mr. HARLAN: A bill (H.R. 5913) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. SUMNERS of Texas: Resolution (H.Res. 172) authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163; to the Committee on Accounts.

By Mr. ROBERTSON: Resolution (H.Res. 173) to create a committee on wild life; to the Committee on Rules.

By Mr. KOPPLEMANN: Resolution (H.Res. 174) to investigate the expediency of a gross-income tax as a substitute for the net-income tax, and for other purposes; to the Committee on Rules.

By Mr. MITCHELL: Joint resolution (H.J.Res. 194) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

By Mr. KNIFFIN: Joint resolution (H.J.Res. 195) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5914) for the relief of Paul Alawishes Traynor; to the Committee on Naval Affairs.

Also, a bill (H.R. 5915) granting a pension to Laura B. Perley; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H.R. 5916) to authorize the Secretary of the Treasury to execute an agreement of indemnity to the First Granite National Bank, Augusta, Maine; to the Committee on World War Veterans' Legislation.

By Mr. GILLETTE: A bill (H.R. 5917) for the relief of E. E. Heldridge; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H.R. 5918) for the relief of John S. Carroll; to the Committee on Naval Affairs.

By Mr. LUDLOW: A bill (H.R. 5919) granting an increase of pension to Susan M. Griffin; to the Committee on Invalid Pensions.

By Mr. MOTT: A bill (H.R. 5920) granting a pension to Matilda E. A. Hornback; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5921) for the relief of the heirs of Hugh L. P. Chiene; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 5922) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Squires; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1273. By Mr. ANDREWS of New York: Petition of Erie County (N.Y.) American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1274. By Mr. DEROUEN: Petition of F. J. West and others, citizens of Jennings, La., urgently requesting the passage of Senate bill 1142, by Mr. SHEPPARD, at this session of Congress; to the Committee on Agriculture.

1275. By Mr. JOHNSON of Minnesota: Petition of certain citizens of Zumbrota, Minn., urging the passage of House bill 4940; to the Committee on the Post Office and Post Roads.

1276. By Mr. RUDD: Petition of Chamber of Commerce of the State of New York, favoring the passage of the bankruptcy bill, H.R. 5009; to the Committee on the Judiciary.

1277. Also, petition of the Chamber of Commerce of the State of New York, favoring a sales tax as a revenue for national industrial recovery; to the Committee on Ways and Means.

1278. Also, petition of the Chamber of Commerce of the State of New York, favoring the retention of the gold standard; to the Committee on Banking and Currency.

1279. Also, petition of the Chamber of Commerce of the State of New York, with reference to the high cost of Government construction; to the Committee on Ways and Means.

1280. By Mr. TRAEGER: Petition of the Board of Supervisors of the county of Los Angeles, State of California, dated April 12, 1933, to amend the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein; to the Committee on Labor.

1281. Also, petition of the Council of the City of Los Angeles, State of California, dated May 23, 1933, urging that every local agency now administering relief money, contributed in whole or in part, by any agency of the Federal Government, shall deal with the stricken individual through an application for rehabilitation, and that this application shall permit of a specific request for a 20-year Federal loan at low interest rate to be used for the actual construction of a home; to the Committee on Banking and Currency.

1282. Also, petition of the Assembly and the Senate of the State of California, dated January 26, 1933, relative to memorializing Congress and the legislatures of the several States of the Union to cooperate in the program for a belated recognition of the people of the United States of the services rendered the Nation by volunteers who fought the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

SENATE

MONDAY, JUNE 5, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion by Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 2 and 3 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Caraway	Long	Sheppard
Austin	Clark	McCarran	Thomas, Okla.
Bachman	Duffy	McNary	Thompson
Barbour	Erickson	Murphy	Townsend
Black	Frazier	Overton	Trammell
Borah	Hebert	Patterson	Vandenberg
Bratton	Johnson	Pope	Van Nuys
Bulkley	Kendrick	Robinson, Ark.	White

The VICE PRESIDENT. Thirty-two Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. COSTIGAN, Mr. FESS, Mr. LOGAN, Mr. NEELY, Mr. NORRIS, Mr. NYE, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. SCHALL, Mr. THOMAS of Utah, and Mr. TYDINGS answered to their names when called.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS], who is engaged on official business in connection with the London Economic Conference.

Mr. BACHMAN. I desire to announce the necessary absence from the city of my colleague the senior Senator from Tennessee [Mr. MCKELLAR]. I ask that this announcement stand for the day.

Mr. HEBERT. I wish to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably absent.

I also wish to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness, and that the Senator from Delaware [Mr. HASTINGS] is necessarily absent from the city.

Mr. KENDRICK. I wish to announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

I wish further to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent, being en route to the London Economic Conference.

Mr. ADAMS, Mr. BANKHEAD, Mr. BONE, Mr. BROWN, Mr. BULOW, Mr. BYRNES, Mr. CAPPER, Mr. CAREY, Mr. COOLIDGE, Mr. CUTTING, Mr. DALE, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. MCGILL, Mr. REYNOLDS, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names, a quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, on behalf of the majority I ask that the following assignments to vacancies on committees be made:

To the Committee on the Judiciary, the Senator from Kentucky [Mr. LOGAN].

To the Committee on Interoceanic Canals, the Senator from Louisiana [Mr. LONG].

To the Committee on Territories and Insular Affairs, the Senator from Tennessee [Mr. MCKELLAR] and the Senator from California [Mr. MCADOO].

The VICE PRESIDENT. Without objection, the assignments will be made.

RATIFICATION OF THE REPEAL OF THE EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate a letter from the secretary of state of New Jersey, enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF NEW JERSEY,
DEPARTMENT OF STATE,
Trenton, June 3, 1933.

Hon. JOHN N. GARNER,
President of the Senate, Washington, D.C.

DEAR SIR: I am herewith enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States.

The result of the convention is certified to you in accordance with chapter 73, Laws of 1933 of the State of New Jersey, and a resolution adopted by the convention on June 1, 1933.

Yours very truly,

THOMAS A. MATHIS, *Secretary of State.*

Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

Whereas the said proposed amendment reads as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress"; and

Whereas there was duly transmitted to the legislature of this State the said article of amendment proposed by the Congress to the Constitution of the United States; and

Whereas the legislature of this State, pursuant to law, did enact a statute entitled "An act providing for the election of delegates to a convention and providing for the holding of a convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment", which said act, having passed both houses of the legislature, was signed by the Governor of this State on March 23, 1933, and constitutes chapter 73 of the Laws of New Jersey for the year 1933; and

Whereas, pursuant to the provisions of said act of the legislature, an election for the selection of delegates to the said convention was held in this State on May 16, 1933, at which said election delegates were chosen in accordance with the provisions of said statute; and

Whereas on May 22, 1933, His Excellency A. Harry Moore, Governor of the State of New Jersey, pursuant to the provisions of said act of the legislature did issue his said proclamation for the holding of the said convention, which said proclamation reads as follows:

"Whereas, pursuant to chapter 73 of the Laws of 1933, an election was held on the 16th day of May 1933 for the election of delegates to the convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment; and

"Whereas section 13 of said act requires the Governor of this State, within 20 days after the holding of said election, by proclamation, to convene the said convention:

"Therefore I, A Harry Moore, Governor of the State of New Jersey, pursuant to the power and authority vested in me by said act of the legislature, do hereby convene the said convention to meet in the Memorial Building, Stacy Park, in the city of Trenton, on Thursday, the 1st day of June next, at the hour of 11 o'clock in the forenoon of said day (eastern standard time)."

Given under my hand and the great seal of the State of New Jersey this 22d day of May 1933, and in the independence of the United States the one hundred and fifty-seventh.

[SEAL] A. HARRY MOORE,
Governor.
THOMAS A. MATHIS,
Secretary of State.

Whereas pursuant to the said proclamation of His Excellency the Governor the said convention did meet at the time and place therein fixed and, having organized by the selection of a chairman and secretary and having adopted rules governing its deliberations, did proceed to consider the proposed article of amendment: Now, therefore, be it

Resolved by this convention of delegates representing the people of the State of New Jersey, duly assembled pursuant to law, That we do approve and ratify the proposed article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment, which said amendment reads as follows:

"Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

"Whereas the said proposed amendment reads as follows:

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress.' And, further, the action of this convention in approving and ratifying the said proposed amendment is valid to all intents and purposes as representing the people of the State of New Jersey; and be it further

"Resolved, That the chairman and secretary of this convention shall certify the result of the votes of the delegates to the secretary of state of this State; and be it further

"*Resolved*, That the secretary of state of this State shall certify the result of this vote to the Secretary of State of the United States and to the Senate and House of Representatives of the United States."

EMERSON RICHARDS, *Chairman.*

Attest:

OLIVER F. VAN CAMP, *Secretary.*

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jeresey, do hereby certify that the foregoing is a true copy of the resolution adopted by the State convention ratifying the repeal of the eighteenth amendment.

I do further certify that the chairman and secretary of the convention has certified to this office that the resolution was adopted by a vote of 202 for the adoption of the resolution and 2 against the adoption of the resolution.

In testimony whereof I have hereunto set my hand and affixed my official seal this 2d day of June A.D. 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Assembly Joint Resolution 19, an act to memorialize Congress to set aside February 15 as a national holiday to commemorate the birthday of Susan B. Anthony

Whereas Susan B. Anthony was the pioneer who blazed the trail leading to women's suffrage in the United States; and

Whereas Susan B. Anthony gave her life and energy toward obtaining equal rights for women; and

Whereas Susan B. Anthony is honored and looked upon by the people of our country as a great national figure; and

Whereas February 15 is the day of the birth of this great leader: Now, therefore, be it

Resolved by the Assembly and Senate (jointly) of the California Legislature, That Congress be urged to set aside and apart February 15 as a national holiday in commemoration of the birthday of Susan B. Anthony.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memoralizing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation, which was referred to the Committee on the Judiciary.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended, which was referred to the Committee on Irrigation and Reclamation.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust, which was ordered to lie on the table.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate the following resolution adopted by the Senate of the State of Texas, which was referred to the Committee on the Library:

Senate resolution 129 (by DeBerry)

Whereas the Government of the United States has contracted for the construction of a National Archives Building, to be completed not later than January 1, 1935; and

Whereas an administration headed by an archivist of the United States must soon be provided by law; and

Whereas Dr. Thomas P. Martin, a native citizen of the State of Texas, is in the opinion of many archivists and historians throughout the United States eminently qualified by education and experience to fill the position of archivist, when that position shall have been created by law: Now, therefore, be it

Resolved by the Senate of Texas, now in session, That we endorse Dr. Thomas P. Martin for appointment as archivist of the United States, and that as a token of our respect, admiration, and esteem of our fellow Texan that an enrolled copy of this resolution be forwarded by the secretary of the senate to the Vice President of the United States, Hon. John Garner, Senators Tom Connally, and Morris Sheppard.

EDGAR E. WITT,
President of the Senate.

I hereby certify that the above resolution was adopted by the senate May 31, 1933.

BOB BARKER,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the Territory of Hawaii, which were referred to the Committee on Territories and Insular Affairs:

Concurrent resolution

Whereas numerous persons have been found stealing their passage on commercial and Government ships arriving at ports in the Territory of Hawaii from the mainland of the United States; and

Whereas said persons, otherwise termed "stowaways", are contributing to the serious unemployment problem now confronting the Territory and increasing the number of public charges; and

Whereas among said stowaways there have been found undesirable persons of such criminal records in other jurisdictions as to present a serious menace to the preservation of law and order in the Territory; and

Whereas it is felt by officials of the Territory of Hawaii and the shipping companies concerned that a grave situation has been created endangering the safety of sea travel and unnecessarily increasing the unemployment and crime problems in the Territory of Hawaii, rendering it highly desirable for Congress to vest in a proper regulatory body, such as the United States Shipping Board, the power and duty to regulate the act of stowing away on vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and the imposition of such punishment as may be prescribed by law: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide by appropriate and adequate legislation for the vesting in the United States Shipping Board or some other proper regulatory body the power and duty effectively to regulate and punish the act of stowing away on commercial and Government vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and imposition of such punishment as may be provided; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of the Interior, the United States Shipping Board, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas it has come to the attention of this legislature through items in the public press and otherwise that action is contemplated in Washington toward the amendment of the Hawaiian Organic Act removing the 3-year residence qualification for the Governor of Hawaii; and

Whereas it is well known that there are among those who have resided in this Territory during the preceding 3 years numerous men of the Democratic Party who are fully and ably qualified for this high office; and

Whereas it is also the firm conviction of this legislature that it would result most unfairly and unfortunately for the Territory should a nonresident, of necessity unfamiliar with local conditions and problems, be appointed to this office; and

Whereas the threatened procedure would be absolutely contrary to all principles of American self-government, in the fulfillment of which principles this Territory has heretofore given an excellent account of itself: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That on behalf of the people of this Territory this legislature earnestly protests against any action by the Congress of the United States

of America toward the elimination of the 3-year residence qualification for the Governor of this Territory; and be it further

Resolved, That certified copies of this resolution be forwarded to the President of the United States of America, to each of the two Houses of Congress, to the Secretary of the Interior, and to the Delegate to Congress from Hawaii.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas there appeared in the Honolulu Star-Bulletin, under date of May 23, 1933, a leading editorial under the caption "Roosevelt, the Wrecker?", condemning the President of the United States for having taken steps to suspend the Hawaiian Organic Act temporarily in order that he might be free to appoint as Governor of Hawaii a person of wide experience and vision, either from the islands themselves or from the entire United States, in order to obtain the best man available for this highly important post; and

Whereas the aforesaid editorial described the action of the President in this regard as being aimed to wreck and destroy American progress and American development of Hawaii; and

Whereas it is the sense of the Senate of the Territory of Hawaii, the House of Representatives concurring, that this editorial is both vicious and entirely unwarranted, ill-advised, in the worst of bad taste, unpatriotic under present conditions, and is lacking in that spirit of cooperation which should exist during these times of national stress, and that it does not reflect the feeling of the right-thinking people of Hawaii: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring), That the editorial aforesaid be and it hereby is vehemently condemned by the two bodies of the legislature in that it throws an entirely false light on the action of the President in his attempt to obtain for Hawaii a man whom he considers to be best suited for the important position of chief executive of the Territory; and further, in that it does not express the reaction of the legislature nor the people of Hawaii to the suggestion of an emergency suspension of that portion of the Hawaiian Organic Act regarding residence qualification of the Governor of Hawaii; and be it further

Resolved, That the Legislature of the Territory of Hawaii does hereby record a vote of the highest confidence in Franklin D. Roosevelt, President of the United States, in his wisdom and ability to decide upon the man best suited for the high place of honor and trust vested in the man chosen for Governor of Hawaii; and be it further

Resolved, That this resolution be forthwith transmitted by wire to President Roosevelt; and be it further

Resolved, That certified copies of this resolution be transmitted by mail to Hon. Franklin D. Roosevelt, President of the United States; to the Honorable L. L. McCandless, Delegate to Congress from Hawaii; and to both Houses of the Congress of the United States.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 24, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 24, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
JAS. S. OCHONG,
Assistant Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the American Society of Ichthyologists and Herpetologists, favoring the making of adequate appropriations to maintain the scientific, educational, and conservational work of the Bureau of Fisheries, the National Museum, the National Zoological Park, and other Federal agencies engaged in such work, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the United Ukrainian Organizations of Cleveland, Ohio, protesting against the recognition of the Soviet Government of Russia, and favoring the passage of the so-called "Dies bill", providing for the exclusion and deportation of alien communists, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the board of directors of the Pennsylvania State Association of Master Plumbers at Scranton, Pa., favoring the passage of the bill (S. 1592) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a letter from S. P. Gagnet, Sr., of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of Ida W. Friend, of New Orleans, and sundry citizens of the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by a mass meeting at the Farmers Market Square, in a national youth-day demonstration, at the city of Ironwood, Mich., condemning appropriations for armaments and also the creation of military forced-labor camps among the youth, and favoring the establishment of a system of Federal unemployment insurance and immediate cash relief for the unemployed, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the Democratic County Committee of the City and County of Honolulu, Hawaii, protesting against amendment of the Organic Act of Hawaii so as to permit the appointment of a nonresident governor of the Territory, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for amendment of the so-called "Economy Act" and regulations issued thereunder, restoring to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, etc., which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Bay Ridge Council, No. 16, Sons and Daughters of Liberty, of Brooklyn, N.Y., favoring the prompt passage of the so-called "Dies bill", fixing a quota pertaining to the admission of alien immigrants to the United States, which was referred to the Committee on Immigration.

He also presented resolutions adopted by the Randall Manor Residents Association, Inc., of West New Brighton, Staten Island, N.Y., advocating a reduction in the interest rates on all first mortgages on Randall Manor homes (Staten Island) from 6 to 4½ percent, which were ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Assembly Joint Resolution 34, relative to memorializing the President of the United States to increase the customs duties on certain fish products and to negotiate treaties concerning the conservation of fish

Whereas the customs duties fixed by the laws of the United States on the importation of fresh, frozen, and canned fish, fish meal, and fish oil do not equalize the differences existing in the costs of producing such articles in this country and the costs of producing such articles in foreign countries; and

Whereas unless such differences in the costs of production are immediately equalized the acute unemployment problem existing in the industries marketing fish and fish products cannot be solved; and

Whereas persons engaged in the fishing industry of this State are subject to strict regulations enacted in the interest of the conservation of such natural resources; and

Whereas it is necessary that the United States enter into treaties with adjoining nations in order that the supply of fresh fish in Pacific waters be conserved for future generations, and in order that the fish industries of this State, from which many thousands of the citizens of this State gain livelihood, be not placed in a disadvantageous position with similar industries existing in foreign nations: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully urges the President of the United States to request an investigation by the United States Tariff Commission for the purpose of raising the customs duties on fresh, frozen, and canned fish, fish meal, and fish oil, in order that the differences existing between foreign and domestic production costs be equalized; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to approve and proclaim an increase in the customs duties on these articles; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to negotiate with the nations adjoining the United States treaties leading to the conservation and protection of fish and other animal life existing in the waters of the Pacific Ocean; and be it further

Resolved, That duly authenticated copies of this resolution be forwarded to the President of the United States, the Chairman of the United States Tariff Commission, and the Senators and Representatives of this State in Congress.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Irrigation and Reclamation:

Senate Joint Resolution 16, relative to memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended

Whereas there have been introduced into the United States Senate for passage, Senate bills 5417 and 5607, which are complementary one to the other, the first providing for a suspension in payment of charges due from the Federal reclamation project settlers to the United States and in the amount of which charges and for like period of time the principal source of income to the reclamation fund is likewise delayed, and the second providing for a loan to the reclamation fund to replace the income thereto thus suspended; and

Whereas such suspension of construction charges has become necessary on account of the extreme low prices affecting all agricultural communities; and

Whereas unless the loan above referred to is made to the reclamation fund the activities of the bureau in carrying out the long-established governmental policies relating to reclamation must stop; and

Whereas there has already been authorized by the Congress of the United States the construction of irrigation projects under the provision of the Reclamation Act; and

Whereas many of said Federal projects are now only partially completed and therefore incapable of performing the service for which they were intended, or of any substantial self-liquidation of their present costs until the same are completed; and

Whereas the settlers upon numerous privately initiated irrigation districts of the Western States are on the verge of being forced out of their homes—to swell the throng of urban unemployed—because of an inadequate water supply due to lack of storage and necessity for repair of distribution facilities, and a supplemental water supply can be made most readily available by the Federal Reclamation Bureau upon a sound engineering and economic set-up; and

Whereas delays in completion of projects already begun and the commencement of those projects designed to rehabilitate worthy existent enterprises will result in serious loss to the United States generally and to the Western States particularly in (a) direct increase in unemployment through cessation of work on projects and consequent laying off workers, and indirect increase of unemployment in all of those industries supplying materials for the projects; (b) depreciation of works already constructed in such incomplete projects, and of idle money therein invested; and (c) the crushing blow to those under said projects (with their dependent communities) having inadequate water supply and having staked all in faith upon the Federal Government's completing that which it has undertaken and in commencing needed construction to supplement the water supply of those worthy private projects; and failure to enact said bills, or similar legislation, will result in the discharge of thousands of men now employed and the consequent loss in purchasing power for consumption of both farm and industrial projects and add to the depression prevailing in all markets; and

Whereas we understand that the program of the Reclamation Bureau, if the aforementioned legislation is enacted, is to be confined strictly during the period provided for in the loan to doing those things necessary to place existent projects on a sound and workable basis, and does not contemplate initiating work on any project, either Federal or otherwise, not now developed to a material extent, and therefore does not propose the bringing under irrigation of any appreciable areas of land not now irrigated: Therefore be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Congress of the United States in furtherance of established national policies of reconstruction and reclamation should enact, without delay, United States Senate bills 5417 and 5607 into laws; and be it further

Resolved, That the Secretary of the Senate of the State of California be, and he is hereby, directed forthwith to transmit a copy of this memorial to each, the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and to the California delegation in Congress, with a request that they expeditiously promote the enactment into law of United States Senate bills 5417 and 5607.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Assembly Joint Resolution 26, relative to memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation

Whereas modern scientific use of natural power and machinery and efficient conduct of business and commerce have brought about the production of commodities and rendition of services with a rapidly decreasing amount of human effort; and

Whereas this condition has resulted in a great surplus of human labor and of available commodities and services; and

Whereas there have ensued great unemployment, misery, suffering, and crime, with the possibility of social and political disturbances of the gravest character; and

Whereas under the present unregulated system of conducting competitively for profit the production and commerce of the Nation, there exists no natural economic principle or factor which will in times of peace counteract the destructive tendency toward overproduction, unemployment, and inadequate income to most of the employed; and

Whereas it would appear that with proper use and control of modern means of production and distribution it would be possible for practically all persons to have and enjoy a fair share of material goods in return for services rendered; and

Whereas such use and control and appropriate economic planning are not feasible except through the direction and supervision of a single centralized agency, and not fully attainable without the removal of certain constitutional limitations: Now, therefore, be it

Resolved by the assembly and senate, jointly, That the Legislature of the State of California hereby memorializes the Congress to propose an amendment to the Constitution of the United States reading substantially as follows:

"The Congress and the several States, by its authority and under its control, may regulate or provide for the regulation of hours of work, compensation for work, the production of commodities, and the rendition of services in such manner as shall be necessary and proper to foster orderly production and equitable distribution, to provide remunerative work for the maximum number of persons, to promote adequate compensation for work performed, and to safeguard the economic stability and welfare of the Nation"; and be it further

Resolved, That the Legislature of California respectfully urges that, pending the submission and adoption of such an amendment, the Congress provide for such economic planning and regulation as may be necessary and proper under present economic conditions and legally possible under the existing provisions of the Constitution; and be it further

Resolved, That the chief clerk of the assembly is hereby instructed forthwith to transmit copies of this resolution to the President of the United States, and to the President of the Senate, the Speaker of the House of Representatives, and each of the Senators and Representatives from California in the Congress of the United States.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Public Buildings and Grounds:

Assembly Joint Resolution 31, relative to the use of granite in Federal construction projects

Whereas California is one of the leading granite-producing States of the Union; and

Whereas it is desirable that permanent public buildings should be constructed of dignified, durable, and beautiful materials; and

Whereas the benefits of Federal construction should not be confined to any one State or locality by the specification and general use of a material produced almost exclusively within the borders of such a State; and

Whereas granite is readily available in any of 21 States, while the production of limestone is largely confined to the State of Indiana; and

Whereas it is apparent from its general use in all sections of the country that undue favoritism has been shown Indiana limestone in Federal construction, with resulting aggravation of serious unemployment conditions in the granite-producing States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Members of the Senate and House of Representatives from the State of California be, and are hereby, urged to secure proper consideration for the use of granite in Federal construction projects; and be it further

Resolved, That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was ordered to lie on the table:

Senate Joint Resolution 26, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust

Whereas the activity of the United States Government in its present plan of aiding banks, insurance companies, building and loan companies, and railroad companies, as well as in aiding agriculture and industry, is viewed with appreciation and approbation by the Legislature of the State of California; and

Whereas said legislature is especially in full accord with the extension of aid to banks which have loaned money to farmers and home owners secured by mortgages or deeds of trust on home or farm properties; and

Whereas it has been brought to the attention of some members of the legislature that some of the financial institutions receiving loans or other assistance from the United States Government or its agencies do not extend and are not willing to extend reasonable time for payment of debts secured by deeds of trust or mortgages on homes and farm properties before foreclosing the mortgage or exercising powers of sale granted by the mortgage or deed of trust: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully petitions and urges the United States Government to use the strongest measures justifiable in requiring such institutions receiving such aid to cooperate with the Federal Government in its program for the restoration of prosperity to our country by extending time for payment of the debts above mentioned; and be it further

Resolved, That duly authenticated copies of this resolution be sent forthwith by the secretary of the Senate of the State of California to the President of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to the Members of Congress from the State of California.

NEW JERSEY SHIP CANAL FROM RARITAN BAY TO DELAWARE RIVER

Mr. BARBOUR. Mr. President, I ask consent to have printed in the RECORD and appropriately referred a joint resolution adopted by the Senate and General Assembly of the State of New Jersey, memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project.

The joint resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Senate Joint Resolution 20, introduced March 20, 1933 (by Mr. Powell)

Joint resolution memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project

Whereas an inland waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey, for which project the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way, and has from year to year reappropriated said moneys, and the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with the representations heretofore made to the Federal Government; and

Whereas in the interests of commerce and the national defense such ship canal is a necessary and worthy improvement and one such as is contemplated to be completed under the comprehensive program of the President of the United States; and

Whereas, pursuant to the direction of the last Congress, the United States Corps of Army Engineers is now ready to proceed with 74 percent of the work on such canal and will be ready to proceed with the balance of said work by July 1, which said Engineer Corps has unlimited experience in large scale work of this nature and can start work immediately upon this project; and

Whereas the construction of such canal would provide employment for a very large number of men near the greatest center of unemployment in this country, a large portion of the work being of such nature that it can be done by hand labor; and

Whereas the immediate construction of such canal would in large measure contribute to the early return of prosperity: Therefore be it

Resolved, by the Senate and General Assembly of the State of New Jersey:

1. That the President and Congress of the United States are hereby memorialized and requested to provide a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State.

2. That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives of the United States from the State of New Jersey.

3. That a committee of 3, 1 to be appointed by the Governor, 1 to be appointed by the president of the senate, and 1 to be appointed by the speaker of the house, be constituted to further this project and to personally present the same to the President of the United States, the Members of the Senate and House of Representatives of the United States from the State of New Jersey, and to take such other steps as to such committee shall seem proper.

4. This joint resolution shall take effect immediately.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H.R. 5208) to amend the probation law, reported it with an amendment and submitted a report (No. 113) thereon.

Mr. WALSH, from the Committee on Printing, to which was referred the concurrent resolution (S.Con.Res. 2) providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, reported it without amendment and submitted a report (No. 115) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 5, 1933, that committee presented to the President of the United States the enrolled bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 1832) granting a pension to Elizabeth Jane Catron Mills Young; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 1833) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; to the Committee on Claims.

A bill (S. 1834) to establish uniform requirements affecting Government contracts, and for other purposes; and

A bill (S. 1835) to establish a United States court of administrative justice and to expedite the hearing and determination of controversies with the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. REED:

A bill (S. 1836) for the relief of John W. Schell; to the Committee on Military Affairs.

A bill (S. 1837) granting a pension to Harriet S. Nicholson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 1838) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes; to the Committee on Indian Affairs.

By Mr. ROBINSON of Arkansas:

A bill (S. 1839) to transfer the Botanic Garden to the Department of Agriculture; to the Committee on the Library.

By Mr. McCARRAN:

A bill (S. 1840) making appropriation for the mint and assay office at Carson City, Nev.; to the Committee on Appropriations.

By Mr. COPELAND:

A joint resolution (S.J.Res. 59) to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference (with accompanying papers); to the Committee on Foreign Relations.

RETURN OF RECORDS OF FAIRMONT HOTEL

The VICE PRESIDENT. The Chair lays before the Senate a proposed order which it has been suggested should be entered by the Senate.

The order was read and agreed to, as follows:

Ordered (by unanimous consent), That the Secretary of the Senate be, and he is hereby, authorized and directed to return to the Hotel Fairmont, San Francisco, Calif., certain records of the hotel offered in evidence in the proceedings of the Senate, sitting for the trial of the impeachment of Harold Louderback, United States district judge for the northern district of California, as follows:

Registration card of Sam Leake, dated September 21, 1929 (U.S.S. Exhibit 42);

Records of the said hotel covering room 26 from September 1929 to April 1933 (U.S.S. Exhibit 43);

Record of room 679, occupied by Mr. and Mrs. W. S. Leake, and by W. S. Leake, from January 1928 to April 1933 (U.S.S. Exhibit 44);

Original telephone sheets of daily calls from said hotel on March 11 and March 13, respectively, 1930 (U.S.S. Exhibit 45); and

A pencil memorandum of the hotel auditor covering payments for room 26 from October 1929 to April 1933 (U.S.S. Exhibit 46).

ORGANIZATIONS WITHIN THE FARM CREDIT ADMINISTRATION—AMENDMENT

Mr. BLACK submitted an amendment intended to be proposed by him to the bill (S. 1766) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

Insert at the proper place the following:

"Nothing in this bill shall be construed or administered in such way as to abolish or impair the operation and continuation of the Regional Agricultural Corporations."

AMENDMENT TO INDUSTRIAL-CONTROL AND PUBLIC-WORKS BILL

Mr. BLACK submitted an amendment intended to be proposed by him to House bill 5755, the so-called "industrial-control and public-works bill", which was read, ordered to lie on the table, and to be printed, as follows:

Amend by adding to section 6 the following subdivision:

"(d) No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title, unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units, irrespective of the magnitude of trade, or business of the trades, industries, or associations of the different States."

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., and it was signed by the Vice President.

NEW YORK & CUBA MAIL STEAMSHIP CO.—SALARIES

Mr. BLACK. I regret that the senior Senator from New York [Mr. COPELAND] is not present. I have had his office called, but he is not there.

On last Friday, while I was absent from the Chamber, there was placed in the RECORD by the Senator from New York a letter from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co. In presenting that letter the Senator from New York made the following statement:

On the 31st of May, at page 4645 of the RECORD, the Senator from Alabama [Mr. BLACK] made certain criticisms regarding the salary paid the head of one of the shipping lines. I want the truth about that matter to appear; and I ask that the letter received by me from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co., may be inserted in the RECORD.

The first two paragraphs of that letter are as follows:

NEW YORK & CUBA MAIL STEAMSHIP CO.,
Washington, D.C., June 1, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

DEAR SENATOR COPELAND: I happened to arrive in Washington this morning to keep an appointment, and while here my attention was called to certain statements made by Senator BLACK on the floor of the Senate in connection with the salary paid the president of the New York & Cuba Mail Steamship Co. As I happen to be the president of that company, I naturally am quite familiar with the amount that is paid. I am sure Senator BLACK would not wish the RECORD to set forth statements which are not borne out by the facts, and with a view to enabling you to correct a wrong impression that can easily be created by what was put in the RECORD, I desire to submit the following facts.

The New York & Cuba Mail Steamship Co. does not now and at no time has it paid me a sum as great as the minimum fixed in the so-called "Black amendment." At the present time, the New York & Cuba Mail Steamship Co. pays me an annual salary of $12,825, and the expenses incurred by me for a period covering from 1929 to 1932 have never been in excess of $1,100 per annum, which covers from one to three trips annually to Cuba and to Mexico, railroad fares, hotels, taxis, telephone calls, etc. For the same period fees paid to me for attendance at directors' meetings have never exceeded $220 per annum.

Mr. President, I hold in my hand the report made to the special committee to investigate air and ocean mail contracts by the New York & Cuba Mail Steamship Co. in answer to a questionnaire sent by that special committee to the New York & Cuba Mail Steamship Co. It purports to state the truth. In answer to paragraph 6, section A, asking for a list of the officers of that particular company and their salaries where over $7,500 a year were paid appears the name of Mr. Franklin D. Mooney. It shows that he received a salary from that particular company for the year 1932 of $12,943.75. Mr. Mooney states that it was $12,825. This report shows that his salary for that year was $12,943.75, with an expense account of $1,099.

The question in paragraph 6, section C, reads as follows:

Q. State what officers, agents, or employees of yours, while your mail contract has been in force, held offices, positions, or employment with any other persons, firms, or corporations; their duties, salaries, and/or bonuses paid to them during said such time by such persons, firms, or corporations. In answering these questions it is desired that you set out specifically and clearly all directorates, offices, and positions held in other companies or corporations by any of your officers and/or directors during 1932 and 1933, with the compensation received by them from each.

In answer to that question appears the name of Mr. Franklin D. Mooney heading the list.

For the Atlantic Gulf & West Indies Line, which is the holding company for all of the subsidiaries and which has borrowed considerable money from the Government, according to the report, the salary for the year 1929 was $75,000, for the year 1930, $35,000; for the year 1931, $14,375; and for the year 1932 the salary was $12,943.75.

Under the name of the New York & Porto Rico Steamship Co., another one of the affiliates and subsidiaries, appears a salary for Mr. Mooney of $12,943.75 for the year 1932.

Under the name of the Clyde Mallory Line, for the year 1932, there appears the name of Mr. Franklin D. Mooney with an additional salary of $25,887.50.

While it is true that the report from the particular company which he mentions in his letter shows only an additional salary of $700, it will be noted that all of these are connected with each other and connected with the subsidy.

In that connection it might be of interest to call attention to the fact that on page 8 of the annual report made December 31, 1932, for the Atlantic Gulf & West Indies Line, appears this statement, it being recalled that I referred to dividends a few days ago:

Goodwill and franchise, book value, $11,806,752.37.

Also in the same report on page 6 appears this statement:

It will be noted on reference to the balance sheet there are mortgage notes in favor of the United States Government amounting to $223,233, payment of which has been postponed.

This was during the year 1932 when these salaries were paid. It will also be noted that on page 9 of the same report appears this statement:

United States Government loans under American Merchant Marine Act of 1920:

Loans not yet due, $12,234,817.12.

Loans due and unpaid, $223,233.

So that while they had plenty of money to pay these salaries the Government is still in the red on the interest due on its money.

PURPOSES OF FARM RELIEF ACT

Mr. COSTIGAN. Mr. President, every farmer in America will wish to read an article by the able Secretary of Agriculture, Hon. Henry A. Wallace, on the purposes of the recently enacted farm relief law, published in the New York Times of Sunday, June 4, 1933. I ask unanimous consent that this article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of Sunday, June 4, 1933]

THE PURPOSES OF THE FARM ACT—THE IMMEDIATE TASK, SAYS THE SECRETARY OF AGRICULTURE, IS TO REDUCE PRODUCTION BY MEANS OF THE EMERGENCY PROVISIONS; THE LONG-TIME TASK IS TO OPEN EXPORT MARKETS BY TARIFF AGREEMENTS

By Henry A. Wallace, Secretary of Agriculture

The farm problem is peculiarly difficult, because the people of the United States during the past 12 years have resolutely refused to face certain fundamentals.

Almost overnight we changed from a debtor to a creditor nation. No nation in history ever made so tremendous a change so suddenly. Only now have we begun to appreciate its significance.

We went into the World War owing other nations $200,000,000 annually on interest account. We came out of that war with other nations owing us over $500,000,000 annually. Today other nations owe us annually more than a billion dollars.

Immediately after the war, therefore, we should have begun to alter our pioneer psychology and our national policies from those of a debtor to those of a creditor nation. Europe owed us money, which in the long run she could repay only in goods and services. If we wanted Europe to pay her debts to us, we should logically have encouraged her to ship goods here.

We did not do so. Instead we increased our tariffs and stimulated an increase in manufactured exports. And when a creditor nation increases its excess of exports over imports by such devices there is bound to come a time of most serious trouble.

TWO DIRECTIONS AT ONCE

The dilemma of a nation trying to go two different directions at the same time was successfully hidden from the American people, because from 1921 to 1929 we lent foreign nations vast sums with which to buy our exports and pay installments on their debt to us. When we stopped lending money the crash was bound to come.

Our refusal to behave as a creditor nation logically should, has been particularly disastrous to agriculture. We normally export more than half our cotton, nearly half our tobacco, a fifth of our wheat, and from a third to a half of our packing-house lard. Of all agricultural products we have exported 18 percent, on the average, during the last 20 years, whereas of our nonagricultural products we have exported only 5 percent. Thus our relationship with foreign nations is three times as important to agriculture as it is to industry. Our failure since the World War to learn to act as a creditor nation sooner or later must, has cost agriculture more than three times as much as it has cost industry.

Had the United States been properly awake to our new responsibilities as a creditor nation, particularly as they affected agriculture, we should have begun soon after the war to adjust our national policy to the changed world situation. We should preferably have permitted imports in order that we might export on a sound basis.

Or if we were determined upon a course of aggressive economic nationalism, as we evidently were, we should in all fairness have helped agriculture adjust itself to that course. In conformity with that course, all through the past decade we should have been gradually adjusting the acreage of our staple crops, of which we produce an export surplus, to the new-demand situation. At least 30,000,000 acres, perhaps as much as 50,000,000 acres, should then have been taken out of production. Actually, of course, our acreage of harvested crops changed but little, and a sudden spurt of efficiency served only to make the total situation worse.

FACTS MUST NOW BE FACED

Today, years after we should have taken action, we are faced with the absolute necessity—not merely the desirability—of adjusting our agriculture to the market that actually exists, and of doing it as rapidly as is humanly possible. We have no choice but to face bitter facts, to admit frankly that we cannot sell wheat and lard to nations that have established high tariffs and trade restrictions, and that cannot remove those restrictions until and unless they are permitted to exchange their own products for the products of other nations.

To do swiftly the thing which should have been done gradually over the past dozen years is an enormously difficult job. Yet that is the task set for the new Farm Adjustment Act. I think it can be done, but it will take the whole-hearted cooperation of everyone.

I am quite aware of the possibilities for reclaiming some of that lost export market for farm products by reciprocal tariffs, but, speaking as a realist, I also know that the consequences of such changes, as measured by definite increases in imports over exports, will become evident rather slowly. I am of the opinion that it is going to be very difficult to import into the United States, at any time within the next 3 or 4 years, a sufficient volume of goods to take care of our creditor position and at the same time furnish adequate purchasing power at a fair price for our surplus farm products. Meanwhile, it is only common sense to let our trade conform to the realities of world markets. That is a major reason for the machinery of the Farm Adjustment Act.

A TWOFOLD TASK

Our immediate task then is to accomplish this emergency adjustment of production to demand through the operation of the new act. Our long-time task is to reduce barriers and impediments to international trade so that American farmers may again, if it is possible, profit by the natural advantages which our agriculture has in the production of several important products. The two tasks are not in conflict; the machinery of the Farm Adjustment Act can serve the needs of expansion as well as it can the needs of contraction; it is only common sense to be prepared to move either way with the necessary dispatch.

The immediate reason for the new Farm Act is, of course, the wide disparity between the prices of the things the farmer sells and the things he buys, and the resultant damage that disparity has done to farm buying power and thereby to our whole economic system. In March, farm products had only one half of their pre-war exchange value for things the farmer buys, and for paying debts they were worth only a fourth to a third as much as when the bulk of the farm-mortgage debt was incurred. So far as exchange value is concerned, the chart on this page reveals the disparity that has existed ever since 1921 and that has become ruinous within the past 3 years.

FARM PURCHASING POWER

The implications of this disparity were largely ignored by our industrial and financial leaders until very recently. But when the market for industrial products dwindled, both at home and abroad, the importance of the farm market to industry was driven home. When loans on farm property began to fail, destroying the foundation of many financial institutions and threatening others hitherto thought impregnable, financiers came to see the importance of the farmer's purchasing power to other economic groups. Then it was realized that the prolonged agricultural depression really had the significance to national welfare which farm leaders had insisted upon for 12 long years, even during the years when industry prospered despite low purchasing power on the farm.

As a leading financial journal pointed out a few days ago, farmers consume, on an average, about $6,000,000,000 worth of manufactured goods a year, but they can't achieve that average when their gross income is down to $5,000,000,000, as it was in 1932. That tragically low income explained why their expenditures for farm machinery in 1932 were about 16 percent and for trucks and automobiles 15 percent of the 1929 buying.

There is at present, therefore, a genuine disposition to work toward a balance between our major producing groups. There is a realization, I believe, that the very basis of national prosperity lies in the ability of all our people to exchange their goods and services at prices sufficient to maintain a decent standard of living for all.

The Farm Adjustment Act uses the pre-war years of 1909–14 as the base period or the period of fair exchange value. That period was chosen because it represents the most satisfactory exchange relationship between major producing groups that this country has achieved within the past hundred years. It is important to note that price relationships, rather than absolute prices, are the measure. If wheat at $1 a bushel and shoes at $3 a pair be considered a satisfactory exchange relationship for both wheat grower and shoe manufacturer, it is obvious that wheat at 50 cents, with shoes down only to $2.50 a pair, is immediately unfair to the wheat grower and in the long run disastrous to the shoe manufacturer; on the other hand, wheat at $2 and shoes at $3 might be unfair to the shoe manufacturer and ultimately disastrous to the wheat grower. What we seek is even-handed justice.

To remove the disparity between farm and industrial prices, the act states that it is the policy of Congress to establish, as rapidly as is feasible, but having due regard to the interests of consumers, such balance between the production and consumption of agricultural commodities, and such marketing conditions, as will restore the purchasing power of farm products to the base period.

POWERS CONFERRED BY CONGRESS

The administrators of the act have the power to provide for reductions of acreage or production of the basic agricultural commodities by means of voluntary agreements with producers and to provide for rental or benefit payments in such amounts as may be necessary. The basic commodities named in the act are wheat, cotton, corn, hogs, milk and its products, tobacco, and rice.

The second group of powers delegated by Congress enables the Farm Adjustment Administration to enter into marketing agreements with processors and distributors of any agricultural commodity or product thereof, provided it is in the current of interstate or foreign commerce.

And the third grant of power, closely allied to the second, provides that the Farm Adjustment Administration may issue licenses permitting the above-mentioned processors and distributors to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof or any competing commodity or product thereof. Such licenses shall be subject to whatever terms and conditions are necessary to eliminate unfair practices and to effect the restoration of normal economic conditions.

Revenue for benefit payments to farmers and for administrative expenses will be obtained from processing taxes. The tax may be at a rate sufficient to yield the difference between the current average farm prices of the commodity and the price necessary to

raise farm purchasing power to the base level. But if such a rate would cause a decline in domestic consumption or a fall in the farm price of the commodity, the rate of tax may be fixed at a point that will prevent these results.

FLEXIBILITY PROVIDED

These are broad powers, granted to meet an emergency, and to be used with the greatest discretion. They permit flexibility, an obvious necessity in a measure dealing with so diverse an industry as agriculture and with such variable matters as price relationships and supply and demand situations. Rigidity is just as unwise in legislation affecting economic interests as it is impossible in the economic system itself.

The intent of these powers has been aptly described by the President as a partnership between government on the one hand and agriculture and industry on the other. If farmers and processors and distributors wish to adjust production and distribution to the market that actually exists, if they desire to get rid of cutthroat competition, they have an opportunity within the terms of this act.

They are asked to relinquish that part of their traditional freedom of action which has violated the rights of others, and only that part; in return, they receive the assistance of the Government in bringing order out of chaos, and they build a foundation for economic stability in a new economic situation. Both producer and processor are enabled to do a thing they have long known ought to be done, but which has been impossible without Government assistance. They have, in this new measure, as in the pending industrial recovery bill, a method of self-government by which they can bring competition under collective control.

ADMINISTRATIVE CHIEFS

Obviously the administration of this new piece of social machinery is all-important. Accordingly, the first job has been to select the best men available to operate it, and to shape the policies and procedure which will guide it. In George N. Peek as administrator, Charles J. Brand as coadministrator, and Chester C. Davis as production administrator, I believe we have men uncommonly well qualified for the task. They bring the necessary understanding of farming and of the processing and distributing trades; they have proved their administrative skill in many important capacities, and through many years they have demonstrated their devotion to the cause of agriculture. These men are representative of that valiant group which has zealously and consistently sought to realize, in legislation and in other ways, the very genuine interdependence of agricultural and national welfare.

The ink was hardly dry on the President's signature on the Farm Adjustment Act before producers and handlers of dairy products were reaching a tentative marketing agreement on prices, margins, and production in the Chicago area. Representatives of Cincinnati and Boston milk sheds have since been conferring with us, and others are on their way. When the producers and distributors in a given area come to an agreement on what should be done to prevent ruinous competition, to raise the price to the producer, and at the same time to protect the consumer's interest, we shall be prompt to submit that agreement to a public hearing and, if it is proven legal and wise, become a party to it.

The extent to which marketing agreements will be employed and on what commodities cannot, of course, be foretold. They offer distinct possibilities—in dealing with dairy products, for instance. Marketing agreements may be used on other commodities to supplement a program of acreage reduction.

ACREAGE REDUCTION

I do not see how we can avoid some reduction in acreage or production. It will be difficult; but in the face of the existing supply-and-demand situation, there is no alternative. The recent sensational rise in the prices of wheat and cotton and corn is comforting, but its stimulating effect on planting is not so comforting. Furthermore, we still have that 13,000,000-bale carryover of American cotton and a 360,000,000-bushel carryover of wheat.

We have been blessed with some extraordinarily bad weather in the winter-wheat belt, and the outlook for that crop is the worst it has been in 20 years. Prospects are for a winter-wheat crop of 337,000,000 bushels, as compared with a normal crop of about 580,000,000 bushels. Probably the total wheat crop in the United States this year will not exceed 600,000,000 bushels, as compared with an average of about 850,000,000 bushels.

That might let us breathe much easier, and relieve us of the necessity for reducing acreage next fall, were it not for the carryover of 360,000,000 bushels and the stimulus of the recent rise in price to increased planting. The probabilities are that the total wheat supplies next August will be about average. Unfortunately, because we are a creditor Nation, and because our wheat prices are now more than 20 cents above world parity, our export market for wheat is practically nonexistent. Unless we engage in a program of acreage reduction next fall, the summer of 1934 will again find the wheat grower in serious trouble.

DECREASE IN THE USE OF CORN

The corn-and-hog situation is in some ways even more troublesome. There are about 20,000,000 surplus acres of corn in the United States. We have today about 11,000,000 fewer horses and mules on the farms and in the cities than we had 20 years ago. These vanished horses and mules ate the product of about 15,000,000 acres of corn land. The people of the United States today eat about 100,000,000 bushels less corn than they did 20 years ago; thus we have lost the market for another 3,000,000 acres of corn land. Hogs today consume about 200,000,000 bushels less than they did in the past because farmers have been taught by the State experiment stations and the United States Department of Agriculture to utilize more efficient methods of feeding.

All in all, there has been lost, during the past 20 years, the market for more than 20,000,000 acres of corn. The corn-products companies which make corn sirup, corn sugar, corn oil, etc., and certain industries which use corn products for lacquering automobiles, use the product of only one or two million more acres than they formerly did. Probably the corn surplus would have brought matters to a head before this had it not been that the 1930 corn crop was the shortest in 29 years, and the 1931 crop was much below normal.

I can see trouble of the most desperate kind ahead for the corn, wheat, and cotton farmers, therefore, unless they are willing, with the centralizing help of the Government, to accept their fair share of the responsibility for helping the United States to act as a creditor Nation sooner or later must act.

To take enough acres out of production will take a considerable sum of money. This money must be obtained, under the act, from a processing tax. Some of this tax must necessarily be paid by the consumer. It is worth noting, however, that a tax of 40 cents a bushel on wheat (in the form of flour), which might serve to increase the income of the wheat farmer nearly 100 percent, would only increase the price of a loaf of bread by about 15 percent, or a cent a pound.

PROTECTING THE CONSUMER

Definite safeguards for the consumer are written into the bill. It is provided that no higher percentage of the consumer's dollar shall go to the farmer than was the case before the war. It is furthermore provided that whenever any tax is levied the Secretary of Agriculture shall make public such information as he deems necessary concerning the relationship between the processing tax and the price paid to the producers. That, coupled with the licensing provisions of the act, should prevent any serious pyramiding of the tax.

Nevertheless, it is recognized that if the farm bill is to be a complete success, there must be an increase in consumer purchasing power. Consumers, though at the present time they are paying farmers for food only about 60 percent as much as they normally should, probably feel that they are completely unable to pay more. It is important, therefore, that the measures now pending for a public-works program and a revival of private industry accompany the Farm Act in attacking the depression. The increased farm buying power brought about by the Farm Adjustment Act should, after a few months, decrease city unemployment materially, but nothing less than the whole administration program will suffice to meet the emergency.

In the solution of the farm problem it is important that we restore farm purchasing power by every means at our command. But it is also important that, in our desire to see prices go up we do not deceive ourselves concerning the true nature of the market. In the long run inflation will not increase the purchasing power of Europe for our surplus farm products. Reciprocal tariffs will not by themselves be sufficient. Agreements with the processors, no matter how skillfully they may be supervised, will help only a little if we disregard the fundamental problem of cutting our acreage to fit the fact that we are now a creditor nation.

PROTECTION OF GOVERNMENT RECORDS—APPOINTMENT OF CONFEREE

Mr. ROBINSON of Arkansas. Mr. President, because of the necessary absence of the Senator from Nevada [Mr. PITTMAN] on Government business, the conference committee on H.R. 4220, pertaining to Government records, has not met. As the absence of the Senator from Nevada will be prolonged, it is suggested that some member of the Committee on Foreign Relations be appointed in his stead.

The Senator from Texas [Mr. CONNALLY] served on the subcommittee which collaborated in the preparation of the Senate substitute or draft; and while I have not had an opportunity to confer with the other members of the committee, I suggest his appointment as a member of the conference committee instead of the Senator from Nevada.

The VICE PRESIDENT. Without objection, the Senator from Texas will be appointed a conferee in place of the Senator from Nevada. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON. Mr. President, I do not want to object to the appointment at all. I think it a most appropriate one. I think it appropriate, too—and of this I shall have more to say perhaps during the day, at any rate on some conference report—that it ought always to be the case when a matter of importance goes to conference that those who sit in the conference are friends of the particular measure or friends of the particular amendment that may be in question.

Mr. ROBINSON of Arkansas. May I say in reply to what the Senator from California has just stated that as the committee is now constituted it is composed of members

of the Senate Foreign Relations Committee who drafted the Senate substitute for the House bill.

Mr. JOHNSON. That is exactly why I think the appointments are most appropriate. For instance, it would be, I think, wholly inappropriate were I asked to serve, because I was not in sympathy particularly with the measure. That is a question that ultimately I intend to present to the Senate, perhaps not today or in this special session; but some time, if I continue in the body, and if I live long enough, I expect to present an amendment to the rules which will provide that no Senator shall sit upon a conference committee on any bill, any amendment, or any measure who is not friendly to the bill, the amendment, or the measure.

The VICE PRESIDENT. If the Chair may be permitted to make a statement in this connection, the general rule is for the Chair to appoint conferees; but the custom has been, so the Chair is advised by the Parliamentarian, that the Chair appoints the conferees named by the Senator in charge of the bill.

Mr. JOHNSON. The Chair has been quite right in that practice. Not only that, but our custom has been—and no one can complain of it, because it has grown into a set rule—that the Senators appointed upon a conference committee are appointed by reason of their precedence and their rank in the membership of the committee having charge of the bill.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by former Representative Cleveland A. Newton, of Missouri, at the chamber of commerce meeting, St. Louis, Mo., May 23, 1933, on the subject of the St. Lawrence Deep Waterway Treaty.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If the Great Lakes-St. Lawrence Treaty is ratified in its present form, it will provide a 27-foot channel for seagoing vessels from all the Great Lakes cities direct to the world markets, while it will make impossible a commercially useful waterway from the Great Lakes to the Gulf of Mexico. The Panama Canal imposed a heavy burden upon commerce and industry in the Mississippi Valley, and to provide a seagoing canal for Canada and the Great Lakes cities without providing a commercially useful waterway from the Lakes to the Gulf will tremendously increase that burden.

Fort Williams and Port Arthur on the north shore of Lake Superior constitute the largest wheat port in the world. The Great Lakes-St. Lawrence seaway will make low-cost water transportation available direct from the great wheat fields of Canada to the world market at Liverpool. Without a commercially useful waterway from the Lakes to the Gulf the wheat farmers of Iowa, South Dakota, Nebraska, Kansas, Missouri, and other States in the Mississippi Valley will be unable to compete in world markets.

This treaty proposes to surrender to Canada and to Great Britain sovereignty over Lake Michigan. Lake Michigan is an American lake. It is entirely within the American watershed. At the nearest point it is more than 70 miles from the Canadian border, and this is the first time since our Government was founded that any responsible official in Washington has ever indicated a willingness to surrender sovereignty over this all-American lake.

For more than 80 years water from Lake Michigan has flowed down the Illinois and Mississippi Rivers to the Gulf. For more than 20 years we have diverted approximately 10,000 cubic feet per second. Canada has recognized this diversion, and during the negotiations leading up to the treaty of 1910 the Canadians recommended that the United States limit the diversion at Chicago to 10,000 second-feet. They urged that such a limit be written into the treaty of 1910, but Elihu Root, then Secretary of State, refused to permit any reference in the treaty to this all-American lake. Mr. Root insisted that our sovereignty be preserved. The Senate sustained him. The proposed treaty should not be ratified unless our continued sovereignty over Lake Michigan is assured.

We have had years of propaganda telling the public that diversion at Chicago was draining the Lakes. Hydraulic engineers universally agree that a diversion of 10,000 cubic feet per second lowered the levels of the Lakes less than 6 inches; that the lowering was complete within 3 years after the diversion began and that if the diversion is continued for a thousand years there will be no further lowering. Lake levels rise and fall in cycles of approximately 10 years, governed by the rainfall and melting snow. The levels of the Lakes 3 years ago were higher than they had been in 70 years, showing conclusively that the diversion at Chicago is not draining the Lakes.

Congress has authorized an expenditure of $3,700,000 for the construction of compensating works in the Lakes. These works will retard the flow of the water from each lake with the result that the levels of the Lakes will be raised 18 inches. At our own expense, we will not only restore the 6 inches resulting from a 10,000 second-feet diversion at Chicago but we will add 12 inches more. General Pillsbury, Assistant Chief of Engineers of the War Department, while testifying before the Foreign Relations Committee of the Senate, stated that a diversion of 30,000 feet per second could be compensated for without injury to navigation.

An adequate diversion for an all-American waterway from the Lakes to the Gulf will in no way injure navigation either upon the Lakes or down the St. Lawrence. The channels of the Great Lakes were originally 7 feet. The channels and harbors of the Great Lakes, at the expense of the United States, have been deepened to 21 feet. It is now proposed to increase the depth of the channels and harbors of the Great Lakes to 27 feet and all at the expense of the United States. The channel down the St. Lawrence is now 14 feet. It is proposed by the treaty, largely at the expense of the United States, to increase that channel to 27 feet. Now, while we are increasing the depth of the Lakes and the St. Lawrence by approximately 20 feet, the proponents of this treaty are endeavoring to make a commercially useful Lakes-to-the-Gulf waterway impossible on the pretext that the diversion necessary for such waterway has lowered the levels of the Lakes 5½ inches.

We can have a 27-foot waterway in the Great Lakes and down the St. Lawrence, and a commercially useful 9-foot waterway from the Great Lakes to the Gulf, without injury to navigation anywhere. The only damage which cannot be repaired is this: The water which is necessary to insure a commercially useful waterway from the Great Lakes to the Gulf cannot be used to turn the turbines of the power companies down the St. Lawrence. I cannot understand why any good American should not be more interested in creating low-cost water transportation through the great interior of this country than in producing power down the St. Lawrence in Canada.

There are certain glaring inequities in this treaty which should be corrected before the treaty is ratified. The new work required to build the seaway provided for in the treaty calls for an estimated expenditure of $105,274,000 by Canada and $225,061,000 by the United States. The actual cost may be much greater. This will create 5,000,000 horsepower of electricity, 1,000,000 of which will belong to the United States and 4,000,000 to Canada. This inequity should be corrected before the treaty is ratified.

Under the treaty of 1910 the Canadians were allowed to take 36,000 cubic feet of water per second out of the Lakes upon the Canadian side while we were limited to 28,000 second-feet on the American side. If the new treaty goes into effect Canada will be authorized to take 41,000 second feet from the Lakes upon the Canadian side while we will be limited to 22,000 second-feet on the American side. This is another inequity which ought to be corrected before the treaty is ratified.

Under the terms of the treaty the American money which is to be expended in Canadian territory must be used to employ Canadian labor, Canadian engineers, and to supply Canadian material. This means that during these times of unemployment $55,000,000 of American money will be expended in Canada for Canadian labor and material. This is another inequity which should be removed from the treaty before it is ratified.

For more than 80 years we have been diverting water from Lake Michigan. For more than 20 years we have been diverting approximately 10,000 cubic feet per second. If the treaty is ratified in its present form this diversion will be reduced to 1,500 cubic feet per second annual average, which means that during the flood season large quantities of lake water will be diverted to prevent the pollution of the Chicago River from flowing into the lake. During the navigation season of June, July, August, September, October, and November the diversion will be reduced to approximately 400 second-feet.

Chief Justice Hughes, as special master in the Chicago Diversion case, found from the testimony that the most modern sewerage treatment would not eliminate more than 85 percent of the impurities of the Chicago sewage. This means that with the installation of the latest purification equipment known to science there will be turned into this Illinois waterway, from Chicago alone, pollution equal to the raw sewage of 680,000 people. In addition to this the raw sewage of cities along the canal and down the Illinois River, such as Joliet, Utica, Ottawa, LaSalle, Peoria, Beardstown, and many other municipalities will be pouring into this Lakes-to-the-Gulf waterway.

If the proposed treaty goes into effect the Illinois waterway will comprise a series of stagnant pools containing pollution equal to the raw sewage of more than a million people. Imagine the health of the people who live adjacent to that river. Imagine the pollution of the air through which the navigator must pass with his cargo during the hot months of July, August, and September, and all because of inadequate water from Lake Michigan to provide a commercially useful Lakes-to-the-Gulf waterway.

Scientists tell us that if the diversion at Chicago is limited to 1,500 second-feet this poisonous pollution will saturate the entire Illinois River and will soon be pouring into the Mississippi only a few miles above the waterworks at St. Louis, and all because the diversion will have been shut down at Chicago in order to provide more water to turn the turbines of the power companies down the St. Lawrence.

The Rivers and Harbors Act of July 3, 1930, provided for a Lakes-to-the-Gulf waterway. In that act Congress directed that

after such waterway is in operation the Secretary of War shall study its needs, determine the amount of diversion necessary to make it commercially useful and report his conclusions back to Congress on or before July 31, 1938. This treaty nullifies a solemn provision of an act of Congress and should not be ratified in its present form.

This treaty should not be ratified until its inequities have been corrected, until American rights have been protected, until this menace to American health has been removed, until the markets of the American farmer have been safeguarded, until a commercially useful Lakes-to-the-Gulf waterway has been provided, until provision is made whereby American money goes to American labor, and American sovereignty over Lake Michigan is preserved.

ARMS EMBARGO—VIEWS OF WALTER LIPPMANN

Mr. VANDENBERG. Mr. President, pending on the Senate Calendar is House Joint Resolution 93, entitled "A joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions." When the joint resolution in its original form was in the Senate Foreign Relations Committee it was amended by the unanimous action of the committee to require a general quarantine of any war area rather than the identification of the aggressor by the United States and an embargo being applied by the United States against the aggressor alone. The amendment was made with the approval of the President of the United States at the time.

I have in my hand an amazingly lucid analysis of the entire American embargo problem from the pen of Mr. Walter Lippmann, eminent publicist. I want to read just one sentence before I ask to have the entire exhibit printed in the RECORD. Referring to the possibility of the identification of an aggressor by our Government and then the application of an embargo upon our responsibility against that aggressor, as was the original concept in the House resolution, Mr. Lippmann said:

> But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume.

I think Mr. Lippmann completely expresses the majority viewpoint of the American people in this aspect. Certainly he bespeaks American tradition. Because of Mr. Lippmann's own standing and because he frequently favors internationalistic thought and is often an administration oracle, and particularly because of the cogent fashion in which he has submitted the matter, I ask that the article be printed in the RECORD. We want peace partnerships, Mr. President, but we do not want war partnerships.

There being no objection the article was ordered to be printed in the RECORD, as follows:

For some time there has been a resolution before Congress that would have authorized the President to join with other powers in prohibiting the export of arms and munitions to any nation he considered a menace to world peace. The offer recently made at Geneva by the administration through Mr. Davis does not literally depend upon this resolution. But practically it does.

The peoples of Europe would regard the offer as of little value if all that it meant was that Congress would in each case have to make the decision whether the United States would or would not assist the blockade against the "aggressor."

The Foreign Relations Committee of the Senate has now reported the resolution with an amendment that provides that the President may lay an embargo only against all the parties in the conflict. He may not single out the aggressor nation, lay an embargo against it, and continue to let arms and munitions be shipped to its opponents.

Thus the Senate committee has, in effect, refused to give the President power to join in the so-called "sanctions" of peace, has refused to let him be the judge whether the United States should be neutral. For all practical purposes the amended resolution vetoes the offer recently made at Geneva.

ALL POTENCY WRUNG FROM OFFER

The offer to consult would still remain, but the offer to do something after the consultation is virtually nullified. For under the resolution as it now reads the American offer could be carried into effect only by act of Congress in each particular case.

To my mind it seems clear that to give the President the power to judge which is the aggressor nation and to join in punishing it is almost indistinguishable from giving him power to declare war. How true this is was borne in upon me last winter when I happened to be at Geneva in the critical days of the Manchurian affair. The sentiment of the smaller powers in the League was strongly in favor of declaring Japan the aggressor and of proceeding to act under article XVI of the League Covenant. What prevented this action was that Great Britain would have had to use her Navy to apply the blockade, and Great Britain had no appetite for war with Japan.

Now, if at that time the United States had been under obligation to identify the aggressor in that dispute and then to lay an embargo against Japan, the whole responsibility in the Orient would inevitably have been concentrated on us. The last and the decisive word would have been ours.

WE WOULD HAVE BEEN PRINCIPAL FOE

If we refused to declare Japan the aggressor the other great powers would have said, as in fact they did say, that they could not act under the Covenant. If, on the other hand, we did declare Japan the aggressor, it would have been the United States which had in reality set the blockade in motion, and from the Japanese point of view we should have become the principal enemy.

This practical demonstration convinced me of something I had previously only dimly suspected; namely, that to stand outside the League and yet to accept the final responsibility as to whether the League should apply force was the most dangerous way possible of attempting to organize international peace. We should be creating a situation in which responsibility would not be distributed, as President Wilson originally conceived it, among the members of the League, but where the whole responsibility for what the League should do or fail to do was placed upon the United States. In any actual crisis the President would have to decide what should be done at Geneva.

TOO BIG A LOAD FOR UNITED STATES TO SHOULDER

The responsibility is too great a one for the United States to assume. As regards the Far East, it would, as I have already indicated, isolate us as the principal enemy. As regards the Continent of Europe, we should, if we persuaded nations to disarm because they expected our help, be driven into a position where any injury they would suffer because they were insufficiently armed would be chargeable to us. It is not a sound foreign policy, as I see it, to attempt to buy the specific disarmament of any nation with a vague and uncertain commitment as to what we might do in the future.

But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume. Te abrogration of neutrality is so near to being an act of war, and in great conflicts so certainly leads to war, that the decision should be fully and openly shared with Congress. If the reasons for intervening are not clear enough to convince Congress, they are not clear enough to justify the President; and if, with the issues unclarified, the American people not understanding their interest in the quarrel, the United States were drawn into war, the President might easily find himself with his own people divided.

HERE'S NUB OF WHOLE PROBLEM

The trouble with the American attempt for the last 12 months to force some measure of land disarmament in Europe has been that, until the underlying political conflicts are mitigated, the armed powers will reduce only if they receive equivalent guaranties. The recent offer at Geneva has been an attempt to provide them such guaranties and yet to keep a free hand for the United States. It cannot be done. A guaranty which would mean anything in Europe would mean the abandoning of complete liberty of action by the United States. A really free hand is no guaranty and no substitute therefore for armaments.

This dilemma cannot be resolved by a diplomatic formula which might mean one thing in Europe and another in the United States.

It is far better to be precise in these matters, to define exactly what we will do and what we will not do, and to raise no false hopes as to what commitments the American people in their present state of mind are really prepared to make and maintain.

ROBERT W. BINGHAM, AMBASSADOR TO GREAT BRITAIN

Mr. ROBINSON of Indiana. Mr. President, yesterday there appeared in the Washington Herald an editorial with reference to our official representation at the Court of St. James's. In the comments in the Herald editorial mention was made of some of the distinguished Americans who have occupied the high post of Ambassador to Great Britain from this country. In that connection I read the following:

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

Then came the Cleveland appointees, two noteworthy men, Phelps and Bayard, the admirable John Hay, and under President McKinley, the incomparable Joseph H. Choate. Truly a long and lustrous line.

But it looks as if the present incumbent, Robert W. Bingham, was destined to mark a violent let-down from this high standard.

There was no expectation when the Nation was surprised by his appointment that he would take his place as a natural successor of such men as we have named.

Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it, but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

The editorial proceeds at length strictly in point and ultimately demands the recall of this envoy who the great majority of Americans feel misrepresents the United States at the Court of St. James's.

The editorial is entitled "Who Put the Ass in Amb-ass-ador?" I ask that the entire editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Sunday, June 4, 1933]

WHO PUT THE ASS IN AMB-ASS-ADOR?

The ambassadorship to the Court of St. James's is one of the highest dignities that can come to an American, and one of the greatest offices in the President's power to bestow.

By long tradition and common consent it is deemed a recognition to be reserved for our foremost men who are qualified by training, eminent achievements in life, and loyalty to American institutions to voice our point of view in matters of mutual concern with Great Britain, in a way that is ingratiating and persuasive, to be sure, but also in terms that are truly representative of this country and its best public opinion.

England has long attached the same importance to its representation in Washington. The result has been a continuing exchange of ambassadors in which both nations took a just pride.

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

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Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

In his first public utterance on assuming office he has said enough to forfeit confidence not only in this country but in England as well. He has put the question of his immediate recall high up on the list of duties pressing upon the President's attention.

To refer to the Geneva declaration of Norman H. Davis, already repudiated from one end of the country to the other, as marking a reversal of the traditional policy of the United States to keep itself free from European entanglements is about the worst break that could have been made.

The actual words used by Ambassador Bingham in associating himself with the egregious faux pas of our Geneva spokesman were: "It marked the definite deparature from principles maintained by the United States since the Nation was founded."

Not content with this statement—so fatuous as hardly to deceive for a moment even his English hearers—this blundering Ambassador proceeded to express himself on the troubled question of designating the aggressor in the event of a European conflict.

With a nonchalance that is unlooked for in a grown man, not to say one who occupies the responsible position of an Ambassador, he made the following sapient observation:

"I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail, in the event of war, to select instantly the aggressor."

This should be interesting to the representatives of the 54 nations at Geneva who have been toiling for many weary months to evolve a practicable definition to embrace this intricate and explosive subject.

Now, what shall be done with an Ambassador who so misrepresents his country?

Not what shall be said—because a fool should never be answered according to his folly—but what shall be done?

Of course, he must be got out of the position he occupies.

He is a danger to the peace and good understanding which all Americans desire with the people of England. The latter should not be misled. As to the trend of American thought and the direction of American policy they should be protected against deception by words issuing from the mouth of a person officially clothed with the status of our Ambassador.

If there is one thing certain, it is that the United States will not directly or indirectly suffer itself to be involved in the disputes of Europe or in the diplomatic and political casuistry of its statesmen.

To promise that we will is to make a promise that has neither background in our purposes nor foundation in fact.

Its only result is to sow misunderstanding and exasperation which it is an Ambassador's primary duty to prevent and delay.

This country has already had enough of Bingham. We imagine that England has, too.

He should be recalled, and without delay.

(Editor's note)

Ass (according to Webster's dictionary), a quadruped of the genus Equus, having long ears and a shorter mane than the horse. The domestic ass is patient and slow and has become the type of obstinacy and stupidity.

2. A dull, stupid fellow; a dolt, especially one who is stubborn or stolid.

3. "A perverse fool"—Oxford English Dictionary.

Examples:

"I find the ass in compound with the major of your syllables."—Coriolanus.

"They praise me and make an ass of me. Now my foes tell me plainly I am an ass."—Twelfth Night.

"Oh, that he were here to write me down an ass."—Much Ado About Nothing.

"Now what a thing it is to be an ass."—Titus Andronicus.

"For it will come to pass that every braggart shall be found an ass."—All's Well That Ends Well.

"I wonder if the lion be to speak. No wonder, my lord, one lion may when many asses do."—Midsummer Night's Dream.

"Cudgel thy brains no more about it for your dull ass will not mend his pace by beating."—Hamlet.

"An ass may bray a good while before he shakes the stars down."—Romola.

"The ox knoweth his owner, and the ass his master's crib."—Isaiah.

"The Lord opened the mouth of the ass."—Numbers.

"He shall be buried with the burial of an ass."—Jeremiah.

REDUCTION OF VETERANS' COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, there appeared in the papers a day or two ago a dispatch from Dyer, Ind., dated June 2, reading as follows:

FIRST SQUARE MEAL PROVES FATAL TO STARVING WAR VET

DYER, IND., June 2.—A substantial meal eaten after days of starvation caused the death of A. C. Faulkner, 38, Joliet, Ill., World War veteran, here today.

Faulkner was given shelter and a meal at the town jail last night. He ate ravenously.

This morning Marshal Haltman found Faulkner's body on the jail floor.

Coroner Andrew Hoffman said he died from a heart attack caused by overtaxing his stomach.

I understand the President now makes the statement that additional taxes will have to be raised to take care of the increase voted here last week for veterans' allowances. Of course, I think this statement is not altogether frank. It was said on the floor, as I remember, by the junior Senator from South Carolina [Mr. BYRNES] that a 25-percent limitation on the President's authority to cut and slash veterans' allowances would be entirely agreeable to the administration, because he did not intend to slash more than 18 to 20 percent, anyway.

If the Senator from South Carolina was correctly representing the President in that statement, then it is not necessary to raise additional revenue by taxation to meet the requirements of the legislation, which permits the President to go as high as 25 percent, if he really never meant to cut more than 18 to 20 percent.

If the President's statement made now is correct and properly represents him, namely, that we must raise more taxes to pay the additional benefits, then it means that the President from the beginning meant to be ruthless and to cut and slash and slash and cut, without regard to justice. Senators may take their choice. Either what was said by the Senator from South Carolina did not represent the President, or what the President is now quoted as having said does not correctly state his views. What the President should state frankly is that he must raise additional revenue by taxation in order to meet the enormous additional expenses he himself is creating and has asked to be provided for during the past 3 months.

Mr. CUTTING. Mr. President, I desire to call the attention of the Senate to what seems to me a grave breach of the proprieties on the part of the White House secretariat.

I see on the second page of the New York Times of today two headlines in parallel columns. One is headed:

Howe to explain part in kit deal.

With that I do not care to concern myself at the present moment.

In the adjacent column there is an article reading in part as follows:

HOWE DEPLORES VETERAN-CUT LIMIT—$150,000,000 RESTORED BY THE SENATE, HE SAYS ON RADIO, WILL COST $1.25 PER CAPITA—CALLS IT BLOW TO BUDGET—PRESIDENT'S SECRETARY HOLDS THAT BALANCING HELPED STIMULATE TREND TOWARD PROSPERITY

WASHINGTON, June 4.—Every person in the United States will have to pay $1.25 more in taxes, directly or indirectly, as a result of the action of the Senate in reducing by more than $150,000,000 the proposed cuts in veterans' allowances, Col. Louis M. Howe, secretary to the President, said tonight in a radio interview.

Mr. Howe, who was heard over a National Broadcasting Co. network, declared that "you can be assured that eventually you will have to dig down and give Uncle Sam $1.25 for yourself, your Mrs., and all the kiddies, if you happen to be the head of a family, because in the long run any deficiency in the Budget has to be paid for by the people."

"Had the Budget Director's office actually struck a balance?" Mr. Howe was asked by his interviewer, Walter Trumbull.

"Yes; the Budget was really balanced", Mr. Howe replied.

I do not intend to take much time to discuss this speech by the secretary to the President. The office of Presidential secretary is one unknown to the Constitution. The President's secretary is not responsible directly to anybody in the United States except the President himself. His office is a purely ministerial one.

I do not remember any analogy to the present case. I do not remember any instance in which a secretary to the President has used his position to appeal to the people of the country on a matter of major controversy on which Congress had reached a decision contrary to that maintained by the secretary to the President. I think it is a very unfortunate example to hand down to posterity.

It is a grave question as to whether coordinate branches of the Government should appeal to the people of the United States against each other. That, however, is rather a broader question than the one with which I am immediately concerned. Certainly if there is such a controversy it is not the duty of a secretary, clerk, or stenographer to present it to the people of the United States.

And think for a moment, Mr. President, of the nature of this appeal! Here are 200,000, perhaps 250,000, men who served their country in time of need, who have been discriminated against, who have been persecuted, by regulations handed down by an administrative bureau. On Friday last the Senate of the United States decided that this thing had gone too far, resumed into its own hands to some extent the authority which it had previously delegated, and decided that these men ought not to be treated in the way in which the Veterans' Administration had decided to treat them. What the Senate did was either just or unjust. If it was unjust, let us be shown the nature of that injustice. If it was just, is it fair to appeal to the people of the United States on the mere ground that such a measure of justice will cost each one of them $1.25?

If anybody at the time of the World War had suggested that justice to the men whom we were then sending into the service would depend on whether or not the taxpayer cared to spend an extra dollar and a quarter, he would have been hooted from one end of the country to the other, and would have been fortunate to escape lynching.

I do not believe the taxpayers are going to be bound by any such considerations as that. Is there anybody who will frankly maintain that he is not willing to pay $1.25 in order to take care of the wounded and the disabled who served this country in the hour of its need?

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Minnesota?

Mr. CUTTING. I yield to the Senator.

Mr. SHIPSTEAD. I have in my office a letter from the mayor of Minneapolis in which he states that as a result of the administration of the recent rule regarding veterans' compensation, 2,000 veterans' families in Minneapolis will be placed upon the public charity rolls, to be taken care of by the local taxpayers.

Mr. CUTTING. Mr. President, that is exactly the situation we are facing all over the country. Even if these cases were unjustly on the rolls, somebody will have to take care of them. We are not improving the financial situation of the United States by allowing these men to be taken care of by local charity, which comes out of the property tax, rather than allowing them to be paid for by the Federal taxpayers through their income tax and other methods of Federal taxation.

Mr. SHIPSTEAD. It is a Federal debt.

Mr. CUTTING. The Senator from Minnesota reminds me that this is a Federal debt, and of course it is. It was the United States that drafted these men into the service, and it is the United States which is bound to take care of them.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. CUTTING. I yield to the Senator.

Mr. VANDENBERG. Is the Senator referring to the first of the radio broadcasts which the President's secretary is making in the hour previously occupied by Mr. David Lawrence?

Mr. CUTTING. I cannot tell the Senator who previously occupied the hour; but the President's secretary took it last night, and, I understand, is going to continue to make speeches in that hour.

Mr. VANDENBERG. Very good. If the Senator is justified in raising a question respecting the ethics of this type of broadcast, it will be particularly interesting to know what the nature of Mr. Howe's own contract with the radio broadcasting company is, and whether or not he is compensated for doing the thing against which the Senator complains; because, if he is, and in any such amount as is commonly understood, the situation becomes doubly aggravated.

Mr. CUTTING. I quite agree with the Senator. I think the point he has raised is very pertinent. I am unable, of course, to answer the Senator's question; but I think it is something that ought to be gone into.

If the President's secretary is to make money on the outside by giving personal reminiscences or accounts of the routine work at the White House or other matters with which he is acquainted, that is something with which we have no particular concern; but when he attempts to discuss public affairs, I think it is a matter which very directly concerns us and everyone else in the United States.

Mr. VANDENBERG. May I make one further inquiry?

Mr. CUTTING. I yield.

Mr. VANDENBERG. I have not seen the full text of the radio address, and I did not hear it. If Mr. Howe was pleading for economy, I am wondering if in the course of his observations he made any reference to the conservation-kit contract, which apparently was not in the nature of economy and which apparently cost the taxpayers at least a few cents each, and a contract with which he seems to be rather intimately related.

Mr. CUTTING. I said previously that he explains that contract in a parallel column on the same page of the New York Times, but not in the same connection.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Indiana?

Mr. CUTTING. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to ask the Senator from New Mexico if he knows what compensation Mr. Howe receives for these broadcasts?

Mr. CUTTING. I have not the slightest idea. I am sorry I cannot satisfy the Senator.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Louisiana?

Mr. CUTTING. I do.

Mr. LONG. Inasmuch as the Senator has been interrupted, as I take the article, without being offended by it, it is in the nature of an instruction coming directly from one of the President's secretaries. That is rather a high order of instruction. We are rather fortunate to get the instruction of a secretary at this stage of the matter.

Mr. SCHALL. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Minnesota?

Mr. CUTTING. I do.

Mr. SCHALL. Apropos of the Senator's remark, I am informed that the Legislature of the State of Minnesota recently appropriated $75,000 to take up the cuts recently made by the President.

Mr. CUTTING. Mr. President, I do not know as to that; but I can assure the Senator that if the Legislature of Minnesota does not do something of that sort the only salvation for those men will be the kind of legislation which we passed last Friday.

Mr. SCHALL. They appropriated $750,000.

Mr. CUTTING. I am glad to hear that they did it; but there are a great many States which are totally unable to do anything of the sort. Furthermore, as the Senator's colleague just said, this is a Federal obligation and not a State obligation.

Mr. President, we are informed that the office of the Director of the Budget has actually struck a balance, and that that balance is going to be completely done away with by the action of the Congress the other day. As the Senator from Michigan suggested just now, perhaps some of this money which has been added to the pay rolls of the Government might have been saved by greater economy in organizing and equipping the conservation camps. At any rate, the fact remains that the President's Secretary is not appealing to the country against the conservation-camp bill on the ground that that will add $1.25 or $1.50 to the tax roll of every citizen of the United States. The only time when any such appeals are made is when the money is taken out of the veterans or Government employees. That is when we hear so much about balancing the Budget.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wyoming?

Mr. CUTTING. I yield to the Senator from Wyoming.

Mr. CAREY. I should like to call the attention of the Senator from New Mexico to the fact that it was testified at the hearings the other day, when we were investigating the purchase of these kits, that the director of these conservation camps—who, I understand, never drew a very large salary before—has a salary of $12,000 a year; that he is furnished with a Cadillac car and a chauffeur; and that he has three assistants, each drawing $7,000 a year, which I consider a very fair salary, considering these cuts.

Also, I have heard that the widows of these men, if they are killed in the camps, will receive as much as the widow of an Army officer who has served in the Army all his life, or who has been killed in war.

Mr. CUTTING. I thank the Senator for that information. I had not meant to go into any question other than the one which I originally took up; but I do want to say just a word about this question, which we have been hearing about for so many years, of balancing the Budget.

Whenever the Budget is balanced at the expense of the purchasing power of the people, the Budget unbalances itself within the next week or so.

Mr. BLACK. If the argument is sound that the fact that each man theoretically would be saved $1.25 by the failure of the enactment of this measure, of course, it would necessarily follow that probably each citizen would be saved $2.50 if we do away with all compensation whatever to every soldier and put them all out of the hospitals.

Mr. CUTTING. Yes, Mr. President; and may I suggest to the Senator from Alabama that we could go farther and cut out all governmental activities whatever and have no taxation at all?

Mr. BLACK. Of course, we might go still farther and repeal the $500,000,000 appropriation. If the imposition of $170,000,000 additional in taxes would save them $1.25 apiece, repealing the $500,000,000 appropriation would save them nearly $3 apiece.

Mr. CUTTING. It is very easy to balance the Budget by having income nil and expenditures nil. That is the way about 13,000,000 people in the United States are balancing their own personal budgets today. I do not think that is the kind of budget balancing the Congress of the United States should be advised to carry out for the benefit of this Nation.

Mr. HEBERT. Mr. President, did we not have the assurance of the Senator in charge of the independent offices bill that the President himself intended to do the very things which the Senate, by its vote, has provided shall be done in relation to the treatment of veterans, and is it not true that no mention was made at that time about unbalancing the Budget?

Mr. CUTTING. Yes, Mr. President; that is quite true, and that is the point which really is vital in this whole matter.

The question is whether it is fair or unfair. The question is not whether it temporarily unbalances the Budget, because the Budget is going to continue to be unbalanced until we can find some way of building up purchasing power in this country. The kind of balance we need is a balance between the productive capacity of the country and the purchasing power of its citizenship, and that is not going to be brought about by making unjustifiable cuts at the expense of the poorest members of the community.

Mr. President, I have in my hand an article from the Philadelphia Record, which I ask to have read at the desk, because it puts this point more clearly than I can put it at the moment.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

ONLY ONE WAY

There is only one way to increase mass purchasing power, and that is to place more money in the hands of the people.

Mass purchasing power will not be increased by balancing the Budget at the expense of veterans and Government employees.

It will not be increased by levying new taxes.

For the Government to launch a program of public works and credit expansion while imposing new taxes and balancing the Budget at the expense of the masses, is economic folly.

The Record is glad that Senator McADOO has recognized this fallacy, and that he calls for financing the public-works program by inflation.

"I do not see any reason", he declares, "why the American people should not use their credit for their own benefit instead of for the benefit of bankers and investors in tax-exempt securities.

"The proposed bond issue (for public works) will be exempt from all taxes—national, State, and local."

Senator McADOO joins the Record in calling for direct discounting of Treasury notes by the Federal Reserve banks to finance the public-works program.

This would be creation of new credit to fill the gap left by the 21-billion shrinkage of bank deposits since 1929.

The present plan, flotation of Government bonds by public sale, merely diverts existing credit to Government use. It creates no new credit except as such Government bonds may later be used as collateral for rediscounting with the Federal Reserve banks.

The Senator, as President Wilson's war-time Secretary of the Treasury, is better qualified than any other man in the country to discuss the kind of financing needed to fight the depression as we fought the war.

Close to $200,000,000 a year would be saved on interest by this method.

New deflationary and business-curbing taxes would be avoided.

The inflationary action would sustain the present rise prices, industrial activity, and the markets.

If the Roosevelt administration really wants to inflate, here is its chance.

It cannot continue to deflate while attempting to inflate.

Mr. CUTTING. Mr. President, I entirely agree with what the Philadelphia Record has to say on the subject, and I entirely agree with the program announced here the other day by the Senator from California [Mr. McADOO]. My object, however, in bringing this matter up in the first place was merely to call attention to the method of procedure.

I think that the White House secretariat ought to feel itself under peculiar restraint in the way in which it communicates with the public. It will be remembered that at one time a President of the United States used the device of a "White House spokesman", which was the subject of a good deal of comment and some ridicule at the time. I do not believe we want to go back to that system of transacting the public business.

In addition to the instance which I have already called to the attention of the Senate, I should like to mention one other matter, although it may be a less serious one.

Yesterday a number of Members of the House of Representatives were called to the White House to consult with the President on the legislation passed by the Senate last Friday. The names of those Members of the House were published in every paper in the United States; I will not repeat them here.

It is well known that those who have interviews with the President are bound by an obligation of courtesy not to give the results of any interview to the public. As a consequence these Members of Congress, of course, have had no chance to state their own point of view. The article which has been published all over the country represents the point of view of the White House. I quote one paragraph:

> When the conference broke up, shortly before midnight, the members of the congressional delegation were tight-lipped about what had taken place, and indicated that they would take a day or so to think the situation over. An outline of the talk was furnished by Stephen T. Early, one of the President's secretaries.

In other words, Mr. President, a purely ministerial clerk, a man unknown to the Constitution, not responsible to the voters, gives out his version of an interview which concerns the public interest, and the Members of Congress, responsible to the people, coming before the people next year to give an account of their stewardship, are unable to present their views on this same public matter.

I feel that that is an unfortunate way of transacting business. Either what went on is public, or it is private. If it is private, then none of it should have been published in the press. If it is public, both parties to the interview have the same right, I think, to give it to the people of the United States. That, of course, is to some extent a matter of opinion.

I feel that what Mr. Howe did rather transcends any question of opinion or dispute, and that no one can believe that the President's secretary ought to be discussing directly with the people of the United States an action taken by the Congress of the United States. If the President himself feels it his duty to oppose the measures which have been passed by Congress, of course he has that constitutional privilege and that constitutional duty. But whatever action the President may decide to take, he should take it on his own responsibility and in his own name. The White House secretariat might well be relegated to the same obscurity which has already come upon the White House spokesman.

Mr. NYE obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator from North Dakota yield to me for just one supplemental observation?

Mr. NYE. I am glad to yield.

Mr. VANDENBERG. I think the observations submitted by the Senator from New Mexico [Mr. CUTTING] are highly pertinent. I want to emphasize, however, one phase which was not, it seems to me, given its proper importance.

Mr. David Lawrence has been on the air for 7 years broadcasting, without compensation, a nonpartisan, uncolored survey of the week's political news events in the Capital. He announced a week ago Sunday that his adventure was at an end, an adventure for which he deserves high praise because of its extreme accuracy and its great unselfishness. If he is now——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I only want to interrupt the Senator long enough to say that Mr. Lawrence's addresses over the radio in my judgment cannot be characterized as the Senator has characterized them. I do not want it to appear as though no one disagrees with the Senator when he says they were always fair.

Mr. VANDENBERG. At any rate, Mr. President, the Senator from Nebraska will not disagree with my statement that they were rendered in a sense of public service by Mr. Lawrence——

Mr. NORRIS. I do not know anything about that.

Mr. VANDENBERG. And were without compensation. That is the point I want to urge.

Mr. NORRIS. I take the Senator's word for that. I am not finding fault with the Senator for his view, but I do not want it to appear as though the statement made that they were unbiased was of general belief. There is at least one Senator who does not believe they were unbiased.

Mr. VANDENBERG. Mr. President, in my view, they were unbiased, and in everybody's view they were unpaid for. Therefore the bias, at least, if there was any, was not the result of compensation.

I think it is a rather serious contemplation when that radio hour is now delivered to the Presidential secretariat, if it is true that that is a matter of a dollars and cents compensation contract. The thing I am interrupting the Senator from North Dakota to suggest, with his permission, is that when Mr. Howe appears next as a witness in the conservation-kit controversy before the Committee on Military Affairs, he be requested, for his own sake and for our information, frankly to disclose the nature of his radio relationship with the National Broadcasting Co.

ST. LAWRENCE DEEP WATERWAY

Mr. NYE. Mr. President, the Great Lakes-St. Lawrence deep Waterway Treaty can be ratified and should be ratified before this session of the Senate adjourns.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. LONG. I suggest the absence of a quorum.

Mr. NYE. Mr. President, I do not yield for that purpose.

The VICE PRESIDENT. The Senator declines to yield for that purpose.

Mr. NYE. Mr. President, the great project embodied in this treaty not only has the support of States bordering on the Great Lakes, including Ohio, Michigan, Indiana, Wisconsin, and Minnesota, because of the great benefits it will insure in reduced transportation costs to the producers of this country, but it also has the enthusiastic backing of the great Northwestern and the Prairie and Mountain States reaching from the upper Mississippi River to the Pacific coast.

The immediate completion of this project has been pledged to the American people by both the Republican and Democratic Parties. The Republican Party, in its convention at Chicago in 1932, adopted the following plank by a unanimous vote:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield to the Senator.

Mr. PATTERSON. That plank was adopted by the Republican Party prior to the time when this treaty was negotiated, was it not?

Mr. NYE. I understand it was, but has there been anything to indicate that the treaty that has been negotiated is repugnant to the Republican Party?

Mr. PATTERSON. Yes, indeed; there have been a number of things that have transpired since that time. Among other things, we surrendered by the treaty our sovereignty over Lake Michigan, something that we have insisted upon for more than a hundred years.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Nebraska?

Mr. NYE. I yield.

Mr. NORRIS. The Senator from North Dakota asks whether there is any difference between the project as the Republican Party endorsed it and the treaty now pending. I think there is one difference, and there is only one that I know of. There has been an amendment to the treaty that

takes away from Mr. Mellon and his associates the perpetual right that they otherwise would have had.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield further to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. So far as the people of my State are concerned, they are not influenced in their position upon this treaty by the position of either Mr. Mellon or Mr. Morgan or anybody else. They are influenced principally by the fact that, under the terms of the treaty, we shall not have a sufficient diversion of water from Lake Michigan to establish a commercially successful waterway from Lake Michigan to the Gulf, which is of more importance to the section of country which the Senator from Nebraska [Mr. NORRIS] represents and the section of the country which I represent and the section of the country which the Senator from North Dakota represents than is the seaway through the St. Lawrence route.

Mr. NYE. Mr. President, I cannot agree for a moment that the development of the Mississippi River would mean as much to my State as would the development of the St. Lawrence waterway.

Mr. NORRIS. Mr. President——

Mr. NYE. I yield to the Senator from Nebraska.

Mr. NORRIS. Since the State of Nebraska has been mentioned, and since that State is a part of the great Mississippi Valley, if the Senator from North Dakota will permit me, I should like to say that when the Republican platform was adopted and when in two national campaigns the argument was made that a certain individual had to be elected President in order to get the St. Lawrence Canal dug, and the Republican Party endorsed it, there was not any limitation suggested in regard to the taking of water from the Great Lakes to supply a canal to the Mississippi River, but everybody believed, in those two campaigns, that the promise was made in good faith, and that we were going to have the St. Lawrence waterway. Now we are confronted with the situation that, because of a filibuster or because of some other arrangement, we are not going to get it.

Mr. PATTERSON. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. At the time the plank in the Republican platform was drafted it was never even dreamed by the people of the country that our representatives were going to surrender a right that we have always claimed, of sovereignty over Lake Michigan, a purely American lake, supplied by an American watershed, and therefore there was not any reservation made in regard to it. If it had been suggested that there was a possibility of our representatives surrendering their dominion and their sovereignty over that lake, which they had asserted for more than a hundred years, then there would have been at least a fight to have had that kind of reservation made.

Mr. NORRIS. I suppose if it had been known that the question was going to arise, the people of Maryland would have risen up in arms against the proposal to take water out of Lake Michigan in order to increase the navigability of the Mississippi River.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. NYE. I yield.

Mr. LONG. As the Senator from Nebraska will recall, the two conventions were held before this treaty was negotiated; and in the Democratic convention—and I see the Senator from Arkansas looking through the document, and if he finds the Democratic plank in time, I will appreciate him handing it to me in order that I may quote just what we did say—we did not have any objection to letting them take pickaxes and shovels and digging a canal up there, but when it comes to negotiating a treaty under which the American people will be taxed several hundred million dollars for building a canal in Canada and at the same time internationalizing a lake which is ours and which we need in order to get water into the Mississippi River so as to afford navigation to the Gulf, that is another matter.

Mr. NORRIS. I suppose at the time the Democratic platform was adopted, the Democrats did not know that the St. Lawrence River went through Canada, and that if it were developed at all, it would be necessary to go into Canada to do it.

Mr. LONG. That was perfectly all right, Mr. President; we did not object to Canada developing the St. Lawrence waterway, but we did object to the St. Lawrence waterway in Canada with Canadian labor and Canadian materials being constructed with American money, and we further did not approve of the boasted plan that they were going to take the American Lake Michigan, supplied, as the Senator from Missouri states, from American watersheds, away from us, after we had spent hundreds of millions of dollars and billions of dollars and committed ourselves to the expenditures of more hundreds of millions of dollars; that they were going to take this lake, which is necessary if we are to have a navigable river the year round, divert its waters to the St. Lawrence, make it an international lake, and in the words of the Toronto newspaper, "forever kill the hope of there being such a thing as an all-the-year-round waterway from the Great Lakes to the Gulf." Now, that was not contemplated; none of those things were contemplated by the Democratic platform or by the Republican platform, and Mr. Hoover would have been the interpreter of both platforms after the two were made if we should stand for this kind of a proposition.

Mr. NYE. Mr. President, if the Senator will permit me to finish reading the Republican platform, I shall refer to the pronouncement of the Democratic convention with respect to the waterway matter. I repeat the Republican platform:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

At the convention of the Democratic Party the committee which drafted the platform reported a plank strongly endorsing the St. Lawrence project. That plank had been submitted with the approval of Governor Roosevelt himself, prior to his nomination for the Presidency. Through some influence, that plank was eliminated without a word of discussion on the convention floor; but, as his first act as the nominee of his party for the Presidency, Governor Roosevelt specifically pledged the immediate completion of the project embodied in the pending treaty.

On July 9, 1932, he said:

> I am deeply interested in the immediate construction of the deep waterway as well as in the development of abundant and cheap power * * *. With * * * an agreement between the Federal administration and the State of New York, it would be my hope that it would be possible to submit a treaty to the Senate for immediate and, I hope, favorable action as soon as signed * * *. Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

On July 30 Governor Roosevelt addressed the people of the entire Nation over the radio from the executive residence at Albany. In that speech he interpreted the Democratic platform, stating that it was a contract with the people and that every pledge would be faithfully carried out as written. In this address he said:

> We advocate * * * expansion of the Federal program of necessary and useful construction affected with the public interest, such as flood control and waterways, including the St. Lawrence-Great Lakes deep waterway * * *.

Thus the present administration and the Republican Party are unequivocally pledged to this great project, embodied in a treaty which has twice been favorably reported

by the Foreign Relations Committee with only two dissenting votes.

For a number of years I had the honor to serve on the Committee on Public Lands with the late Senator from Montana, Thomas J. Walsh. More than any other Member of this body, he had studied the project of opening the Great Lakes to the sea, and was its leading advocate on this floor. He had studied exhaustively the effect of this project on the entire country, and had become convinced that it would be of inestimable benefit in the development not only of the States bordering on the Great Lakes but of the immense interior section lying between the Lakes and the Pacific coast. The last official act of our late colleague's life was to appear at a session of the Foreign Relations Committee to sum up the evidence presented at the hearings of that committee and to secure a favorable report on the pending treaty by an overwhelming vote.

I venture to say that this treaty has been debated at more length and has had more careful consideration in committee and in the executive departments of the Government which have dealt with it than any measure which has been considered at this session of Congress. It is a nonpartisan measure; it has been pledged by both parties.

I have made some investigation, and I am able to state on the floor today that at least two thirds of the Republican Membership in this body is ready to vote on this treaty before adjournment and to carry out the solemn pledge which was made at Chicago by the Republican Party at its convention.

If this treaty shall now fail and its consideration shall be put off for another year, it will only be because of the obstructive tactics of a very small group which seems determined to thwart the fulfillment of the pledge made by President Roosevelt. This same group offered no opposition to the railroad bill, canceling the debt of $350,000,000 owed by the railroads to the Federal Treasury. That bill was debated and passed in a single afternoon. The $350,000,000 debt of the railroads to the Public Treasury, which is canceled by that bill, would, if paid into the Treasury, pay the entire Federal cost of the St. Lawrence project, officially estimated at $168,000,000, and leave a surplus of $182,000,000, which might be expended on the development of the Missouri, the Ohio, the Mississippi, and other waterways.

The combination which has been formed to block this treaty by a filibuster is one of the strangest in the history of legislation in this body. The leader of the opposition to the treaty is the Senator from Louisiana [Mr. LONG]. The defeat of the St. Lawrence project and the continued bottling up of the Middle and North West, dependent for access to the sea upon its completion, will inevitably doom the further development of the lower Mississippi River. Once we begin to legislate here on sectional grounds, we are certain to imperil flood-control measures, waterway projects, and other useful developments which have heretofore had the support of the representatives of the Middle and North West.

It is well understood from whence the opposition to this treaty comes. The Chamber of Commerce of the State of New York has been leading the fight against the St. Lawrence project for more than 10 years. It bitterly opposed the Muscle Shoals development on the Tennessee River. It has repeatedly condemned the development of the Mississippi River and the utilization of that stream for navigation purposes.

The Senator from Wisconsin [Mr. LA FOLLETTE] has shown that out of 1,538 members of this chamber, only 142 give an address outside of the city of New York, and not more than 10 can in any sense be considered as representing the business interests of the State of New York at large.

It has been shown that 13 of the partners of J. P. Morgan & Co. are also members of the Chamber of Commerce of the State of New York. Junius S. Morgan, Jr., the son of J. P. Morgan, is the treasurer of the organization.

The investigation by the Banking and Currency Committee shows that on the preferred lists which have been made public, J. P. Morgan & Co. has generously distributed over 500,000 shares of stock among the membership of the Chamber of Commerce of the State of New York.

We of the Northwest well understand why J. P. Morgan & Co. and allied interests are opposed to the St. Lawrence project. The direct interest of Morgan in the power and public utility industry has been revealed. The completion of the St. Lawrence project means the development of 1,100,000 horsepower on the St. Lawrence River in the State of New York, to be owned and operated by the people of the State through the power authority. Morgan and associated bankers who control the Niagara-Hudson Corporation, the leading private utility of New York State, fear this public competition and are determined to block it, just as they opposed the completion of the Muscle Shoals project.

We of the Northwest also well understand the direct interest of J. P. Morgan & Co. in blocking the development of the Great Lakes and the St. Lawrence River for navigation purposes. The leading trunk lines from New York City to Chicago are Morgan-controlled. Although this project will benefit the railroads of the entire West and South, the Morgan roads are determined to block any waterway development which will provide competition against their monopoly of transportation between Chicago and New York.

My State has for years looked forward to such advantages as would flow to it in an economic way through an outlet to the sea by way of the Great Lakes. Such an outlet would mean millions of dollars saved to North Dakota annually. One thousand five hundred miles from the Pacific, 1,500 miles from the Atlantic seaboard, 1,500 miles from the Gulf of Mexico, I think my State can be said to be farther than any other from the seaboard. When it is considered that a large part of the products of the State enter into export, it must be agreed that North Dakota would be exceedingly interested in any proposal which would lessen the transportation costs involved in the moving of our wheat, barley, and rye. Our average marketable surplus of these grains is approximately 125,000,000 bushels. The low estimate of a 3-cent saving possible through transportation through the projected St. Lawrence waterway would mean nearly $4,000,000 to my State annually on grain alone. A higher, yet conservative, estimate of savings of 6 cents per bushel possible through the completed waterway would add well over $7,000,000 to the buying power of the people of North Dakota. Alva H. Benton, of the North Dakota Agricultural College, has declared that the waterway would add sufficient millions to the people of North Dakota to equal the interest on the total United States investment in the seaway project so far as navigation outlays are concerned.

In addition to savings to be enjoyed in our production of grains, our large and increasing production of livestock, poultry, and dairy products would be in line for benefits through the waterway. Then, too, we have every right to expect that savings can be enjoyed in the matter of goods brought into the State under waterway means, aiding in the reduction of living costs within the State.

It is not difficult to understand the New York City attitude which is so adverse to ratification of the St. Lawrence treaty. That city would naturally be adverse to any proposal that would place interior points nearer to the foreign ports with which America trades. The distance from the port of New York to Liverpool is the same as the distance from Cleveland, Ohio, to Liverpool through the St. Lawrence. When that is considered, it is not difficult to understand the growth that would come to cities like Cleveland, Detroit, Chicago, Milwaukee, and Duluth with the advent of oceanic transportation into the Great Lakes. The growth of these cities would revert at once to the advantage of the great territory about them. The farmer in the Northwest would enjoy a greatly improved domestic market while improving his chances in the foreign market.

The treaty, which is on our calendar and awaiting our action, ought to be straightway acted upon and ratified. As for myself, I will gladly share any part of the responsibility which would fall upon those who might engage in uncompromising effort to keep Congress in session until the treaty is ratified. The waterway project offers too great an

opportunity in our present battle to effect economic recovery to permit of continued delay in its consideration and ratification.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

RELIEF OF HOME OWNERS

The Senate resumed the consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

Mr. BULKLEY. Mr. President, the home owners' loan bill (H.R. 5240) passed the House of Representatives somewhat more than a month ago, was favorably reported by the Senate Committee on Banking and Currency, and has been on the Senate Calendar for about 2 weeks.

Mr. FESS. Mr. President, will my colleague yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague for that purpose?

Mr. BULKLEY. I yield for that purpose.

Mr. FESS. I think we ought to have a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BULKLEY. Mr. President, as the home owners' loan bill has been favorably reported and on the Senate Calendar for about 2 weeks, I assume that a very brief explanation of the structure and provisions of the bill will be sufficient.

For direct relief to home owners, the bill provides for the organization of a home owners' loan corporation to deal directly with owners occupying their homes or holding the same as their homestead, although temporarily residing elsewhere, provided the home is built for not more than four families and has a value of not more than $25,000.

The corporation is to function for a period of 3 years, after which it will begin to wind up its affairs. During that 3-year period it is directed to exchange its bonds for mortgages on such homes and to pay any accrued taxes, assessments, necessary maintenance and repairs, and incidental costs in cash, provided the mortgagee will consent to take the bonds for the mortgage, and may make such exchanges and pay such cash up to a total of 80 percent of the value of the property. Thereupon the corporation will carry the home-owner's indebtedness in the form of a first lien on the home for a period of 15 years, amortized monthly, or, in case the necessity of the home owner requires it, amortized quarterly, semiannually, or annually; and the interest to be charged is not exceeding 5 percent.

The corporation is also directed to make advances in cash to pay taxes, assessments, necessary maintenance, and repairs on property otherwise unencumbered up to the same percentage and amortized in the same manner and at the same rate of interest. It is authorized, in its discretion, to take up mortgages in cash up to 50 percent of the value of the property where the mortgagee will not take the bonds. Such loans would be amortized over a 15-year period and carried at the same rate borne by the mortgage taken up.

The corporation is directed to make rules for the appraisal of the property to accomplish the purposes and intent of the act.

Provision is made for the corporation to extend the payments in case the necessity of the home owner requires extension and the condition of the security permits.

The bill provides for the Secretary of the Treasury to subscribe $200,000,000 of capital in the corporation, to be paid from funds procured from the Reconstruction Finance Corporation, and authorizes the corporation to issue $2,000,000,000 of bonds, bearing interest at the rate of 4 percent per annum and maturing in not exceeding 18 years, the interest only on which is guaranteed by the United States.

The bill also provides for the Home Loan Board to charter Federal savings-and-loan associations in communities not now served by any institution or other lender on homes, so that provision may be made for the financing of homes in about one half of the counties in the United States now having no such facilities. These associations are intended to be permanent associations to promote the thrift of the people in a cooperative manner, to finance their homes and the homes of their neighbors.

To enable the Board to promote and develop these associations in areas not now served, an appropriation of $250,000 is authorized. To encourage the people to save their funds in these associations, and to provide funds for lending on homes, provision is made for the Secretary of the Treasury to subscribe not exceeding $100,000 of preferred stock in any one of such associations, provided the local population have actually subscribed and paid in cash for stock therein as much as the Secretary of the Treasury subscribes and pays; and an appropriation of $100,000,000 is authorized to enable the Secretary of the Treasury to take this stock. This provision is intended to promote cooperative home financing and to raise substantial sums of money from private savers, which will be used, together with the funds subscribed by the Secretary of the Treasury, to make loans on homes; and these associations are made members of the Federal home-loan banks so that they may borrow on these mortgages additional sums to lend on homes. The result of this process is, as these associations are developed, to produce two or three dollars of funds for home loans for each dollar advanced by the Treasury.

The Committee on Banking and Currency has reported a single amendment in the nature of a substitute. I shall take but a moment to outline the principal changes that have been suggested as compared to the bill which passed the House.

The House bill contained a limitation on homes on which bonds may be exchanged to dwellings for not more than three families. The Senate committee amendment proposes to increase that limit to four families.

The House bill contained a limitation of $10,000 upon any one loan that might be made by the home owners' loan cor-

poration. That $10,000 limit is struck out in the Senate bill, and the limit is 80 percent of the value of the home.

The value of a home on which a loan may be made has been increased in the Senate bill to $25,000, having been $15,000 in the House bill.

The House bill provided that cash advances might be made to take up mortgages in cases where the value of the premises was such that the loan would not be more than 30 percent of that value. The Senate committee recommends that that limit be raised to 50 percent.

In the section of the bill providing for the Federal savings-and-loan associations the amount which they may lend on any one property has been increased from $15,000, as carried in the House bill, to $20,000, as recommended by the Senate committee.

The amendments recommended by the Senate committee are, therefore, all in the direction of liberalizing the measure.

One item of policy has been added by the Senate committee. That is, it requires the central board at Washington to make uniform rules for the appraisal of homes.

Mr. HAYDEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Ohio yield to the Senator from Arizona?

Mr. BULKLEY. I yield.

Mr. HAYDEN. What is the estimated total amount of the home mortgages in the United States at the present time?

Mr. BULKLEY. It is understood that there are about twenty-one billions of home mortgages in the United States at the present time. Of that amount somewhat more than half would be eligible for loans by exchange of bonds of this proposed corporation. Those that are not eligible are second mortgages, or mortgages on homes which exceed the limit of value provided by the bill.

Mr. HAYDEN. But the amount of the bonds authorized under this bill, as I understood the Senator, is $2,000,000,000.

Mr. BULKLEY. Yes.

Mr. HAYDEN. And the amount of eligible loans is some ten or eleven billions.

Mr. BULKLEY. Yes; and that is a very important point. The bill has been so devised as not to attempt to take over the entire home-loan mortgage indebtedness of the United States. It is not thought that that is a proper function of the United States Government. The bill is devised to take over those mortgages which are in distress. It is regarded as an emergency matter, to relieve those who are unable to carry on with their payments on their home mortgages.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield to the Senator from New Mexico.

Mr. BRATTON. On page 19, beginning at line 9, section 3 of the bill repeals subsection (d) of section 4 of the Federal Home Loan Bank Act, providing for direct loans to home owners.

Will the Senator tell us why the committee thought it advisable to repeal that provision of the original act?

Mr. BULKLEY. That was on recommendation of the Home Loan Board. That section of the Home Loan Act has been but very little used, and has not been satisfactory. The difficulty has been that the Home Loan Board has not had the machinery to make individual loans. Loan associations have been organized more or less throughout the country, and have the facilities for examination and negotiation of loans, and have handled the business much more satisfactorily than the Home Loan Board has felt that it was possible for the home-loan banks to handle it.

Mr. BRATTON. Let me say to the Senator that the original act has not operated satisfactorily at all in my section of the country, for this reason:

The home-loan bank would make a loan to a building-and-loan association at a reasonable rate of interest, say 5 or 6 percent. The building-and-loan association, in turn, would lend that money to distressed home owners at 10 and 12 percent, and in that way would enjoy the spread between 5 and 6 percent on the one hand and 10 and 12 percent on the other. At the same time, these distressed home owners would write to the home-loan bank at Little Rock, Ark., making application for a direct individual loan; and they would receive back, without exception, a stereotyped form of letter, merely saying in substance that the Home Loan Act was drawn very conservatively, and therefore that the application was rejected.

Does the Senator think it is feasible or practicable to continue a system under which the home-loan bank turns a deaf ear to a distressed owner in that language, and at the same time lends its funds to these building-and-loan associations at 5 or 6 percent, and permits them to lend them in turn to the individual home owner at 10 or 12 percent?

Mr. BULKLEY. I should say that that is a very distressing situation. It has seemed to the committee, as it has seemed to the Home Loan Board, obvious—to take the example just instanced by the Senator—that the bank situated at Little Rock cannot well deal directly with the individual home owner out in New Mexico.

The pending bill proposes to relieve that situation in two ways: In the first place, in all cases where there is immediate distress, where a home owner is unable to make the payments on his existing mortgage, the home owners' loan corporation provided by the pending bill is prepared to offer its bonds, with interest guaranteed by the Government, carrying 4-percent interest, and to make those bonds available for exchange for the mortgage up to 80 percent of the value of the premises mortgaged. In addition to that, the bill provides for the organization of local Federal savings-and-loan associations, which will be cooperative institutions in the several communities, so that in communities that have been inadequately served—and I should say the example given by the Senator from New Mexico is a clear example of inadequate service—these new savings-and-loan associations may be organized with the help of subscriptions from the Treasury of the United States.

Mr. BRATTON. But the point I raise with the Senator is that the provision in the original act which authorized the Federal home-loan bank to make a direct loan to the owner should not be repealed. On the contrary, it should be continued in force, and the bank encouraged to make the loan to the individual home owner.

The Senator says that these home-loan banks have not had the facilities with which to inspect property, and appraise property, and to make the necessary investigation. Perhaps that is a handicap, and it may be difficult to overcome it. Assuming that to be true, however, instead of repealing the provision in the existing law it seems to me we should continue it, and then endeavor to overcome the handicap; because I suspect that every Member of this body has had case after case come under his personal observation where a home owner is on the verge of losing his property, and he applies to the home-loan bank for relief, and he receives a short letter telling him that under the terms of the act a loan of that kind cannot be made.

A loan of that kind can be made; indeed, a loan of that kind could have been made at any time since the act was passed. Despite that fact, the home-loan bank at Little Rock, Ark., has written repeatedly, over and over again, a 2- or 3-line letter, saying, in substance, "This act is conservatively drawn, and therefore you are not eligible."

I do not doubt for a moment that the system has the difficulties and the handicaps which the able Senator from Ohio suggests, but instead of abandoning the system because it is burdened with those handicaps, we should attack the problem from that point and undertake to solve the difficulty.

We should make it not only possible, but practicable, for a home owner to go immediately and directly to his home-loan bank and, if it has the money and he has the security, to borrow the money, instead of relegating him to a building-and-loan association which requires 10 or 12 percent for the money it borrows from the home-loan bank at 5 or 6 percent. I have no complaint against building-and-loan associations as such. They are entitled to exist, they are entitled to make a fair return, but I protest against them using the act we passed a few months ago to obtain money at 5 or 6 percent and then lending it to distressed home owners, persons

on the very verge of losing the accumulations of their lifetime, at 5- or 6-percent profit. Instead of repealing that provision, it should be continued, and, if possible, made more feasible and more workable.

Mr. HEBERT. Mr. President, will the Senator from Ohio yield?

Mr. BULKLEY. In just a moment. In my opinion, there is no justification for a building-and-loan association charging 10 or 12 percent; I do not want to be understood as condoning that at all.

Mr. BRATTON. I was sure the Senator would not.

Mr. BULKLEY. It seems to me that the bank making those loans might well be required to take some steps to insure that the borrowers are more reasonably and fairly treated. But I wish the Senator would consider this, that if we provide that the home-loan bank should itself make loans directly to home owners, it would go into direct competition with the local associations. How could such competition go on? Must not the home-loan bank, if it gives satisfactory service, ultimately drive out all of the local associations and monopolize the business?

Mr. BRATTON. It would not be in competition any more than a Federal land bank is in direct competition with mortgage companies which lend money to farmers. A farmer may go to a Federal land bank and obtain a loan.

Mr. BULKLEY. That is not quite accurate. The farmer goes to the local farm association, and the association takes the mortgage to the Federal land bank.

Mr. BRATTON. But the association is just a group of farmers in the community; and while the farmer goes through the association, the association is one without capital, it is composed of a number of farmers; and, after all, the individual farmer obtains the money direct from the Federal land bank. So I should say that the suggestion of the Senator that the home-loan bank would be in direct competition with the building-and-loan association is no truer than it is to say that a Federal land bank is in direct competition with private corporations lending money to farmers.

Mr. BULKLEY. The Senator is slightly in error in saying that the farm-loan associations have no capital. They do have a capital, and their organization very closely parallels the organization we here propose of Federal savings-and-loan associations. It is not exactly the same, because people may buy stock in Federal savnigs-and-loan associations without being borrowers, and they may borrow without owning stock, whereas the organization of the farm-loan associations is one exclusively of borrowers; so the parallel is very close.

Mr. BRATTON. The parallel is very close. The Senator says that the local associations under the Federal Land Bank Act have capital. Perhaps in a technical sense that is true, but in actual operation the farmer borrows direct from the Federal land bank of his district. It is not an answer to the objection that a home-loan bank cannot lend money direct to a distressed home owner, but it is possible for a building-and-loan association to borrow money from the home-loan bank and to enjoy a substantial profit when it lends to the home owner.

Mr. BULKLEY. So far as the distress of the home owner is concerned, I hope the Senator is not overlooking the very important provision in this bill which sets up the home owners' loan corporation expressly to deal with cases of distress and offers the exchange of the bonds directly to the individual mortgagor in all cases where the mortgagor is in distress.

Mr. BRATTON. Let there be no mistake about my position. I favor the bill; I am not opposing it; and if it cannot be amended in certain respects, I shall vote for it as it is now written. It seems to me, however, that the provision to which I have called attention should be stricken out. We should allow the home-loan banks to continue to have authority to make direct loans, whether they exercise it or not.

It may be that the bank at Little Rock, to which I have already directed attention, will continue the policy which I have already reviewed. I do not agree with that policy. It should be changed; a different attitude should be assumed toward these home owners. But certainly we should not repeal the law which gives the home-loan bank the power to make loans direct to home owners.

Suppose we find a home owner in a town or a village which has no building-and-loan association. His home constitutes adequate security for the amount of money desired, but he cannot get it through a building-and-loan association. He turns to the home-loan bank, say, the one at Little Rock; he tenders his home as security for a loan; he is told that the act is drawn conservatively and that he is not eligible. The only thing which remains for that home owner to do is to surrender his home to the mortgagee and start anew.

Mr. BULKLEY. That will not be true if this bill is enacted.

Mr. BRATTON. This bill is an improvement. I concede that. I commend the committee for the work it has done on the subject matter. It is one phase of the situation to which I call attention.

Mr. BULKLEY. Let me say this further to the Senator. I want to be very frank about it; it is easy to think of ways in which the home owners can be benefited more than they will be benefited by this bill.

Mr. BRATTON. I appreciate that.

Mr. BULKLEY. The effort of the committee has been to give the maximum amount of help we can justify with reasonable outlay of Government funds.

Mr. BRATTON. I appreciate that.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. The provision of the Home Loan Act authorizing direct loans under certain conditions has not operated successfully. The banks are not equipped to make direct loans. They have not been able to apply that provision with any special degree of effectiveness.

The pending bill is intended to take care of direct loans, and it segregates them from the home-loan banks which make loans to the institutions which are concerned with financing home owners.

After having studied the subject from every standpoint I can conceive of, I think it would be a mistake to continue in the home-loan bank the authority to make direct loans, because they do not make those loans. It results only in complaints. It results in confusion and disappointment. But if this bill shall be enacted, many direct loans will be made, and there will not be a duplicate system of making those loans.

Mr. BULKLEY. Mr. President, I thank the Senator for that suggestion, and I want to call attention to this further point. Not only would any liberalization we made in this bill cost the Treasury large additional sums but, by the same token, it would tend to dry up the investment of private capital in home loans. We have endeavored to interfere as little as possible with the situation, so that private funds may continue to be available to make loans on homes.

Mr. BRATTON. Mr. President, the Senator from Arkansas was not present when I reviewed the manner in which the bank at Little Rock, Ark., has conducted its business in my State. I appreciate fully the suggestion of the Senator that those banks have not been equipped to establish district-wide facilities to operate in every town. Of course, that would be expensive, and perhaps they have not been able to do it.

So far as my State is concerned, the bank at Little Rock has lent money to building-and-loan associations at a reasonable rate of interest, say, 5 or 6 percent, and those building-and-loan associations in turn have lent that money to distressed home owners at 10 to 12 percent, and I have been told that, by direct and indirect methods, they have exacted as high as 14 percent from distressed home owners. To my mind, that is indefensible; if a home-loan bank has a certain amount of money to lend, and it must do one or the other of two things, either lend it to home owners, a smaller number, and bear the added expense of inspecting the

property, on the one hand, or lend it in large quantities to building-and-loan associations, to be used in the manner I have indicated.

Mr. ROBINSON of Arkansas. Mr. President, the Senator's suggestion would require a complete revision and reorganization of the home-loan system.

Mr. BULKLEY. It would; it would be an entirely different principle of lending the money.

Mr. ROBINSON of Arkansas. The home-loan bank was not organized primarily to make direct loans. As a matter of fact, as I remember it, the provision in the bill permitting direct loans was incorporated at the instance of some Senators, including myself, on the very theory which the Senator from New Mexico advances, that there would be cases where home owners would not have access to building-and-loan associations, would not be able to avail themselves of advances through building-and-loan associations, and where hardships would result. But, according to the best information I have, none of these banks have made any material number of direct loans, and the system is not constructed with that in mind. The pending bill, however, is purely a direct-loan bill, and, of course, there would be no necessity for two systems if both were to operate alike. The object of this bill is to supplement the home-loan bank system and provide direct loans in certain cases.

Mr. BULKLEY. That is exactly correct. The judgment of the Home Loan Board and of the Banking and Currency Committees of both Houses is that the method provided by this bill is the practical one by which to meet the situation. Now I yield to the Senator from Rhode Island.

Mr. HEBERT. Mr. President, I well remember that it was the consensus of opinion here that under the home-loan bank bill it was not intended there should be any direct loans except in extreme cases where a building-and-loan association was not available to the borrower, or something of that kind. The provision was put there to take care of those extreme cases only, and, I take it, that the Home Loan Bank Board was never organized in a way to enable it to make such direct loans, though it is a regrettable fact, and many cases have been brought to my attention, where real service could have been rendered to a home owner had it been possible for him to get such a loan.

The Senator from New Mexico [Mr. BRATTON] referred to the borrowings of building-and-loan associations and the reloaning of such funds at a high rate of interest. I wonder if he has taken into account that in that 10-percent interest rate probably a part of it is used for amortization of the mortgage?

Mr. BRATTON. Oh, yes.

Mr. HEBERT. Probably 4 percent is used for amortization of a mortgage; so that. in the final analysis, the borrower only pays 6 percent real interest. That is the case in my section of the country, and I very much question if building-and-loan associations have really charged a 10-percent flat rate of interest for money which they have loaned to home owners.

Mr. BRATTON. My information is that they have. The Senator has stated that the provision authorizing direct loans was inserted in the act only to meet extreme cases. So far as my information goes, the several home-loan banks throughout the country have never found what they regarded to be an "extreme case"; at least, they have never made a direct loan.

Mr. HEBERT. I can agree with the Senator as to that. I am quite familiar with the practice of the Home Loan Bank Board, and I know of no instance where it has made a direct loan; and yet I have had cases brought to my attention which indicated, to me at least, that they were extreme cases, and that consideration should have been given to them.

Mr. BRATTON. May I have just one word further with the Senator from Ohio, and then I shall not trespass further upon his time?

Mr. BULKLEY. Certainly.

Mr. BRATTON. Some home owners throughout the country understand that this bill requires that the owner actually occupy the building or premises as a home; that is, that he must occupy it physically in order to be eligible for a loan.

Mr. BULKLEY. There is an exception to that—if it is held as his homestead.

Mr. BRATTON. As his homestead; so that, although he and his family may be elsewhere, if the premises constitute his homestead, he is eligible for a loan?

Mr. BULKLEY. That is correct.

Mr. BRATTON. Now, let me ask the Senator what relief a home owner could reasonably expect under this bill if his premises were situated in a town not having building-and-loan-association facilities? How would he proceed to obtain a loan under the bill?

Mr. BULKLEY. If it is a distress loan, one of the character of loans which come under the first part of the bill, eligible for exchange of bonds with the home owners' loan corporation, there is no intermediary in the shape of a local association, so that it would make no difference where the borrower is situated, other than the physical difference of such travel as might be necessary to the nearest agent of the corporation.

With respect to new financing, this bill provides for the incorporation of Federal savings and loan associations, the very purpose being to have such associations organized in every county in the country. There are about half the counties in the country now that do not have any local savings and loan associations at all, and the purpose of this is to bring the benefits of the proposed legislation home to everybody, with the assistance of subscription by the Federal Treasury.

Mr. BRATTON. How long does the Senator think it will require to create these agencies throughout the country? I have in mind literally thousands of home owners who are in distress and threatened with immediate foreclosure, and they are looking forward to this legislation to save their homes. If it will require several months to establish the organization machinery——

Mr. BULKLEY. In distress cases the home owner may deal directly with the home owners' loan corporation without any intermediary at all. The board expects to have the corporation set up within a few days after the enactment of the law.

Mr. BRATTON. The home owners loan corporation is to be conducted by the Home Loan Bank Board?

Mr. BULKLEY. Yes; the Home Loan Bank Board by this measure is made the board of directors of the home owners' loan corporation.

Mr. BRATTON. If they shall not expedite the administration of this proposed law and get relief to the people more quickly and more efficiently than they have done under the original act, there will be little hope for the distressed owners throughout the country.

Mr. BULKLEY. There is this difference: The original Home Loan Board had to set up districts for the whole United States and organize home-loan banks in each of the districts before operations could begin at all. The Home Loan Board now has its own organization and by this measure itself becomes the body corporate that is here provided, so that it is ready to act at once, and it is the very home owners' loan corporation itself which deals with everyone and not through the intermediary even of the home-loan bank.

Mr. BRATTON. It makes direct loans?

Mr. BULKLEY. It makes loans directly.

Mr. BRATTON. The Senator thinks that because the machinery has already been set up, the districts have been formed, and the personnel has been selected——

Mr. BULKLEY. The districts have nothing to do with this; the central body deals directly.

Mr. BRATTON. Where will the central body be located?

Mr. BULKLEY. In Washington, but it will have its agents throughout the country.

Mr. BORAH. Mr. President, I hope the Senator will pardon me for asking some of the questions I am about to ask, but I myself am not familiar with the bill sufficiently to answer them. What I am interested in is the

subject which the Senator from New Mexico has been discussing; that is, how speedily and how effectively, under this bill, may the individual who has a home upon which he wants a loan, obtain relief?

Mr. BULKLEY. There is no legal complication whatever. The board will become a corporation immediately; it will have funds immediately; and it will have the capacity to issue bonds immediately. Of course, there is the physical question of having the bonds engraved, and putting its agents out into the field to find places where loans are needed, but there is no reason for delay on account of the legal problem at all.

Mr. BORAH. With whom will the individual owner deal? Will he deal with the Board of which the Senator speaks?

Mr. BULKLEY. Yes; the Board will have its local agents throughout the country. It will establish offices undoubtedly at the home-loan banks which are already in existence; but it will have, of course, subsidiary offices in many more cities. There are only 12 home-loan banks, but they will have many more than 12 offices.

Mr. BORAH. The old Home Loan Act, so far as the individual owner was concerned, was a total failure; it might just as well never have been passed so far as he was concerned.

Mr. BULKLEY. I do not want to argue that with any great vigor.

Mr. BORAH. No; I imagine none of us do.

Mr. LEWIS. The Senator from Ohio means he does not wish to contest that fact?

Mr. BORAH. Yes; but what I want to know is in what respect does this bill improve the law so far as the individual home owner is concerned?

Mr. BULKLEY. So far as the distressed owner is concerned, it gives him an immediate means of getting out by the exchange of the bonds of this corporation and by direct negotiation.

Mr. BORAH. The Senator says "the distressed owner." Who is to pass upon the question of distress?

Mr. BULKLEY. It will largely work itself out. If a mortgagor is making his payments to the satisfaction of the mortgagee, there will be no occasion for anybody to apply for this relief, and the exchange of bonds is not sufficiently attractive to induce mortgagors or mortgagees to apply unless there is a case of distress.

Mr. BORAH. The committee has undertaken to reach the individual owner in distress?

Mr. BULKLEY. Indeed, it has.

Mr. BORAH. That has been one of the great objectives of the committee, and the Senator feels that this has done so, insofar as it is practicable to do so?

Mr. BULKLEY. I certainly do.

Mr. VANDENBERG. Supplementing that inquiry, is not the situation always in control of the owner of the mortgage?

Mr. BULKLEY. Yes; without the consent of the owner of the mortgage there is nothing to be done, because nobody can compel him to accept an exchange of bonds.

Mr. VANDENBERG. Exactly.

Mr. BULKLEY. But, of course, the owner of the mortgage does not ordinarily want to take the premises; it is usually an embarrassment to the owner of the mortgage to have to take the premises. What he wants is his money, but if the mortgagor is in distress the chances are that it will be a great benefit to the mortgagee to take these bonds and have the trouble off his hands.

Mr. VANDENBERG. But suppose the mortgagor has paid on his mortgage to the point where the remaining equity obviously is less than the value of the property, then the owner of the mortgage is not going to be interested in the exchange; and how is the distressed owner of the property going to get any relief?

Mr. BULKLEY. In the case the Senator suggests, there is an exception in this bill that the corporation may provide cash to take up a mortgage if the mortgagee will not accept bonds, if the mortgagor cannot secure funds from a local association, and if the amount of the mortgage is not more than 50 percent of the value of the premises. I say 50 percent. The House limited that to 30 percent, but by recommendation of the Senate committee it would be made 50 percent.

Mr. VANDENBERG. Again, of course, the situation is entirely in the final control of the owner of the mortgage.

Mr. BULKLEY. Not in that case, no; because the owner of the mortgage would be obliged to accept cash.

Mr. VANDENBERG. He is required to do so?

Mr. BULKLEY. I think we passed such a bill on Saturday, to the effect that he must take legal-tender money.

Mr. WAGNER. Mr. President, right on that point, I was not able to be present in the subcommittee when that particular phase of the measure was considered, and I wondered why in case of displacing a mortgage, represented by 50 percent of the value of the property, it is provided that the interest that the mortgagor must pay will be the same rate of interest for which the original mortgage provided. Why should he not be entitled to the 5-percent rate, as in the other cases?

Mr. BULKLEY. That is the same question that we have had to be careful of in another aspect. We do not want to make this an invitation for people to come in and unload mortgages on the Government just so that they may obtain a better rate of interest; we want to help the cases that are definitely in distress; but if we should provide a lower rate of interest than the mortgagors are now paying, we would find that applications would come to the governmental organization merely so that they might get an advantage in the interest rate, and that we wanted to avoid.

Mr. WAGNER. What advantage does the home owner get in that particular case?

Mr. BULKLEY. The supposition was that he was in distress and unable to make his payments and in danger of being foreclosed.

Mr. WAGNER. There is no provision in this bill under which the home owner is entitled to a moratorium of any period of time?

Mr. BULKLEY. He is not entitled to it in the sense that the corporation is obliged to give it, but the corporation is authorized to give it; and there is no doubt about what the intent is.

Mr. WAGNER. When we passed the bill to aid the farmers, we provided in the Farm Mortgage Act that the holder of the mortgage should have a moratorium, a definite moratorium, as a matter of right for a period of 5 years. Does not the Senator think, in the case of home owners, while perhaps not so long a period should be permitted, yet he is entitled to a moratorium, as a matter of right, for a period of time?

Mr. BULKLEY. I am sure the Senator will recall that that was gone over in the committee, and we thought it was much more practicable to leave it more flexible. He is not even limited to 5 years by this bill; the limit is only what the man can show he really needs. The corporation has unlimited discretion to defer payment.

Mr. WAGNER. But in the case of the farm mortgages we dealt with them diffierently and we provided that the owner of a farm, at least the farmer in every case where he was the mortgagor, beginning with a certain time after the act became effective, on all outstanding mortgages was entitled to a moratorium for a period of 5 years.

Mr. BULKLEY. I do not think any such general condition appears in the home-mortgage situation to make such a provision necessary.

Mr. WAGNER. The Senator does not think there is the same distress existing among home owners of the country?

Mr. BULKLEY. Not in such a universal manner. I think many of the mortgages are being carried all right, the mortgagors are making payments all right; we did not want to put out a general invitation to them to fall down on their payments; and, as I have said, the discretion is with the corporation, without any limit whatever, except the showing of necessity on the part of the mortgagor.

Mr. BONE. Mr. President, I am very anxious to establish one thing clearly. I think the question has been asked. There can be no doubt that the bill provides for a direct

approach of home owners to the Government. The loan is being made practically by the Government. That is vital in view of the situation, it seems to me.

Mr. BULKLEY. Yes; in the sense that the home owners' loan corporation is a Government corporation, there is a direct approach to the Government itself.

Mr. BONE. At the bottom of page 18 the bill makes this help available to the owner who is using the building as a home or where it is held by him as his homestead. The Senator is aware that there are two kinds of homesteads. For instance, in the western coast States—and I think it is true in New Mexico and other Western States—there is what is known as a "homestead" under the State law. There is also a Federal homestead. I am not certain that it is necessary that any distinction should be made by using the words "under State or Federal statute."

Mr. BULKLEY. I am afraid that would be restrictive. I think it is more flexible the way it is.

Mr. BONE. I am rather inclined to think it would be given very liberal interpretation. It is very vital that we get a very liberal measure.

Mr. BULKLEY. I want to take a moment to call attention to the Home Loan Bank Act which throws some light on the situation mentioned by the Senator from New Mexico [Mr. BRATTON] a few moments ago, in which he instanced that several borrowers in his State were being charged as much as 10 or 12 percent by interests which in turn were getting their money from the home-loan bank at Little Rock. That is not in accord with the terms of the law. I want to read section 5 of that act:

SEC. 5. No institution shall be admitted to or retained in membership or granted the privileges of nonmember borrowers, if the combined total of the amounts paid to it for interest, commission, bonus, discount, premium, and other similar charges, less a proper deduction for all dividends, refunds, and cash credits of all kinds, creates an actual net cost to the home owner in excess of the maximum legal rate of interest or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 percent per annum in the State where such property is located. This section applies only to home-mortgage loans made after the enactment of this act.

That is the provision of law, and the loan associations that are carrying on the practice referred to would, as I read the law, be subject to expulsion from membership in the home-loan bank.

Mr. BONE. Mr. President, is the Senator seeking a vote on the measure at once?

Mr. BULKLEY. I hope to get a vote very soon. I am going to suggest an amendment. The amendment has been called to my attention since the last meeting of our committee, but it has the approval of such members of the committee as I have been able to communicate with, and I am sure that the policy of it will commend itself to the Senate. I am proposing an amendment to prevent the payment of commissions on the negotiation of exchange of bonds with the home loan owners' corporation. I send the amendment to the desk and ask that it may be read.

Mr. HARRISON. Mr. President, may I ask the Senator a question before the amendment is read? There is a conference report on the electric-energy tax provision in the tax bill. I am anxious to get it out of the way before the Committee on Finance makes its report on the public construction program. The Committee on Finance meets again at 4 o'clock. I do not know how much discussion there will be on the conference report. If we can get it through by 4 o'clock, would the Senator yield to enable me to call it up at this time?

Mr. BULKLEY. I will ask the Senator to withhold the request for a few moments. I think we are nearly through with the bill.

Mr. JOHNSON. Mr. President, I want to say to the Senator from Mississippi that I am very much interested in the conference report and I do not believe it will be possible to conclude its consideration by 4 o'clock even if we were to take it up at this time.

Mr. HARRISON. With that statement of the Senator from California before me, I shall not ask for consideration of the conference report at this moment. In view of the fact that the Senator from Ohio believes the bill now before the Senate will be concluded very shortly, I shall wait and call up the conference report after the bill has been disposed of.

The PRESIDING OFFICER. The Senator from Ohio has offered an amendment to the committee amendment, which the clerk will read for the information of the Senate.

The CHIEF CLERK. In the committee amendment, on page 35, after line 10, it is proposed to insert:

(e) In order to prevent imposition upon home owners dealing with home owners' loan corporation, commissions or other charges by individuals, corporations, or others are prohibited, except salaries of regular employees, ordinary charges for services actually rendered for examination and perfecting of title, appraisal and like necessary services in connection with the making of the loan. Such necessary charges for services actually rendered shall not exceed the charges for like services prevailing in the territory and shall include only those authorized and required by the corporation. No person, firm, corporation, or association shall make any charge for taking any application to said Corporation for a loan or make any charge in connection with the negotiation for a loan with the corporation except as above provided, and no such person, firm, corporation, or association shall for any private benefit whatsoever represent that they have any special advantage in securing relief from said corporation for home owners. This section shall not be construed to prohibit individuals or others from assisting home owners or the Corporation in rendering relief as contemplated under this act without making any charge therefor or deriving any special private benefit therefrom, nor shall it be construed to prevent mortgagees from assisting their home owner borrowers without charge in their negotiations with the corporation.

It shall be the duty of the corporation to see to it that the provisions of this subsection are enforced. Any person, firm, or corporation violating the provisions of this subsection shall be punished by fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. GORE. Mr. President, I have offered heretofore, or gave notice that I would offer an amendment to the pending bill. It has been printed and is on the desks of Senators. I desire to offer it at this time.

The PRESIDING OFFICER. The amendment to the amendment will be read for the information of the Senate.

The CHIEF CLERK. In the amendment of the committee, on page 15, after line 4, it is proposed to insert the following:

SEC. —. The President is authorized to establish a national board of rehabilitation and conciliation with respect to farm- and home-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, Secretary of Agriculture, a member of the Federal Reserve Board, to be designated by the President for that purpose, and such other officers or agents of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness and home-mortgage indebtedness.

The President is authorized to appoint in each State a board of State rehabilitation and conciliation consisting of not more than five members, who shall serve without pay, one of whom shall be a director of the district Federal farm bank in the area affected, and a second of whom shall be a director of the district home-loan bank in the area affected.

It shall be the duty of said State board of rehabilitation and conciliation to appoint or designate a suitable number of local boards of rehabilitation and conciliation in their respective States and to supervise their activities.

It shall be the duty of such State and local boards of rehabilitation and conciliation to bring about between farm and home mortgagors and mortgagees an adjustment of farm- and home-mortgage indebtedness wherever it may be found practical to do so, either by reduction of the principal of said mortgage indebtedness or in the rate of interest thereon, and/or by the conversion of short-term loans into long-term loans with a provision of amortization payments and/or through an agreement between the mortgagor and mortgagee under which payment could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage. It shall be their further duty to give aid to prospective borrowers through public information regarding all public loan services and legal advice. They shall also make confidential reports of appraisal for the information of officials of Federal farm banks and home-loan banks, and shall give information and advice to said officials. Members of such boards shall serve without pay.

The national board of conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the committee amendment.

Mr. BULKLEY. Mr. President, the committee has not had a chance to consider the amendment just offered by the Senator from Oklahoma, but it seems to me to have some merit, and I have no objection to accepting it and taking it to conference so that it may be further weighed.

Mr. COPELAND. Mr. President, I am glad the Senator from Ohio takes that view, because it has been represented to me that the boards of conciliation would be extremely valuable in functioning as proposed by the Senator from Oklahoma. I have had an amendment which I intended to offer relating to the same subject, but it seems to me this is better than mine. I am very glad indeed that the Senator from Ohio is willing to accept the amendment.

Mr. GORE. Mr. President, I wish to express my appreciation also to the Senator from Ohio for accepting the amendment. In substantially this form it was adopted as an amendment to the farm relief bill. It went out in conference. I understand, however, now that the administrator of that service would be glad to see it adopted and thinks it might accomplish a great deal of good. I think it is one of the best means proposed for solving the problem of debt in this country as between the farmers and their creditors and the home owners and their creditors. It certainly can do no harm and may do a great deal of good. The members serve without compensation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. Mr. President, I think it very essential to make it definite and certain that it is the intention of Congress that the individual home owner shall have an opportunity to obtain a loan for refinancing any mortgage or other obligation that may be upon his home without having to seek that privilege through some intermediary.

It is my opinion that the very first object of legislation of this character should be to assist the home owner.

I have read this bill; and, so far as my power and capacity for interpretation exist, I find that the purpose of the bill is not centered around the home owner, but its aim and purpose are centered around providing relief and assistance for building-and-loan associations, insurance companies, mortgage-credit institutions, and others who may hold obligations upon another's home which they desire to sell or turn over to the corporation established in the bill.

When we deal with the feature of the bill authorizing loans of that character, we do not say that the corporation may, within its discretion, make loans and carry on negotiations of that character; but the bill specifically provides that the corporation is "authorized" to make such loans and that policy is made plain. When, however, we come to the section dealing with the home owner directly, we find that under paragraph (f) the bill provides that—

The corporation is further authorized, in its discretion—

That is what I object to. We, who are friends of the home owners, have been shockingly disappointed in the past. When we had up the original bill for the establishment of the Reconstruction Finance Corporation, as I recall, in January 1932 I realized that the home owner himself had been totally ignored in that measure as it came from the committee to the Senate. I saw that the aid was provided for insurance companies, mortgage companies, banks, and those holding mortgages upon private homes. There was not one word in the original bill in regard to the individual home owner's having any right to obtain a loan.

I offered an amendment to the bill for home owners, which I thought covered the situation reasonably well. I got no sympathy for my proposal from the Committee on Banking and Currency. I am speaking now of the original bill establishing the Reconstruction Finance Corporation—and the same applies to the Federal home loan bank bill. The committee brought in the measure with no character of relief or direct assistance to home owners.

I discussed the matter with the Senator from Michigan [Mr. COUZENS], who was a member of the Banking and Currency Committee, and expressed my disappointment that the measure contained nothing for the direct assistance of home owners. The Senator from Michigan, sympathetic as I have always found him in the interest of the poor and helpless of the country, assured me that he would do the best he could to try to get some provision on the subject put into the bill, and asked for my amendment.

I gave him my amendment. He canvassed the situation, being a member of the Banking and Currency Committee, and came back and said to me, "I think this is about all we can get into the bill." So he offered an amendment, not over 10 words in length, which said that in the discretion of the Reconstruction Finance Corporation loans might be made to private individuals. His suggestion was adopted as a part of the original Reconstruction Finance bill, as I recall.

I thought that was better than nothing, yet I had my doubts as to whether or not that discretionary power would ever be exercised in the interest of the home owner. I felt that way because the general policy of the bill and the sentiment of those who were fostering the measure—its proponents—seemed, if possible, to restrict the relief to building and loan associations, to insurance companies, to banks, and to all other corporations that might, forsooth, have some mortgages that they wished to dispose of to the Government.

At any rate, this provision was embraced in the bill following the proposal on my part of an amendment which went to the committee, and, as I have related, was not inserted by the committee.

All over the country people were cheered to some degree of hope that they might obtain a loan. It was a vain hope, however. It was only 2 or 3 weeks until I began to see signs of the interest of the home owners were being ignored. It was then I began to advise people who corresponded with me that I was afraid the cards were stacked against them, and that that provision was not going to give them the privilege which I had hoped it would, and which my original amendment, if adopted, unquestionably would have given them.

Without going into any lengthy details, the result was that I appealed on behalf of hundreds of home owners in distress, with pending foreclosures hanging over them, with ample security; but my appeals and their applications were of no avail. I am informed—and the information given was by someone who was connected with the Reconstruction Finance Corporation or the home loan bank system—that not one dollar of loans had ever been made under that provision of the measure providing for direct loans to home owners. On the other hand, not dollars but millions upon millions, and in fact approximately $2,000,000,000 were loaned to railroad corporations, insurance companies, banks, and mortgage companies.

The poor little home owner, in his distress and in his despair, received no aid and no assistance, except in a few instances where he may have obtained some through a building and loan association. The greater part of the funds was secured by these corporations, for which the act was originally intended, no doubt, and around which its beneficent purposes are centered, and not by the home owners, gen-

erally speaking; and a few of them probably extended a mortgage for some occasional home owner.

The result is that since the enactment of that law—now almost a year and a half old—the home owner himself has waited in his distress and in his eagerness to receive some relief from some source, and the Government has ignored him completely. I am seeking to relieve that situation. You talk about "the forgotten man." He has been and is still "the forgotten man."

Later, I am going to make a motion to strike out the words authorizing these loans to be made in the discretion of this corporation. If we leave the provision as it is, in all probability the fate of the individual home owner will be similar to his fate under the previous law. I want the authority to be mandatory. First, however, I desire to define the intent and the purpose of Congress. That intent and purpose of Congress, as defined in my amendment, are that direct home loans in cash are one of the primary purposes and objects of the enactment. That is why I have proposed this amendment to clearly define the intent of Congress.

Some 2 years ago, during a previous administration, it was heralded throughout the press of the country that the President at that time was going to recommend the enactment of legislation which would provide assistance and relief for the home owners of the country who were embarrassed by obligations upon their homes with no channel through which they could obtain relief. As we all know, even 2 years ago all the ordinary channels through which anyone might have negotiated loans upon property or otherwise were absolutely paralyzed, and there was no opportunity existing for him to obtain any assistance through the private channels which had previously operated reasonably well. When this message went forth and was heralded through the press of the country, our people were inspired and cheered, and editorial commendation after editorial commendation went forth praising our then President for his beneficent spirit and the suggestion which he had made.

Then a bill was introduced in Congress which carried a headline that would mislead and deceive anyone; and our people, generally speaking—and there are thousands and millions of them—who were suffering under mortgages, with no avenue of escape from foreclosure unless the Government provided some assistance, thought, "Well, now, Congress will soon act on this subject, and I shall be able to go directly to the Government through its agencies and obtain some assistance in relieving myself of the pressing obligations, in the nature of foreclosure or otherwise, upon my home."

Congress acted, but nothing was given to the home owner. He soon found himself absolutely helpless. Home owners began to make application to the proper agency, located for my section of the country at Winston-Salem, N.C. They would receive in answer probably a form letter, not intimating that the directors of the Board did not think loans of that character should be made, or that they had declared a policy of not making them. They would put the home owners to the trouble of furnishing all kinds of data and information, and I think probably, in a good many instances, abstracts; one of the significant conditions precedent was that the home owners had to send on $25 with their applications to cover the expense of a survey or investigation and title examination.

When that request was made, many of those poor and all but hopeless people, appealing to their Government for aid, were unable to send the $25. Therefore their applications were pigeonholed. It has turned out, however, that they were very fortunate in not being able to send the money requested. Many of them, however, remitted the $25, resulting after a few weeks in a notification from the agencies representing the home-loan banks that they had investigated the matter, and giving this or that or the other excuse why they could not make them a loan; but the officials did not have the frankness, honesty, or integrity in dealing with American citizens in distress—as those were who applied for loans—to advise them that it was the policy, agreed upon by the directors, that they would make them no direct loans.

So the situation just rocked along in that chaotic stage. In desperate straits, as they were, many of the people had some hope that possibly their applications would be approved until this Congress convened. About that time I was advised that the home-loan bank authorities had adopted a policy against making any individual loans.

I notice that by this bill the original provision is repealed, which is all right, because there are some other provisions here that are probably somewhat better, if, in its discretion, the Reconstruction Finance Corporation does not say that it will not make individual loans.

The Reconstruction Finance Corporation does not declare now that under the pending bill it will not make individual loans. It is left, under the provisions of the measure we are considering, within the discretion of the Reconstruction Finance Corporation, and whether or not they will perform, I can best judge the future by the past. That organization is unsympathetic with any direct aid to the home owner and, on the other hand, is sympathetic, as has been shown, with the big financial institutions of this country and the money barons of the Nation. The Corporation has made loans to the extent of even billions of dollars to the money barons of the country and not one penny directly to the poor home owner. If it is within my power and within my influence, I want to make it plain and specific in this bill that the home owner shall have an opportunity, a right which should be given him just the same as it is given to the insurance companies and the building-and-loan associations or to any other financial interests holding mortgages, to go direct and ask for a loan upon his home in order that he may stay foreclosure.

I do not know of any way to make that an assured fact or a certainty except to say in plain language which any man can understand that a home owner shall have the right to a loan upon his property for the purpose of taking up a mortgage or other obligation, and that these lines and these words mean that this shall be one of the primary purposes of this act.

I very much hope that the amendment will be adopted. I regard it as extremely essential, and I urge it upon those who are sympathetic with the home owners of the United States, and who have not their sympathies all warped in favor of the big financial institutions of the country.

Mr. BONE. Mr. President, will not the Senator read his amendment?

Mr. TRAMMELL. I will read the amendment if the clerk will send it to me.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. FRAZIER. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. FRAZIER. I am in favor of the amendment of the Senator from Florida, but he does not specify any rate of interest, and in line 8, on page 25, subdivision (f), it is provided:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the same rate as the mortgage or other obligation taken up.

Mr. TRAMMELL. Mr. President, I had contemplated striking that out and prescribing the rate of interest which would be legal as set forth in the pending bill for a building and loan association or a mortgage company or a bank or insurance company. This specifically provides, as the Senator states—and I have it marked and had intended to offer an amendment—that if they make a loan direct to a home

owner, "the interest shall be the same as on the mortgage or obligation taken up." For instance, in my State the average rate upon a mortgage is 8 percent, and the law provides that under contract it may be 10 percent. Therefore in a great many instances what I would rather term "heartless people" take advantage, in lending money, of that provision of the law which allows them up to 10-percent interest.

Therefore, if a home owner in that situation in Florida seeks a loan, the interest will be the same as upon the obligation which is liquidated by virtue of that loan. I think the Senator is correct—that we should change that paragraph so that the interest should not be in excess of what is required of others to whom the Government may lend upon mortgages. That is 5 percent.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. WAGNER. I do not think the Senator was here a moment ago when I made the suggestion, when the Senator from Ohio had the floor, that there does seem to be an injustice in that provision of the measure.

Mr. TRAMMELL. There is, absolutely, in my opinion.

Mr. WAGNER. I have an amendment here which provides that the rate of interest shall be the same rate as is charged in the other case; namely, 5 percent. As a matter of fact, if we made it on a parity with the farm mortgage law, it ought to be 4½ percent; but, as the Senator has said, there may be instances where the mortgagor is paying 7 or 8 or 9 percent, and he is not getting all the relief under this provision he should get.

Mr. TRAMMELL. Simply an extension.

Mr. WAGNER. He does not get that unless the lender is willing to grant it to him.

Mr. TRAMMELL. Certainly he does not get that.

Mr. WAGNER. I have another amendment I intend to offer, which provides for a 3-year moratorium.

Mr. TRAMMELL. I cannot believe that the committee having this legislation in charge could ever have intended that the Government should require a home owner, because he happened to borrow from the Government, to pay a penalty, that he should have to pay 8 or 9 or 10 percent for his money, when, if the Government were dealing with an insurance company, or some of the other organizations which handle mortgages, it would let them have the money for 5 percent.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. JOHNSON. I followed very hastily the reading of the Senator's amendment, and, as I understand it generally, it is to enable individual home owners to obtain loans under this measure. Assuming that an individual home owner has upon the property upon which he desires to obtain a loan an existing encumbrance, is it for the purpose of enabling him to pay off that encumbrance?

Mr. TRAMMELL. It is for the purpose of enabling him to pay it off, and, of course, under the new loan that he would get from the corporation set up by the provisions of this bill, he is naturally better off for a certain period of time; and it gives him opportunity then, under the amortization system, to have years to pay back the loan to the corporation set up under this particular measure.

Mr. JOHNSON. He would be under the same obligations and restrictions that are provided in the bill concerning the appraisement of property and the like?

Mr. TRAMMELL. Certainly; it does not interfere at all with that. It merely specifically provides that it shall be certain that he has a right, and that that is one of the primary objects of the bill. I do not know whether the Senator was in the Chamber when I explained about the disappointments and the heartaches that come to many home owners in this country under the provisions of the measures of 1932.

Mr. JOHNSON. I am very sympathetic; but I was wondering whether, as a business proposition—although I do not like that expression, because there is no such thing now—I was wondering whether it were not something under which, if an existing encumbrance subsisted, loss was certain to occur to the Government. That is not correct, as I understand it.

Mr. TRAMMELL. Of course, this does not contemplate any extension of the opportunity for loss. In fact, I think the opportunity for loss is far less than it will be upon these obligations which the Government will acquire from the mortgage companies, the banks, the insurance companies, and the building-and-loan associations.

Mr. JOHNSON. The reason why I was so interested in the amendment presented by the Senator is that from a hasty reading of the bill—and I will ask the sponsor of the bill to correct me if I am in error—it seemed to me that the mortgagee was the individual who was going to profit under the bill, rather than the mortgagor, whom we sought to aid, and I thought that perhaps the amendment of the Senator might remedy that particular situation.

Mr. TRAMMELL. Mr. President, I want to put the mortgage of the individual home owner on the same basis with other mortgages which are acquired by purchase by the corporation set up for that purpose in the bill. I have another amendment which I am going to offer, but I am firmly of the opinion that we should declare ourselves if we feel this way. I am going to offer an amendment providing that the corporation may not operate "in its discretion." That is what destroyed us under the other measure, the words "in its discretion."

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the Senator's idea of taking care of the individual mortgagor. It was for that reason that I voted against the home loan bill as originally offered. But there is a feature of this bill which, in my judgment, is very salutary and which would be stricken out by the Senator's amendment, and it is this: The bill very properly provides a limitation above which no loan shall be made. It is my own judgment that that is too high. I do not believe we can find any case today where the property is worth 80 percent of the mortgage.

As the Senator's amendment is written, as I understand from what he says, that is not what it contemplates. As the Senator's amendment is written, it is my judgment that, if agreed to, it would not only authorize but require the lending of 100 percent of the value of a property in order to pay off a mortgage, where it could not be hoped now to get that amount on the present value of the property.

Mr. TRAMMELL. Mr. President, I do not think anything is written into the amendment which could, except under the most strained construction of the language which I have offered, result in wiping out the other provisions which precede it. Of course, I could have provided that this amendment should not conflict with the provision that the property shall be of a certain value, or that the interest shall be thus and so. I could have repeated all that, but in construing a law, in which I have had a little experience, I did not know I had to repeat all those other features. It is just a part of the paragraph (f) and in nowise alters the other provisions of the paragraph.

Mr. BLACK. I desire to state to the Senator again that I am in thorough sympathy with the objective he has in offering his amendment, but knowing the Senator's ability I am sure he will find there is no incorporation in the amendment of the limitations which appear in the bill. I should like to vote for the Senator's amendment, and it is for that reason that I make the suggestion.

Mr. TRAMMELL. I rather think the Senator's observations are very critical and technical. It is written as a part of subsection (f) and follows the last word in the last paragraph of that provision as part of that subsection. That subsection sets up all of the conditions and restrictions upon which loans may be made and refers to individuals. This makes it a direct mandatory proposition that loans should be made direct to home owners. That is the only purpose and object I have in view, and I do not believe it upsets the other details or will bear any other construction.

I want to make it quite plain, Mr. President, because I want home owners to have the benefits of this measure. I do not want the board of directors of any organization

defeating what I consider the righteous and the deserved privileges to which home owners of this country are entitled, especially in view of what precedes my amendment in this particular bill.

Mr. LONG. Mr. President, as I understand the Senator, it is contended that all that is protected in this bill, if I properly understand the Senator from Ohio.

Mr. BULKLEY. Mr. President, the objective sought, as stated by the Senator from Florida, is already fully provided for in the bill. His explanation is that he does not intend to change it at all. The amendment which he has proposed is merely repetitious, except as to one thing which I submit would not be a candid statement of the purposes of the bill. He says in his amendment:

Direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home—

That is already provided in this section—

in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

That is exactly the same thing.

Mr. COPELAND. From what was the Senator reading?

Mr. BULKLEY. I was reading from the bill as reported, pages 24 and 25.

He adds in his amendment—

and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

I do not know what he means by "administered as a primary purpose", but, of course, it is not the primary purpose of the act when we make $200,000,000 in cash available to this corporation and provide bonds to the amount of $2,000,000,000.

It cannot be the primary purpose to advance cash when the total amount of the mortgages of the country is over $21,000,000,000; and we are providing $200,000,000 here to swing that situation. Of course, if it is "the primary purpose", we had better appropriate $10,000,000,000 to do it. So it is simply a declaration that is not frank; that is not a fair statement of the object of the bill. The rest of it is, as I say, merely a repetition; it is already provided for.

Mr. TRAMMELL. Mr. President, will the Senator from Ohio yield to me?

Mr. BULKLEY. Yes; I yield.

Mr. TRAMMELL. The Senator talks about $200,000,000 in cash for this purpose, which $200,000,000 is spread out all over creation in the benefits provided in this bill. The bill itself provides for the making of loans to corporations handling mortgages and securities; and that provision is not permissive, but that is a direct obligation required of the board. Then when it is sought to deal with the home owner direct it is said that they may in their discretion do it. Why was that provision put in the bill?

Mr. BULKLEY. The mistake of the Senator is that we do not provide any loans to corporations at all; the loans are only to the home owners; we do not loan anybody but home owners.

Mr. TRAMMELL. The bill covers all mortgages held by all kinds of corporations?

Mr. BULKLEY. But the loans are to home owners.

Mr. TRAMMELL. Our experience and past history tell a different story from that. Millions and millions of dollars have been acquired by building-and-loan associations and other mortgage credit companies that have never reached practically 1 percent of the home owners of the country. Under the plain terms of this bill we could have a repetition of that unjust course by the Reconstruction Finance Corporation.

Mr. BULKLEY. Of course, the Senator is talking about the home loan bank bill, which was framed on an entirely different theory from this bill, and was not even of the same structure.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. The Senator from Ohio has the floor. Does he yield to the Senator from New York?

Mr. BULKLEY. I yield.

Mr. WAGNER. I wanted to call the attention of the Senator from Florida to the fact that the amendment will not help to cure the situation of which he complains, namely, that under the provision which authorizes the board to take over a mortgage, where the mortgage represents 50 percent or less of the value of the property as it is written, a mortgage calling for a rate of interest of 10 or 11 percent will be transferred, and the Government will be getting from the home owner an interest rate of 11 percent upon the loan which he made. The Senator wanted to correct that particular provision, but his amendment does not do it, because it will not touch the provision of the bill in which that feature appears.

Mr. TRAMMELL. If I had covered all that in one amendment, as well as one or two others I have in mind, I dare say that a dozen Senators would have wanted the question divided, so that they could vote on the different proposals. I intend to prepare such an amendment as suggested—and am glad that the Senator has one on that subject—to apply at the proper place, but if I had attempted to have written it all in this amendment, then it would not have appeared in an appropriate place in the bill.

Mr. WAGNER. If I may make the suggestion again, the amendment the Senator has offered does not change the bill as it is presented to us at all.

Mr. TRAMMELL. Mr. President, I disagree with the Senator. I am going by the language contained in the bill, and not by representations made about it. My amendment changes the policy of the bill most decidedy regarding direct loans to home owners. It imposes a mandatory duty upon the corporation instead of leaving it with them in their discretion. If the Senator will pardon me, I have read this bill, and I have studied this particular provision. On page 24, paragraph (f), which is the paragraph or subsection we are dealing with, if I may be pardoned—and I will take but a second of the Senate's time—reads:

The Corporation is further authorized, in its discretion—

If the corporation decides that not one dollar shall be loaned to the individual home owners, not one dollar will be loaned; and the past policy of the Government, through the Reconstruction Finance Corporation and the Home Loan Bank Board, has been that they did not loan so much as one dollar direct to a home owner. That is what I am trying to correct.

Mr. WAGNER. What I am suggesting is that the Senator has not changed that feature; but I am in sympathy with his efforts and have an amendment which I propose to offer along that line.

Mr. TRAMMELL. If the Senator will pardon me, I will show the Senator how I propose to change the provision. On page 24, line 22, I propose to strike out the words "in its discretion." I cannot move all my amendments at one time, if the Senator will excuse me for saying so.

Mr. BULKLEY. Mr. President, of course we are all in sympathy with the legitimate purpose that is actuating the Senator from Florida. The Senator, however, is in error in presuming that the home owners' loan corporation will make loans to anybody in the world except home owners. They are the only ones to whom it will make loans, whether by exchange of bonds or by advancement of cash. The advancement of cash, of course, must be limited within the amount that we are here appropriating. If the Senator wants to amend the bill and, instead of appropriating $200,000,000 for this purpose, go to the extent of taking over all the subsisting mortgage obligations on homes in the United States, and appropriate $20,000,000,000 for the purpose, then he might fairly say that that is the primary purpose of this measure. I do not so conceive it.

The committee has reported a bill which will give the maximum amount of relief to the home owners, and directly to the home owners, within a reasonable cost to the

Government. The amendment, as I have said, is repetitious of what is already in the bill, except as to the declaration of the primary purpose of the bill. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment reported by the committee.

Mr. TRAMMELL. Mr. President, if I may be pardoned, I feel very earnest about this matter. The Senator talks as though this bill is framed with a home owner directly in view and for the purpose of aiding the home owner, and that all of the benefits will go to the home owner. Now, let us see whether it will all go to the home owners or not.

Paragraph (d), on page 22, provides:

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract).

As I read that paragraph, considering the methods employed in this country in the past in dealing with mortgage securities, I would construe that to mean that the machinery set up in that paragraph is for the purpose of the corporation acquiring mortgages and securities constituting liens upon homes from those who are holding them, not from the home owner but from building-and-loan associations, mortgage companies, and every other character of corporation that deals in the purchasing and holding of mortgages. That machinery, indeed, would be very awkward for a private home owner who desires to obtain a loan. The only way he could obtain such a loan would be to take his mortgage and then go out, without any facilities and without any experience in dealing with bonds and securities, and raise the money upon bonds or other securities in order to relieve the mortgage upon his home. So I take it that that provision was never intended to affect very materially the home owner directly.

He would not know how to sell a mortgage; he would know nothing about a mortgage transaction of this character; he would have no agency for handling it. The only way he could get any money would be through the bonds of these large security institutions that have acquired many mortgages. Of course such institutions could apply to this corporation. They could say, "We have a hundred thousand dollars' worth of mortgages that we want to dispose of to you." The corporation could say, "We will pay you in bonds, and we will give you a small amount of cash, if necessary, to pay the taxes on the mortgaged property." Those people, skilled as they are always in business affairs, could arrange for a hundred thousand dollars' worth of bonds—the chances are they would have them all sold beforehand—and then they would take the bonds over through this Government agency and in that way the company would be assisted.

I have no objection to assistance being extended to financial companies if we extend equal generosity to the home owners directly, but I have become sick and tired of much of the legislation that we have been enacting here, most of the beneficent features of which centered around capital, around the big corporation interests of the country, to the exclusion of the general interest and welfare of the poor, helpless people of this country who need assistance and need it sorely. This bill, in my opinion, may well be characterized as similar to a number of others which we have passed here more in the interest of capital than for the ordinary, everyday citizen—home owner. I want to make it sure that these people will get the assistance. I want to eliminate the discrimination in favor of building and loan organizations. I am going to offer such an amendment on this question. The Senator keeps challenging me because I did not cover everything in one amendment. I am going to tell him of another amendment I am going to offer.

This bill specifically provides that a company that may hold—it does not use the word "company", but that is what it means—a mortgagee or a number of mortgagees may apply for assistance to the corporation, and then the corporation may take over their mortgages to the extent of 80 percent of the value of the real estate covered by the mortgages.

But if a loan is sought by a home owner direct—and the provision in the bill has not been made plain, according to my view—then his property is only considered worth 50 cents on the dollar for the purpose of getting a loan. All in the world that one has to do in order to increase the value of his property for loan purposes is to transfer the mortgage upon it from the home owner himself over to a building-and-loan association or some mortgage credit company, and then it is entitled to a loan of 80 percent of its value, a transaction which could be brought about within 10 minutes by people skilled in the preparation of legal papers.

I do not understand why there should be such a discrimination as that, and I am going to offer an amendment—I have it on the desk—to strike out the limitation of 50 percent, if the home owner is asking directly for a loan, and insert "80 percent", and allow him the same privilege which we allow the purchaser of a mortgage or the holder of a mortgage upon probably the property of his next-door neighbor. I cannot understand why that discrimination should be made in the bill.

Mr. President, whenever we get a vote on this amendment, then I am going to propose another one.

Mr. BULKLEY. Mr. President, I should like to call the attention of the Senator to the fact that, perhaps inadvertently, he is arguing for the benefit of the mortgagee rather than of the mortgagor. The bill provides for an exchange of bonds up to 80 percent of the fair value of the property to be accepted by the mortgagee for the release of the mortgage. The bond is possibly not worth par; but, if the Senator's amendment should be adopted and the Government should be obliged to pay cash up to 80 percent of the value of the mortgage, then the mortgagee will never accept the bonds, we will never have any case where the bonds will be accepted as contemplated by the terms of this bill, and the Government will be in the position of advancing cash in every case. Nobody could have made a better speech for the benefit of the mortgagee getting his full 100 percent in cash than the Senator from Florida has here made.

I repeat to the Senator that there is no provision under which the home-owners' loan corporation may make loans to a building-and-loan association or to a corporation of any kind. The Senator says that when the mortgages are paid off in the interest of the mortgagor, the holder of the mortgage would get the bonds. Of course, he will. If the loan is made under the Senator's amendment to pay off and take up a mortgage, who does he think will get the cash? It will be the mortgagee. His argument is that the mortgagee should get the cash instead of being obliged to take his part of the sacrifice and carry some of it in bonds of the corporation.

Mr. TRAMMELL. Mr. President, I am not one of those who always seek the last word, but when my position has not been correctly stated, I feel that I am entitled to have another word to say.

This particular paragraph deals with loans and mortgages on the individual home or with the application that might be made by the individual owner. There is a paragraph in the bill, and I challenge the Senator from Ohio to deny it, which by its terms provides that this corporation can acquire and purchase mortgages held by mortgage credit companies, insurance companies, and building-and-loan associations. They are not specifically mentioned by name, but the provisions of the bill authorize that to be done and say it is one of the primary purposes of the bill. Is not that correct?

Mr. BULKLEY. Of course, the mortgage must be acquired from whoever holds it. If the mortgagee does not get paid, how can the mortgagor save his home? The loan is to the mortgagor and the benefit is to the mortgagor. The mortgagee must get some sort of payment to satisfy his obligation.

Mr. TRAMMELL. The Senator's admission makes it very clear that I have not stated a position not provided for in the bill.

Mr. BULKLEY. The Senator stated that he wants them paid in cash rather than bonds.

Mr. TRAMMELL. That is, the individual owner.

Mr. BULKLEY. The individual owner has to apply in every case.

Mr. LONG. Mr. President, I make the point of order that both the Senator from Ohio and the Senator from Florida have spoken more than twice on the pending amendment. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Eighty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. Mr. President, I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read for the information of Senators.

The LEGISLATIVE CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, after the word "section", to add the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment of the Senator from Florida to the amendment of the committee was rejected.

Mr. COPELAND. Mr. President, I wish to ask the Senator in charge of the bill a question. I am in receipt of the following telegram:

The difficulty in enacting a law to assist home owners is apparent. Many of your constituents purchased old houses in Rockland County and spent one thousand or more dollars modernizing them, thereby increasing the mortgage security. However, this was no part of original sale contract. No retroactive feature of the law is involved in an amendment to the proposed relief measure providing that mortgagors shall be credited with all expenditures upon improvements and betterments if the property goes to foreclosure.

I assume there will be a revaluation and all these matters will be given consideration?

Mr. BULKLEY. All these loans and adjustments are to be based upon new appraisals, and unquestionably the appraisal will take into consideration any value that may have been added to the property in the manner suggested by the Senator's correspondent.

Mr. COPELAND. So that no advantage would be gained by an amendment covering such cases?

Mr. BULKLEY. I cannot think what the amendment would be. It seems to me the appraisal would take into consideration the matters which the Senator's correspondent has in mind.

Mr. COPELAND. I thank the Senator from Ohio.

Mr. TRAMMELL. Mr. President, I desire to offer the following amendment to the amendment of the committee.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Florida proposes, on page 24, in line 22, after the word "authorized", to strike out "in its discretion", so as to read:

(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

Mr. BULKLEY. Mr. President, I have no objection to the amendment submitted by the Senator from Florida.

Mr. TRAMMELL. If it is satisfactory, I have nothing further to say. I have discussed the necessity for it more or less, and am glad to have the Senator accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida to the amendment of the committee is agreed to.

Mr. HEBERT. Mr. President, I wish to invite the attention of the Senator from Ohio to a peculiar condition that exists in the provisions of paragraph (e), on page 24, as compared with the provisions of paragraph (f), on page 25.

In paragraph (e) it is provided that where a home is not encumbered the corporation may loan up to 80 percent of its value, whereas in paragraph (f), where a home is encumbered and the mortgagee refuses to accept bonds, the mortgagor may not secure a loan in excess of 50 percent of the value of the property.

It seems to me there is a discrepancy there, though perhaps the Senator had something else in mind and I have not read it in the same light the Senator does.

Mr. BULKLEY. Of course, the purposes for which loans may be made in subsection (e) are so circumscribed that there probably never would be a case where as much as 80 percent would be loaned. Quite frankly, I will say to the Senator that I think 80 percent is a very high limit in that subsection.

Mr. HEBERT. I think so.

Mr. BULKLEY. But I do not think the criticism is serious, because the purposes for which the loans may be made are such that it would very seldom be reached.

Mr. HEBERT. Let me call the attention of the Senator to the fact that the purposes are the same in both paragraphs. They both refer to the purposes enumerated in subsection (d), and they have reference to the same subject; and that is what directed my attention to the difference. The purposes are the same in both instances; and it occurred to me that one should be reduced to the level of the other or the other should be raised to the maximum of 80 percent.

I could see no reason why a loan to the extent of 80 percent of the value should be made to the owner of real estate who has no mortgage outstanding on his property and a loan refused in excess of 50 percent of the value to one who has an obligation against his property.

Mr. BULKLEY. I desire to make clear to the Senator that I am quite ready to concede that the 80 percent in subsection (e) is an unduly high percentage. I do not, however, understand, as he does, that the purposes are the same.

The purpose of subsection (e) is to authorize advances for the same purposes for which cash advances may be made under subsection (d). Those are taxes, assessments, and necessary repairs. I submit that those purposes would hardly ever bring a loan up to 80 percent of the value of the property, whereas section (f) is for the purpose of permitting a home owner to pay off in cash a balance due on a mortgage.

Mr. HEBERT. That is the very point, and the limit is 50 percent there.

Mr. BULKLEY. The limit is 50 percent.

Mr. HEBERT. It seems to me it ought to be reversed, and that 80 percent should be provided the man who wishes to pay off in cash the balance due on a mortgage.

Mr. BULKLEY. The difficulty we find is that if we should make the limit for which we are willing to advance cash as high as the limit for which we are willing to trade bonds, we never would trade any bonds. It would all be cash.

Mr. HEBERT. I understand that.

Mr. BULKLEY. If the Senator wants to let this run into a cost of billions of dollars, then it would be possible to make those cash advances. Within a limit of $200,000,000, which we have set for ourselves in this bill, we do not think it possible to take over all of the home-loan mortgages that it might be wished to convert.

If the Senator desires to propose an amendment to reduce the limit in subsection (e) I shall have no objection, although, for the reasons stated, I do not think it is important.

Mr. HEBERT. Mr. President, I do not think the owner of property which is not at all encumbered should be privileged to borrow 80 percent of the value, whereas the owner of property that is encumbered should be limited to 50 percent. I think the same limitation should be placed upon the former that is placed upon the latter.

Mr. BULKLEY. I am obliged to make the same answer that I made the last time the Senator said that. The 80 percent in subsection (e) is unduly high; there is no question about that; but on account of the limitation of purpose it is not important to change it, although I am perfectly willing to do so.

Mr. HEBERT. No, Mr. President; but the purposes are the same, and refer to the same subsection in both instances.

In order to bring the matter before the Senate I move to change the figure "80", in line 14, on page 24, to "50."

Mr. BULKLEY. I have no objection to that amendment.

The PRESIDING OFFICER. Is there objection to the amendment offered by the Senator from Rhode Island to the amendment of the committee?

Mr. WAGNER. One moment, Mr. President. What is the purpose of that—that where property is unencumbered the owner can borrow only 50 percent of the value of the property?

Mr. HEBERT. For that specific purpose.

Mr. WAGNER. What specific purpose?

Mr. BULKLEY. Cash advances for the purpose of paying taxes, assessments, and necessary repairs. It is not an important amendment.

Mr. WAGNER. Perhaps it is not, but I should like to know a little more about it.

What does the Senator propose to do? As I understand, there is now a provision in the bill which permits an owner whose property is unencumbered to borrow money up to 80 percent of the value of that property, and give in return therefor a mortgage lien upon the property. Is the Senator now proposing to reduce the amount that may be borrowed from 80 percent of the value of the property to 50 percent?

Mr. HEBERT. No, Mr. President; if the Senator will read subsection (d)——

Mr. WAGNER. I will take the Senator's explanation.

Mr. HEBERT. If the Senator will read subsection (d) he will see that it provides for the advance of money to take care of the unpaid taxes, assessments, insurance premiums, overdue interest, and things like that, that the home owner may be owing. This provision would permit him to borrow up to 80 percent of the value of his property. In paragraph (f), where there is an outstanding mortgage, and the owner of the mortgage refuses to accept bonds in payment of it, then he may not borrow in excess of 50 percent of the value of the property for the same purposes. It seemed to me that the man who has a mortgage outstanding on his property should be the one to receive the more liberal consideration. If any more liberal consideration is to be given to one than to the other, it should be to the one who has a mortgage outstanding on his property; but both are for specific purposes.

Mr. WAGNER. Is the Senator changing the measure so that the particular mortgagor whose mortgage is exchanged, representing only 50 percent of the value of the property, may now borrow an additional sum above that 50 percent to pay taxes?

Mr. HEBERT. Oh, no; there is no such intention.

Mr. WAGNER. I think that ought to be done, as a matter of fact. That would be the fair way of dealing with the subject.

Mr. HEBERT. If they are going to be brought up to a parity, that might be done; but, as the Senator from Ohio has explained, these will probably be rare cases, and in no case will there be a necessity to loan anywhere near 50 percent to take care of the exigencies for which provision is being made here.

Mr. BULKLEY. That is correct.

Mr. WAGNER. I think that is correct, too.

Mr. HEBERT. Now, Mr. President, I offer the amendment, which I send to the desk.

Mr. JOHNSON. Mr. President, was the amendment that has been under discussion accepted?

Mr. BULKLEY. I should like to know whether the last amendment offered by the Senator from Rhode Island was agreed to or not.

The PRESIDING OFFICER. In the case of the last amendment, the Chair asked if there was objection; and at that point the Senator from New York [Mr. WAGNER] rose. So the amendment was not agreed to.

Mr. JOHNSON. What has been done with it?

Mr. HEBERT. I had supposed that the Senator from Ohio had no objection to the amendment, and that it would be accepted.

Mr. BULKLEY. To make sure what we are talking about, I will state that the amendment was, on page 24, line 14, to change "80" to "50." I have no objection to that amendment.

The PRESIDING OFFICER. The amendment of the Senator from Rhode Island to the amendment of the committee is to strike out "80" and to substitute "50" in the percentage on line 14 of page 24.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The Senator from Rhode Island offers a further amendment to the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. On line 16, page 19, after the word "States", it is proposed to insert the words—

which shall have authority to sue and be sued in any court of competent jurisdiction, Federal or State——

Mr. HEBERT. Mr. President, the purpose of that amendment, of course, must be obvious. There is no provision in the bill now authorizing this corporation to sue in any court where there is failure to meet the conditions of a mortgage obligation, nor is there any provision authorizing anyone who has a claim against the corporation to bring suit against it. The amendment is to correct that oversight.

Mr. BULKLEY. Mr. President, I am not sure as to the necessity for this amendment; but it certainly is not objectionable. I shall be glad to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HEBERT. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 29 it is proposed to strike out, in lines 10, 11, and 12, the words—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

And to insert—

nor if one or more properly conducted local thrift and home-financing institutions is then in existence.

Mr. HEBERT. Mr. President, paragraph (e), on page 29, places a limitation upon the authority of the corporation to issue charters to these building and loan and home-financing institutions. They may not grant a charter to such institutions unless the persons seeking charters are—

of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

There is no change in this paragraph except as to the last condition, namely—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

It need not be stated, for it must be obvious, that this corporation, with the amount available to it under this bill, cannot organize home-financing institutions in all of the communities of the country; and it seems to me that the provision of the bill as it now stands might involve some duplication of effort in many cases where certain interests in a given community might want, for their own purposes, to establish such an institution where one already is in existence.

I do not mean to prevent such an institution from being established in a community where one is already there if the one in existence is not functioning properly, if it is not serving the needs of the community as it should, or if it is not a worth-while institution in every respect; but where one is established, where one is transacting business, where one meets all the requirements of a community, then clearly no good purpose could be served by having the competition of a Federal corporation in that community.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. JOHNSON. Will the Senator please state the language he employs in eliminating the condition contained in the bill?

Mr. HEBERT. Yes, Mr. President:

If one or more properly conducted local thrift and home-financing institutions is then in existence.

That is, at the time an effort is made to secure a charter for the organization of a Federal institution of that type in a community.

Then, again, it must be apparent to any one of us that the establishment of a Federal institution of this kind side by side with a local one, perhaps limited in finances, though serving the needs of the community, probably would drive the local institution out of existence.

Mr. JOHNSON. Mr. President, will the Senator pardon me if I inquire why the language that is employed in the bill does not accomplish the purpose suggested by the Senator better than the language he suggests?

Mr. HEBERT. For the reason, Mr. President, that the language of the bill leaves it to the discretion of the Home Loan Bank Board whether or not the establishment of another institution of this kind will work an injury. It is left to the discretion of the Board.

Mr. BULKLEY. Does it not also leave it to the discretion of the Home Loan Bank Board, under the amendment as proposed by the Senator, to determine whether a local home-financing institution is or is not properly conducted?

Mr. HEBERT. That may be.

Mr. BULKLEY. It is about as broad as it is long. The Board must have some discretion anyway; and surely the Board could not establish an institution which, as the Senator suggests, would drive somebody else out of existence without a gross violation of the act, because we are proposing here that they must be "established without undue injury to properly conducted existing local thrift and home-financing institutions."

Mr. HEBERT. That does not limit it very much, because whether or not the establishment of a new institution is going to work undue injury is a question of opinion, and in this case it would be much easier to ascertain, because the facts are already in existence, whether a local institution is serving the public, and much more difficult to ascertain whether or not the establishment of another institution is going to be injurious.

Mr. BULKLEY. The difficulty is that some communities are very large. Take Chicago, for instance; would the Senator say that if one or two institutions existed in Chicago it would be an undue hardship to have another one established alongside of them? The power we propose to give here is quite similar to the discretion given to the Comptroller of the Currency with respect to chartering national banks. On the whole, that power has not been abused. Of course, it is a question of judgment, and there may be errors of judgment, but it seems to me that the language in the bill as it is written is sufficiently protective of existing institutions.

Mr. HEBERT. Mr. President, I do not think so. The city of Chicago, of course, is not one single locality within the purview of this legislation. These local institutions serve small communities within the large communities, as the Senator well knows.

Mr. BULKLEY. That is probably true, but that is all within the judgment of the Home Loan Board. It must be left to the discretion of the Home Loan Board as to what constitutes a community.

Mr. HEBERT. I cannot agree to that. But it seems to me that this language which I have suggested would still leave it to the determination of the Board. It will not be so difficult of ascertainment as would the language in the bill. That is the reason why I have suggested the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

On a division, the amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, I offer an amendment. On page 19, strike out lines 7 to 11, inclusive, as follows:

REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

This is a matter to which we addressed ourselves earlier in the day. The original Home Loan Act authorized home-loan banks to make loans direct to individual home owners. The banks have not exercised that power. For reasons known to themselves, they have declined to do so. They have contented themselves with lending money to building and loan associations, to be loaned, in turn, to the borrowers from those associations.

As stated, the original act empowered home-loan banks to make loans direct to home owners. Now it is proposed to repeal that provision and to take away from the home-loan banks even the power to make such loans.

Mr. President, extraordinary circumstances are easily conceivable where a home-loan bank might exercise the power in the interest of a distressed home owner who, with adequate security, is unable to obtain relief elsewhere. I see no reason for arguing that the provision should be repealed simply because another system is created under this measure. If the banks continue to decline to exercise the power, it will remain a dead letter, just as it is today. But why should we take it away? Why should we repeal the provision? I think we are traveling in the wrong direction. It should be

continued, and, if possible, the banks should make loans of that character.

The distinguished Senator from Ohio, in charge of the bill, says that it would be expensive and difficult to create the machinery throughout the country to apprize property, to inspect property, and to take the other steps necessary to make individual loans. We can understand that perfectly. Perhaps a general system of that kind would never be created under the act. But why not leave the law in force, so that if, through changed circumstances or otherwise, these several home-loan banks can lend or will lend money direct to home owners, if they have the money and are willing to lend it, they may be permitted to do so? Why should we repeal the law and take from these banks the power to make loans direct to home owners?

The Senator from Ohio says that it places the home-loan bank in direct competition with building and loan associations existing throughout the country. No more so than the Federal land bank is in direct competition with mortgage companies making loans direct to farmers throughout the country. The mortgage companies could make the same argument against continuing the Federal land bank system, namely, that it comes in direct competition with them.

Mr. President, we all know that the building and loan associations are not meeting the demands; they are not meeting the legitimate demands; they are not meeting the urgent demands; they are not meeting demands coming from distressed home owners. I do not say that in a spirit of criticism. They are not able to do so. Economic conditions make it so. They are unable to meet these demands. They are not seeking loans; they are not looking vainly for places to lend money on adequate security. They are not endangered by competition. There are many times more demands for loans than the building and loan associations can supply.

During these unfortunate and stressful days we may well leave this original provision in force. If it is exercised, if loans are made, much the better. If they are not made, it remains a dead letter, inoperative, no good, no harm.

I therefore urge upon the Senator from Ohio that he accept the amendment, and leave the original provision of law in force for whatever good it may accomplish. It certainly can do no harm.

I hope very much that the Senator will accept the amendment.

Mr. BULKLEY. Mr. President, in view of the consideration that was given to this subject in the committee I do not feel at liberty to accept the amendment. We talked some time ago about this subject, and I expressed to the able Senator from New Mexico my views that the parallel with the Federal land bank is not quite sound, because, after all, the Federal land banks do lend their money not to the individual borrower but to the local association. The local farm associations are organizations of borrowers who have subscribed to capital stock, and have some liability, local liability, behind the advances which are made by the Federal land banks. That local liability, the dealing with the borrower by somebody who knows the borrower, is worth something to the security of the land banks and of the home-loan banks.

The Senator suggests that if the home-loan banks continue as they have in the past, and refuse to make any of these direct loans, then no harm will have been done by the amendment. Unfortunately, I do not think that is true. The effort we are making is to get loans to home owners at the lowest possible rate of interest. Unless we are to make this a subsidized proposition out and out, the cost of the money to the home owner must depend upon the cost of the money to the home-loan bank, must depend upon the rates at which it can sell its bonds.

The obligation of the home-loan bank which directly deals with individual borrowers cannot possibly be regarded as an investment on a parity with bonds of a bank of rediscount, or a bank which takes only endorsed paper on which there is the responsibility of a local association, as well as the responsibility of the borrower.

The direct-loan plan has been tried—it is not satisfactory, it is not successful. The home-loan banks cannot extend their facilities for dealing with home owners directly without a large and unnecessary cost, which will increase the cost which every home owner must pay; nor can they sell their bonds as advantageously as will be possible if we keep them strictly as banks of rediscount.

Therefore, with much sympathy in the purpose by which the Senator from New Mexico is actuated, I respectfully have to differ from him and hope that his amendment will be defeated.

Mr. BRATTON. Mr. President, I shall not detain the Senate long. The Senator from Ohio points out that in a technical sense, perhaps a supertechnical sense, a borrower from a Federal land bank does go through a local association; but in a practical sense he borrows the money direct from the Federal land bank. Therefore, I see no distinction, in a practical sense, in the degree of competition between a Government agency here and in the case I have instanced.

Mr. President, the Senator from Ohio says the system has been tried out and found impracticable. According to my understanding, not a single loan has been made under that provision of the law. My information is that not a single loan has been made direct from a home-loan bank to an individual borrower. It seems to me, therefore, that it cannot be said with justification that the system has been tried and found to be unsatisfactory.

Mr. BULKLEY. Mr. President, I want to be fair to the Senator about that. It is perfectly true that no such loans have been made, and it is impracticable, under the existing law. There is a provision of law with which no doubt the Senator is familiar, that such loans are limited to 40 percent of the value of the collateral, and most of these borrowers have borrowed more than that, so that there is that additional reason why it has proven a handicap.

Mr. BRATTON. It is a handicap. Every one familiar with the situation concedes that. But why not continue the facility for whatever it may accomplish to home owners in this period of distress?

I shall not detain the Senate longer. I submit the amendment, and I hope it will prevail, and that the law authorizing these banks to make direct loans will be continued.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. BRATTON] to the amendment of the committee.

Mr. BRATTON. I ask for a division.

On a division, the amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, the Committee on Finance will meet at 4 o'clock this afternoon, and the Senate might adjourn a little earlier than we thought. The committee expects to make its report this afternoon, and I am asking unanimous consent, rather than keep the Senate unnecessarily in session, that the Committee on Finance may submit its report on the public construction bill by handing the report to the Secretary of the Senate, so that it may be printed and be ready for consideration tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, I understand that the Senator from Oregon [Mr. MCNARY] wished to be present when that request was made. So, reserving the right to object, I suggest the absence of a quorum.

Mr. HARRISON. I do not want to have a call of the Senate. I hope the Senator from Pennsylvania will withdraw his point of no quorum, and then when the Senator from Oregon shall return to the Chamber, I shall come out of the committee and make the request.

Mr. REED. Very well; I withdraw the point of no quorum.

Mr. WAGNER. I offer the amendment which I send to the desk to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 23, line 23, it is proposed to strike out the period and to insert a semicolon and the following:

And no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect, if the home owner shall not be in default with respect to any other condition or covenant of his mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

Mr. WAGNER. Mr. President, I think that a mere statement of the situation will persuade the Senate that this amendment ought to be adopted. I have used the language in the amendment which now appears in the Farm Mortgage Loan Act which the Senate passed some time ago. In that act we provided a 5-year moratorium, that is, a deferment of payment of the principal of a mortgage. The idea was, the farmer being in distress and threatened with foreclosure, to give him definitely a period in which to readjust his affairs, and not make him rely upon some board in some particular locality in whose discretion and upon whose judgment depended the decision as to whether or not the farmer should get a moratorium. Since the home owners are in a similar distressed condition—I need not paint that picture; I am sure everybody here knows that they are distressed or else this proposed legislation would not be here—I am simply pleading with the Senate that those home owners receive treatment similar to that which we have accorded to the farmer, except that I do not propose that the period shall be so long as is provided in the Farm Loan Mortgage Act. In that act it was 5 years; in this amendment I am limiting it to 3 years.

Mr. BULKLEY. Mr. President, I regret that the Senator did not bring this matter up in the committee rather than on the floor of the Senate, but, as he has stated, there is some parallel between the condition of the home owners and the condition affecting the farmers which resulted in the formulation of the legislation which we recently enacted. I shall not object to the amendment being taken to conference, although, as it has not been considered by the committee, I do not want to make further commitment regarding it.

Mr. WAGNER. May I just make an observation as a sort of excuse for not offering the amendment before the committee? The bill as originally introduced contained a provision for a 3-year moratorium, and I assumed that that provision remained throughout the consideration of the proposed legislation in both Houses.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

Mr. HATFIELD and Mr. HEBERT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield first to the Senator from West Virginia.

Mr. HATFIELD. Does the amendment offered by the Senator from New York authorize a direct loan to the home owner?

Mr. WAGNER. No; the amendment has nothing at all to do with loans. It applies after the loan shall have been made or where an exchange has taken place and the mortgage is taken over by the corporation created under this proposed act, and provides that then the home owner shall have a period of 3 years, during which he shall not be required to pay anything upon the principal of the mortgage, not the interest; I am not dealing with the interest at all.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Rhode Island?

Mr. WAGNER. I yield.

Mr. HEBERT. Mr. President, does the Senator's amendment make it obligatory upon the corporation to permit the mortgagor to cease payments?

Mr. WAGNER. It gives the mortgagor a moratorium of 3 years——

Mr. HEBERT. Absolutely?

Mr. WAGNER. Absolutely upon the principal of the mortgage, not upon the interest. I have stated to the Senate that when we had up for consideration the farm mortgage bill, of which on behalf of the committee I had charge, we gave the farmer—and I think it was just treatment of him—a period of 5 years during which he did not have to pay any installment upon the principal of his mortgage, and I am asking that the home owner be accorded the same privilege, except that I am limiting the period to 3 years instead of 5 years.

Without such a provision I may say that this bill will do very little to help the home owner who is in a distressed condition because this legislation is proposed by reason of the fact that he is unable to meet the principal, and, therefore, the Government is coming to his assistance.

Mr. HEBERT. I assume the Senator is familiar with the provision beginning in line 18, on page 23 of the bill?

Mr. WAGNER. Does the Senator mean the provision giving the Board discretionary power?

Mr. HEBERT. Yes.

Mr. WAGNER. Under that provision it would be possible to have various boards exercising their judgment in a different way; there would be opportunities for favoritism in all these administrative matters to which, during these distressing days, I do not think the home owner ought to be subjected to. We thought so in the case of the farmer and we ought to apply the same rule to the home owner.

Mr. HERBERT. I am quite in accord with the Senator's view that if we extended that privilege to the farmer we ought to extend it to other home owners equally.

Mr. WAGNER. We did extend it to the farmers.

Mr. HEBERT. I wish to ask the Senator another question. Will that absolve the mortgagor from paying interest on his loan during that time?

Mr. WAGNER. No; the moratorium has nothing to do with interest.

Mr. HEBERT. It merely applies to the payment of the installments on the principal?

Mr. WAGNER. It applies to the installments upon the principal, to the liquidation of the principal of the mortgage.

Mr. HEBERT. The amortization of the mortgage?

Mr. WAGNER. The amortization of the mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

Mr. FRAZIER. Mr. President, in subsection (f), on page 25, in the provision for direct loans to individuals, it is set forth that interest shall be paid at the same rate as provided in the mortgage or other obligation taken up. It seems to me that that is absolutely unfair and would be practically of no benefit to the individual home borrower. In my State many of the loans now bear a rate of interest of 8 or 9 or 10 percent, and the rate under this provision should be lower. So I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from North Dakota offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. In the amendment of the committee, on page 25, lines 10 and 11, it is proposed to strike out the words "at the same rate as the mortgage or other obligation taken up" and insert "at the rate of 5 percent per annum."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. FRAZIER. Mr. President, the amendment, if adopted, would simply make the provision read as follows:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the rate of 5 percent per annum.

Mr. BULKLEY. Mr. President, that will cost hundreds of millions of dollars more than the bill as it now stands.

Mr. FRAZIER. Mr. President, the bill is pretended to be for the benefit of the home owner, and if it is going to be for

the benefit of the home owner it seems to me the rate of interest should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment reported by the committee. [Putting the question.]

Mr. FRAZIER. I ask for a division.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question recurs on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. LONG. Mr. President, this amendment simply is to make the interest rate uniform. As provided by the Senate committee amendment, the mortgage loan is to be taken up, and the Government board is to charge the same rate of interest that is being charged on the particular mortgage. That means 5 percent in New Jersey, 8 percent in Louisiana, and perhaps 12 percent in some other State. The amendment of the Senator from North Dakota simply makes it a uniform rate so that when the Government takes up a mortgage it shall not charge more thereafter than 5 percent. There will be some States that will be getting the benefit of a 5-percent rate. Some will be getting the benefit of an 8-percent rate. The money does not cost the Government more than 5 percent—indeed, not that much—and we ask that there be a uniform interest rate of 5 percent per annum, which many of the States will get anyway, and which some of us will be denied without the amendment.

I ask for the yeas and nays on the amendment of the Senator from North Dakota.

Mr. BULKLEY. Mr. President, the question comes to the whole workability of the bill. It is not a question of what the Government gets or charges on any one specific loan. It is a question of keeping the whole amount of the operation within the limits that are practicable for us to go. We have provided $200,000,000 capital for this institution. That is all it will have in cash. It is true it will have the right to issue $2,000,000,000 of bonds, but those being 4-percent bonds, it is a serious question whether they can sell at par. In fact, we are not contemplating that the bonds will be sold at all. We are contemplating that they will be traded out in payment for these mortgages.

We have provided that within a certain limit, when a mortgage has been taken for less than 50 percent of the value of the property and where the mortgagor has been pinched, the corporation will come to his rescue by advancing sufficient cash to pay off the mortgage. We want that to be confined to cases that are really in distress. We do not want it to go so far as to cause people to want to shift merely for the sake of getting a lower rate of interest. If that is the object, if we want merely to make loans for a lower rate of interest, we can do a volume of business out of all proportion to the amount of money here proposed.

Mr. LONG. Mr. President, what has that to do with it? We will be lending some of this money at 5 percent, because that is the legal rate of interest in some States.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Ohio will permit me?

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. To fix a 5-percent rate of interest would invite every mortgagor to seek to refinace his mortgage whether there was a real necessity for it or not, and would swell the total volume of the business transacted to so many billions of dollars that the Government probably could not finance it at all.

Mr. BULKLEY. That is exactly the situation. If we offer to lend cash or advance it at a rate below the fair going-market rate, if we are going to do so large a business as that would involve, we will have to provide not $200,000,000, but we will have to run into the billions of dollars; we will have to run into an amount that I have no doubt would invite a Presidential veto of the measure.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. WHEELER. Why not say not to exceed 6 percent?

Mr. BULKLEY. To make it as low as 6 percent would be subject to the same objection.

Mr. WHEELER. I do not think so at all. For instance, in the city of Washington a man borrowing money pays 5 or 5½ percent. If the Government is going to loan money at 5 percent in the city of Washington to take up mortgages for the people here, why should not they take up the mortgages for people living in the city of Butte, Mont., or the city of Fargo, N.Dak., or some other place at the same rate of interest? There is nothing to compel the Government to take up these mortgages. The Government would only take them up, I believe, where there is some necessity for them to be taken up. But we should not discriminate; the Government ought not to discriminate against the West or the South.

Mr. BULKLEY. When the Government gives the borrower the same rate of interest that he has bargained for and agreed to pay, there is no discrimination.

Mr. WHEELER. Oh, yes; there is discrimination.

Mr. ROBINSON of Arkansas. Mr. President, if we fix by law a lower rate of interest than the borrower is paying, he will naturally wish to refinance his loan. He would be foolish if he did not. That means that every borrower in the United States who is paying in excess of 5 percent, or whatever rate might be fixed, will immediately seek to refinance his loan and get the benefit of the lower rate of interest.

Mr. WHEELER. I appreciate that.

Mr. ROBINSON of Arkansas. The Government would take over the entire home-loan business.

Mr. WHEELER. I think we are coming to identically that situation anyway.

Mr. BULKLEY. We have a good deal of danger in it anyway, and we do not want that increased by any such provision as is proposed.

Mr. WHEELER. Here is what we will run up against: The Government of the United States will start lending money to the people of the city of New York or the city of Washington at 5 percent, while they will charge my people in Montana 8 or 10 percent, and they will charge the people of North Dakota and other western and Northwestern States 8 or 10 percent. Then we are going to have the greatest charge of discrimination against the Government that we have ever had. I do not want my people saying to me and I do not want to hear the people of the West and South saying that the Government of the United States discriminated against them in favor of some eastern cities where the rate of interest is already lower than it is in the other sections to which I have referred. A private borrower can discriminate in that way, but it seems to me we are placing the Government in a bad position if we undertake to do it.

I do not want to have any criticism against the Government of the United States or against the administration that we can possibly avoid having. If we arrange to loan money to the people of the city of Washington or the city of

New York or some other eastern city at 5 or 6 percent or 4 percent and charge the people of Montana, North Dakota, Minnesota, and the Middle West and South 8 percent, we will have the greatest orgy of criticism against the Government that we have had in this country for a long time.

We are discriminating enough now. We will have pressure brought to bear by the many mortgage holders in the cities of the East to relieve them. It seems to me we are going to meet with a tremendous lot of trouble if we do not lower the rate of interest or regulate it and make it uniform.

Mr. BULKLEY. How much does the Senator want to loan altogether in cash advances?

Mr. WHEELER. That has not anything to do with it.

Mr. BULKLEY. It has a great deal to do with it.

Mr. WHEELER. Not in the slightest degree.

Mr BULKLEY. How are we going to restrict the amount?

Mr. WHEELER. How are we going to restrict it, anyway?

Mr. BULKLEY. It restricts itself if we keep it within bounds. We must not make it too desirable.

Mr. WHEELER. It is not restricted at all under the present bill. I venture the assertion that every man in the State of Montana will want to borrow money from the Government of the United States if he has to pay the same rate of interest he is paying now, because he is going to feel that the Government of the United States is not going to foreclose his property, that it cannot very well do it, or at least it will not do it the same as a private lender would. If the Government of the United States loans the money, then it is going to have to determine whether or not the applicant is liable to lose his place if we do not lend him the money. If we do lend the money, it seems to me the same rate of interest ought to apply in one section of the country that applies in other sections. If not, we are bound to array one section of the country against the Government and against other sections of the country. I do not want to see it. I think it is a very bad practice for the Government to put itself in a position where it will array different sections of the country against other sections.

Mr. BULKLEY. The Senator has nearly convinced me that the Government should lend no money at all under any circumstances.

Mr. WHEELER. I am frank to say that unless we give the people of the country the same general rate, the policy adopted here is not going to do very much good, in my judgment.

Mr. BULKLEY. It is not going to do any good if we allow the people to shift their loans to the Government in order to get a lower rate of interest.

Mr. WHEELER. They are going to shift not simply to get a lower rate of interest but many of them will shift regardless of whether they get a lower rate of interest, because they will feel so much safer with the Government of the United States making the loan to them than if some private individual had made the loan. Would not the Senator feel safer and would not I feel safer if I knew the Government of the United States had made the loan, and I could appeal to my Representative or Senator? I could go down and have my Senator or Representative appeal to the Department and say to the Department, "You must not foreclose this loan." I would feel safer about it than if I had some private individual holding the mortgage and insisting, "If you do not pay this loan, I am going to foreclose and set you out on the street."

Then the question is, What rate of interest shall be fixed? It ought to be the same, and it will not make a particle of difference, in my judgment, in the administration of the provisions of the measure, except that it will stop a very severe criticism that we will get if it can be said, "Yes, the Government lends money to the city of New York and the city of Washington for 5 percent or 4 percent, but it charges the people out here in the West and Northwest in these small towns 8 percent or 10 percent."

Mr. LONG. Mr. President, will the Senator permit me to interrupt him for just a moment?

Mr. WHEELER. I yield.

Mr. LONG. What is the interest rate we have in the Farm Loan Act? Is not that a fixed rate—5½ or 5 percent?

Mr. WHEELER. Yes; we have a fixed rate there.

Mr. LONG. What is the excuse for making fish out of one and fowl out of the other? There is no reason why we should do one thing in one act and another thing in another act.

Mr. BULKLEY. Mr. President, the farm-loan proposition is not a cash advance. It is a bond exchange; and we have the same proposition here, 5 percent, when it is a bond exchange. In this section we are trying to protect the amount of cash advances that the Government will be obliged to make.

Mr. BLACK. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I do.

Mr. BLACK. Has the Senator offered an amendment which will provide that the interest rate shall be the same throughout the country?

Mr. WHEELER. The Senator from North Dakota [Mr. FRAZIER], I think, has offered an amendment to the amendment of the committee making the interest rate 5 percent per annum in all sections of the country.

Mr. FRAZIER. Mr. President, the Senator from Ohio [Mr. BULKLEY] seems to think too many applications for loans would come in if the rate of interest were fixed at 5 percent.

The home bank bill contained a clause for individual loans. There has not been a single individual loan made, and there is a lot of criticism all over the country; and if this provision remains as it is written in the bill by the committee, there will not be any individual loans made here.

If we want the same criticism from the individual home owners who need to save their homes, let us pass the bill as it is, allowing the rate of interest to be whatever the rate of the existing mortgage is. Out in our part of the country it is from 8 to 10 percent; and there will not be any loans made by the Government under those conditions. If the bill is going to be of any benefit to these home owners, if it is going to save their homes, the rate of interest should be lowered to 5 percent.

Under subsection (d) provision is made for loans up to 80 percent of valuation at 5 percent. This provision is for loans up to 50 percent of valuation at 5 percent, if this amendment is adopted.

Mr. BULKLEY. Mr. President, I have explained the distinction there. One is a bond exchange, and the other is a cash advance.

Mr. LONG. Mr. President, I know that several of the Senators did not catch that point. Under the Farm Loan Act we loan 80 percent of the value at 5-percent interest. That is true, is it not?

Mr. FRAZIER. No; 50 percent of the value on farm loans.

Mr. LONG. But under this bill what is done?

Mr. FRAZIER. In subsection (f) of this bill it is provided that not to exceed 50 percent of the value of the property may be loaned; and the amendment would make the interest rate 5 percent.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

Mr. GORE. Mr. President, the Senator from Arkansas [Mr. ROBINSON] a few moments ago not only stated the truth, he stated the whole truth. He said that if this amendment is adopted it will not be long before the Federal Government will take over the entire home-loan business of the country.

Certainly that is true. I do not suppose any Senator lays to his soul the flattering unction that this does not mean that sooner or later the Federal Government will make all these loans on all these homes.

The thing that impresses me, and gives me some concern, is to see "potent, grave, and reverend signiors" discussing the imaginary difference between a 3-year and a 5-year moratorium.

What is the difference? Will not the moratorium be made perpetual? Senators rise in their places and discuss the imaginary difference between 5 percent interest and 8 percent interest under this scheme. What is the difference? Neither will be paid.

The Senator from Montana [Mr. WHEELER] stated another truth. He said that he would feel much safer if his loan were placed with the Federal Government rather than a private lending concern. He said he did not believe the Federal Government would foreclose the mortgage. Certainly it will not. Suppose we make loans to 1,000,000 or 2,000,000 farmers, and they demand extensions, reductions, cancelations. What answer will Senators make?

Mr. WHEELER. "Cancel."

Mr. GORE. The Senator from Montana says "cancel", and echo answers "cancel", a chorus answers "cancel." There is no other course. Farmers are human; Senators are human.

Senators cannot resist the irresistible. Did we not witness here on Friday last the Senate yielding to a demand of veterans, only a small percentage of the number that will have these loans before this system is closed?

Mr. DILL. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. GORE. Yes, sir.

Mr. DILL. I remind the Senator that the Federal land banks have been foreclosing on farmers. I do not think the Senator's argument is backed by the facts in connection with the Federal land banks.

Mr. GORE. Mr. President, sad to say, there have been some foreclosures, and with what result? How many Senators have been appealing to these banks not to foreclose? And did not the Federal Government, a year ago, make another advance of $125,000,000, with the express stipulation that $25,000,000 should be used to avoid and avert foreclosures? Have we not just revised our entire Federal land-loan system? Congress has extended the time, reduced the rate, and granted a 5-year moratorium. That is the point. The future will reenact the past.

What is the nature of the amendments offered here today? Every one of these bills that have come forth provides for easier terms, lower rates, longer terms, wider moratoriums—merely adjourning a day that is inevitable.

Mr. President, I am willing to go as far, willing to go as fast, as whoever goes farthest and fastest in an effort to find and to apply a just, reasonable, and effective solution for our debt problem. That is the problem that staggers us, that staggers the debtors of the country. I am willing and anxious to pass laws that will enable our people to get out of debt rather than to pass so many laws enabling them to get deeper into debt—deeper in the quicksand, deeper in the quagmire of debt.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. DILL. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. At the end of subsection (j) of section 4, on page 26, it is proposed to insert the following:

The President shall appoint one home-loan agent for each State, by and with the advice and consent of the Senate; and the Corporation shall fix the salary of each home-loan agent, but not in excess of $6,000 per annum. The home-loan agent in each State shall be under the direction of the Corporation, and shall perform such duties as the Corporation may direct, and, subject to the approval of the Corporation, shall appoint and fix the compensation of such officers and employees, attorneys, and agents within the States as the Corporation may find are necessary to the performance of the work of the Corporation, without regard to the provisions of other laws applicable to the employment or compensation of such employees of the United States.

Mr. DILL. Mr. President, the purpose of this amendment is to put a stop to the past practices of the officials of this Government in the appointment of the men who are to carry out these emergency measures.

I remind the Senate that we passed the reforestation bill without incorporating in it any provision for control of the appointment of those who were to have charge of the operation of that bill; and what do we find? We find that instead of controlling the work from Washington, D.C., it has been turned over to the State relief commissions, and they are selecting the officials in the various States. They have control; and the Federal Government officials are simply rubber stamps.

We put in the farm bill no provision whatever for selection and confirmation of those who were to carry out those administrative parts of the bill that were to be administered throughout the States; and what has the Secretary of Agriculture done? He has turned over to the Governor and the chief justice of the supreme court of each State the selection of the men who are to administer the emergency provisions of the farm bill; and again the Federal officials here have nothing to say about it. It is the most unheard-of and indefensible procedure I have ever known.

It seems to me that with those two instances before us, with at least the complaint, if not an actual scandal, hanging around the reforestation officials already in the buying of toilet kits for the men in the reforestation camps, it is about time some little Federal control was exercised in the selection of the men who are to administer these laws.

For that reason I have offered here an amendment to provide that the President shall name these agents, and in order that some investigation shall be made by responsible committees of the Senate of the men who are to administer this statute, and that they shall not be appointed by State officials who have no responsibility whatsoever to the Federal Government or to the Congress.

I do not care to take up the time of the Senate in arguing the amendment further. It seems to me that on its face its need is so pressing that it should be adopted unanimously.

Mr. LONG. Mr. President, as I understand—I was not in the Chamber at the moment the amendment was offered—the Senator proposes that this act shall be administered by a State administrator confirmed by the Senate.

Mr. DILL. I propose that the men in the various States who are to carry it out shall be appointed by the President, with the advice and consent of the Senate, and that the employees and assistants under him shall be recommended by him, but approved by the corporation; and that the number of them, their compensation, and their duties, shall be determined by the corporation.

Mr. LONG. Mr. President, I wish to say that the Senator's mention of the recent fraud and corruption that at least is alleged to have been going on under these appointments that are springing up like mushrooms, such as this kit sale and other things of its kind, certainly convinces me that the Senator is right, and that we ought to follow the safe and ordinary course, and have appointments that the Senate will confirm. By that means we will avoid many hours of grief that we are having already as a result of this departure from that safe precedent.

Mr. BULKLEY. Mr. President, of course the subject matter of this amendment has not been before the committee, and I cannot speak for my colleagues. I do not wish anything I say to seem to be en endorsement of any criticism of other administrations that have been set up under emergency legislation; but I see no reason why we should not accept this amendment and let it go to conference.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington [Mr. DILL] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BONE. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 25, line 20, after the word "trust", it is proposed to insert—

or under power of attorney, or by voluntary surrender to the mortgagee.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

Mr. BONE. Mr. President, this amendment has to do with the recovery of a home lost by mortgage foreclosure, and merely broadens the power of the corporation to relieve that type of victim. The present provision of the bill is that the corporation is authorized, for a period of 3 years after the date of enactment of the measure, to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust; and then the amendment proposes to insert the provision—

or under power of attorney, or by voluntary surrender to the mortgagee.

It merely broadens the measure; and I understand that the committee is willing to accept the amendment.

Mr. BULKLEY. Mr. President, this amendment is in line with the policy of the committee in drafting the subsection, and I feel safe in saying that it actually improves the language of the section. I hope it will be agreed to.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. LONG. Mr. President, I move a reconsideration of the vote by which the amendment of the Senator from North Dakota [Mr. FRAZIER] was defeated. It is the amendment on page 25 which proposed to make the interest rate a flat 5 percent.

I move a reconsideration of that vote; and before yielding the floor—because it seems that my good friend from Ohio [Mr. BULKLEY] wants to apply the ax to this motion—I wish to say that I think we ought to have a record vote on this question. It is about the most important amendment we have voted on. Many Senators were not here at the time; and we ought not to pass on this question without a record vote.

Mr. TRAMMELL. Mr. President——

Mr. LONG. I yield to the Senator from Florida.

Mr. TRAMMELL. I desire to state that I am heartily in sympathy with that view. Let Senators express themselves on these matters which are of vital concern to the home owners of the country.

Mr. LONG. I agree with the Senator from Florida.

Mr. President, I do not think Senators want to leave here without a record vote on this matter. When only a few of us participate in a vote, it does not develop the sentiment of the Senate on an important matter of this kind.

This amendment provides for a uniform interest rate throughout the country. If the interest rate in New Jersey is 5 percent—and I understand that to be the legal rate of interest in that State——

Mr. KEAN. No, Mr. President; it is 6 percent.

Mr. LONG. Well, I am willing to make it 6 percent in this amendment, if the Senator wants to have it 6 percent. I wonder if I may get the consent of the Senator from North Dakota to make this 6 percent instead of 5 percent? I want to be liberal about it.

Mr. FRAZIER. Mr. President, as I understand, the motion to reconsider would have to be agreed to before we could change the rate. Six percent would be a great deal better than the present provision.

Mr. LONG. I may state, may I not, that we will modify the amendment so as to make it 6 percent if the motion to reconsider is agreed to?

Mr. FRAZIER. I will make it that.

Mr. LONG. I ask unanimous consent, with the consent of the Senator from North Dakota, to make the figure in the amendment 6 percent instead of 5 percent.

The PRESIDING OFFICER. That can be done only by unanimous consent to reconsider the vote by which the amendment offered by the Senator from North Dakota was rejected.

Mr. LONG. Then, on behalf of the Senator from North Dakota and myself and others of us, with the permission of the Senator from North Dakota, I announce that if the vote is reconsidered, we will make this amendment provide for 6 percent, so that there will be that much more allowed.

I have not read the act lately, but I am told that we made the Farm Mortgage Act a bond proposition, with the bonds bearing 4 percent and the loans 5 percent. In this instance we will make the figure 6 percent, and there is no reason under the sun why, if we are to lend this money to the people of the country to save their homes, the man in New Jersey shall borrow it at 6 percent, the man in North Dakota at 10 or 11 percent, and the man in Louisiana at 8 percent.

Mr. LOGAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LOGAN. The Senator from Louisiana suggests that if there is a reconsideration of the vote by which the amendment was rejected he will then offer to change the amendment and make it 6 percent. What I should like to know is whether or not there is anything that will prevent the Senator from Louisiana from offering an amendment now making the rate 6 percent, without a reconsideration at all.

Mr. LONG. I can do that; can I not, Mr. President?

The PRESIDING OFFICER. That would be in order.

Mr. LONG. Then, I will withdraw my motion to reconsider, without prejudice; and I now offer an amendment, in line 10, page 25, to strike out the words "the same rate as the mortgage or other obligation taken up", and in lieu thereof insert the words "a rate not to exceed 6 percent per annum."

The PRESIDING OFFICER. The Senator from Louisiana withdraws the motion to reconsider, and offers an amendment. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment of the committee.

Mr. LONG. Mr. President, in line with what has been suggested by my distinguished colleague from Kentucky [Mr. LOGAN], I have made this amendment provide for 6 percent. That is enough; 6 percent is plenty; that is all it ought to be. We made the farm-mortgage rate 5 percent, and we certainly ought not to make this to exceed 6 percent. My amendment would allow them to charge not to exceed 6 percent per annum.

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the idea that there should not be a higher rate of interest charged for Government money in one State than in another. I call the Senator's attention to the fact that under the amendment he has now proposed the corporation might still charge 5 percent in one State and 6 percent in another. If the Senator will simply make his amendment provide for a rate of interest which shall be uniform throughout the country, but which shall in no event be greater than a certain amount, he would cover the situation.

Mr. LONG. I am willing to modify the amendment to that extent so as to read:

A rate of interest which shall be uniform throughout the United States, but which in no event shall exceed 6 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as modified, to the amendment of the committee.

Mr. BULKLEY. Mr. President, this subject has been pretty fully discussed. The amendment as now offered does not seem to me to present the same dangers presented by the amendment carrying 5 percent. I do not think it is free from danger; I think it is a matter which ought to have further consideration, and that there ought to be further opportunity to find out how dangerous it is. With that

statement I am willing to accept the amendment as offered, and hope that the conferees will consider carefully whether such an arrangement is justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. There is proposed to be added a new section, as follows:

On the board of directors of the Federal home land banks, the Home Owners' Loan Corporation, and the Federal savings and loan associations, the Federal Home Loan Bank Board shall name such number of the directors as is equal to the proportion of the total as the capital paid-in stock of the Government bears to the total of all paid-in capital stock.

Mr. TRAMMELL. Mr. President, I offer this amendment for the purpose of giving the Government representation on the board of directors of these different agencies set up by the bill and also set up by the original Home Loan Bank Act.

At the present time, under the original Home Loan Act, the Government, although it has paid in more of the capital, as far as the cash contribution is concerned, than the other members of the organization, has no representation whatever upon the board of directors.

I should like to know where we could find a set of business men anywhere in this country who would contribute a greater proportion of the cash capital for a corporation than did other stockholders, and have no representation upon the board of directors.

The object of the amendment is to provide that if the Government has paid in $200,000,000 toward the capital stock of the corporation and other stockholders have paid in only $1,000,000 toward the capital stock, the Government shall have something to do with the management and the direction of the institution. It is upon a fairer basis, it is upon the basis of the amount of the paid-in capital stock of the Government, through the Reconstruction Finance Corporation, in proportion to that paid in by the other stockholders. It seems to me it is a very reasonable proposition.

Mr. BULKLEY. Mr. President, I desire to make sure that I understand the amendment. The Senator intends that the Home Loan Bank Board shall name directors of the home loan banks and of the Federal savings and loan associations in the same proportion the Government capital bears to the total capital?

Mr. TRAMMELL. That is the idea.

Mr. BULKLEY. I see no objection to that, but in the amendment as submitted by the Senator there is reference also to directors of the home owners' loan corporation. The bill provides that the directors shall be the Home Loan Bank Board, so if the Senator will eliminate that from the amendment, I shall see no reason for not accepting it.

Mr. TRAMMELL. I wrote that in for the reason that I was not sure whether it was contemplated there should be a board separate for that organization. I modify my amendment by striking out the reference to the Federal home loan corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. FESS. Mr. President, before we vote on the bill, I should like to ask the Senator in charge of the bill a question.

As written here, the bill provides that the home owners' loan corporation shall be an instrumentality of the Government, and then there is authorization that it may issue $2,000,000,000 of bonds, and a provision that interest is guaranteed by the Government. Would the purchaser of one of the bonds have any basis for stating that the bond was a Government bond, guaranteed by the Government?

Mr. BULKLEY. In my opinion, he would not, and I think any reasonable precaution ought to be taken against that. Has the Senator any suggestion?

Mr. FESS. We wrote a provision in the Home Loan Act that the bonds must state that they were not Government obligations. It was stated that that might destroy their marketability, but I feared that if such a provision were not written in some might be misled.

Mr. BULKLEY. The bonds might be given a marketability to which they were not entitled.

Mr. FESS. Yes. What I wanted was the Senator's statement, so that there might be no misunderstanding, when these bonds are offered for sale, as to whether they are Government obligations or not.

Mr. BULKLEY. As I understand it, the intent of the measure is that the Government shall guarantee the interest until maturity, and no more interest and no principal whatever.

Mr. FESS. And no purchaser of the bonds would be purchasing Government bonds?

Mr. BULKLEY. He would not.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. TRAMMELL. Mr. President, I offer an amendment, on page 18, line 24, to strike out "$25,000" and to insert in lieu thereof "$15,000." Very briefly, this amendment seeks to limit the so-called "home loan" to $15,000 upon one piece of property instead of $25,00. I think $15,000 would probably be enough, but, in view of the fact that the attitude of the chairman of the committee and some other Senators is that there will not be sufficient funds for a spread to reach any great number of home owners in taking care of their mortgages, I believe that we should reduce the maximum so that we may increase the opportunity and assurance that people who live in homes of the value of $20,000 may still have available to them this character of loan, and may enlarge the opportunity to obtain loans on the part of the owners of five and ten thousand dollar homes and even of $3,000 or $1,000 homes. As a rule, the person who lives in the humble cottage or the medium-priced home needs assistance and the beneficent aid of the Government more than does the person who lives in a $25,000 or a $30,000 or a $50,000 home. I should like to have the limitation maximum reduced to $15,000, because I think there would thereby be a greater spread.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. BULKLEY. I want to inquire whether the committee amendment has not already been agreed to.

The PRESIDING OFFICER. The committee amendment has been agreed to, and, under the parliamentary situation, the amendment of the Senator from Florida is not now in order unless the vote by which the amendment was agreed to shall be reconsidered.

Mr. BULKLEY. I will ask the Senator from Florida to let the amendment go, under the circumstances. The bill as it passed the House provides for a $15,000 limit, and the issue which the Senator from Florida now raises will be before us in conference anyway. Many Members have urgently wanted a higher limit. I think if the Senator will let us consider the matter in conference, it will have fair consideration.

Mr. TRAMMELL. I gladly yield to that suggestion. I had noticed that the other House placed this restriction on the bill, providing a maximum of $15,000.

Mr. BULKLEY. That is correct.

Mr. TRAMMELL. As suggested by the Senator from Ohio, the matter will be in conference anyway, but I wish to make clear that, so far as my own preference is concerned, it is that the maximum should not exceed $15,000.

The PRESIDING OFFICER. The question is, Shall the amendment be ordered engrossed and the bill read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

Mr. BULKLEY. Mr. President, I move that the Senate insist on its amendment, ask for a conference with the House on the bill and amendment, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULKLEY, Mr. WAGNER, and Mr. TOWNSEND conferees on the part of the Senate.

REGULATION OF BANKING—INSURANCE OF DEPOSITS

Mr. VANDENBERG. Mr. President, I desire to submit a brief comment on the bank bill conference which is now in progress.

I understand that the Treasury Department, and perhaps even higher authority, recommended the rejection of the amendment which the Senate adopted to provide for immediate deposit insurance open to all Federal Reserve member banks and to all State banks which are qualified as solvent by the State banking authorities.

I do not care to go into the merits of the matter. I do want to comment on the attitude of the Treasury Department, because it is utterly inconsistent with the Treasury's own attitude respecting this same subject within the past 2 weeks, and I want to lay down a plain warning, that we shall have to have an explanation of the proposition which came from the Secretary of the Treasury 2 weeks ago if it shall now develop that the thoroughly limited proposition upon which the Senate agreed is to be rejected upon the Treasury's recommendation.

I remind the Senate that on May 19—and I am reading from the Washington Times—the Secretary of the Treasury proposed "a sweeping proposal for the guaranty of all bank deposits during the period of economic emergency."

I quote further:

> Machinery for the protection of depositors' funds would be administered by the Reconstruction Finance Corporation. The guaranty would be effective immediately.

Mr. President, I call the Senate's attention to the fact that within the past 2 weeks the Secretary of the Treasury has appeared before the Senate Committee on Banking and Currency proposing not a limited insurance, such as is included in the amendment which the Senate adopted, but a complete, 100-percent guaranty.

What is the difference between the proposal which the Senate passed and the proposal which the Secretary of the Treasury submitted? As nearly as I can discover, the difference is that the Secretary of the Treasury proposed to charge the entire hazard against the Public Treasury and against the taxpayers of the United States, whereas the formula which the Senate has approved requires a primary bank contribution and a primary bank responsibility behind the insurance. In other words, the Secretary of the Treasury is in no position to complain that the limited insurance proposed by the Senate is in any degree a hazard to the public credit when he himself, within the past 2 weeks, proposed four times as much of a charge against the public credit in this connection.

There is utterly no reason in consistency or rational attitude for the recommendation which is made to the conference by these higher authorities against the acceptance of the amendment for immediate-deposit insurance which the Senate has approved.

SECRETARY WOODIN'S STATEMENT AS TO MUSIC

Mr. LONG. Mr. President, it will be remembered by the Senate that in the closing days of Mr. Hoover's administration he advised the American people that it would be well if someone would write a poem that would inspire the country. I now have in my hand a message from Mr. Woodin, who suggests that if someone would inspire us with music it might bring the country back on its feet. I send this article to the desk and ask that it may be incorporated in the RECORD, and that the clerk may read the first paragraph down to the point I have marked.

The PRESIDING OFFICER. Without objection, the clerk will read the first paragraph of the article down to the point marked, and the remainder of it will be printed in the RECORD.

The legislative clerk read as follows:

> SYRACUSE, N.Y., June 5.—America, "unafraid and invincible", needs music more now than ever to stimulate courage, said William H. Woodin, Secretary of the Treasury, speaking at the sixty-second annual commencement at Syracuse University.

The remainder of the article is as follows:

> Dwelling for a moment on things financial, he said:
>
> "Fear, far more than any other thing, has been responsible for the failure of financial institutions. Fear spreads like forest fire, and many of the runs upon banks have been wholly unwarranted and entirely results of fear, the father and mother of panic. When a man draws his account from the bank and sticks it in a safety-deposit box or an old teapot for security, he does so because of fear; and buried money will not come out of hiding until full faith in the future is restored and the destructive hysteria or fear is turned into confidence."
>
> Some other high lights of the address:
>
> "Precisely as a small boy whistles instinctively to keep up his courage, so are we all crying for something to bring about confidence and to displace the absurd hysteria of fear which in the last few years has made men and women avoid great human responsibilities which these dynamic times demand.
>
> "Vibrations of fine music put mysterious initiative, resolution, and courage into the normal individual."
>
> Upon his arrival, Mr. Woodin was asked about unofficial rumors that he might resign.
>
> "I don't mind that a bit", he said. "I'm used to being asked that; but I have no statement to make, particularly today." Later he amplified this. "As I was leaving the President's room—he knew I was coming up here—he said: 'Will, you can tell them for me that when I get myself in trouble I always whistle a tune.'"
>
> "Isn't the harmony of the spheres more audible now than it was a year ago?" he was asked. "Some harmony is; but don't try to take me out of my sphere for the day", he replied.

INCOME TAXES—LETTER OF DR. LINSLY R. WILLIAMS

Mr. COPELAND. I have received a very interesting letter from Dr. Linsly R. Williams, of New York, relating to the income taxes. I ask that it may be printed in the body of the RECORD and referred to the Committee on Finance.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NEW YORK, *June 1, 1933.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

DEAR SIR: For a number of years I have been deeply interested in the subject of taxation and particularly in the Federal income tax. I have written a number of letters to the Secretary of the Treasury and Members of Congress, criticizing the inequalities of the present tax law.

There has been an insistent demand on the part of many people that Congress should soak the rich, and in an endeavor to secure a larger amount of tax from the larger incomes there has been added from time to time a surtax and also a tax on capital gains, to prevent people from becoming too rich. It has been held by a former Secretary of the Treasury that a capital gain was income and that a tax on dividends from stock corporations was double taxation, but he and many others approved of the surtax, which was also a double tax.

To demonstrate the inequalities and injustice of the present Federal income-tax law, based on the tax for the year 1932, I would cite the following:

Case 1. A professor, 45 years of age; has practically no savings; has wife and two children; receives a salary of $7,000 a year. This professor paid a tax of $148.

Case 2. A spinster, 60 years of age; received a trust from her father, all of which is invested in preferred and common stocks, amounting to about $200,000. She has no dependents. She paid no tax on her income, but paid a surtax of $10.

Case 3. A retired business man of 65, invested all his savings, amounting to a little over $300,000 in Federal, State, and local tax-exempt bonds; has no dependents; his income for 1932 was $14,000. He paid a tax for 1932 of $140.

Case 4. An active business man who has a large fortune invested in securities of a marketable value of over thirty million, had an income during 1932 of over one million; at the end of the year he sold a considerable number of securities and under the law claimed a loss of over a million dollars. He paid no tax.

Very few people have taken cognizance of the fact that instead of soaking the rich, the present Federal income-tax law favors the rich in many instances, although many of them do pay enormous sums, especially in good times.

No doubt there will be many suggestions made for changes in the tax law, and I should strongly recommend that very earnest consideration be given to the following:

1. That the tax at the present rate of 13½ percent on the profits of stock corporations be abolished and there be substituted a 1 percent excise tax on the gross sales of the corporation, and that the recipient of the dividends pay the tax, instead of the corporation.

2. That steps be taken to discontinue the exemption of Federal, State, and other local and municipal bonds by constitutional amendment, if necessary.

3. That the capital gain and loss clauses be abolished and that capital gains be taxed at a rate of 5 percent and not considered as income, but all receipts from this source be placed in the sinking fund.

4. That the Government depend more on excise taxes, lower the rate of tax on the smaller incomes, and maintain the higher rates on large incomes.

If these amendments were adopted, the distribution of the tax would be more fair and the Government would receive a far larger income.

Very truly yours,

LINSLY R. WILLIAMS.

AMERICA—ON THE SEA AND IN THE AIR—ADDRESS BY ALFRED E. SMITH

Mr. COPELAND. Mr. President, the Senator from Georgia [Mr. GEORGE] has introduced and secured the passage of a joint resolution providing for the designation of a National Maritime Day. I have here a very illuminating address by the Honorable Alfred E. Smith on the subject of America—On the Sea and in the Air. I ask that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

It is a pleasure for me to cooperate with the men interested in furthering the cause of the American merchant marine in the celebration of a National Maritime Day. I can make no claims to a sea-faring youth, but ships and the meaning of ships were things not unknown to the youth of my generation which enjoyed playtime adventures along the docks of the East River years ago. We saw ships there in those days. I remember that they entered in a very useful and practical way into one of my favorite sports. That sport was the using of the bowsprit of a ship as it overhung a dock as a sort of trapeze. There was one very interesting lesson about shipping which I learned in my search along the docks for a bowsprit to be used as a trapeze. The boats that were loaded were the ones to look for. A boat without cargo rode so high that it was impossible for us youthful trapeze artists to reach the bowsprit. The trick was to find either those which had not yet been unloaded or those which had been loaded preparatory to clearing for sea again. We came to know those ships which came in well loaded and those which, loading and unloading, made a quick turn-around. We came to see from our own viewpoint that cargo was an important factor in shipping.

We have a habit, however, of forgetting the lessons of the past. There was a very important lesson concerning shipping which was taught us as a result of the World War. When we went to war in 1917 we were woefully lacking in ships.

A merchant-marine and an air-transportation system play an important part in the scheme of national defense.

In case of a war where we are involved it is of invaluable assistance to have an adequate merchant marine for the transportation of troops and supplies and for use as auxiliary armed cruisers. The personnel is also of the greatest utility in furnishing the Navy a proper reserve of men trained in the ways of the sea.

In event of a war, such as the beginning of the Great War in 1914, a merchant marine is of equal use in assuring us of transportation for our products in keeping up our foreign trade. We had but 17 ocean-going vessels available in 1914; and when ships of the other countries that had been carrying more than 90 percent of American exports were withdrawn for use by their own countries, millions of dollars were lost by American farmers and manufacturers through inability to get shipping for their products).

As a result of our unpreparedness, we spent 3½ billion dollars through the Shipping Board, building 2,300 ships, which, as usual when things are done that way, resulted in the waste of hundreds of millions in the building and the waste of most of the balance in the end as the ships were entirely unsuited for commercial traffic in peace time. Some of our rivers have been clogged for years by the hundreds of ships moored in them, useless for anything except scrap.

And here is what this error of our ways really cost us:

Building program, $3,500,000,000.

Annual interest on the bonds put out to finance the building, $100,000,000.

More than a hundred million dollars loss to American farmers and manufacturers through inability to export their products.

The Jones-White Act of 1928 provided for Government loans to companies at low rates of interest to build ships and 10-year mail contracts on a basis that would enable them to be operated successfully upon American wage and living standards.

Owing to American wage scales and living standards, it costs more to build ships here than abroad and it also costs more to operate them. As a result of the Jones-White Act, in the past 5 years American ship lines have constructed 42 fine new ocean-going vessels costing more than a quarter of a billion dollars, giving employment during the depression to thousands of workmen. In these same 5 years, private initiative, backed by intelligent legislation, has added a new arm to American consumers with a national system of airways between this country and the markets of 32 nations. Today this merchant marine of the air has attained world leadership. Our aircraft factories are building a fleet of flying clipper ships, the largest merchant aircraft to hold this supremacy and to win for America its rightful place on the fast-developing trade airways of the world.

We have put the American flag back upon the world's main trade routes and created a reservoir of men and ships available for national emergency. It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—that he must lend his support and patronage to his country's shipping.

In the North Atlantic trade, which is the most active in the world, of the 20 or 25 percent of the passengers who are foreigners, the proportion selecting American steamers is almost negligible, while of the remaining 80 or 75 percent, who are Americans, more than half use foreign vessels. In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency.

We have a half-billion-dollar annual bill for marine freight and passenger service which the American public pays. Of this amount, fully two thirds goes to foreign shipping, and the bulk of this share, estimated at 85 percent, is not spent in this country. In other words, upwards of 60 percent of the amount we pay for shipping service in the international trade leaves our country and is spent abroad. Add this sum to our national income, and thousands of Americans could be put to work.

The statistics here given are intended to awaken lively interest in our merchant marine on the part of our citizens. It means much to the country, adds materially to our prosperity, should be a large part of our national concern for trade both at home and abroad, and let us hope that this celebration of Maritime Day may influence all who can be brought within our influence to the end that this important national and business question be the concern of all our citizens.

REPORT OF INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. HARRISON. From the Committee on Finance, I report back favorably, with amendments, the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, and I submit a report (No. 114) thereon.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. HARRISON. May I say that I hope we can have this measure up tomorrow?

Mr. LONG. Mr. President, I desire to ask if the report just submitted by the Senator from Mississippi [Mr. HARRISON] is on the public construction bill?

Mr. HARRISON. It is.

Mr. LONG. I want to say that I hope the Senator from Mississippi will not try to bring that bill up tomorrow, because I have not been able to tell just what tax schedule some of us desire to propose. There are several of us who wanted to prepare and offer an amendment to the tax schedule which will be embraced in the bill.

Mr. ROBINSON of Arkansas. The Senator will have an opportunity to do that.

Mr. HARRISON. The tax features come last in the bill. I am sure the Senator from Louisiana will have ample opportunity while the bill is under discussion to study that feature of the bill.

Mr. McNARY. Mr. President, I understand the report submitted by the Senator from Mississippi is on the so-called "industrial recovery bill"?

Mr. HARRISON. It is on the so-called "industrial recovery bill".

Mr. McNARY. May I suggest to the Senator from Arkansas and to the Senator from Mississippi that the consideration of the bill go over for 1 day; that is, until Wednesday next?

Mr. HARRISON. Mr. President, I am not asking that it be considered now. I am merely submitting the report, so that it may be printed.

Mr. McNARY. I appreciate that, but I should like to continue my suggestion that we may have an understanding this afternoon that the bill shall go over for 1 day, until Wednesday. It is the most important proposal in the nature of legislation that has ever been presented to this or any other Congress. I desire to have a conference of the Republican minority on the measure. We should at least have a day to study the bill. That is a very fair request. Tomorrow let us take up the calendar and the conference report on the gasoline tax bill. Cleaning up the calendar and getting through with the conference report will probably fully occupy the time tomorrow, and then on Wednesday we may start in on a proper and intelligent consideration of the public works and so-called "industrial recovery" bill.

If we may have that understanding, we can take a recess at this time and come here prepared tomorrow to make a study of the bill and get through with the pending business, as I have suggested, or any other that may occur to the able Senator from Arkansas.

Mr. HARRISON. May I say to the Senator from Oregon that the Committee on Finance has been working night and day on this measure in order to report it to the Senate as quickly as possible? It is a measure of many angles and it is important in character. I have not any desire to project the measure unnecessarily or to have it considered hastily, but I do hope that we may secure consideration of it as quickly as possible and come to a definite conclusion. I shall abide by the wishes of the leader on this side with reference to taking the bill up Wednesday or tomorrow. I do, however, want it to be taken up as speedily as possible.

Mr. McNARY. I desire to cooperate, may I say to the Senator, in the matter of securing early consideration of the bill; but I am sure, in the interest of expedition and fairness to every Member of the Senate, we should have one day in which to study the bill and the report on it. That is my only reason for suggesting that we have an understanding that the bill shall not be brought up until Wednesday.

Mr. ROBINSON of Arkansas. Mr. President, the request of the Senator from Oregon is reasonable. The only consideration that causes me to hesitate at all to grant his request is the fact that is well known that it has been hoped the present session might be concluded at the end of the current week. In view of the importance of the bill, I can conceive that it might conserve time to let it go over until Wednesday morning; Senators will be afforded an opportunity of familiarizing themselves with it; and, in view of the very gracious spirit manifest by the Senator from Oregon and the cooperation he has given and is giving in connection with the disposition of legislation, I shall make no objection to his request.

It is my intention to move an adjournment in order that we may have a morning hour tomorrow. I understand that the arrangement suggested is satisfactory to the Senator from Mississippi.

Mr. HARRISON. It is entirely satisfactory to me. I merely want to give notice that, following the morning hour, I shall move to take up the conference report on the bill involving the tax on electrical energy.

Mr. ROBINSON of Arkansas. I also suggest that if there be other conference reports, Senators in charge of them may be prepared to present them, as in all probability ample opportunity will be afforded tomorrow for their consideration.

WHEN WAR CAME TO THE INDIAN—ARTICLE BY P. F. BYRNE (S.DOC. NO. 68)

Mr. FRAZIER. Mr. President, an article was sent to me a few days ago which is entitled "When War Came to the Indian—a Chapter of Neglected Truth in American History", by Mr. P. E. Byrne, of Bismarck, N.Dak. Mr. Byrne is an attorney there. He was secretary to former Governor Burke, and has made a deep study of the Indian question. He has written a great many articles on it. The article to which I now refer was published in the North Dakota Historical Quarterly by the State Historical Society of North Dakota. I referred the article to the present Commissioner of Indian Affairs, Mr. Collier, for his opinion, and he writes a letter commending it very highly and suggesting that it be printed as a Senate document.

It is an important article. The so-called "Custer massacre" has for years been greatly exaggerated and misrepresented by historians, and I believe that this little article, which I consider authentic, would do a great deal to correct the false impression that has been extant during all these years. It has been charged against the Sioux Indians that they massacred Custer's army. I believe the situation was that the Indians outgeneraled those in command of the forces of the United States.

I ask unanimous consent, Mr. President, to have this article printed as a Senate document and that the letter from the Commissioner of Indian Affairs may be printed as a preface to the Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, June 6, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 5, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Father in Heaven, for this radiant daylight hour we thank Thee for the marvelous revelation of Thy infinite self in the open book of nature. In Thy handiwork we see universal love and disinterested affection. Thy gracious gifts are not doled out to a selected few, but for the wide world's comfort and happiness. Thy sun shines upon the just and the unjust; the poor man is blest equally with the rich man; selfishness receives as much as benevolence. We praise Thee, merciful God, that from Thy throne there gush forth the streams of love which flow for all men. Thy kindness is universal and Thy forgiveness disinterested. We praise Thee that Thy sympathy, Thy kindness, and Thy generosity move over us like the glory of a summer sky, overflowing in countless treasure. Oh, may they all come to us with the gentle voice, namely, "Come unto Me all ye that labor and are heavy laden, and I will give you rest." Amen.

The Journal of the proceedings of Saturday, June 3, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. COLLINS of Mississippi. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COLLINS of Mississippi. As I understand the parliamentary situation, the House stands now in exactly the attitude that it did on Saturday afternoon last when I rose and made objection to the vote because there was no quorum present. I should like to ask the Chair if the point of no quorum made at this time by the gentleman from New York [Mr. SNELL] does not automatically call for a roll call on this bill?

Mr. BLANTON. No; because the presumption is that a quorum is present this morning.

The SPEAKER. Evidently there is no quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 54]

Abernethy	Dingell	Jenckes	Pettengill
Almon	Disney	Keller	Ransley
Andrew, Mass.	Dowell	Kleberg	Rayburn
Auf der Heide	Edmonds	Kocialkowski	Reed, N.Y.
Bacon	Fitzgibbons	Kvale	Reid, Ill.
Boland	Fulmer	Lehlbach	Rich
Britten	Gasque	Lehr	Sears
Buckbee	Gavagan	Lewis, Md.	Sisson
Burke, Calif.	Gifford	McDuffie	Stokes
Celler	Goldsborough	McFarlane	Vinson, Ky.
Chavez	Greenwood	McReynolds	Wadsworth
Claiborne	Hamilton	McSwain	Waldron
Cochran, Pa.	Hart	Montague	Walter
Connolly	Hoeppel	Moynihan	Warren
Corning	Hornor	Muldowney	
Crump	Hughes	Murdock	
De Priest	Jeffers	Perkins	

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, of Wisconsin, is unavoidably detained because of business.

The SPEAKER. Three hundred and sixty-five Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

MEMORIAL DAY

Mr. RANDOLPH. Mr. Speaker, under permission to revise and extend my remarks in the RECORD, I wish to include an eloquent memorial address delivered by my colleague from West Virginia [Mr. RAMSAY].

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following memorial address delivered by Hon. ROBERT L. RAMSAY, of West Virginia, at McMechen, W.Va., May 30, 1933:

Today all over this broad land the people of the United States meet in sacred session to pay tribute of respect to their departed dead who have "crossed the bourn from whence no traveler e'er returns."

It is only natural that man should mourn and lament over the death of a friend. When the grim Reaper has passed among us and stricken one whom we loved with death, we stand appalled at the awful mystery of it all, for we do not understand why the light of yesterday does not shine today, and why we no more feel the loving touch of the vanished hand, nor hear the voice that is now still. And we cry out like infants crying in the dark, for the light, with no language but a cry. And yet—why grieve? Death has no more mystery than has life. Each is only an inevitable and necessary law of nature and an incident in some Infinite plan we know not of.

We do not know why our friend has died, yet we know not why he lived. His birth, life, and death are to us wrapped in a cloak of mystery. Yet we know that death is not all; we know that man with his fertile brain has made it possible to perpetuate the history of the past and to penetrate the future and lift the vale of ages yet unborn, and to even snatch the lightning from the skies and harness it to man's bidding. Yes; we know from the wonderful inventions and ingenuity of man that in death he is more than mortal. But in life he is only mortal and was born to die that others might live.

"The boast of heraldry, the pomp of power,
And all that beauty, all that wealth e'er gave,
Await alike th' inevitable hour.
The paths of glory lead but to the grave."

Civilization is progressive. Every generation has its front rank and its rear rank. But the march of progress goes steadily onward toward the evolution of God's final purpose; the rear rank of each generation and the front rank of the new generation take their stand far beyond the ken of men of days gone by.

Time was—and not many generations ago—when ordinary men like you and me were looked upon as mere pawns to be used and cast aside by the will of a man who wore a coronet on his brow and held a scepter in his hand. The life and welfare of the common man meant nothing to him. To the common man the gates of ambition were forever closed. For him life held no bright promise to lure him on to noble thoughts and valorous achievements.

Today the best spirit of the world has changed. Though the eternal battle of life still rages, though the strong continue to oppress the weak, though tears are shed, blows are struck, and blood is spilled, yet through the din of strife, above the clash of arms, now strong, now weak, but ever growing more distinct, we hear the harmony of a sweet refrain, "Truth, justice, and equality." It is the voice of the world's front rank—that mighty advance guard of civilization pouring forth that wondrous melody—that song of songs—the fatherhood of God and the brotherhood of man.

It has been said that a nation's dead constitute the Iliad of a nation's woe, and its best heritage is the lessons which it carries to the living.

To care for and preserve the memory of those who have gone before has been to the thoughtful student of history, at all times, one of the signboards which show the progressive march of civilization and the development of the races. The monument to a dead hero, whose life has contributed something to the State, stands not alone as a constant tribute to his virtues and his memory, but an inspiration to the living and the nations of the earth which have not responded to this honored sentiment have not long survived the empire of decay. However short or humble a man's life may be, there gathers about it always something of love and sympathy; and when it is gone, some fond hope or bright ambition perishes.

The dead leave their good deeds behind them to serve both as a warning and an example, to be judged by what has been accomplished, by the spirit which inspired it and temptations and environments which endanger it. No man has lived without making some impressions, for good or ill, upon his generation, and no one is wholly dead whose memory or whose example inspires the humblest to higher ideals or loftier purposes. Man's life leaves the body and is borne to the earth whence it came; fruits and flowers bloom and blossom in the springtime and, with chill November's surly blast, fall to the earth and decay; but there never was a fruit and there never bloomed a flower that did not leave its seed, and never a life that did not leave the fruit of its example. The sun of man's life goes down and passes below the horizon, but the star of his example and good works remains fixed, unalterable in the firmament.

On a hillock, above the narrow pass of Thermopylae, stands in heroic size a marble lion—fit emblem of intrepid courage—and at its base is found the inscription:

"Go, tell the Spartan, thou that passeth by,
That here obedient to their laws we lie."

To the shrine of Spartan valor, the Spartan mother brings her son and reading the message which the dead sends to the living, recounts the story of Leonidas, the young king, and his Spartan band, who gave up their lives in defense of their country's laws. The same sentiment, ever ancient and ever new, still survives and will continue to live.

Twenty-three centuries have not extinguished this feeling of veneration for the dead, who have left the impress of their lives and the force of their example behind them. It still lives to console and elevate humanity. Its memorials are today found in every civilized land.

On the banks of the Danube, the historic stream whose waves have witnessed the march of the hordes of Attila and the paladins of Charlemagne, whose shores have echoed to the tramp of Roman legions, the hymns of the Crusaders, and the artillery of Napoleon, stands a noble structure in marble, called the Hall of Heroes, containing the effigies of the great men of Germany. By the soft blue waters of Lake Lucerne stands the Chapel of William Tell; and in the black aisle of the old cathedral of Innsbruck the peasant of the Tirol comes from his Alpine home and kneels, with bowed head, before the statue of Andreas Hofer.

The Frenchman rejoices in the glories of his race as he stands under the dome of the Invalides and looks upon the sarcophagus which contains the ashes of the Corsican Corporal, who carried the eagles of France beyond the Alps, stood with the tricolor in his hand on the Bridge of Lodi, dictated the great treaty on a raft at Tilsit, and fought Russian fires and Russian snows at the gates of the Kremlin. The Great Emperor, whose heel rang out upon the tessellated floors of the capitols of Europe, as he toppled their thrones, and used them as stepping stones, upon which he mounted the throne of the Empire of France; and as his countryman follows him to that dazzling summit, he can weep over his passing as he sees him driven into exile, where, like the caged eagle, he beats out his heart against the barren rocks of St. Helena.

In England—in Westminster Abbey, the Valhalla where rest England's great, her mighty dead—under the arched domes, with its many-colored lights, there are shed soft rays from a thousand windows, where stand in flawless marble and well-burnished bronze statues and monuments of the statesmen and the warriors who have caused the drumbeat of England to circle the globe and enabled the Briton to indulge in the proud boast of an ancient Spanish King—that the sun never sets upon his possessions; and

there are found the statues of her great Kings and her murdered princes, the learned Canning, and the elder and younger Pitt, the illustrious Gladstone, and his great rival in statescraft, Disraeli, the incomparable Jew, who welded principalities into an empire and crowned his queen with the diadem of an empress. Throughout the whole of the United Kingdom stand statues to her Wellington, her Gordon, and her Nelson—to the heroes of wars and the statesmen of her Parliaments. In these memorials to her departed dead you can see some of the secrets of England's 10 centuries of achievement. During life she might forget Nelson's last request before he fell at Trafalgar, she may have deserted Chinese Gordon to languish and die in the Sudan, yet she perpetuated for the living their memories, by preserving the heroism of their lives, after their deaths.

To emphasize the universality of this sentiment, one need not wander into strange lands nor search for new evidence among strange peoples. In our National Capitol, over whose dome stands the bronze figure of the Goddess of Freedom, is a Hall dedicated by national law and affectionate sentiment to the segregated States of the American Union; and in the city countless monuments and statues to the heroes of our wars for freedom and liberty—Yorktown, Gettysburg, Santiago, the Marne, and Chateau Thierry. And yet we know that these memorials, which stand out like granite ledges in the pathways of recorded time, only mark the name and perpetuate the fame of him who, by precept or example, has done the State some service, and leave unsolved the great mysteries of life and death. It is the life beyond the grave, when the soul has taken its flight from its tenement of clay, which has challenged the best thought of theologians and philosophers throughout all time. Some, in the whirl of busy life and the carnival of earthly ambition, may treat with sneer or jest the power and beauty of the Christian religion, but the sneer is robbed of its sting, and the jest becomes a mockery in the face of the struggling soul amid the agonies of dissolving nature and the gloom of approaching death. It is the quiet still voice from within which makes us feel there is that about us which will conquer mortality; that man made in the image of his Creator, the most helpless at his birth and the most decrepit in old age, of all the animal creation, was not made to wholly die.

The pagan philosopher heard the same voice when he appealed to his gods, and yet regarded them only as a superior influence which controlled the material things of life, while others of the advanced pagan school admitted as they exclaimed, "It must be so, Plato; thou reasonest well."

The savage Indian, reveling in the savagery of his race, feels the same influence when he furnishes the dead chief with food and raiment for his long journey in search of the happy hunting ground, the home of the Minto, the land beyond the Dakotas, where Hiawatha felt the spirit of Minnehaha went.

The children of the Orient feel it when they take their honored guests to the tombs of their dead ancestors, appeal to their departed spirits as they recall the injunction of Confucius, the Chinese philospher, that, "He who in the morning has seen the light may in the evening die with hope and without regret."

The children of Brittany heard the same whispering when they gathered at midnight by the shores of the sea listening for some sound from the chimes in the towers of their vanished and sunken city, which they expected to bring to them some message of hope from their departed dead.

The early Christian martyr had the same intuitive feeling when he renounced his idolatry, braved the fury of a Pagan mob, and looked calmly into the red eyes of the ferocious wild beast in the Colosseum. In all the stories which recount the heroism and Christian fortitude of the three centuries of struggle between paganism and the immortality of the soul, there is none more pathetic than the classic story of Ion and his sister Clemantha. Ion, condemned to death, his sister went to him on the night before his death to ask him in the name of their mutual affection and the memory of their dead mother, to renounce his faith, that his young life might be saved, and in despair finally asked him if he were sure after death they would meet again. "I have", he said, "asked that dread question of the sun in the effulgence of his midday splendor; I have asked it of the hills which, rock-ribbed, seem eternal; of the flowing streams which limpid flow on forever; I have asked it of the stars, amid whose dome of azure blue my radiant spirit has trod in glory; and all were dumb. But now, as I thus gaze upon thy living face, I feel the light which kindles through thine eyes cannot wholly perish. Yes; we shall meet again, Clemantha!" And on the succeeding day not one but two Christian martyrs, young in years and beautiful to look upon, hand in hand, sealed with their blood their fealty to the Christian God.

The conflict between belief and unbelief has been but little dwarfed by the ravages of time. The struggle is as acute in many respects today as it was of old and will doubtless continue to the end of time.

The same carping critics are asking, in the name of science, the same questions as did the disciples of Plato, until the issue is today not one of sect or creed but of belief against unbelief in all forms of the Christian religion. Happy are those here assembled who follow its teachings, because among beatitudes is full belief in the doctrine of revealed religion. Its teachings do not enable its members to accept one part and reject another portion of the great Book, which is the cornerstone, the substructure upon which is founded the Christian religion. It teaches the simple faith worth more than Norman blood, the faith so beautifully described by Huntington, the great master of blank verses, in the dialogue between the two sisters, when the older asks the younger why it was that the God in whom she believed permitted the rain to fall and the sun to shine upon and make fruitful the crops of the just and the unjust man alike. Her answer was, "I know not how these things are, my sister, but I gently lend my hand to faith and meekly follow where the angels lead." The same teachings cause us to believe in an eternal life beyond the grave with the same simple faith, and makes us feel that there is, there must be, a beautiful land somewhere; and this simple faith in the immortality of the soul is the most ennobling, the brightest star that ever crossed the horizon of man's unillumined vision.

But let us turn for one brief moment to the memory of our departed dead. Once they were wont to gather in our festive halls and listen to the wit and merriment of God's gifted children, but now they are gone and we have but their memory. We call their names, but from their voiceless lips there comes no answering call. We cry aloud, and the only answer is the echo of our wailing cry. And we know that in a little while we shall see you face to face. Then, O Death, where is thy sting? O Grave, where is thy victory?

And if they could come and join the solemn ceremonies of this hour, what message would they bring? Would it not be the message which the angels brought to the shepherds in the early twilight of the long ago—"Peace on Earth, Good Will to Men"?

Would the message not tell us, who are still in the quick, to be true to our professions, faithful to our friends, and to cover with the mantle of a generous charity, the frailties of our enemies.

Would the message not exhort us to obey more sedulously the high ideals of life, in order that our arm may be strengthened and our soul refreshed in preparation for the time when we too shall wrap the drapery of our couch about us, and take our place in the cold and silent chambers of the dead? Would not the message bring happiness to the heart, strength to the body, inspiration to the soul, and enable us to forget the transitory things of this life and prepare for the more substantial ones in the life to come?

And when another year shall, in the order of the seasons, bring like memorial services, whose place will be vacant here, and for whom will we then mourn? Certain, it reasonably is, that someone here present will be absent when the long roll is again called.

Let us hope, in answer to this solemn question, that the one to whom the final summons does come, it may find him ready to meet his Creator; may find him, as the evening twilight darkens into the night of death, surrounded by his family and his friends, consoled and comforted by his religion, of whatever form of worship it may take; and that he may be able, as gentle hands wipe the death damp from his brow, to console the bereaved ones, in the beautiful language found in the passing of good King Arthur.

"Comfort thyself as best thou mayest! For me weep not because they will waft me to the Vale of Avalon, where it never rains, where it never snows, and where the winds never blow loudly, and where eternal summer reigns."

MINORITY VIEWS

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to file a minority report from the Committee on Foreign Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. GOSS. Reserving the right to object, is that to be incorporated with the majority report?

Mr. MARTIN of Colorado. Yes; that will be satisfactory.

Mr. GOSS. Does the gentleman include that in his request?

Mr. MARTIN of Colorado. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

INTERSTATE RAILROAD TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, is not the regular order a vote on the railroad bill?

The SPEAKER. Yes. The question is on the passage of the bill.

Mr. COLLINS of Mississippi. Mr. Speaker, I demand the yeas and nays.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Will it be in order to move to recommit with instructions to strike out section 206?

The SPEAKER. That would not be in order.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken and the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

PAYMENT OF SEA DUTY TO SURPLUS GRADUATES OF NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

PARK TRAMMELL,
GEO. MCGILL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy submit the following statement in explanation of the action agreed upon and recommended in the accompanying conference report.

The amendment of the Senate provided that one half of 1 year's sea pay as heretofore provided by law shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment.

This amendment, however, is no longer necessary since the class of 1933 has already graduated from the Naval Academy (at 11 a.m., June 1, 1933).

The managers consider that the surplus of graduates of the class of 1933 should each be paid 1 year's sea pay in accordance with the provision of the law which was in effect at the time they graduated.

In the future, however, whenever there may be a surplus of graduates, those who do not receive commissions as ensigns in the Navy or in the lowest commissioned grades of the Marine Corps or Staff Corps of the Navy will receive a certificate of graduation and an honorable discharge, but will not receive the 1 year's sea pay.

CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

NATIONAL-GUARD LEGISLATION

Mr. HILL of Alabama. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended.

The Clerk read as follows:

Be it enacted, etc., That section 1 of the National Defense Act of June 3, 1916, as amended, be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SECTION 1. That the Army of the United States shall consist of the Regular Army, the National Guard of the United States, the National Guard while in the service of the United States, the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps."

SEC. 2. That the fourth paragraph of section 5 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"All policies and regulations affecting the organization and distribution of the National Guard of the United States, and all policies and regulations affecting the organization, distribution, and training of the National Guard, shall be prepared by committees of appropriate branches or divisions of the War Department General Staff, to which shall be added an equal number of officers from the National Guard of the United States, whose names are borne on lists of officers suitable for such duty, submitted by the governors of their respective States and Territories, and for the District of Columbia by the commanding general, District of Columbia National Guard.

"All policies and regulations affecting the organization, distribution, training, appointment, assignment, promotion, and discharge of members of the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps shall be prepared by committees of appropriate branches or divisions of the War Department General Staff to which shall be added an equal number of officers from the Officers' Reserve Corps: *Provided*, That when the subject to be studied affects the National Guard of the United States or the National Guard and the Officers' Reserve Corps, the Organized Reserves, or the Enlisted Reserve Corps, such committees shall consist of an equal representation from the Regular Army, the National Guard of the United States, and the Officers' Reserve Corps. There shall be not less than 10 officers on duty in the War Department General Staff, one half of whom shall be from the National Guard of the United States and one half from the Officers' Reserve Corps. For the purpose specified herein such officers shall be regarded as additional members of the General Staff while so serving: *Provided further*, That the Chief of Staff shall transmit to the Secretary of War the policies and regulations prepared as hereinbefore prescribed in this paragraph and advise him in regard thereto. After action by the Secretary of War thereon, the Chief of Staff shall act as the agent of the Secretary of War in carrying the same into effect.

SEC. 3. That section 37 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 37. Officers' Reserve Corps: For the purpose of providing a reserve of officers available for military service when needed, there shall be organized an Officers' Reserve Corps, consisting of general officers and officers assigned to sections corresponding to the various branches of the Regular Army and such additional sections as the President may direct. The grades in each section and the number in each grade shall be as the President may prescribe. All persons appointed in the Officers' Reserve Corps are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate. Appointment in every case in the Officers' Reserve Corps shall be for a period of 5 years, but an appointment in force at the outbreak of war shall continue in force until 6 months after its termination: *Provided*, That an officer of the Officers' Reserve Corps shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor. Any officer of the Officers' Reserve Corps may be discharged at any time in the discretion of the President. In time of peace an officer of the Officers' Reserve Corps must at the time of his appointment be a citizen of the United States between the ages of 21 and 60 years. Any person who has been an officer of the Army of the United States at any time between April 6, 1917, and June 30, 1919, or who has been an officer of the Regular Army at any time, if qualified, may be appointed in the Officers' Reserve Corps in the highest grade which he held or any lower grade. No other person except as herein provided shall in time of peace be originally appointed as a Reserve officer of Infantry, Cavalry, Field Artillery, Coast Artillery, or Air Corps in a grade above that of second lieutenant. In time of peace, appointment in the Infantry, Cavalry, Field Artillery, Coast Artillery, and Air Corps shall be limited to former officers of the Army, former officers of the National Guard of the United States, graduates of the Reserve Officers' Training Corps, as provided in section 47b hereof; warrant officers, and enlisted men of the Regular Army, National Guard of the United States, and Enlisted Reserve Corps, and persons who served in the Army at some time between April 6, 1917, and November 11, 1918. Promotions in all grades of officers who have established, or may hereafter establish, their qualifications for such promotion, and transfer, shall be made under such regulations as may be prescribed by the Secretary of War, and shall be based, so far as practicable, upon recommendations made in the established chain of command, but in time of peace not less than 3 years' service in a grade shall be a condition precedent to promotion. So far as practicable, in time of peace, officers of the Officers' Reserve Corps shall be assigned to units in the locality of their places of residence. Nothing in this act shall operate to deprive an officer of the Reserve appointment he now holds: *Provided*, That this shall not apply to the discretionary-discharge power of the President previously mentioned. Members of the Officers' Reserve Corps, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharg-

ing any official function under or in connection with any department of the Government of the United States."

SEC. 4. That section 38 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 38. Officers, National Guard of the United States: All persons appointed officers in the National Guard of the United States are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate.

"Officers in the National Guard of the United States shall be appointed for the period during which they are federally recognized in the same grade and branch in the National Guard: *Provided*, That an appointment in force at the outbreak of war shall continue in force until 6 months after its termination: *And provided further*, That such officer shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor.

"In time of peace the President may order to active duty, with their consent, officers of the National Guard of the United States for the purposes set forth in sections 5 and 81 of this act. When on such active duty an officer of the National Guard of the United States shall receive the same pay and allowances as an officer of the Regular Army of the same grade and length of active service and mileage from his home to his first station and from his last station to his home, but shall not be entitled to retirement or retired pay: *Provided*, That such officers ordered to such active duty shall be paid out of the funds appropriated for the pay of the National Guard.

"Officers of the National Guard of the United States, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharging any official function under or in connection with any department of the Government of the United States."

SEC. 5. That section 58 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 58. Composition of the National Guard and the National Guard of the United States: The National Guard of each State, Territory, and the District of Columbia shall consist of members of the militia voluntarily enlisted therein, who upon original enlistment shall be not less than 18 nor more than 45 years of age, or who in subsequent enlistment shall be not more than 64 years of age, organized, armed, equipped, and federally recognized as hereinafter provided, and of commissioned officers and warrant officers who are citizens of the United States between the ages of 21 and 64 years: *Provided*, That former members of the Regular Army, Navy, or Marine Corps under 64 years of age may enlist in said National Guard.

"The National Guard of the United States is hereby established. It shall be a reserve component of the Army of the United States and shall consist of those federally recognized National Guard units and organizations, and of the officers, warrant officers, and enlisted members of the National Guard of the several States, Territories, and the District of Columbia, who shall have been appointed, enlisted and appointed, or enlisted, as the case may be, in the National Guard of the United States, as hereinafter provided, and of such other officers and warrant officers as may be appointed therein as provided in section 111 hereof: *Provided*, That the members of the National Guard of the United States shall not be in the active service of the United States except when ordered thereto in accordance with law, and, in time of peace, they shall be administered, armed, uniformed, equipped, and trained in their status as the National Guard of the several States, Territories, and the District of Columbia, as provided in this act: *And provided further*, That under such regulations as the Secretary of War shall prescribe, noncommissioned officers, first-class privates, and enlisted specialists of the National Guard may be appointed in corresponding grades, ratings, and branches of the National Guard of the United States, without vacating their respective grades and ratings in the National Guard."

SEC. 6. That section 60 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 60. Organization of National Guard units: Except as otherwise specifically provided herein, the organization of the National Guard, including the composition of all units thereof, shall be the same as that which is or may hereafter be prescribed for the Regular Army, subject in time of peace to such general exceptions as may be authorized by the Secretary of War. And the President may prescribe the particular unit or units, as to branch or arm of service, to be maintained in each State, Territory, or the District of Columbia in order to secure a force which, when combined, shall form complete higher tactical units: *Provided*, That no change in allotment, branch, or arm of units or organizations wholly within a single State will be made without the approval of the governor of the State concerned."

SEC. 7. That section 69 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 69. Enlistments in the National Guard and in the National Guard of the United States: Original enlistments in the National Guard and in the National Guard of the United States shall be for a period of 3 years, and subsequent enlistments for periods of 1 or 3 years each: *Provided*, That all enlisted men of the National Guard on the date of approval of this act may, under such regulations as may be prescribed by the Secretary of War, be enlisted in grade, rating, and branch in the National Guard of the United States for the remaining unexpired portions of their enlistments in the National Guard: *And provided further*, That in the event of an emergency declared by Congress the period of any enlistment which otherwise would expire may by Presidential proclamation be extended for a period of 6 months after the termination of the emergency."

SEC. 8. That section 70 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 70. Men enlisting in the National Guard of the several States, Territories, and the District of Columbia, and in the National Guard of the United States, shall sign an enlistment contract and subscribe to the following oath or affirmation:

"I do hereby acknowledge to have voluntarily enlisted this —— day of ———, 19—, as a soldier in the National Guard of the United States and of the State of ———, for the period of 3 (or 1) year—, under the conditions prescribed by law, unless sooner discharged by proper authority. And I do solemnly swear that I will bear true faith and allegiance to the United States of America and to the State of ———, and that I will serve them honestly and faithfully against all their enemies whomsoever, and that I will obey the orders of the President of the United States and of the Governor of the State of ———, and of the officers appointed over me according to law and the rules and articles of war."

SEC. 9. That said act be amended by adding section 71 thereto, as follows:

"SEC. 71. Definitions: In this act, unless the context or subject matter otherwise requires—

"(a) 'National Guard' or 'National Guard of the several States, Territories, and the District of Columbia' means that portion of the Organized Militia of the several States, Territories, and the District of Columbia, active and inactive, federally recognized as provided in this act and organized, armed, and equipped in whole or in part at Federal expense and officered and trained under paragraph 16, section 8, article I, of the Constitution.

"(b) 'National Guard of the United States' means a reserve component of the Army of the United States composed of those federally recognized units and organizations and persons duly appointed and commissioned in the active and inactive National Guard of the several States, Territories, and the District of Columbia who have taken and subscribed to the oath of office prescribed in section 73 of this act, and who have been duly appointed by the President in the National Guard of the United States as provided in this act, and of those officers and warrant officers appointed as prescribed in sections 75 and 111 of this act, and of those persons duly enlisted in the National Guard of the United States and of the several States, Territories, and the District of Columbia who have taken and subscribed to the oath of enlistment prescribed in section 70 of this act."

SEC. 10. That section 72 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 72. An enlisted man discharged from service in the National Guard and the National Guard of the United States shall receive a discharge in writing in such form and with such classification as is or shall be prescribed for the Regular Army, and in time of peace discharges may be given prior to the expiration of terms of enlistment under such regulations as the Secretary of War may prescribe."

SEC. 11. That section 73 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 73. Oaths of National Guard officers—Appointment in the National Guard of the United States: Commissioned officers and warrant officers of the National Guard of the several States, Territories, and the District of Columbia and in the National Guard of the United States shall take and subscribe to the following oath of office:

"I, ———, do solemnly swear that I will support and defend the Constitution of the United States and the Constitution of the State of ——— against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I will obey the orders of the President of the United States and of the Governor of the State of ———; that I make this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office of ——— in the National Guard of the United States and of the State of ——— upon which I am about to enter, so help me God.

"The President is authorized to appoint in the same grade and branch in the National Guard of the United States any person who is an officer or warrant officer in the National Guard of any State, Territory, or the District of Columbia and who is federally recognized in that grade and branch: *Provided*, That acceptance of appointment in the same grade and branch in the National Guard of the United States, by an officer of the National Guard of a State, Territory, or the District of Columbia, shall not operate to vacate his State, Territory, or District of Columbia National Guard office.

"Officers or warrant officers of the National Guard who are in a federally recognized status on the date of the approval of this act shall take the oath of office herein prescribed and shall be

appointed in the National Guard of the United States in the same grade and branch without further examination, other than physical, within a time limit to be fixed by the President, and shall in the meantime continue to enjoy all the rights, benefits, and privileges conferred by this act."

SEC. 12. That section 75 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 75. The provisions of this act shall not apply to any person hereafter appointed as an officer of the National Guard unless he first shall have successfully passed such tests as to his physical, moral, and professional fitness as the President shall prescribe. The examination to determine such qualifications for appointment shall be conducted by a board of three commissioned officers appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. The examination herein provided for may be held prior to the original appointment or promotion of any individual as an officer or warrant officer and if the applicant has been found qualified, he may be issued a certificate of eligibility by the Chief of the National Guard Bureau, which certificate, in the event of appointment or promotion within 2 years to the office for which he was found qualified, shall entitle the holder to Federal recognition without further examination, except as to his physical condition.

"Upon being federally recognized such officers and warrant officers may be appointed in the National Guard of the United States."

SEC. 13. That section 76 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 76. Withdrawal of Federal recognition: Under such regulations as the President shall prescribe the capacity and general fitness of any officer or warrant officer of the National Guard of the several States, Territories, and the District of Columbia for continued Federal recognition may at any time be investigated by an efficiency board of officers senior in rank to the officer under investigation, appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. If the findings of said board be unfavorable to the officer under investigation and be approved by the President, Federal recognition shall be withdrawn and he shall be discharged from the National Guard of the United States. Federal recognition may be withdrawn by the Secretary of War and his appointment in the National Guard of the United States may be terminated when an officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia has been absent without leave for 3 months."

SEC. 14. That section 77 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 77. Elimination and disposition of officers of the National Guard of the United States: The appointments of officers and warrant officers of the National Guard may be terminated or vacated in such manner as the several States, Territories, or the District of Columbia shall provide by law. Whenever the appointment of an officer or warrant officer of the National Guard of a State, Territory, or the District of Columbia has been vacated or terminated, or upon reaching the age of 64 years, the Federal recognition of such officer shall be withdrawn and he shall be discharged from the National Guard of the United States: *Provided*, That under such regulations as the Secretary of War may prescribe upon termination of service in the active National Guard an officer of the National Guard of the United States may, if he makes application therefor, remain in the National Guard of the United States in the same grade and branch of service. When Federal recognition is withdrawn from any officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia, as provided in section 76 of this act, or upon reaching the age of 64 years, he shall thereupon cease to be a member thereof and shall be given a discharge certificate therefrom by the official authorized to appoint such officer."

SEC. 15. That section 78 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 78. Men duly qualified for enlistment in the active National Guard may enlist for one term only in the inactive National Guard and in the National Guard of the United States for a period of 1 or 3 years, under such regulations as the Secretary of War shall prescribe, and on so enlisting they shall sign an enlistment contract and subscribe to the oath or affirmation in section 70 of this act.

"Under such regulations as the Secretary of War may prescribe, enlisted men of the active National Guard, not formerly enlisted in the inactive National Guard or the National Guard of the United States, may be transferred to the inactive National Guard; likewise enlisted men hereafter enlisted in or transferred to the inactive National Guard may be transferred to the active National Guard: *Provided*, That in time of peace no enlisted man shall be required to serve under any enlistment for a longer time than the period for which he enlisted in the active or inactive National Guard, as the case may be. Members of said inactive National Guard, when engaged in field or coast-defense training with the active National Guard, shall receive the same Federal pay and allowances as those occupying like grades on the active list of said National Guard when likewise engaged."

SEC. 16. That section 81 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 81. The National Guard Bureau: The Militia Bureau of the War Department shall hereafter be known as the National Guard Bureau. The Chief of the National Guard Bureau shall be appointed by the President, by and with the advice and consent of the Senate, by selection from lists of officers of the National Guard of the United States recommended as suitable for such appointment by their respective governors, and who have had 10 or more years' commissioned service in the active National Guard, at least 5 of which have been in the line, and who have attained at least the grade of colonel. The Chief of the National Guard Bureau shall hold office for 4 years unless sooner removed for cause, and shall not be eligible to succeed himself, and when 64 years of age shall cease to hold such office. Upon accepting his office, the Chief of the National Guard Bureau shall be appointed a major general in the National Guard of the United States, and commissioned in the Army of the United States, and while so serving he shall have the rank, pay, and allowances of a major general, provided by law, but shall not be entitled to retirement or retired pay.

"For duty in the National Guard Bureau and for instruction of the National Guard the President shall assign such number of officers of the Regular Army as he may deem necessary; also, such number of enlisted men of the Regular Army for duty in the instruction of the National Guard. The President may also order, with their consent, to active duty in the National Guard Bureau, not more than nine officers who at the time of their initial assignments hold appointments in the National Guard of the United States, and any such officers while so assigned shall receive the pay and allowances provided by law.

"In case the office of the Chief of the National Guard Bureau becomes vacant or the incumbent because of disability is unable to discharge the powers and duties of the office, the senior officer on duty in the National Guard Bureau, appointed from the National Guard of the United States, shall act as chief of said bureau until the incumbent is able to resume his duties or the vacancy in the office is regularly filled. The pay and allowances provided in this section for the Chief of the National Guard Bureau and for the officers ordered to active duty from the National Guard of the United States shall be paid out of the funds appropriated for the pay of the National Guard."

SEC. 17. That section 82 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 82. Armament, equipment, and uniform of the National Guard.—The National Guard shall, as far as practicable, be uniformed, armed, and equipped with the same type of uniforms, arms, and equipments as are or shall be provided for the Regular Army."

SEC. 18. That section 111 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 111. When Congress shall have declared a national emergency and shall have authorized the use of armed land forces of the United States for any purpose requiring the use of troops in excess of those of the Regular Army, the President may, under such regulations, including such physical examination as he may prescribe, order into the active military service of the United States, to serve therein for the period of the war or emergency, unless sooner relieved, any or all units and the members thereof of the National Guard of the United States. All persons so ordered into active military service of the United States shall from the date of such order stand relieved from duty in the National Guard of their respective States, Territories, and the District of Columbia so long as they shall remain in the active military service of the United States, and during such time shall be subject to such laws and regulations for the government of the Army of the United States as may be applicable to members of the Army whose permanent retention in active military service is not contemplated by law. The organization of said units existing at the date of the order into active Federal service shall be maintained intact insofar as practicable.

"Commissioned officers and warrant officers appointed in the National Guard of the United States and commissioned or holding warrants in the Army of the United States, ordered into Federal service as herein provided, shall be ordered to active duty under such appointments and commissions or warrants: *Provided*, That those officers and warrant officers of the National Guard who do not hold appointments in the National Guard of the United States and commissions or warrants in the Army of the United States may be appointed and commissioned or tendered warrants therein by the President in the same grade and branch they hold in the National Guard.

"Officers and enlisted men while in the service of the United States under the terms of this section shall receive the pay and allowances provided by law for officers and enlisted men of the reserve forces when ordered to active duty, except brigadier generals and major generals, who shall receive the same pay and allowances as provided by law for brigadier generals and major generals of the Regular Army, respectively. Upon being relieved from active duty in the military service of the United States all individuals and units shall thereupon revert to their National Guard status.

"In the initial mobilization of the National Guard of the United States war-strength officer personnel shall be taken from the National Guard as far as practicable, and for the purpose of this expansion warrant officers and enlisted men of the National Guard may in time of peace be appointed officers in the National

Guard of the United States and commissioned in the Army of the United States."

SEC. 19. That section 112 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 112. Rights to pensions: When any officer, warrant officer, or enlisted man of the National Guard or the National Guard of the United States called or ordered into the active service of the United States, or when any officer of the Officers' Reserve Corps or any person in the Enlisted Reserve Corps ordered into active service, except for training, is disabled by reason of wounds or disability received or incurred while in the active service of the United States, he shall be entitled to all the benefits of the pension laws existing at the time of his active service; and in case such officer or enlisted man dies in the active service of the United States or in returning to his place of residence after being mustered out of active service, or at any other time in consequence of wounds or disabilities received in such active service, his widow and children, if any, shall be entitled to all the benefits of such pension laws."

SEC. 20. That the seventh paragraph of section 127a of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"In time of war any officer of the Regular Army may be appointed to higher temporary grade without vacating his permanent appointment. In time of war any officer of the Regular Army appointed to higher temporary grade, and all other persons appointed, as officers, shall be appointed and commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate: *Provided*, That an appointment, other than that of a member of the Regular Army made in time of war, shall continue until 6 months after its termination, and an officer appointed in time of war shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor."

The SPEAKER. Is a second demanded?

Mr. BLANTON. Mr. Speaker, I demand a second.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. HILL of Alabama. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this bill is what is commonly known as the National Guard bill. It comes to you today with the unanimous report of your Committee on Military Affairs. It should be termed the child of the National Guard Association.

In 1926 the National Guard Association, meeting in Louisville, Ky., passed a resolution asking for legislation along the lines of this bill. In compliance with this resolution, the Secretary of War appointed a special committee, composed of officers of the Regular Army, of the National Guard, and of the Reserves. This special committee formulated this bill. It was then sent to Congress and introduced in this body. The bill was passed by this House in the Seventy-first Congress and has been favorably reported unanimously by your Committee on Military Affairs three different times.

It imposes no additional burden whatever upon the Federal Treasury. It is a bill of some 24 pages but has just one main object and most of its language is a repetition of what is now in the National Defense Act. Contrary to the general thought, the National Guard as now constituted is not a part of the Army of the United States. It is the Organized Militia, organized under the militia clause of section 8 of article I of the Constitution of the United States, and is subject to call by the Federal Government only for three purposes: First, to execute the laws of the United States; second, to suppress insurrections; and, third, to repel invasions. It is not subject to call for service beyond the boundaries of the United States.

Gentlemen will recall that at the time of the World War the National Guard could not be called into the Federal service for use in France. The individual members of the National Guard, as individuals, had to be drafted into the Federal service, and when this drafting had to be resorted to it meant that many units of the National Guard that had come down from the days of the Revolution were ruthlessly destroyed and members of these units had to go into new and entirely different units in the Army of the United States.

In the event of another war, the National Guard is anxious to come into the Army of the United States in its National Guard units and set-up and not have to be disbanded and its members drafted as individuals into new units.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. TABER. Does this bill go so far as to take the National Guard out of the control of the Governors of the States so that the National Guard cannot be called by the Governor in his own State for riot service, for instance?

Mr. HILL of Alabama. No; it does not affect the present status of the National Guard in any way whatsoever, except when the Congress of the United States has declared a national emergency to exist, or has declared war and has authorized the use of troops in addition to the Regular Army. It does not affect the National Guard in any way whatsoever so far as its peace-time status is concerned.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. COLLINS of Mississippi. The purpose of this bill, as I gather it, is to enable the National Guard to go into the service of the United States in the event of war as an organization and to come out as an organization?

Mr. HILL of Alabama. That is correct.

Mr. COLLINS of Mississippi. One more question, if the gentleman will permit. I read the provisions of the McSwain bill as introduced. Will the gentleman state to the Congress what amendments, if any, were added in committee?

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Speaker, I yield myself 5 additional minutes.

I may state to the gentleman from Mississippi that there were very few amendments added, and these were minor. As the bill was originally introduced, it provided that the chief of the National Guard Bureau, which today is known as the "Militia Bureau", might succeed himself. The bill as now before the House provides that the Chief of the National Guard Bureau shall have a term of 4 years and shall not succeed himself.

Mr. COLLINS of Mississippi. Does the gentleman approve of that amendment? The present Chief of the Militia Bureau is an up-to-date soldier. There is nothing obsolete about him.

Mr. HILL of Alabama. I think it was the intent of Congress when the National Defense Act was passed that the chiefs of these bureaus should have only a 4-year term and then step aside and let somebody else have the opportunity to be chief of the particular bureau. I wish to say, however, that I share the gentleman's esteem and appreciation of the present Chief of the Militia Bureau.

Mr. COLLINS of Mississippi. What are the other amendments?

Mr. HILL of Alabama. The other amendments in the bill are very minor. The bill was reintroduced after the committee had considered it, and any committee amendments do not show in this print, but they were not of any consequence. Does the gentleman from Mississippi have any particular section in mind?

Mr. COLLINS of Mississippi. I understand there were amendments relating to promotion. What is this amendment?

Mr. HILL of Alabama. There was no such amendment.

Mr. TERRELL. Mr. Speaker, will the gentleman yield for a question?

Mr. HILL of Alabama. I yield.

Mr. TERRELL. I have not had time to study this bill. Does it provide that the President may draft these units into the service in foreign fields without further legislation?

Mr. HILL of Alabama. No. The President cannot call the National Guard into the Army of the United States unless the Congress of the United States has declared war or has declared a national emergency to exist and has gone

farther and authorized the use of troops in addition to the Regular Army.

Mr. DOCKWEILER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. DOCKWEILER. What happens to the National Guard membership as to the pension situation after it is brought into the regular standing Army under the terms of this bill?

Mr. HILL of Alabama. When war or national emergency is declared by Congress and the National Guard is called into the Army of the United States side by side with the Regular Army, then the members of the National Guard share any pension benefits or privileges that may belong to the men or officers of the Regular Army.

Mr. DOCKWEILER. But not otherwise.

Mr. HILL of Alabama. Not otherwise; no.

Mr. HARLAN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. HARLAN. What is the attitude of the General Staff of the Army toward this bill?

Mr. HILL of Alabama. The War Department approves the bill. The National Guard Association approves the bill. The Reserve Officers' Association approves the bill. In fact, every group and element of our national defense approves the bill.

Mr. HARLAN. That includes the General Staff?

Mr. HILL of Alabama. That includes the General Staff of the War Department.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. WEIDEMAN. Then, the main purpose of the bill is to expedite the induction of the National Guard units into the Federal service in a time of extreme emergency?

Mr. HILL of Alabama. Not only to expedite their induction, but to permit these units to come in as National Guard units in their National Guard organization or set-up, and then to permit them to be discharged and sent back into their peace-time service in their National Guard units or set-up.

Mr. WEIDEMAN. Only in the event of declaration of war by Congress do they become part of the Regular Army.

Mr. HILL of Alabama. Yes; and then only if the President of the United States, as Commander in Chief of the Army of the United States, sees fit to call them into service.

Mr. PARKER of Georgia. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. PARKER of Georgia. Will the gentleman explain to the Membership of the House how it was that after the World War when the National Guard troops were disbanded they were disorganized and that the respective States had to reorganize the National Guard after the war?

Mr. HILL of Alabama. After the World War the National Guard units had to be reorganized to all practical intents and purposes as if there had been no National Guard.

Mr. PARKER of Georgia. And under this bill if the National Guard is used in an emergency it can be returned to the States as units; is that right?

Mr. HILL of Alabama. Yes. The gentleman from Georgia is a former adjutant general of the State of Georgia, a distinguished National Guard officer, and he has been one of the best and most helpful friends of this legislation.

Mr. PARKER of Georgia. I certainly am friendly to it, and I would like to see it passed without a single vote against it.

Mr. HILL of Alabama. Good.

Mr. STUDLEY. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. STUDLEY. Is the gentleman convinced that this law will make the military forces more mobile and more efficient in time of war?

Mr. HILL of Alabama. I think it will do this. I am confident it will materially help the morale of the National Guard. When the men of the National Guard can come in with their own units and in their own organizations it will make for better morale and better esprit de corps.

Mr. STUDLEY. And easier mobilization.

Mr. HILL of Alabama. Yes.

Mr. TRUAX. There is nothing in this bill that affects the present drill pay of the National Guard?

Mr. HILL of Alabama. There is nothing that affects that whatever.

Mr. HEALEY. In other words, if the National Guard organizations go into service, they preserve their identity in the service.

Mr. HILL of Alabama. Yes; that is the purpose of the bill.

In passing this bill we are carrying out, after 150 years, the admonition of George Washington, made with reference to the establishment of a "well-regulated militia." On April 9, 1783, Alexander Hamilton, as chairman of a committee of the Congress of the United States composed of Hamilton, Madison, Osgood, Wilson, and Elsworth, and appointed to consider what arrangements should be made in the different departments of the Government with reference to peace, addressed a letter to Gen. George Washington asking for his views on the defense of the United States, particularly with reference to reconciling the principles of security with economy and with the republican institutions which all citizens were then intent upon setting up. Before complying with the request Washington called upon all of his generals, at or near his headquarters, for their written opinions on the subject, and received replies from such distinguished officers as Pickering, Knox, Putnam, King, Clinton, and Von Steuben. After digesting the papers submitted to him by his trusted lieutenants, Washington wrote his own views under the title of "Sentiments on a peace establishment", which he transmitted to the President of the Congress.

The Revolutionary War had been won by the Continental Army. This force from Washington down to the lowest private was composed of citizen soldiers. Its modern prototype is our National Guard. Washington desired to assure the speedy formation of a similar force for future emergencies. He therefore proposed that a sufficient number of the younger men of the militia be set apart and trained in time of peace. This would form a Continental Army of the future. This is what Washington meant by a "well-regulated militia", and this is what we provide by the passage of the pending bill.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I am as good a friend of the National Guard as any other Member of this House. I will do just as much for them as any other Member here. I am going to vote for this bill, because it is their bill, and this will be the only opportunity to consider and pass it before we adjourn. And what I shall say respecting this "motion to suspend the rules" must not be construed in any way as any opposition to this National Guard bill, but a protest against calling up such important measures under a suspension of the rules, with only 20 minutes' debate allowed to the side, and when there is no opportunity for any Member to offer any amendment, however salutary and necessary, but all Members must vote for the bill just as it is written, and there cannot be one word or syllable of it changed.

Such important bills as this should be called up and considered under the general rules of the House, when their provisions may be known to and understood by all of the Members, and an opportunity given to offer proper amendments, if it should develop that same are necessary.

No committee is infallible. All committees make mistakes, once in a while. Every bad bill that was ever passed by Congress, had been favorably approved by some committee. Every bill that is defeated in this House, came from some committee with a favorable report. We have defeated several bad measures in this special session of Congress. Some committee had approved and asked for their passage.

This bill contains 25 printed pages. I will guarantee that outside of the Committee on Military Affairs, which reported it, there are not 10 Members who have ever read it. You

have not even heard it read by the Clerk. Our colleague from Alagama, Mr. HILL, in charge of it through unanimous consent, had the reading of it waived, and it will be passed here in a few minutes without the Membership knowing just what is contained in the many paragraphs of the 20 different sections of the 25 printed pages of this bill. Is that a sane way to legislate?

Now, remember, I am going to vote for this bill. I am for the National Guard. This is the National Guards' bill. I am for it. But I am registering my protest against this method of legislating. I am doing it as a suggestion and warning to my colleagues that they must watch the many bills closely that are to be called up under suspension between now and adjournment, because most of the bills that will be passed hereafter, excepting, of course, the Consent Calendar, will be passed under suspension of the rules, when they cannot be properly debated, and they cannot be amended in any particular. Some of them will not be so good. In fact, some of them will be bad. And there will be some of them that we must defeat.

This bill was introduced in this House on May 15, 1933, was referred to the Committee on Military Affairs, was printed that night, and on the next day was favorably reported by the committee, and on May 16, 1933, was put on the calendar of this House.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. HILL of Alabama. The gentleman from South Carolina [Mr. MCSWAIN] introduced practically the bill we have before us today many weeks ago, and the committee went over that bill line by line and section by section and——

Mr. BLANTON. I cannot yield further.

Mr. HILL of Alabama. And then had the bill, as amended, introduced.

Mr. BLANTON. Mr. Speaker, the gentleman from Alabama has his own time and I will let him answer me in his own time.

This particular bill, H.R. 5645, as I say, was introduced on May 15, 1933. The next day, on May 16, 1933, as soon as it came from the Government Printing Office, it was taken up that day by the Committee on Military Affairs and favorably reported, and it was placed on this calendar for passage. Now all rules are to be suspended and this bill of 25 printed pages, without having been read here even once, is to be passed without allowing any amendment, with only 20 minutes debate to the side. This is pretty rapid procedure.

What time did the National Guard or the National Guard units of the United States have between the 15th day of May and the 16th day of May in the 48 States of the Union to pass upon the amendments that were put on the other McSwain bill and that are now in this present McSwain bill? I do not know that down in my State the National Guard has approved these amendments. I am with the National Guard of my State. I am for their program and for their bill. I am for passing a bill that will protect their interests, but I do not know that this bill protects them. I am forced to accept it blindly, because the National Guard are entitled to have their bill passed.

This special session is the session of the President of the United States. It was called for no purpose other than to put into effect the President's policies and the President's program. This particular bill has not come from the White House. Franklin D. Roosevelt has not sent this bill up here and asked us to report it on 24 hours' notice and to pass it under suspension of the rules. There may be excuse for passing the President's bills under suspension, because he wants them passed just as he has prepared them. He does not want them ruined by amendments that may come from across the aisle designed to hamper him.

Do you new Members know what you are going to have to do under this procedure? Dr. WEARIN, you are going to have to sit there like an open-mouth mocking bird and swallow a 25-page bill that you have not read and that you have not heard read, and of the contents of which you know nothing, when you cannot, as a good representative of the people of Iowa, offer an amendment, and you cannot debate it, even though you have been the Democratic leader in the Iowa Legislature for 4 years. You cannot change this bill by the dotting of an "i" or the crossing of a "t." You have got to vote for it as it is, after debate of 20 minutes on the side, and you cannot amend it in any particular. Is that the way to pass bills under orderly procedure?

Mr. STUDLEY and Mr. LLOYD rose.

Mr. BLANTON. In just a moment I will yield.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield myself 5 more minutes. If any other gentleman wants any time to speak on this matter, I will yield him time.

Mr. LLOYD. Can the gentleman tell us what is the matter with this bill? What is wrong with it?

Mr. BLANTON. Possibly nothing. But there could be some provision in it that the National Guard would not approve. Has the gentleman read the bill?

Mr. LLOYD. Yes; I am on the committee, and I want to know what the gentleman has against it.

Mr. BLANTON. Was this bill read paragraph by paragraph in the committee?

Mr. LLOYD. Certainly.

Mr. BLANTON. On the 16th day of May 1933?

Mr. LLOYD. I do not know what day it was, but every paragraph has been read and considered.

Mr. BLANTON. That is the day it came from the Government Printing Office. And with its 25 pages it was reported that same day by the committee.

Mr. LLOYD. And all the members of the committee are for it.

Mr. BLANTON. That May 16 is the day it came from the Printing Office, and that is the day it was reported by the gentleman's committee and put on the calendar. It should have been read carefully that day paragraph by paragraph.

Mr. LLOYD. What is wrong with the bill?

Mr. BLANTON. I cannot yield further. I will let the gentleman get his time from the committee.

I am not fighting this bill. It is probably just what the National Guard in my district want. There is probably nothing wrong with it. But surely when it is being passed in behalf of the National Guard an opportunity should be given the National Guard of every State to pass upon amendments recently added to the bill by the committee. As I said before, I am merely registering my solemn protest against passing such measures of this importance under suspension of rules, where they cannot be read, where they cannot be properly debated, where they cannot be amended, and when over 400 Representatives of the people in this House know nothing whatever about its provisions. It is to stop other bills from being taken up under suspension of rules between now and adjournment, that I am taking this time and going to this trouble.

Let me call your attention to the number of bills which today are to follow this one and are to be called up under suspension of rules. Some are good bills and ought to be passed. Some are bad bills and ought to be defeated. But when passed under suspension of rules there is no time given for proper consideration. You have not time to properly explain the good ones, so as to insure their passage, and you have not time to explain the bad ones so as to be sure to cause their defeat.

Following this National Guard bill, which we ought to pass without a vote against it, there will be called up the bankruptcy bill of our friend from Oklahoma [Mr. MCKEOWN], H.R. 5884, which is a bill of 32 printed pages; and it was introduced in this House on June 2, 1933, and on that day was referred to the Committee on the Judiciary and ordered to be printed, and on that same day, June 2, 1933, was favorably reported by the Committee on the Judiciary, being report no. 194, and was immediately placed on the calendar, which shows some unusually speedy work. Outside of the committee there are not a dozen Members who have read that 32-page bill; and it will not be read here when it is called up. It will be passed perfunctorily and only a few here will know what it is all about. That is not the way to legislate sanely and judiciously. It is not the orderly way.

Fortunately we are assured by members of the Judiciary Committee that this is a proper bill. But we have to take their word for it. We do not know ourselves. Hence we are voting on it blindly.

Then there will be called up today to be passed under suspension of rules the Senate bill S. 604, which passed the Senate on May 1, and was favorably reported by our Committee on the Public Lands on May 22, 1933. How many Members here know anything about it? From inquiries we are told by the committee that it is "all right" and possibly it is; yet, after all, we must vote on it blindly, and must take the word of the committee for it, and we cannot amend it in any particular. Suppose there should be something wrong with it? Suppose it is unwise and not salutary? Our constituents will hold us responsible for it. We cannot excuse ourselves by saying, "We relied on the committee." Our constituents back home are expecting us to know that a bill is good before we vote for it. Our constituents are depending on us, and on us alone. They are not depending on the committee. We are their Representatives. They expect us to legislate for them.

Then there will be called up by our friend from Mississippi, Mr. RANKIN, the bill he introduced at the instance and request of the President of the United States, H.R. 5767, authorizing the President of the United States to appoint as Governor of Hawaii a citizen of the mainland. This is the President's bill. There is some reason for passing it under suspension. The President wants it passed. The President needs it. Just now, particularly, the President desires to appoint for this most important position as Governor of Hawaii someone whom he knows has proper qualifications, someone in whom he has perfect confidence, someone who has good judgment, someone who is wise and sagacious, someone who is dependable under all circumstances, and someone who will bring order out of chaos, and who will enforce law and maintain order, for the protection of all of the people of Hawaii. And it is to protect as well the United States. An unwise Governor there could involve us in serious complications and embarrassments. We have ample authority, both under the treaty and under the organic act, to pass this bill. And this bill is probably the only one that should have been called up here under suspension of rules. The other bills should have been considered under the general rules of the House.

Then, probably, there will be called up under suspension of rules Senate Joint Resolution 54, or a similar House measure, which provides that our criminal statutes shall be waived, and shall not apply to any counsel or other officer of the Department of Agriculture, if designated by the Secretary of Agriculture at the time of appointment as entitled to such benefits, thus permitting him to act as agent or attorney for another before departments, notwithstanding his employment by the Government, with a proviso that not more than three such officers shall hold such exemption. This is a bad bill. It should not pass. We should not extend any such unwise precedent. We should not let any man thus hold two jobs, where there are millions seeking one job and cannot find any. We should never allow any official on the pay roll of this Government to accept employment from another to represent such private interests against the Government. That is unthinkable.

I have discussed this unwise policy of passing bills under suspension of rules, hoping that we will stop the practice, except as to administration measures which the President desires to be passed during this crucial emergency, just as he writes them. And when this emergency is over, we must stop passing President's bills. Then they must be our own bills. We are not reading this 25-page bill. It is not the President's bill. Such bills should be read.

Mr. O'MALLEY. When the economy bill was passed we did not read it, and the gentleman's point is that this is too important a measure to pass without discussion by paragraph.

Mr. BLANTON. It is too important a matter to take up here without even reading it, when only emergency matters thus should be passed and passed under a suspension of the rules. It is a bill of 25 pages. We cannot have time to discuss the provisions, it cannot be read by paragraphs, and we cannot amend it.

Mr. TRUAX. Will the gentleman yield?

Mr. BLANTON. I am sorry, I have not the time. I will let the gentleman use the time of the committee. If you will look at section 19, on page 23 of this bill, you will see where it provides for pensions for the National Guard. Now, I am in favor of this provision. But in connection with it there are some disabled World War veterans and disabled veterans of the Spanish-American War who are lying on their backs disabled 100 percent and have had their pensions taken from them. Under regulations promulgated by Director Douglas and General Hines, under the economy bill men dying of tuberculosis, who are 100 percent disabled, have had their pensions taken away, when they cannot get a job and when their wives cannot get jobs, because when people find out that her husband has tuberculosis they will not employ the wife. They are helpless. Why not provide to suspend the rules and pass a bill to remedy these injustices General Hines is causing when men are dying of tuberculosis? They are becoming desperate; they do not know which way to turn. There are going to be thousands of men put on charity in every part of the United States. While we are passing a bill like this for men who are now able-bodied, and arranging pensions for them in the future, do not you think that at the same time we ought to provide pensions to men who were disabled on the battlefields of France and who are now helpless?

The man who went to France and who was gassed and come back and months and even years afterward developed tuberculosis—show me the scientists who can say with certainty that such tuberculosis is not the result of his service. Where is the scientist who can tell you that he knows that the tuberculosis did not result from the man's service?

I know some scientists have said so; they have told the Veterans' Administration so, and many of these men are now losing their pensions and all are going to be cut in their pay.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield myself 5 minutes more.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLANTON. Is the gentleman in favor of taking up such bills under suspension?

Mr. BLANCHARD. I do not care when it is taken up.

Mr. BLANTON. Then I cannot yield to the gentleman. I am in favor of taking such bills up under orderly procedure, reading them under the 5-minute rule section by section, and give Members a chance to find out what is in the bills and a chance to amend them if they need amending. Oh, they say, members of the committee know what it means. How many of you gentlemen who are not on the committee know what it means? There are over 400 of you who are not on that committee. How do you know what is in this bill? It has not been read.

Mr. STUDLEY. We have confidence in the committee.

Mr. BLANTON. Then why do not you go home and let the committee bring in the bills and pass them? You are not needed here because you have confidence in the committee.

The gentleman is willing to follow the committee when he himself does not know anything against it. That is getting to be a habit with others.

Mr. MILLARD. Has not that been the custom right through the Seventy-third Congress so far?

Mr. BLANTON. Oh, to be sure, with respect to administration measures; the President knows what his policies are, and he has his program, and he prepares measures and sends them here to our leadership, and they are introduced for him and are favorably reported as a matter of course, and to be sure that they are passed as the President wants them and not as he does not want them; they have to be considered either under a rule that prevents amendments or else rules are suspended and they are passed without amendment. That has been the custom from time immemorial.

That happens regularly under Republican Presidents and it happens regularly under Democratic Presidents.

Naturally in this special session that rule has been much in vogue. This is the President's special session. He called it for the express purpose of putting his policies into effect. The people were not depending on Congress. They were depending on President Franklin D. Roosevelt. Our constituents back home, Republicans and Democrats alike, expected us to back the President. They wanted us to give the President what he asked for, because in no other way could he put his program into execution.

The people are relying upon the President and not upon you and me. The people want the President to have a chance, and I have been giving him the chance.

Mr. STUDLEY. The gentleman voted against the beer bill.

Mr. BLANTON. Oh, that involved a moral question. The gentleman ought to observe the rules and rise when he addresses a Member, and first get permission before he interrupts. He ought to study the manual. He ought to get the revised copy that our distinguished colleague from Missouri [Mr. CANNON], one of the greatest parliamentarians this House has ever known, is getting out now in the Printing Office.

It is in the last 6 days of every session that bills are passed without proper consideration. Having been here watching things for 16 long years, I have come to the conclusion there ought not to be any "last 6 days" of a Congress. When you pass bills under suspension, you cannot change them, you cannot amend them, and you cannot properly debate them. We ought not to bring up any bills hereafter in this special session except the President's measures that are a part of his program. We will have plenty of time in the next session to pass measures that are not sent here by the President.

Mr. SISSON. Mr. Speaker, I rise to a point of order. The gentleman is not discussing the bill. He is talking about the way it should be passed in the next session.

The SPEAKER. The gentleman will discuss the bill.

Mr. BLANTON. The Chair will not hold me out of order although the gentleman from New York may.

Mr. SISSON. Will the gentleman yield for a question?

Mr. BLANTON. No; I regret that I have not the time.

Mr. SISSON. For just one simple question.

Mr. BLANTON. No; I cannot, because I want to conclude. Mr. Speaker, I decline to yield.

Mr. CLARKE of New York. Mr. Speaker, I think the Chair should protect the gentleman from Texas.

Mr. BLANTON. With my other good friend from New York [Mr. CLARKE] here, I do not need any protection. I want to ask one question. Why should we not put other bills off that the President does not ask for until next session and take them up in an orderly way, when we can have the consensus of opinion of 435 Members, and not merely the opinion of one committee? When I first brought before this committee my Resolution 355 to remove William Wolff Smith as general counsel of the Veterans' Bureau many of the members of the committee were against me. But after placing before the committee a lot of evidence, the members of the committee helped me, and we forced him to resign.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is not in order.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. SNELL. And the gentleman claims that he knows more about the rules than any man in the House.

Mr. BLANTON. Mr. Speaker, I yield myself 2 minutes more.

Mr. SNELL. I insist upon the point of order.

The SPEAKER. The gentleman will speak to the bill.

Mr. BLANTON. Of course I know my good friend from Potsdam is in favor of this bill.

Mr. SNELL. I make the point of order that the gentleman must proceed in order. He has not followed the rules of the House since he has been on the floor today.

The SPEAKER. The gentleman will proceed in order.

Mr. BLANTON. I am sure that the distinguished minority leader is in favor of these suspensions, even if he does come from Potsdam. He has passed so many bills during the time that he has been the Republican leader under suspension of the rules——

Mr. SNELL. Mr. Speaker, I make the point of order and insist the gentleman talk to the bill.

The SPEAKER. The point of order is sustained.

Mr. BLANTON. Is the gentleman in favor of suspensions?

Mr. SNELL. Mr. Speaker, I insist upon the gentleman confining himself to the bill. He has told us today that he is an expert on the rules and follows them, and I insist that he follow the rules of the House and talk on this bill.

The SPEAKER. The gentleman will proceed in order.

Mr. BLANTON. Mr. Speaker, I am going to do it in spite of the gentleman from Potsdam. This is a good bill. I am for it. It ought to be passed, even though there may be some things in here that may affect adversely the interest of every National Guard in any one of our States. These things get by the committee sometimes. A committee is not infallible.

Mr. Speaker, I am ready to conclude my remarks. I have registered my protest against passing large bills of great importance under suspension of rules, unless they are administration measures and are a part of the Chief Executive's program.

Mr. Speaker, I would not have used so much time if it had not been for the interruptions. If anyone desires time, I will be glad to give them what is left.

Mr. HILL of Alabama. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, the gentleman from Texas [Mr. BLANTON] said this bill would put the National Guard, as far as pensions were concerned, in the same status as the disabled veterans. My distinguished friend from Texas is mistaken in this matter. If the Congress should declare war and the National Guard was inducted into service under the same conditions as the Regular Army, then those men in the guard would be entitled to a pension. So there is nothing in this bill which discriminates against the disabled veterans at all.

Mr. BLANTON. I did not say that. My distinguished friend from Massachusetts misunderstood me. I just called attention to section 19, which provided pensions, merely to remind the Congress that the Pension Bureau is now doing grave injustice to veterans of several wars.

Mr. CLARKE of New York. Mr. Speaker, a point of order. The gentleman from Texas has not been recognized.

Mr. BLANTON. I was speaking with the permission of my friend from Massachusetts, who has the floor.

Mr. CONNERY. Yes; I am always glad to yield to the gentleman from Texas. We have had many interesting colloquies on the floor of this House in the past 10 years.

Mr. BLANTON. Certainly. The gentleman from Massachusetts [Mr. CONNERY] knows how to protect himself and does not need any help from the gentleman from New York. [Laughter and applause.]

Mr. CONNERY. The National Guard has been trying to get this legislation since 1926. Seven years the guard has favored this type of bill. The gentleman from Texas gave the impression to the House that the National Guard did not know just exactly what was in this bill. They know what is in the bill. They have been after it for 7 years. Every National Guard unit in the United States wants this bill passed.

The National Guard is the backbone of national defense. They have a great esprit de corps, great love of their units, and during the World War when they went into service, just as the gentleman from Alabama [Mr. HILL] said, it was a source of great annoyance to them and great regret that they lost their unity in being thrown into other outfits. This bill protects that esprit de corps so necessary in fighting outfits and its passage will greatly help the morale of the guard. So I hope the bill is passed. It is a great bill for national defense, and anything we can do to help national defense is needed at this time. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. HILL of Alabama. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. EAGLE].

Mr. EAGLE. Mr. Speaker, the object of this bill is that if ever war be declared, the National Guard units would be summoned by the President into the National Army as units.

I was here in 1917, and I happened to be the second Member of the Congress of the United States who declared he thought we should sever diplomatic relations and declare war upon Germany, Mr. Gardner, of Massachusetts, being the first. I was the first Member of Congress to declare in favor of the selective-service system. Whether we were wise or unwise in that position is not now the point, but my own idea is that when you have to fight you have to fight. I watched our men go to France. I saw the army commands in Europe try to disintegrate our men and put them into various European army commands as cannon fodder, and I saw that great American, Pershing, refuse absolutely to do it. [Applause.] One of the glories of the American armies is that we fought in Europe as an American army. And it was the solid American army unit who broke the Hindenberg line. Now, because this bill was not in effect then, to permit the National Guard units to be accepted as units, we had to draft our National Guard men not as units but as individual members, so that they did not have the esprit de corps they would have had if they had gone in under their own National Guard officers and with the associates with whom they were in close fellowship at home.

Mr. HOEPPEL. Will the gentleman yield?

Mr. EAGLE. Oh, I cannot yield, having only 2 minutes. Please excuse me.

There should not be a single vote against this bill. After it is passed the National Guard will go in as units and will fight as units and we will come out as units, and the States will not then be reorganizing their National Guard units again. [Applause.]

The SPEAKER. The time of the gentleman from Texas [Mr. EAGLE] has expired.

Mr. HILL of Alabama. Mr. Speaker, I yield 1 minute to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Speaker, I differ very much with my distinguished friend from Texas [Mr. BLANTON]. For one, I am delighted at this session that we are having less wind and more action. [Laughter.]

Why put off this bill? It has been before Congress for 7 years. It comes before you now with the approval of the War Department.

Mr. O'MALLEY. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. O'MALLEY. There are close to 200 new Members in this Congress, who, I feel, should be entitled to have time to study these matters.

Mr. MARTIN of Oregon. They had better leave the study alone and take the advice of the oldtimers.

Mr. O'MALLEY. They did that on the economy bill, and what good did it do?

Mr. MARTIN of Oregon. If they will take the advice of the oldtimers, they will get along fine. What you need to do is get in and drill. [Laughter.]

Everybody is in favor of this bill. I say, everybody connected with the Military Establishment is in favor of the bill.

The SPEAKER. The time of the gentleman from Oregon [Mr. MARTIN] has expired.

Mr. HILL of Alabama. Mr. Speaker, I have only one speaker on this side, and I ask the gentleman from Texas [Mr. BLANTON] to use the balance of his time.

Mr. BLANTON. I yield 1 minute to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. I simply wanted to ask the gentleman from Texas [Mr. EAGLE], who said he voted for the selective draft, if he voted for the National Economy Act?

Mr. EAGLE. I did not; and I am not having to "eat crow", as some people, in pretending that I did not know the effect of it, either. [Laughter and applause.]

Mr. BLANTON. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. ROGERS].

Mr. ROGERS of Oklahoma. Mr. Speaker, I have obtained this time for the purpose of asking a question of the gentleman from Oregon, General MARTIN. In his remarks a few moments ago he said that this bill had been considered by Congress for 7 years. I do not see the general now——

Mr. MARTIN of Oregon. Here I am, right here.

Mr. ROGERS of Oklahoma. I wish to ask the gentleman what Congress he means?

Mr. MARTIN of Oregon. Before the Congress of the United States, House after House. Now it comes before us again.

Mr. ROGERS of Oklahoma. Just a moment. I want a definite answer to my question; it is certain that the same Congress has not considered this legislation for 7 years and most assuredly this is the first time it has been before the Seventy-third Congress.

Mr. MARTIN of Oregon. I am trying to answer the gentleman. He cannot take me off my feet.

Mr. ROGERS of Oklahoma. Just a moment. The gentleman says that it has been before Congress for 7 years. Congress has changed several times during the period of 7 years, and I am referring to its Membership. The present House has not discussed it at all previous to this debate today. More than one third of the House Members of this Seventy-third Congress are new men, and you expect us to accept measures like this with 20 minutes' discussion and no opportunity to offer amendments.

Mr. MARTIN of Oregon. The gentleman is a Member of it, however, and has the opportunity to study these things.

Mr. ROGERS of Oklahoma. That is the trouble with you, General; you want to give orders like you would in the Army, and expect us to obey like buck privates. [Applause.] You want to thrust legislation down our throats. I am not objecting to the bill, but I am objecting to the procedure under which it is being considered. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, in the remaining time left to me I desire to call attention to the fact that because I registered my protest against important measures embracing 25 printed pages being called up under the suspension of all rules, several speakers have indicated by their remarks that I was fighting the passage of this bill. Such is not the case. I am for this bill, and there probably will not be a vote against it.

When I mentioned section 19, on page 23 of the bill, I was not against the pensions there provided for, as my friend from Michigan [Mr. JAMES] in his remarks indicated. I merely referred to such section 19 in calling attention to the many injustices now being done other pensioners who are helpless and disabled. This section 19 provides:

> When any officer, warrant officer, or enlisted man of the National Guard or the National Guard of the United States called or ordered into the active service of the United States, or when any officer of the Officers' Reserve Corps or any person in the Enlisted Reserve Corps ordered into active service except for training, is disabled by reason of wounds or disability received or incurred while in the active service of the United States, he shall be entitled to all the benefits of the pension laws existing at the time of his active service; and in case such officer or enlisted man dies in the active service of the United States or in returning to his place of residence after being mustered out of active service, or at any other time in consequence of wounds or disabilities received in such active service, his widow and children, if any, shall be entitled to all the benefits of such pension laws.

There is nothing wrong with the above section. I am in favor of it. When our National Guard is mustered into service, I am in favor of giving them every right that is enjoyed by the Regular Military Establishment. This bill should have been passed long ago. But it should have been passed under the general rules of the House, so that we could study it and be sure that the amendments recently placed on same by the committee are right and proper and meet with the approval of the National Guard at home in our various States.

My earliest recollections as a young boy are centered around the brilliant achievements of the Houston Light

Guards, then the crack company of the United States. I then lived at the corner of Fannin and Lamar Streets, in the city of Houston. Just a block from my home was Bremond Square. It was here this champion company put on many of its wonderful drills. If I remember correctly, it took first prize both in New Orleans and Philadelphia in the competitive drills then annually held over the United States. Captain Price, of the Houston Light Guard, then was my hero. He lived close by. Many times he talked to me. He let me handle his sword. He explained to me just what his company meant to the United States. Having lived in such an atmosphere as a child, I could not be unfriendly to the National Guard. I am their friend. And having registered my protest against the unwisdom of passing measures under suspension of rules, I want to see this bill pass. And I hope there will not be a vote against it.

Mr. HILL of Alabama. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Speaker, this is not a General Staff bill. It is not a bill of the Military Affairs Committee. It is a bill which has been voted on and acted upon for 7 years by the National Guard and Reserve officers. The ones who have brought pressure upon Congress and the Military Affairs Committee to have action today—in fact, we have tried it several times this session—are the National Guard and the Reserve officers. We have been told by the National Guard that if this bill passes the House today they will get the bill through the Senate before we adjourn on June 10, and they will then have a bill for which they have been fighting for 7 long years.

In addition to that the Reserve officers are holding their annual convention at Chicago today and they are hoping before they adjourn they will get word that the House had passed this bill by unanimous vote.

The Gentleman from Texas [Mr. BLANTON] talked about the National Guard officers getting pensions. The only thing that happens is in case the National Guard are called into the Regular Army in times of war or national emergency they receive the same treatment as men of the Regular Army.

The necessity for this bill, more than any other, is well illustrated by the following: In 1898 I happened to be a volunteer—private in the "rear rank." We had five National Guard regiments in Michigan. We went from the National Guard into the Regular Army. These five National Guard regiments were disbanded. When the war was over we were discharged as individuals from the Regular Army, and it took some of us 2 or 3 years to get back the same regiments we had in Michigan before. The same thing happened in this last war. Although the war was over in 1919, we have been trying in Michigan, unsuccessfully, ever since to get the National Guard back as it was.

This bill means that when Congress after declaring war or a national emergency the President may call in a regiment of the National Guard and it will retain its National Guard status.

Gentlemen, this bill ought to pass the House. It has passed the House before, and it should pass today by a unanimous vote.

Mr. CASTELLOW. Mr. Speaker, will the gentleman yield?

Mr. JAMES. I yield.

Mr. CASTELLOW. Will this bill increase in any way the expenses of the Government?

Mr. JAMES. In no way whatsoever.

The SPEAKER. The question is, Shall the rules be suspended and the bill be passed?

The question was taken; and on a division (demanded by Mr. Goss), there were—ayes 169, noes 1.

So, two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

REDUCTION OF PENSION OF A VETERAN OF THE SPANISH-AMERICAN AND WORLD WARS

Mr. CLARKE. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, this defender of our Nation served in two wars—as a captain in the Spanish-American War and as a captain in the World War—and has had his pension reduced from $50 a month to $6.

He did not apply for a pension until his condition became so serious he was unfit for work in June 1920. His original pension was $12, was increased to $18, later to $30, and on June 2, 1930, to $50 a month, upon a rating of three quarters disability.

When he was mustered in he had a slight left inguinal hernia, and the records show it was "slight, but well sustained by truss." He could do everything any man could do, so was accepted for service. In camp in 1898 he contracted a severe cold and the cold developed into pleurisy, but sailed with his detachment for Honolulu and served at Camp McKinley; was again taken sick, this time with malarial fever, and was transferred to a military hospital.

On November 30, 1898, his regiment returned to the United States, but he was kept in the hospital in Honolulu until December 20. About December 10 he had a recurrence of the pleurisy. These two attacks affected his rupture very seriously and developed a tendency toward bronchial colds and cough incident to the pleurisy.

This soldier has had a slight shock, impairing the use of his right hand and partially of the left, affecting his speech and walk. At present he is wholly disabled and at 75 years of age there is little chance of improvement.

If there is a man in the United States entitled to a pension, it is this man; and I cite this fact in the CONGRESSIONAL RECORD, have brought it to the attention of Mr. Morgan, Director of Pensions, and the Director of the Budget, as I cannot believe that it was ever the intention of the Congress, and certainly not their expectation, that such injustices would be wrought under the guise of economy.

AMENDMENT OF BANKRUPTCY LAW

Mr. McKEOWN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with an amendment.

The Clerk read the title of the bill.

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent that the reading of the bill be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The bill is as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, February 11, 1932, and March 3, 1933, be, and it is hereby, amended by adding to chapter VIII, entitled "Provisions for the relief of debtors", two new sections to read as follows:

"SEC. 78. Additional jurisdiction: In addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in section 79 of this act.

"SEC. 79. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of this act, and any railroad or other transportation corporation, except a railroad corporation authorized to file a petition or answer under the provisions of section 77 of this act, and except as hereinafter provided, may file an original petition, or, before adjudication in an involuntary proceeding, an answer, or in any proceeding pending in bankruptcy, a petition stating that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets. The petition or answer shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order of adjudication in bankruptcy shall not be entered and the court in which such order approving the peti-

tion or answer is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located for the purposes of this section, and shall have and may exercise all the powers, not inconsistent with this section, which a Federal court would have had it appointed a receiver in equity of the property of the debtor on the ground of insolvency. The corporation shall be referred to in the proceedings as a 'debtor.' Any corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any debtor, or substantially all of whose properties are operated by such debtor under lease or operating agreement, may file, with the court in which such debtor has filed its petition or answer, and in the same proceeding, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such corporation, its property, and its creditors and stockholders as the court has with respect to such other debtor. Three or more creditors who have provable claims against any corporation which amount in the aggregate, in excess of the value of securities held by them, if any, to $1,000 or over may, if such corporation has not filed a petition or answer under this section, file with the court in which such corporation might file a petition under this section, a petition stating that such corporation is insolvent or unable to meet its debts as they mature and has committed an act of bankruptcy within 4 months, that such creditors propose that it shall effect a reorganization; and such corporation shall, within 10 days after the service of a copy of such petition upon it, answer such petition. If such answer shall admit (a) the jurisdiction of the court, (b) that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and (c) that the corporation is either insolvent or unable to meet its debts as they mature, the court shall enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, or dismiss it if not so satisfied. If such answer shall deny either the jurisdiction of the court or that the claims of the petitioning creditors constitute such necessary amounts or that the corporation is insolvent or unable to meet its debts as they mature, the judge shall determine summarily the issues presented by the pleadings, without the intervention of a jury, and if the material allegations of the petition are sustained by the proofs and the court is satisfied that the petition complies with this section and has been filed in good faith it shall approve the petition; otherwise the court shall dismiss the petition; and if any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the corporation had itself filed a petition or answer under this section. In case any such petition or answer or proceedings shall be dismissed in the manner provided in this subdivision (a) or in subdivision (c), clause (8), of this section, the same shall not constitute an act of bankruptcy or an admission of insolvency or be admissible in evidence, without the consent of the debtor, in any proceedings then or thereafter pending or commenced under this act or in any Federal or State court. If three or more creditors who have provable claims which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over, or if stockholders holding 5 percent in number of all shares of stock of any class of the debtor outstanding shall, prior to the hearing provided for in subdivision (c), clause (1), of this section appear and controvert the facts alleged in the petition or answer, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition or answer are sustained by the proofs, the proceedings shall be dismissed.

"(b) A plan of reorganization within the meaning of this section (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include provisions modifying or altering the rights of stockholders generally, or of any class of them, either through the issuance of new securities of any character or otherwise; (3) shall provide for the payment in cash of all costs of administration and other allowances made by the court except that compensation or reimbursement provided for in subdivision (c), clause (9), of this section, may be paid in securities provided for in the plan if those entitled thereto will accept such payment and the court finds such compensation reasonable; (4) shall provide in respect of each class of stockholders, a majority of which shall not accept such plan (unless the judge shall determine either that the debtor is insolvent, or that the interest of such class of stockholders will not be affected adversely by the plan), adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan, either as provided in the plan, (a) by a sale of the property at not less than a fair upset price, or (b) by appraisal and payment in cash of the value either of their stock, or at the objecting stockholders' election, of the securities allotted to such stockholders under the plan, if any shall be so allotted, or (c) by such methods as will do substantial justice to such stockholders under and consistent with the circumstances of the particular case; (5) shall provide in respect of each class of creditors two thirds in amount of which shall not accept such plan (unless the claims of such class of creditors will not be affected by the plan, or the plan makes provision for the payment of their claims in cash in full), provide adequate protection for the realization by them of the value of their interests, claims, or liens, if the property affected by such interests, claims, or liens is dealt with by the plan, either as provided in the plan (a) by the transfer or sale of such property subject to such interests, claims, or liens, or by the retention of such property by the debtor subject to such interests, claims, or liens, or (b) by a sale free of such interests, claims, or liens at not less than a fair upset price and the transfer of such interests, claims, or liens to the proceeds of such sale; or (c) by appraisal and payment either in cash of the value either of such interests, claims, or liens, or, at the objecting creditors' election, of the securities allotted to such interests, claims, or liens under the plan, if any shall be so allotted; or (d) by such method as will in the opinion of the judge, under and consistent with the circumstances of the particular case, equitably and fairly provide such protection; (6) may reject contracts of the debtor which are executory in whole or in part, including unexpired leases except contracts in the public authority; (7) shall, in case any creditor or stockholder or class thereof shall not be affected by the plan, specify the creditor or stockholder or class or classes thereof not affected and contain such provisions with respect thereto as may be appropriate, and in case any controversy shall arise as to whether any creditor or stockholder or class thereof shall or shall not be affected, the issue shall be determined by the judge after hearing upon notice to the parties interested; (8) shall specify what claims, if any, are to be paid in cash in full; (9) shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, or the merger or consolidation of the debtor into or with another corporation or corporations, or the retention of the property by the debtor, the distribution of assets among creditors or any class thereof, the satisfaction or modification of liens, indentures, or other similar instruments, the curing or waiver of defaults, extension of maturity dates of outstanding securities, the change in interest rates and other terms of such securities, the amendment of the charter of the debtor, and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; and (10) may deal with all or any part of the property of the debtor. No creditor or stockholder shall, for the purposes of this section, be deemed to be affected by any plan of reorganization unless the same shall affect his interests materially and adversely. The term 'securities' shall include evidences of indebtedness, either secured or unsecured, stock, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term 'stockholders' shall include the holders of voting trust certificates. The term 'creditors' shall include for all purposes of this section and of the reorganization plan, its acceptance and confirmation, all holders of claims of whatever character against the debtor or its property, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act. The term 'claims' includes debts, securities, other than stock, liens, or other interests of whatever character. For all purposes of this section unsecured claims which would have been entitled to priority over existing mortgages if a receiver in equity of the property of the debtor had been appointed by a Federal court on the day of the approval of the petition or answer under this section, shall be entitled to such priority, and the holders of such claims, and of other claims, if any, of equal rank, shall be treated as a separate class of creditors. In case any executory contract shall be rejected, the same shall be deemed to have been breached and the holder shall be entitled to file a claim for damages for such breach and such claim may be allowed provided such contract shall not have terminated by forfeiture, reentry, or otherwise. In the case of secured claims entitled to the provisions of clause (5) of this subdivision (b), the value of the security shall be determined in the manner provided in section 57, clause (h), of this act, and if the amount of such value shall be less than the amount of the claim, the excess may be classified as an unsecured claim. The provisions of section 60 of this act shall apply to claims against the debtor in a proceeding under this section. For all purposes of this section any creditor may act in person or by a duly authorized agent or committee.

"(c) Upon approving the petition or answer or at any time thereafter, the judge, in addition to the jurisdiction and powers elsewhere in this section conferred upon him, (1) may, after hearing upon notice to the debtor and to such others as the judge may determine temporarily continue the debtor in possession or appoint a trustee or trustees of the debtor's estate, and shall require the debtor, or such trustee or trustees, if appointed, to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for 2 successive weeks of a hearing to be held within 30 days after such appointment, or, if no such appointment, within 30 days after the approval of the petition or answer, at which hearing or any adjournment thereof, or at any subsequent hearing after notice, the judge may make permanent any such appointment, or terminate it and restore the debtor to possession, or, if no trustee has been appointed, may appoint a trustee or trustees, and may remove any such trustee or trustees and continue the debtor in possession or appoint a substitute trustee or trustees and may appoint an additional trustee or trustees; (2) shall fix the amount of the bond of every such trustee, and every such trustee, upon filing such bond, shall have all the title and shall

exercise, subject to the control of the judge and consistently with the provisions of this section, all the powers of a trustee appointed pursuant to section 44 of this act, and, if authorized by the judge, the same powers as those exercised by a receiver in equity to the extent consistent with this section, and, subject to the authorization and control of the judge, the power to operate the business of the debtor during such period, fixed or indefinite, as the judge may from time to time prescribe; (3) may, for cause shown, authorize the debtor or the trustee or trustees, if appointed, to issue certificates for cash, property, or other consideration approved by the judge for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (4) shall require the debtor, or the trustee or trustees, if appointed, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; and may direct the debtor, or the trustee or trustees, if appointed, to prepare (a) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (b) a list of the stockholders of each class of the debtor, with the last known post-office address or place of business of each, which lists shall be open to the inspection of any creditor or stockholder of the debtor, during reasonable business hours, upon application to the debtor, or to the trustee or trustees, if appointed, and the contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise; (5) may direct the rejection of contracts of the debtor executory in whole or in part; (6) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security therefor, such value to be determined in accordance with the provisions of section 57, clause (h), of this act; (7) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (8) if a plan of reorganization is not proposed or accepted within such reasonable period as the judge may fix, or, if proposed and accepted, is not confirmed, may, after hearing, whether the proceeding be voluntary or involuntary, either extend such period or dismiss the proceeding under this section or, except in the case of a railroad or other public utility or of a debtor which has not been found by the judge to be insolvent, direct the estate to be liquidated, or direct the trustee or trustees to liquidate the estate, appointing a trustee or trustees if none shall previously have been appointed, as the interests of the creditors and stockholders may equitably require; (9) may allow a reasonable compensation for the services rendered and reimbursed for the actual and necessary expenses incurred in connection with the proceeding and the plan by officers, parties in interest, depositaries, reorganization managers and committees or other representatives of creditors or stockholders, and the attorneys or agents of any of the foregoing, but appeals from orders fixing such allowances may be taken to the circuit court of appeals independently of other appeals in the proceeding and shall be heard summarily; (10) in addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, may enjoin or stay the commencement or continuation of suits against the debtor until after final decree; and may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree; and (11) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation and reimbursement for his services and actual and necessary expenses. The debtor shall have the right to be heard on all questions. Any creditor or stockholder shall have the right to be heard on the question of the permanent appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine. In case a trustee is not appointed, the debtor shall continue in the possession of its property, and, if authorized by the judge, shall operate the business thereof during such period, fixed or indefinite, as the judge may from time to time prescribe, and shall have all the title to and shall exercise, consistently with the provisions of this section, all the powers of a trustee appointed pursuant to this section, subject at all times to the control of the judge, and to such limitations, restrictions, terms, and conditions as the judge may from time to time impose and prescribe. While the debtor is in possession (a) its officers shall be entitled to receive only such reasonable compensation as the judge shall from time to time approve, and (b) no person shall be elected or appointed to any office, to fill a vacancy or otherwise, without the prior approval of the judge.

"(d) A plan of reorganization which has been approved by creditors of the debtor, whose claims would be affected by the plan, being not less than 25 percent in amount of any class of creditors, and not less than 10 percent in amount of all the claims against the debtor, or, if the debtor is not found by the judge to be insolvent, but is found unable to meet its debts as they mature, by stockholders whose interests would be affected by the plan, provided said amount is not less than 10 percent of any class of stock outstanding and not less than 5 percent of the total number of shares of all classes of stock outstanding, may be proposed by any creditor or by any stockholder, or without such approval by the debtor, at a hearing duly noticed for its consideration or for the consideration of any other plan of reorganization similarly proposed.

"(e) (1) A plan of reorganization shall not be confirmed until it has been accepted in writing, whether before or after the filing of the petition or answer under this section, and such acceptance shall have been filed in the proceeding by or on behalf of creditors holding two thirds in amount of the claims of each class whose claims have been allowed and would be affected by the plan and by or on behalf of stockholders of the debtor holding a majority of the stock of each class: *Provided, however,* That such acceptance shall not be requisite to the confirmation of the plan by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their claims in cash in full, or (c) if provision is made in the plan for the protection of the interests, claims, or liens of such creditor or class of creditors in the manner provided in subdivision (b), clause (5), of this section: *And provided further,* That such acceptance shall not be requisite to the confirmation of the plan by any stockholder or class of stockholders (1) if the judge shall have determined either that the debtor is insolvent, or that the interests of such stockholder or stockholders will not be affected by the plan, or (2) if provision is made in the plan for the protection of the interests of such stockholder or class of stockholders in the manner provided in subdivision (b), clause (4), of this section. With such acceptance there shall be set forth, verified in such manner as the judge shall require, what, if any, contracts of the debtor are executory in whole or in part, and what unexpired leases have been rejected and surrendered. With such acceptance there shall be filed a statement, vertified in such manner as the judge shall require, showing what, if any, claims and shares of stock have been purchased or transferred by those accepting the plan after the commencement or in contemplation of the proceeding, and the circumstances of such purchase or transfer: *Provided, however,* That if the judge is satisfied that by reason of the number of securities outstanding and the extent of the public dealing therein the preparation of such a statement would be impractical, he may direct that it be not filed. If the United States of America is a creditor or stockholder, the Secretary of the Treasury is hereby authorized to accept or reject a plan in respect of the interests or claims of the United States.

"(2) In case the debtor is a utility subject to the jurisdiction of a regulatory commission or commissions or other regulatory authority or authorities, created by the laws of the State or States in which the properties of the debtor are operated, a plan of reorganization shall not be confirmed until (a) it shall be submitted to each such commission or authority having regulatory jurisdiction over the debtor, (b) an opportunity shall be afforded each such commission or authority to suggest amendments or objections to the plan, and (c) the judge shall consider such amendments or objections at a hearing at which each such commission or authority may be heard. In case the debtor is a public-utility corporation wholly intrastate in character, no court shall approve any plan of reorganization if the regulatory commission of such State having jurisdiction over such public utility certifies that the public interest is affected by said plan, unless said regulatory commission shall first approve of said plan as to the public interest therein and the fairness thereof. If said regulatory commission shall not within 30 days or such additional period as the court may prescribe after the submission of a plan to it file said certificate, it shall be deemed that the public interest is not affected by said plan.

"(f) After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is fair and equitable and does not discriminate unfairly in favor of any class of creditors or stockholders, and is feasible; (2) it complies with the provisions of subdivision (b) of this section; (3) it has been accepted as required by the provisions of subdivision (e), clause (1), of this section; (4) the provisions of subdivision (e), clause (2), of this section have been complied with; (5) all amounts to be paid by the debtor or by any corporation or corporations acquiring the debtor's assets, and all amounts to be paid to committees or reorganization managers, whether or not by the debtor or any such corporation for services or expenses incident to the reorganization, have been fully disclosed and are reasonable, or are to be subject to the approval of the judge; (6) the offer of the plan and its acceptance are in good faith and have not been made or procured by any means or promises forbidden by this act; and (7) the debtor, and every other corporation, issuing securities or acquiring property under the plan, is authorized by its charter or by applicable State or Federal laws, upon confirmation of the plan, to take all action necessary to carry out the plan, and that, in case the debtor is a utility corporation subject to the jurisdiction of a regulatory commission or commissions or other regulatory authority or authorities, created by the laws of the State or States in which the properties of the debtor are operated, all authorizations,

approvals, or consents of each such commission or authority required by the laws of such State or States have been obtained. Before or after a plan is confirmed, changes and modifications may be proposed therein by any party in interest and may be made with the approval of the judge after hearing upon notice to creditors and stockholders, subject to the right of any creditor or stockholder who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor or stockholder, and if any creditor or stockholder having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however,* That the plan as changed or modified shall comply with the provisions of subdivision (b) of this section and shall have been or shall thereafter be accepted as required by the provisions of subdivision (e), clause (1), of this section, including acceptances by reason of failure to withdraw as hereinbefore provided, and the provisions of this subdivision (f), and of subdivision (e), clause (2), of this section, shall have been complied with in respect thereof. Upon confirmation of the plan by the judge, the debtor and other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to put into effect and carry out the plan and the orders of the judge relative thereto. The provisions of sections 721, 722, 723, 724, and 725 of the Revenue Act of 1932 shall not apply to the issuance, transfers, or exchanges of securities or making or delivery of conveyances to make effective any plan of reorganization confirmed under the provisions of this section.

"(g) Upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the debtor, (2) all stockholders thereof, including those who have not, as well as those who have, accepted it, and (3) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed, and, if filed, whether or not approved, including creditors who have not, as well as those who have, accepted it.

"(h) Upon final confirmation of the plan, the debtor and other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to, and shall put into effect and carry out the plan and the orders of the judge relative thereto, the same and the orders of the judge relative thereto, shall be put into effect and carried out, under and subject to the supervision and control of the judge, and the property dealt with by the plan shall be transferred and conveyed by the trustee or trustees to the debtor or the other corporation or corporations provided for by the plan, or, if no trustee has been appointed, shall be retained by the debtor pursuant to the plan or transferred by it to the other corporation or corporations provided for by the plan free and clear of all claims of the debtor, its stockholders and creditors, except such as may consistently with the provisions of the plan be reserved in the order confirming the plan or directing such transfer and conveyance, and the court may direct the trustee or trustees, or if there be no trustee, the debtor, to make any such transfer or conveyance, and may direct the debtor to join in any such transfer or conveyance made by the trustee or trustees. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees, if any, making such provisions as may be equitable, by way of injunction or otherwise, and closing the case. Such final decree shall discharge the debtor from its debts and liabilities, and shall terminate and end all rights and interests of its stockholders, except as provided in the plan or as may be reserved as aforesaid.

"(i) If a receiver or trustee of all or any part of the property of a corporation has been appointed by a Federal, State, or Territorial court, whether before or after this amendatory act takes effect a petition or answer may be filed under this section at any time thereafter by the corporation, or its creditors as provided in subdivision (a) of this section and if such petition or answer is approved, the trustee or trustees appointed under this section, or the debtor if no trustee is appointed, shall be entitled forthwith to possession of and vested with title to such property, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by the receiver or prior trustee and for the payment of such reasonable administrative expenses and allowances in the prior proceeding as may be fixed by the court appointing said receiver or prior trustee. If a receiver or trustee has been appointed by a Federal or State or Territorial court prior to the institution of a poceeding under this section, and such proceeding shall be dismissed under subdivision (c), clause (8), of this section, the judge may include in the order of dismissal appropriate orders directing the trustee or trustees, or the debtor if no trustee is appointed, to transfer possession of the debtor's property within the territorial jurisdiction of such court to the receiver or prior trustee so appointed, upon such terms as the judge may deem equitable for the protection of obligations incurred by any trustee or trustees appointed under this section, and for the payment of administrative expenses and allowances in the proceeding hereunder. For the purposes of this section the words 'Federal court' shall include the district courts of the United States and of the Territories and possessions to which this amendatory act is or may hereafter be applicable, the Supreme Court of the District of Columbia, and the United States Court of Alaska, and the District Court of the United States for the Territory of Hawaii.

"(j) A certified copy of the final decree or of an order confirming a plan of reorganization, or of any other decree or order entered in a proceeding under this section, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the decree or order was made. A certified copy of an order directing the transfer of the property dealt with by the plan as provided in subdivision (h) of this section shall be evidence of the transfer of title accordingly, and if recorded shall impart the same notice that a deed, if recorded, would impart.

"(k) If an order is entered directing the trustee or trustees to liquidate the estate pursuant to the provisions of clause (8) of subdivision (c) of this section: (1) The case may be referred to a referee as provided in section 22, who shall be compensated as provided in section 40; (2) the first meeting of creditors shall be held as provided in section 55, upon notice as provided in section 58; (3) a trustee or trustees shall be appointed as provided in section 44, and be compensated as provided in section 48; (4) claims which are provable under section 63 may be proved as provided in section 57, except that the time within which proof may be made shall not expire until 6 months after the date of the last publication of the notice of the first meeting; (5) debts shall be entitled to priority as provided in section 64; (6) sales shall be made as provided in subdivision (b) of section 70; (7) dividends may be declared and paid as provided in section 65. None of the sections enumerated in this subdivision (k), except subdivisions (g), (l), (j), and (m) of section 57, and subdivisions (a) and (e) of section 70, shall apply to proceedings instituted under this section 79 unless and until an order has been entered directing the trustee or trustees to liquidate the estate. All other provisions of this act, except such as are inconsistent with the provisions of this section 79, shall apply to proceedings instituted under this section, whether or not an order to liquidate the estate has been entered. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors'; 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this section; the date of the order approving the petition or answer under this section shall be taken to be the date of adjudication, and such order shall have the same consequences and effect as an order of adjudication.

"(l) No judge, debtor, or trustee acting under this section shall deny or in any way question the right of employees on the property under the jurisdiction of the judge to join the labor organization of their choice, and it shall be unlawful for any judge, debtor, or trustee to interfere in any way with the organizations of employees or to use funds under such jurisdiction in maintaining so-called 'company unions' or to coerce employees in an effort to induce them to join or remain members of such company unions.

"(m) No judge, debtor, or trustee acting under this section shall require any person seeking employment on the property under the jurisdiction of the judge to sign any contract or agreement promising to join or to refuse to join a labor organization; and if such contract has been enforced on the property prior to the property coming under the jurisdiction of said judge, then the judge, debtor, or trustee, as soon as the matter is called to his attention, shall notify the employees by an appropriate order that said contract has been discarded and is no longer binding on them in any way.

"(n) Nothing contained in this section shall be construed or be deemed to affect or apply to the stockholders, creditors, or officers of any corporation operating or owning a railroad or railroads, railway or railways, owned in whole or in part by any municipality and/or owned or operated by a municipality, or under any contract to any municipality by or on its behalf or in conjunction with such municipality under any contract, lease, agreement, certificate, or in any other manner provided by law for such operation: *Provided, however,* That this paragraph shall not apply to or affect any corporation or the stockholders, creditors, or officers thereof, if not more than 20 percent of its operating revenue is derived from such operations.

"(o) In proceedings under this section and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the debtor and the rights and liabilities of creditors, and of all persons with respect to the debtor and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition or answer was approved.

"(p) This section shall take effect and be in force from and after the date of the approval of this amendatory act and shall apply as fully to debtors, their stockholders and creditors, whose interests or debts have been acquired or incurred prior to such date, as to debtors, their stockholders and creditors, whose interests or debts are acquired or incurred after such date. Proceedings under this section may be taken in proceedings in bankruptcy which are pending on the effective date of this amendatory act."

SEC. 2. Section 74, subdivision (e), of such act of July 1, 1898, as amended, is amended by adding a new sentence at the end of the subdivision, to read as follows: "After the first meeting of the creditors as provided in subdivision (c), the debtor fails to obtain the acceptance of a majority in number of all creditors whose claims are affected by an extension proposal representing a majority in amount, the debtor may submit a proposal for an extension including a feasible method of financial rehabilitation for the debtor which is for the best interest of all the creditors,

including an equitable liquidation for the secured creditors whose claims are affected."

SEC. 3. In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, the district court or any judge thereof shall make in its or his discretion such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

SEC. 4. (a) Section 63 (a) of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows: "(a) Debts of the bankrupt may be proved and allowed against his estate which are (1) a fixed liability, as evidenced by a judgment or an instrument in writing, absolutely owing at the time of the filing of the petition against him, whether then payable or not, with any interest thereon which would have been recoverable at that date or with a rebate of interest upon such as were not then payable and did not bear interest; (2) due as costs taxable against an involuntary bankrupt who was at the time of the filing of the petition against him plaintiff in a cause of action which would pass to the trustee and which the trustee declines to prosecute after notice; (3) founded upon a claim for taxable costs incurred in good faith by a creditor before the filing of a petition in an action to recover a provable debt; (4) founded upon an open account, or upon a contract express or implied; (5) founded upon provable debts reduced to judgments after the filing of the petition and before the consideration of the bankrupt's application for a discharge, less costs incurred and interest accrued after the filing of the petition and up to the time of the entry of such judgments; (6) founded upon an award of an industrial accident commission, or other commission, body, or officer, of any State or Territory having power or jurisdiction to make awards as workmen's compensation in case of injury or death for injury prior to adjudication; and (7) claims for damages respecting executory contracts including future rents whether the bankrupt be an individual or a corporation, which claims shall be liquidated under section 63 (b) of this act."

(b) The provisions of clause (6) of section 63 (a) of such act of July 1, 1898, as amended by this section, shall apply to estates pending at the time of the enactment of this act, and claims provided for in such clause (6) shall have the priority provided for in clause (7) of section 64 (b) of such act of July 1, 1898, as amended.

SEC. 5. Section 67 (f) of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows: "That all levies, judgments, attachments, or other liens, obtained through legal proceedings against a person who is insolvent, at any time within 4 months prior to the filing of a petition in bankruptcy against him, and any bond which may be given to dissolve any such lien so created, shall be deemed null and void in case he is adjudged a bankrupt, and the property affected by the levy, judgment, attachment, or other lien, and any nonexempt property of his which he shall have deposited or pledged as security for such bond or to indemnify any surety thereon, shall be deemed wholly discharged and released from the same, and shall pass to the trustee as a part of the estate of the bankrupt, unless the court shall, on due notice, order that the right under such levy, judgment, attachment, or other lien shall be preserved for the benefit of the estate; and thereupon the same may pass to and shall be preserved by the trustee for the benefit of the estate as aforesaid. And the court may order such conveyance as shall be necessary to carry the purposes of this section into effect: *Provided*, That nothing herein contained shall have the effect to destroy or impair the title obtained by such levy, judgment, attachment, or other lien, of a bona fide purchaser for value who shall have acquired the same without notice or reasonable cause for inquiry.

SEC. 6. Conciliation commissioners appointed under section 75 of such act of July 1, 1898, as amended, shall be entitled to transmit in the mails free of postage under cover of a penalty envelope all matters which relate exclusively to the business of the Government, including notices to creditors.

The SPEAKER. Is a second demanded?

Mr. KURTZ. Mr. Speaker, I demand a second.

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McKEOWN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, at the last session of Congress we passed a law amending the Bankruptcy Act, giving the right to individuals, farmers, and railroads to adjust their debts or obligations by consent of their creditors. As the bill passed the House it included corporations. It went to the Senate in the last days of the Congress. They did not have time enough to consider the corporate reorganization feature of the bill, so it was dropped out of the bill, and the act became a law granting to individuals, farmers, and railroads the right to go into court and compose their differences and have extensions and reorganizations of their debts.

So there comes now a great urge from corporations throughout the country who ask the same privilege enjoyed by the individuals, the farmers, and the railroads.

All this bill does is to give a forum where corporations may come in and ask to compose their differences or for extensions of time to work out their obligations or a reorganization of the corporation.

Now, in this bill, as to corporation reorganization, we have safeguarded the minority creditors and safeguarded the rights of the minority stockholders, and as to utility corporations we have protected the public interest in the reorganization of utility corporations by requiring the corporations in the States where they are reorganized, and that must be the State where they have their principal place of business or where their principal assets are located, to get the consent or approval of the plan by the regulatory commission of the State, if its business is wholly intrastate. If it does business in more than one State, the regulatory body of each such State is to be heard, if it desires, upon the plan or any objections to the plan.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McKEOWN. I yield.

Mr. SNELL. If I remember correctly, a short time ago we passed a bill similar to this applying to individuals.

Mr. McKEOWN. Yes.

Mr. SNELL. When that bill was introduced originally, did it not contain the word "corporations"?

Mr. McKEOWN. We had a section on corporations and it passed the House, but when it was over in the Senate they did not have time in the closing days of the session to go through the matter with respect to corporation reorganizations and the railroads were pressing more strongly than the corporations for the legislation, so they dropped out the corporation section.

Mr. SNELL. You are now doing practically what we did originally in the House?

Mr. McKEOWN. Yes; and we have made a correction to meet an objection raised in the Senate that there was no regulatory body to look after the public interest in the reorganization of utilities. We have straightened that out in this bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. O'MALLEY. There is nothing in this measure applying to municipalities?

Mr. McKEOWN. No; nothing at all as to municipalities. This bill is to give the same thing to corporations that the individual now has.

Mr. DUNN. As I understand the gentleman, this bill does not pertain to municipalities.

Mr. McKEOWN. No; municipalities are not included in this measure.

I do not know whether any of you are overlooking it or not, but in the act that was approved on March 3 last, there is a provision with respect to the farmers by which they can obtain extensions of their debts. There is a provision that 15 farmers in any county can petition the Federal judge and he must appoint a referee or conciliator, whose business it is to get the creditors together and see if they can adjust the debts of the farmer.

This was a forerunner of the legislation that has passed, whereby loans out of the $200,000,000 fund can be made available to farmers to refinance their farm mortgages.

Let me show you why you should call the attention of your constituents to this act. Under the act, if 15 farmers in any county petition the Federal judge of that district, it is his duty to appoint one of these conciliators or referees, and the maximum charge to the farmer is not in excess of $10. That is all he pays. Then let us see what takes place. By using one of the conciliators, the farmers in the county that are in debt and have mortgages which they cannot pay can call in all of their creditors and sit around the table, and they can scale down their debts or postpone them as they may

agree. If they agree on the scaling down, the first mortgagee, for instance, agrees to cut his mortgage $2,000, and the bank and the merchant and the blacksmith and all the others agree to scale their claims in like proportion, and then they can submit this and make it permanent by having it confirmed by the court, and then this farm refinancing section will advance the money and take a second mortgage on the place. So you have the farmer out of debt, with nothing but his obligation to the Government.

Mr. CONNERY. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. CONNERY. As I get the remarks of the gentleman, this is following along the line of the bill we passed previously, and helps the more to do away with that racket whereby they can petition a man into involuntary bankruptcy and mulct him of everything he has.

Mr. McKEOWN. Yes; and this will reduce the cost of administration, because it provides that the owners of the property may continue it as a going concern and will be able to handle it much better and cheaper than to have some trustee or receiver appointed to handle the property.

Mr. TRUAX. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. TRUAX. I would like to ask the gentleman if he has any information as to the number of farmers who have taken advantage of this amended act.

Mr. McKEOWN. We have information that they are beginning to utilize it in several of the States and in this measure I have amended the other bill in this regard. We gave the conciliator $10 and that was his full compensation. It was found that when he went to get his supplies he could not have the franking privilege to send out these notices and it cost him more in stamps than he got out of it. We have changed that so that now he will be able to send out the notices in a franked envelope.

Mr. TRUAX. But the effectiveness of the amendment depends wholly upon the willingness of the mortgagee to agree to scale down his mortgage.

Mr. McKEOWN. No; not necessarily. We have an amendment to this bill that if you cannot get a majority of the creditors to agree in amount and in number, and we will say a mortgagee is the largest creditor in the whole bunch and he stands out and refuses to agree, or if a majority will not agree, the farmer may present a plan that looks toward his rehabilitation as well as being fair to all his creditors.

Mr. TRUAX. But in the final analysis if the mortgagee refuses to agree, then he can go on and foreclose his mortgage and sell him out.

Mr. McKEOWN. He cannot. When the farmer files his petition the court stays any kind of action against the farmer without the consent of the judge.

Mr. TRUAX. Or any action on an involuntary petition in bankruptcy?

Mr. McKEOWN. They cannot put the farmer into involuntary bankruptcy. He is not called a bankrupt but a distressed "debtor." That is the title. It is the petition of a distressed debtor, and no man can sue him on any debt.

The SPEAKER. The time of the gentleman has expired.

Mr. McKEOWN. I yield myself 5 minutes more.

Mr. McFARLANE. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. McFARLANE. What is the difference between a distressed debtor and a bankrupt; they are both in the same boat.

Mr. McKEOWN. There is a great misapprehension about bankruptcy. Because a man is insolvent and cannot meet his debts when they mature, you cannot put him into bankruptcy. You cannot put him into bankruptcy unless you show that he has committed some act of bankruptcy like preferring creditors, and so forth.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ZIONCHECK. How long can you forestall or prevent the mortgage from being foreclosed?

Mr. McKEOWN. For such time as the judge may deem it to be fair to the debtor and to the man who holds the mortgage.

Mr. ZIONCHECK. That will be heard in a Federal court?

Mr. McKEOWN. Yes; in a Federal court.

Mr. BUSBY. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BUSBY. Does this bill include municipal corporations as well as other corporations?

Mr. McKEOWN. No.

Mr. BUSBY. That is embraced in the provisions of the Wilcox bill. Can the gentleman state when that will come up?

Mr. McKEOWN. I cannot. I believe it has been reported out.

Mr. BUSBY. Does not the gentleman think it should include municipal corporations?

Mr. McKEOWN. That will come up as a separate bill.

Mr. WILCOX. Will the gentleman yield?

Mr. McKEOWN. I yield to the gentleman.

Mr. WILCOX. It is well understood that there are now in the United States between a thousand and fifteen hundred governmental units that are in default of payment of public obligations, and so serious that the very existence of the local government in at least that number of units is seriously threatened. Does not the gentleman think that some system of relief is just as essential to these municipal units as the taking care of corporations?

Mr. McKEOWN. I agree with the gentleman.

Mr. Speaker, I reserve the balance of my time.

Mr. KURTZ. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, there is no reason why there should be protracted debate on this bill, for it is of such character that it ought to pass practically without much debate. There was no challenge to it in the committee on either the part of the majority or the members of the minority. The bill has been considered for a good number of days past and every possible phase of it has been carefully gone over.

I am inclined to think the verbiage of the bill may be in some way obscure, but on the other hand, I cannot easily see how the gentleman from Oklahoma [Mr. McKEOWN], who handled it, could have made a bill of that character less obscure. It furnishes a reasonable way to fight bankruptcy on the part of corporations which may be tottering on the brink of bankruptcy. As far as the minority side of it is concerned, and I think I speak for them, we are as one in the idea that this should pass the House.

Mr. ELTSE of California. May I ask the gentleman what precaution has been taken in the bill to protect an employee upon an award in his favor where the bankrupt employer is an insurance carrier—will the insurance company be released by the adjudication of the principal?

Mr. HOOPER. I shall hardly have time in my 3 minutes to answer that. The ranking committee member is going to explain. Suffice it to say that there is a protection in the bill which he will set forth.

Mr. McKEOWN. Does the gentleman from Pennsylvania desire to use any more time?

Mr. KURTZ. Not unless the majority does. I want first to answer a question. I am asked what there is to protect a creditor for labor under this act.

Mr. McKEOWN. The provision is in the bill that labor shall have its priority, as applied by the State laws. It has the same priority for wages as under the State law.

Mr. KURTZ. But not to exceed $600.

Mr. ELTSE of California. Mr. Speaker, will the gentleman yield?

Mr. KURTZ. Yes.

Mr. ELTSE of California. The specific question I have in mind is this: Take it in the State of California. The employers carry insurance in one or more companies. I notice here that you have extended the Bankruptcy Act to include awards of commissions. What protection has the

employer got, where he holds an insurance, against a release of the insurance?

Mr. McKEOWN. This is put in here because at the time of the passage of the Bankruptcy Act in 1898 there was no such social legislation on the books as the Workingmen's Compensation Act. So the Workingmen's Compensation Act is not proven now in bankruptcy, so that if a man is insured and he receives an award and the corporation goes into bankruptcy, he should have the opportunity to file his claim with the bankrupt and get whatever his part is. It has the same priority as wages.

Mr. ELTSE of California. He gets a clearance in that way; but what about the creditor?

Mr. McKEOWN. The creditor recovers against the insurance company.

Mr. ELTSE of California. What is there in the bill that protects the holder of an insurance policy?

Mr. McKEOWN. The gentleman means the workman who has been injured?

Mr. ELTSE of California. Yes.

Mr. McKEOWN. He does not give up anything because he files against the bankrupt's estate. He has an election. He is not required to file it at all.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman from Oklahoma yield?

Mr. McKEOWN. Yes.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman from that the laboring man would get the same amount as is allowed by the State law. The Bankruptcy Act provides for not more than $600.

Mr. McKEOWN. Yes; but my bill does not limit it to bankruptcy.

Mr. ZIONCHECK. In the State of Washington we have only $100, while the bankruptcy law allows $600. The gentleman only wants it $100 in that State?

Mr. McKEOWN. I want the State law to remain.

Mr. McFARLANE. Is this an administration measure?

Mr. McKEOWN. Oh, yes.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and in the opinion of the Chair two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

H.R. 4544

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks and to place therein an editorial from one of the papers in my district, which will take about half a column.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I wish to include an editorial which appeared on Tuesday, May 30, in the Bakersfield Californian, which aptly discusses the myth of overproduction of crude oil in the United States during the past 5 years.

The Bakersfield Californian's editorial on this subject is ably authored by Alfred Harrell, dean of the Democratic Party in California, a publisher of Nation-wide repute and the first eminent editor of the entire West brave enough and far-seeing enough to take up the torch in favor of a protective tariff or an embargo on the importations of crude oil.

Those of you who are interested in the subject of Federal control of the domestic petroleum industry would do well to study his editorial closely, which follows:

THE OVERPRODUCTION MYTH

The wisdom of the proposal for Federal control of the oil industry will be questioned by independent producers and by the public generally just so long as there is no restriction on importations. And particularly will that be true as people understand that the claim which has been stressed for so long that there is great overproduction, is not borne out by the figures with production measured against consumption.

If we go back for a period of 5 years, to 1928, the daily average production in the United States was 2,400,000 barrels; the daily consumption during that year was 2,600,000 barrels. In 1929 the daily average production was 2,700,000 barrels; the daily average consumption was 2,800,000 barrels. In 1930 the daily average production was 2,400,000 barrels, the daily average consumption, 2,600,000 barrels. In 1931 daily production was 2,300,000 barrels against 2,500,000 barrels daily consumption. In 1932 the daily production was 2,100,000 barrels against a daily consumption of 2,200,000 barrels.

So it will be observed that in those 5 years the domestic production was below the country's consumption, and the fact that we have now a colossal surplus is due to another factor, and that is importations. Let us consider imports for the same 5 years. In 1928 we had a daily average importation of 218,000 barrels; in 1929 a daily average of 216,000 barrels; in 1930 a daily average of 173,000 barrels; in 1931 a daily average of 129,000 barrels, and in 1932 a daily average of 122,000 barrels.

As against these daily average imports, exports were, daily: In 1928, 52,000 barrels; in 1929, 72,000 barrels; in 1930, 65,000 barrels; in 1931, 70,000 barrels; and in 1932, 75,000 barrels.

The gain in surplus from year to year—and surplus is the thing that menaces the stability of the industry—is not, then, due to overproduction, but is directly traceable to importations. For in a period of 10 years the total volume of importations is just about equal to the total oil in storage. Which means, if it means anything, that if there had been no importations there would have been no surplus and no stagnation in the oil business. So it is we find the claim of overproduction to be a myth.

The Federal Government and all others who are interested in stabilizing the oil business would find a ready willingness on the part of those concerned with the industry to cooperate in a policy of curtailment if there were legislation to prohibit the incoming of foreign oil. But in the absence of any such legislation, there will be a disinclination in the future, as in the past and at the present, to cooperate in a movement which, in effect, makes either a market for foreign-produced oil, or adds said oil to the surplus to menace the prosperity of the industry.

The figures quoted by Alfred Harrell are authentic, being based upon calculations of the United States Bureau of Mines, and they are particularly refreshing in view of the false statements concerning production and consumption in the United States upon which we have been fed these many years by organizations operating solely for their own selfish ends.

I agree with my distinguished friend and compatriot in California that we cannot hope for an equitable adjustment within the petroleum industry through the avenue of Federal control until we have set our house in order by an effective restriction of crude-oil importations, and as the life of the first session of the Seventy-third Congress draws to a close, I want to serve notice that when we meet again it is my intention to wage a valiant battle for the adoption of H.R. 4544, which calls for the prohibition of all importations of crude oil.

APPOINTMENT OF GOVERNOR OF HAWAII

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 66 of the Hawaiian Organic Act, as amended (U.S.C., title 48, sec. 531), is amended to read as follows:

"SEC. 66. The executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the United States; shall be commander in chief of the Militia of Hawaii; and may grant pardons or reprieves for offenses against the laws of the said Territory and reprieves for offenses against the laws of the United States until the decision of the President is made known thereon."

The SPEAKER. Is a second demanded?

Mr. GIBSON. Mr. Speaker, I demand a second.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Mississippi is entitled to 20 minutes and the gentleman from Vermont to 20 minutes.

Mr. RANKIN. Mr. Speaker, as is well known, we have only two Territories, Alaska and Hawaii. The Philippines, Puerto Rico, and the Virgin Islands come under the designation of insular possessions. With the exception of Hawaii, the Governors of Alaska and the various insular possessions

are appointed from anywhere in the United States that the Chief Executive may deem proper. He may appoint a Governor of Alaska from the Territory of Alaska or he may appoint him from the continental United States. One President appointed a Governor of Puerto Rico from Kansas, and he appointed one Governor from New York.

In Hawaii up to the present time, under the law, it has been necessary to appoint the Governor from the Territory of Hawaii, as he must be a citizen or a resident of that Territory. The President, in the exercise of his duties as Chief Executive, has asked authority to appoint a Governor of Hawaii from anywhere within the United States, whether residing in Hawaii or in continental United States. He sent a message to the House a few days ago, in which he said:

> It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision, who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion. In making my choice I should like to be free to pick, either from the islands themselves or from the entire United States, the best man for this post. I request, therefore, suitable legislation temporarily suspending that part of the law which requires the Governor of Hawaii to be an actual resident of the islands.

Acting in accordance with that message, the Committee on Territories met and reported this measure, which we hope to have passed today and at the other end of the Capitol very soon, in order that this authority may be given to the President at once, so that he may proceed to appoint a Governor of the Territory of Hawaii to enter upon the discharge of his duties there without delay.

Mr. Speaker, I reserve the balance of my time.

Mr. GIBSON. Mr. Speaker, I yield myself 3 minutes, and in that time I will endeavor to state my objections to the measure.

Mr. Speaker, Hawaii is located 2,100 miles west of the mainland. Its government was formerly a monarchy with a long line of kings and queens. The people overthrew the monarchy and Hawaii became a republic. When it became a republic, application was made to join the United States. A committee was formed, made up in part of citizens of Hawaii and an agreement arrived at as to the basis of joining the American Nation. This was covered by a resolution adopted by the Congress of the United States.

Its relation to the United States and its status are fixed by the Organic Act. The Organic Act provides, among other things, that the Governor shall be a resident of Hawaii. At first he was required to be a resident for 1 year. In 1920 or 1921 it was changed to 3 years. Since that time one of the requisites has been that the Governor be a resident of Hawaii for 3 years.

It is proposed by this bill to permit the appointment of any citizen of the United States, of 35 years of age, and with other qualifications. I am opposed to it. In the first place, no good reason was shown to the committee for the change. Not a word of testimony was brought out except the message of the President, in which he asked for a temporary suspension of the provisions of the organic law. I am opposed to it because it is opposed by the people of Hawaii, by the business men, and by the legislature. I am opposed to it because no investigation has been had to determine whether this should be passed or not. I am opposed to it because it breaks faith with the people of Hawaii. You must remember that Hawaii is a defense outpost in the Pacific Ocean, and we should be in harmony with those people, and we should encourage their cooperation and that spirit of patriotism that has always actuated them.

Mr. SNELL. Will the gentleman yield for a question?

Mr. GIBSON. I will.

Mr. SNELL. Was there any information before your committee except that contained in the message of the President of the United States why this should be done?

Mr. GIBSON. Not any in favor of the passage of the measure.

Mr. SNELL. There was no investigation of any kind?

Mr. GIBSON. None whatsoever.

Mr. SNELL. I am a little surprised that the gentleman from Mississippi [Mr. RANKIN] should bring in a bill advocating carpetbag government in any Territory or in any part of the United States. That is the last place I would suppose it would come from. It might come from New York State, but when it comes from Mississippi, there is something back of it.

Mr. RANKIN. Will the gentleman yield,

Mr. SNELL. I will.

Mr. RANKIN. The gentleman is so easily surprised these days that we are not surprised ourselves.

Mr. SNELL. Well, you have taken practically all the surprise out of me.

The SPEAKER. The time of the gentleman from Vermont [Mr. GIBSON] has expired.

Mr. GIBSON. Mr. Speaker, I yield 5 minutes to the Delegate from Hawaii [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Speaker, ladies, and gentlemen, this bill which proposes to change the residence qualifications for the Governor of Hawaii, as set forth in our Organic act, is not an emergency measure. No mention has been made of any emergency to justify the change proposed in this bill. In fact, no arguments or evidence were brought forth in committee that would justify this change.

The bill would, without apparent reason, vitally affect the rights which were granted the people of Hawaii when those islands were made by joint resolution of Congress a part of the United States.

Throughout Hawaii's history as a Territory it has been provided by law that our Governor shall be a resident of the islands. The organic act as first passed in 1900 provided a 1-year residence qualification. Twenty-one years later Congress felt that this length of residence was not sufficient to properly acquaint the Governor with conditions in Hawaii. Consequently, in 1921 the residence qualification was increased to 3 years. This has assured the people of Hawaii a Governor familiar with local conditions, not a stranger.

The Government of this Nation is founded on the principles of freedom and the right of the people to rule themselves. My forefathers of Pennsylvania fought and bled with Washington to secure for this country those rights, which were incorporated in the Constitution of the United States.

We people of Hawaii had identical rights, identical freedom, when as an independent republic, a sovereign nation, we voluntarily and by mutual agreement became a part of the United States, and the Constitution was extended to us, covering and protecting us as it covers and protects every State in the Union.

You now propose to take from us one of the most sacred of these rights, the guaranty in our organic act that the people of Hawaii shall have their Governor chosen from among their own citizens. What logical reasons have the proponents of this bill for partially disenfranchising the people of Hawaii? Thomas Jefferson, the father of Democracy, was a defender of State rights, and through his efforts these rights were preserved for the people. We in Hawaii feel that Congress should continue to preserve for us this same constitutional right of self-government.

Before you take action in this important measure, I ask that you appoint a committee from this Congress to visit Hawaii and investigate conditions there at first hand. Let this committee report its findings back to Congress at the next regular session, and then base your actions on the report of your own Members after a personal investigation. I appeal to you not to act in haste and without sufficient knowledge upon which to base your actions.

The people of Hawaii are unanimous in their opposition to any change in the residence qualifications of their Governor. They resent the sending of a stranger to Hawaii to run their affairs, just as you men from the South resented the wave of carpetbaggers which flooded your States in the years immediately following the Civil War.

The Legislature of Hawaii, now in session, has just passed a concurrent resolution appealing to Congress to make no change in our organic act. That resolution has been read

into the RECORD of this House. The Chamber of Commerce of Honolulu and the Honolulu Realty Board and Board of Retail Trade have wired me opposing this bill. It is un-American, undemocratic, and unjust.

Every Members of this House would resent, and rightfully resent, having a stranger thrust upon him as Governor of his State. I plead with you, therefore, to treat us as you would yourselves be treated. [Applause.]

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McCANDLESS. Yes; I yield.

Mr. ZIONCHECK. Have the natives of Hawaii resented the intrusion of the white people who are down there now to rule them?

Mr. McCANDLESS. They have not.

Mr. ZIONCHECK. Did they resent it in the first place?

Mr. McCANDLESS. They never have.

Mr. ZIONCHECK. I think history will not bear out the gentleman's statement.

Mr. McCANDLESS. History will bear me out, and the Territorial legislature is unanimous in opposing any change in the Organic Act of Hawaii that would take away the residence qualification of our Governor, and a majority of the legislature are Hawaiians.

The SPEAKER. The time of the Delegate from Hawaii has expired.

Mr. McCANDLESS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, to include a telegram and two resolutions.

The SPEAKER. Without object it is so ordered.

There was no objection.

The matter referred to is as follows:

HONOLULU, *May 20, 1933.*

L. L. McCANDLESS,
Hawaii Delegate, Washington, D.C.:

Representing business community, we strongly oppose any change to organic act of Territory to make possible the appointment of a nonresident as Governor. We respectfully urge such an amendment is unfair to Hawaii and unnecessary, as there are many able men in Hawaii qualified to fill the position of Governor.

CHAMBER COMMERCE OF HONOLULU.
RETAIL BOARD OF HONOLULU.
HONOLULU REALTY BOARD.

Resolution

Whereas it has come to the attention of the Democratic County Committee of the City and County of Honolulu from press reports that there is now under consideration in Washington a movement to amend the Hawaiian Organic Act so as to permit the appointment of a nonresident as Governor of the Territory or Hawaii; and

Whereas the Democratic Party in Hawaii has always strongly opposed any encroachment upon our rights of local self-government; and

Whereas we firmly believe that if any action were taken permitting a nonresident of the Territory of Hawaii to be appointed as its chief executive, it would be a step backward and would be a distinct reversal to the hopes held out since annexation to the United States of ultimate statehood for Hawaii; and

Whereas because of the many problems in Hawaii peculiar to itself we believe that the President of the United States could only be properly served and represented by one who has had long residence here and who is familiar with all angles of the situation: Now, therefore, be it

Resolved by the Democratic county committee of the city and county of Honolulu, That this committee is unalterably opposed to any amendment to the organic act which would permit of the appointment of a nonresident Governor of the Territory of Hawaii by the President of the United States; and be it further

Resolved, That copies of this resolution be immediately forwarded to the President of the United States, Secretary of the Interior, the President of the Senate, the Speaker of the House of Representatives, the chairman of the Democratic National Committee, the Delegate in Congress from Hawaii, national committeeman and national committeewoman from Hawaii.

The undersigned, secretary of the Democratic county committee of the city and county of Honolulu, does hereby certify that the foregoing is a full, true, and correct copy of a resolution this day adopted by the Democratic county committee in and for said city and county.

Done at Honolulu, Territory of Hawaii, this 21st day of May A.D. 1933.

PETER E. CHU,
Secretary County Committee, City and County of Honolulu.

Resolution

Whereas the delay in appointing a Democratic Governor for the Territory of Hawaii has been a great disappointment to the Democratic Party in Hawaii and the people as a whole; and

Whereas latest press reports received in Hawaii indicate the possibility that the organic act of the Territory may be amended to permit the appointment of a nonresident as Governor of Hawaii; and

Whereas assurances were given by persons in high authority at the last Democratic National Convention at Chicago that the principle of home rule for Hawaii would be adhered to by the national Democratic administration; and

Whereas there are in Hawaii a number of Democrats eminently qualified for the post of Governor who would fill the office to the satisfaction of the President and the people of Hawaii; and

Whereas in the interest of true democracy and of all the residents of the Territory, regardless of party affiliations it is most desirable that a resident of the Territory who is familiar with its problems and sympathetic with its people be named as Governor: Now, therefore, be it

Resolved, That the Territorial central committee of the Democratic Party of Hawaii assembled on the 20th day of May 1933, unanimously and most emphatically protest any change in the Organic Act of Hawaii having for its purpose the appointment of a nonresident to the governorship of the Territory of Hawaii; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, the Honorable Horold L. Ickes, Secretary of Interior, and the Honorable James A. Farley, chairman National Democratic Committee.

I, the undersigned assistant secretary of the Democratic Territorial central committee of Honolulu, do hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of said Territorial central committee held on Saturday, May 20, A.D. 1933, in Honolulu, city and county of Honolulu, Territory of Hawaii.

ERNEST N. HEEN,
Assistant Secretary Democratic Territorial Central Committee.

Mr. RANKIN. Mr. Speaker, I yield 3 minutes to the gen-gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, it happens to be my good fortune to be a member of the Committee on Territories. I frankly confess I do not know a lot about Hawaii from observation, but I am for this bill because it is a bill requested by the President of the United States.

I submit to you if the President of the United States, Franklin D. Roosevelt, can be trusted to control the destinies of agriculture, if he can be entrusted by this Congress to control the destinies of industry, if he can be entrusted with all the broad, vast powers with which we have clothed him, then surely he can be entrusted to appoint a Governor of Hawaii who will be competent, capable, and fearless. He appoints the Governor now, even though he must be a resident of Hawaii. This is an important military post or point of vantage to the United States. Who is better able to judge, who is more capable to select, than this great President of ours, who is giving the country a new deal, Franklin D. Roosevelt?

I think we should support this measure and wave aside the arguments that may be made against it, if for no other reason than that the President deems it vitally necessary; that he considers it positively vital to the welfare of Hawaii itself, and he should be given broad powers and latitude to select whomever he deems to be best fitted for that high position.

Mr. DUNN. Will the gentleman yield?

Mr. TRUAX. I only have 3 minutes. I cannot yield.

I repeat, we have entrusted the President with almost unlimited power. We went along with him on the so-called "Economy Act". We went along with our friend, Mr. McKEOWN, from Oklahoma, on a measure which the gentleman said was a Presidential measure. This, my friends, is a measure which the President of the United States has deemed of sufficient importance to send to the Congress of the United States a special message, so that there will be no question in the mind of anybody.

Mr. O'MALLEY. Will the gentleman yield?

Mr. TRUAX. I cannot yield.

I want to urge all of you Members who want to support the President, who are continually standing in the well of this House and waving the flag and shouting "Follow the President", to support the President on this measure which he asks you to pass. [Applause.]

The best argument in favor of this bill is the fact that the Chief Executive of this Nation, who is also the Chief Executive for the Territory of Hawaii, considers it necessary that he be free to pick the best man for the job whether he be a citizen of Hawaii or a citizen of the United States.

The United States has complete Territorial jurisdiction over Hawaii. It is invested with all the sovereign jurisdiction which a nation has over its territorial possessions and waters and over all personnel or property within them. As has been stated on this floor, two political factions diametrically opposed to each other in politics, in principles, and in practices are in existence in Hawaii. They operate and function much as do the two major political parties of the United States, with this exception—they do not vote for their chief executive; hence when an appointment for Governor is made from the ranks of the one faction, the other faction is naturally displeased and incensed, friction follows, most disagreeable and annoying to say the least. No one is better acquainted with this situation, no one is more familiar with the intrigue and plotting and maladministration that may take place than the President of the United States, who is also the Commander in Chief of the Army and Navy. It is now his prerogative to appoint the Governor of Hawaii. Do not handicap him, do not hamstring him, do not tie his hands by forcing him to make his selection from those only who have lived in or adopted this Territory as their home and legal residence.

It is natural that some of the people affected by this act and new order of choosing a Governor are objecting to the procedure. In every major piece of legislation some of the people affected object, and many of them most strenuously. For instance, witness the effects of the administration of the so-called "Economy Act." Members of this House daily are importuned by those affected to use their best efforts to urge that the administration of the law will be made less drastic than at present. I myself receive dozens of letters every day from World War veterans, Spanish War veterans, and even widows of Civil War veterans who face the zero hour, having received notice that their pensions, their compensation, and disability allowances representing their income, their daily bread, their all, will be taken away from them or reduced most drastically on July 1, 1933.

The taxpayers of this country have been affected adversely by the huge loans of the Reconstruction Finance Corporation to the tottering banks, bankrupted railroads, heartless insurance companies, and 36-percent loan sharks, yet those complaining taxpayers are compelled to stagger along under the tremendous burden of taxation.

This bill really needs no lengthy explanation. The executive power of the Territory of Hawaii is vested in a Governor. "Governor" means merely that which the word implies, namely, a person appointed to govern a Province or Territory; one who governs or, as in the United States in each of the various States, the person elected as chief executive in a State. The old act, section 66 of the Hawaiian Organic Act, as amended:

That the executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the Territory of Hawaii; shall have resided therein for at least 3 years next preceding his appointment; shall be commander in chief of the militia thereof; and may grant pardons or reprieves for offenses against the laws of the said Territory and reprieves for offenses against the laws of the United States until the decision of the President is made known thereon.

The law as amended under H.R. 5767 will read:

The executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the United States; shall be commander in chief of the militia of Hawaii; and may grant pardons or reprieves for offenses against the laws of the United States until the decision of the President is made known thereon.

It will be thus readily observed that this amendment merely effectuates the desire of the President that the Governor of Hawaii shall be a citizen of the United States, instead of a citizen of the Territory of Hawaii, and leaves the President unfettered and unbound, free to use his best judgment and pick a man from either the islands themselves or someone among the 120,000,000 people of the United States of America.

And now, Mr. Speaker, I want to address myself for a few moments to the bill introduced by the gentleman from Oklahoma [Mr. McKEOWN], H.R. 5884, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. The gentleman in charge of time on the minority side was courteous enough to give me time, but the gentleman from Oklahoma requested a vote before I was recognized.

I expect to vote for this bill, not because it is perfect but because it is one of the many amendments to the National Bankruptcy Act that should be adopted by this Congress to preserve the rights and property of thousands and thousands of our citizens who are having their property legally confiscated by the money lenders and Shylocks of the country. The gentleman from Oklahoma states that the Bankruptcy Act as now written will save the farmer from being foreclosed by the mortgagee. He says that it will acccomplish the same purpose as will my bill (H.R. 5237) which was introduced on this floor April 25. I must take issue with the gentleman on this point. I maintain that the National Bankruptcy Act as now written does not protect the harassed property owner from having his property confiscated. It provides that his property will be saved only when a majority of his creditors reach an agreement to scale down his debts or to extend his time. If it accomplishes the purposes the gentleman claims for it, then why are 3,000 farmers and home owners being set out in the country roads and the city streets every day? I cannot for the life of me understand why the Committee on the Judiciary has not reported my bill favorably as a companion measure. They all want to save the farmer and the home owner, I am sure. Then why do they not support this measure?

In my bill there are no "ifs" or "whens." The property owner is not thrown on the tender mercies of the unscrupulous money lender. Under the bill we say that when a real-estate owner cannot pay his taxes, interest, or principal to the mortgagee, then he automatically becomes a bankrupt for the purpose of this act only. The mortgagee or any other creditor can then proceed against him only through the bankruptcy courts. If undeterred then, these Shylocks do go ahead and try to dispossess the mortgagor, then under the provisions of my bill we authorize any court of record in the United States to enjoin the mortgagee from further proceedings for the period of 1 year, until the property owner can refinance his property through the provisions of the Farm or Home Mortgage Acts of 1933, which carry appropriations of $4,000,000,000 to save American homes and farms. The following letters are typical of the many hundreds received from all sections of the United States supporting my bill. These people are at a loss to understand why Congress fails to act on this most important of all humanitarian measures.

PROPERTY OWNERS ASSOCIATION,
FORMERLY MINNEAPOLIS ASSOCIATION OF APARTMENT OWNERS,
Minneapolis, Minn., June 3, 1933.

Hon. CHARLES V. TRUAX,
Washington, D.C.

DEAR MR. TRUAX: Our congratulations. Your bill providing for a year's suspension on the foreclosure of mortgages on farms, homes, and other real estate is one of the most commendable measures of relief yet to be effected for the suffering, down-trodden property owner.

This association is in accord with your measure to the *n*th degree. You, as well as the other Congressmen from the Middle West, have indicated broad judgment in introducing for the home owner this vitally important measure of relief. We represent over $100,000,000 worth of real-property owners, and have worked night and day for the past 3 months in securing for them a similar mortgage-suspension payment. We are the sponsors of the 2-year moratorium mortgage payment law in this State, which was recently held unconstitutional by one of our very sympathetic (?) lower-court jurists. At the present time we are optimistic in our hopes that our State supreme court, to whom we appeal the case, will find a decision in favor of the much-suppressed home and property owners.

We believe precisely as you have outlined in your bill that in this time of national emergency steps should be taken at once

by the Government to retard this wholesale dispossessing of property owners from their homes and apartments; this horrible loss of life savings of thousands of people through the predatory plundering of these mortgage-loan companies. The situation has become so serious in this Commonwealth that we have thought it necessary to draft a letter to the President, a copy of which we are enclosing, pleading for his assistance and consideration toward effecting relief as speedily as possible.

Anything we can do to assist in helping you and your colleagues put your outstanding bill into effect will be a distinct pleasure as well as a duty. Don't fail to call on us at any time. Our support is yours whole-heartedly. Over $100,000,000 worth of real-property owners in this State are behind you pulling for your success. We are confident you will win. Please accept our vote of thanks.

Respectfully,

PROPERTY OWNERS ASSOCIATION OF MINNESOTA,
H. S. GOLDIE, *Secretary.*

4728 MATHIS STREET,
Cincinnati, Ohio, June 2, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D.C.

DEAR PRESIDENT ROOSEVELT: I am writing you in the interest of that large group of home owners (of which I am one) who because of the economic situation find themselves faced today with the loss of their homes through mortgage foreclosures unless Federal action prevents.

We have been looking forward hopefully and expectantly to the final passage of the home-owners-relief measure, but there are many rumors current today that the building-and-loan associations here in Cincinnati are organizing and will refuse to accept 4-percent Government bonds in payment of mortgages, if and when this relief bill becomes a law, as most of the present mortgages carry a much higher rate of interest, some running as high as 8 percent, I am told.

Will these moneyed interests be allowed to take the last dollar of the hard-pressed home owner to pay their excessive interest charges, and then, when they cannot pay the interest, take his home, which in most instances represents the entire savings of the individual?

Is there not some way of making it mandatory on the part of the building-and-loan associations and other mortgage holders to accept 4-percent Government bonds in exchange for mortgages, or of making them reduce their interest rates to 5 percent?

We sincerely appreciate your efforts in behalf of this much-needed Federal relief, and we are depending on you to make this relief effective.

Sincerely yours,

GRACE D. RICHMOND.

Mr. GIBSON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. ENGLEBRIGHT].

Mr. ENGLEBRIGHT. Mr. Speaker, it is well to remember that the Territory of Hawaii was not acquired by conquest or purchase, but was the result of the meeting of minds of two independent governments, resulting in an agreed annexation.

Annexation was first officially considered in 1854, when a treaty with that as its objective was drawn up and signed by the officials of both nations, but failed of ratification by the United States Senate, because it provided for the admission of Hawaii as a State. The drafts of the treaty show that attempts were made to persuade Hawaiian officials, especially the king, to accept the status of a Territory, but this they refused to do. This treaty failed of ratification, but the project of annexation was kept alive. The United States often demonstrated its interest in and a protecting attitude toward Hawaii.

President Abraham Lincoln said of Hawaii in 1864 in a letter to Elisha Allen, envoy extraordinary from the United States to Hawaii:

> Its people are free, and its laws, language, and religion are largely the fruit of our own teachings and examples.

This is a strong statement of the attitude of the United States at that time toward the government created by the people of Hawaii. It certainly was not contemplated by President Lincoln to annex Hawaii and give it a less free government than it then had or now has.

In 1875 a step nearer to annexation was taken by the two countries by a reciprocity treaty, which was signed that year and went into effect the following year.

The island government remained in the hands of the natives of the island under a monarchial form until 1893, when a successful revolution, headed by Sanford Ballard Dole, overthrew the monarchy and caused the establishment of the republic. Negotiations for annexations were at once opened by both countries along the lines similar to the treaty of 1854. President Harrison, in his message transmitting the treaty to the Senate, February 15, 1893, said:

> Only two courses are now open: One, the establishment of a protectorate by the United States, and the other annexation, full and complete. I think the latter course, which has been adopted in the treaty, will be highly promotive of the best interests of the Hawaiian people, and is the only one that will adequately secure the interests of the United States.

The treaty contained the following phrase:

> Especially in view of the desire expressed by the said government of the Hawaiian Islands that these islands should be incorporated into the United States as an integral part thereof.

It is evident from these treaty stipulations, and from statements made by the Presidents of the United States and several Secretaries of State that both Nations agreed that Hawaii, if annexed, was to become an integral incorporated part of the United States; that the people of Hawaii had demonstrated their ability to govern themselves; and that after annexation the people would be more free, secure, and self-governing than they had been in the past. Indeed, this was one of the objects of annexation.

Almost immediately after the inauguration of President McKinley another important treaty was negotiated and signed June 16, 1897. The treaty said: "These islands should be incorporated into the United States as an integral part thereof." As a result, Hawaii was annexed by joint resolution of Congress, approved July 7, 1898.

The Hawaiian Islands are not merely a foreign possession of the United States, but are an integral and incorporated part thereof, and have been so defined by decisions of the United States Supreme Court.

Following annexation the United States initiated in the islands the usual American form of government, and it is modeled after the governments of most of the American States.

For more than 30 years the Territory has been operating under the American form of government, happily, patriotically, and successfully.

Mr. HOOPER. Mr. Speaker, will the gentleman yield?

Mr. ENGLEBRIGHT. I yield.

Mr. HOOPER. Is the gentleman aware of the fact that in the island of Hawaii, an island the size of the State of Rhode Island, there has been but one murder in the past 25 years?

Mr. ENGLEBRIGHT. I understand that to be the fact.

The Territory, through taxation, raises money to defray all ordinary expenses. It supports excellent public schools for its 90,000 children who are subject to compulsory education along strictly American lines. Its university is attended by 2,000 students.

The various activities of the Territory are maintained just as the States carry on such activities, and cost about $12,000,000 a year. In the middle of the year 1932, while many of the States and municipalities on the mainland were in difficulty, Hawaii struck a balance and found that with all bills paid she had $5,000,000 in cash on hand and $5,000,000 more in liquid bonds. In addition to her Territorial taxes, it was shown that during the previous year Hawaii had also contributed to the Federal Government $5,375,000 in income and custom taxes. A balancing of the books between the Territory of Hawaii and the Federal Government showed that during the preceding 30 years it had sent to Washington $175,000,000, while the Federal Government had spent upon activities that might be properly charged up against the Territory, about $32,000,000, leaving a net profit to the Federal Government of some $149,000,000 in taxes received from the islands. Thus, the islands have not been an expense to the Government of the United States, but have yielded a direct, handsome cash profit. The record of self-government that Hawaii has made in more than 3 decades of Territorial life, from every aspect, has been an enviable one. It is safe to say that its institutions compare favorably with those of the half dozen more progressive States on the mainland. Within the short period of 30

years, it has developed itself into one of the most important subdivisions of the United States.

At this time to change its organic act, to change its form of government, to set up a dictatorship over the islands in violation of the spirit of the treaty negotiations, in violation of the spirit of the articles of annexation without giving its people a chance to be heard, and in opposition to the expression of its legislature, and over the protest of its duly elected representative here in this House is an autocratic and an un-American procedure.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, this is a proposal to change the fundamental law of a Territory in order to permit the President of the United States to make a political appointment of a character that has for 33 years been prohibited by that fundamental law.

It is a proposal to repeal a portion of the Organic Act of Hawaii in order to permit the President to appoint as Governor of that Territory a nonresident.

I understand the appointment is to be made immediately. The appointee is to be selected from the continental United States. There can be no question about that. The President intends, if given this authority, to put it into effect at once and to send to Hawaii as Governor a person who is a stranger to the people of that Territory. This he intends to do without the consent of the people there and in disregard of the formal protest of the Legislature of Hawaii filed with the Congress.

Now, whatever of merit there may be to this proposal, and I leave the discussion of that to others, if they know, the fact remains, and I do not see how it can be contradicted, that in passing this resolution you are repudiating a solemn covenant which was entered into by the Government of the United States and the Republic of Hawaii when the treaty of annexation was effected more than 30 years ago.

It is true the Organic Act of Hawaii is not a constitution, but it is the nearest thing that the people of a Territory can have to a constitution. The organic act of a Territory is the law which guarantees to the people of that Territory the kind and character of government under which they are to live; and the only fundamental difference between the organic act of a Territory and the constitution of a State is that the constitution of a State may be changed only by action of the people of the State themselves, while the organic act of a Territory may be changed without the consent of the people of that Territory by an act of Congress. I think on account of this fact Congress should be very, very careful in changing a fundamental portion of the organic act of a Territory which guarantees to the people of that Territory a specific right.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS. Mr. Speaker, the fact the President has sent a special message on this matter shows it is of great moment. The very first words to us in his message are these:

> It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision who will be regarded by all citizens of the island as one who will be absolutely impartial in his decisions of matters as to which there may be a difference of local opinion.

After all, Mr. Speaker, Hawaii is a Territory of the United States and it is the most important Territory or insular possession of the United States because our Government would not have accepted it unless we had needed it for purposes of national defense. In considering this request of the President, it should be remembered that the greatest portion of the population of Hawaii is Asiatic; that one third of the population is Japanese; that we have in the Hawaiian Islands one of the biggest military establishments in our defense system, and we have there one of the greatest naval harbors intended for our national defense—Pearl Harbor. We have these defenses there for a purpose which need not be elaborated upon at this time. I think any American who knows what is going on in foreign affairs has the idea.

The President of the United States knows what is going on and he knows what may transpire. As the Chief Executive of this Nation charged with the solemn responsibility of protecting our Pacific coast from possible attack he asks for this authority, Mr. Speaker, to appoint a man either from the Islands or from the mainland as he chooses, who shall be an American patriot with the American viewpoint. When the President of the United States asks an American Congress for this power, a patriotic American Congress should give it to him in this crucial hour. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker and Members of the House, in the name of justice, democratic liberty, and fair play in the new deal, I arise to address you.

The preamble to the Federal Constitution provides:

> We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

With every breath I emphasize the purposes expressed in that preamble: (1) In order to establish justice; (2) insure domestic tranquillity; (3) promote the general welfare; (4) and secure the blessings of liberty, we ordain and establish this Constitution.

Upon the voluntary request of the people of Hawaii, the islands were annexed to the United States on July 7, 1898. These people then sought, as they have ever since sought, the protection afforded by the Constitution, the laws, and the power and prestige of the United States. They have enjoyed that protection and 35 years of brotherhood and friendliness in the family of States and Territories comprising the Nation. They have felt secure under the mantle of justice and liberty which our Government threw over them. The Bill of Rights—the Magna Carta—guaranteeing the rights of these people is to be found in the organic act providing for the government for the Territory of Hawaii. This act was approved by the President on April 30, 1900. Section 5 of the original act provided:

> That the Constitution, and * * * all the laws of the United States * * * shall have the same force and effect within said Territory or elsewhere in the United States.

Section 4 of the original act defined citizenship and provided, among other things, that all citizens of the United States who were residents there on August 12, 1898—

> And all the citizens of the United States who shall hereafter reside in the Territory of Hawaii for 1 year shall be citizens of the Territory of Hawaii.

Note that the residence required was 1 year.

Section 66 of the original act dealt with the Executive power, and provided that the Governor should be appointed by the President, and—

> Shall be a citizen of the Territory of Hawaii; shall be commander in chief of the militia thereof; may grant pardons or reprieves for offenses against the laws of the said Territory. * * *

Under this section no one could be Governor unless he had been a citizen for at least 1 year.

On July 9, 1921, section 66 of the act was amended to require and provide that the Governor—

> Shall have resided therein (meaning Hawaii) for at least 3 years next preceding his appointment.

The demand and necessity for this amendment requiring 3 years' residence instead of 1, as a prerequisite to governorship, was mostly occasioned by the extreme dissatisfaction growing out of the carpetbagging practices and misrule of former Gov. L. E. Pinkham. That gentleman was appointed by President Wilson, and it subsequently developed that he had not maintained a bona fide residence in the islands for the requisite time prior to his appointment, and that upon his induction into office he immediately proceeded to dispense patronage to his personal friends in a manner after the fashion of the worst carpetbagger of reconstruction days.

Congress has twice decided that the Governor of Hawaii should be appointed from among her own citizens. The people of Hawaii, through a concurrent resolution of its legislature recently passed, voice vigorous opposition to any change in the residence qualifications of the Governor. Notwithstanding, Congress is now asked to amend the organic act permitting the appointment to be made from among the citizens of the islands or from the entire United States. It is perfectly obvious that the appointment is to be given to a resident of the mainland, else the power would not be sought.

This Government which mantles the various States of the Union and the Territories is a democratic, representative government. Its essence is one of autonomy and self-rule. Are we now to say to the people of the Commonwealth of Hawaii, "You are no longer fit to rule yourselves—we shall take this power away from you." Are they to be told that the Constitution is just another scrap of paper; that in order to establish justice their autonomy must be taken away from them by the appointment of a Governor not from their own people; that in order to insure domestic tranquillity they must have an outside commander in chief of their militia, an outsider who alone can grant pardons or reprieves for offenses against their own laws? Are they to be told that the only way they can "secure the blessings of liberty" is to have a carpetbagger from the mainland appointed their feudal overlord?

My Constitution, the Constitution of the United States and of the people of Hawaii, in the words of the gentleman from Arkansas [Mr. RAGON], may be dressed "with the silver buckles, the long stockings, and powdered wigs of 150 years ago", but it is still the living, dynamic Constitution of every liberty-loving citizen of the United States and of its Territories, not the least—the Commonwealth of Hawaii.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the people of Hawaii do not want the passage of this bill, the Chamber of Commerce of Hawaii is opposed to it, the Legislature of Hawaii is opposed to it, and the only thing that has been offered on the affirmative side in favor of this bill is a simple request of the President of the United States, without a single iota of fact or evidence to support it.

LINCOLN MCCANDLESS, the Delegate from Hawaii, has lived there for 51 years. His family is there, his brothers are there, his money and his property are there, and he has been a lifelong Democrat, and if I were a consistent, loyal Democrat I would rather take the word of LINCOLN MCCANDLESS, the Delegate from Hawaii, on this matter than I would the President of the United States, who is uninformed and comes here with a mere, simple patronage request. Let me also say this: You know from the public prints that the man who is to be appointed Governor of Hawaii is Judge Ben Lindsey, of Denver, one time juvenile judge, later disbarred by the Supreme Court of Colorado, and now out in Los Angeles, Calif. As a good Republican I ought to be selfish enough not to say it, because he was a progressive Republican at one time, and yet he is the man who is slated for this job, and when you look at the President's message and his request for a man of "experience and vision", can you say that Ben B. Lindsey, whose life has been devoted to juvenile work, is a man of experience, is a man of vision to deal with an island, one third of whose population is Japanese?

It seems to me that the demand of the President of the United States and the substance of the message are contradictory. So I prefer to follow the ideas of LINCOLN MCCANDLESS, the Delegate from Hawaii, whose interests are there and who loves Hawaii, who wants to see it prosper and wants to see progress made in the islands. In this particular matter I would rather follow him than I would the President of the United States, who is not particularly informed on the matter. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I do not view this bill with the alarm that my Republican colleague seems to view it. I believe the United States has done a good part toward Hawaii, and Hawaii is a most valued and loyal Territory. America thinks much of Hawaii. This does not necessarily mean taking power away from the Hawaiians. It merely gives the President authority and power to appoint someone residing on the mainland or residing in Hawaii, for the best interests of the Hawaiian Islands and for the best interests of the Government. I am deeply interested in the people of Hawaii and I believe their interest can well be served by thus permitting the President wide latitude in selecting their Governor.

The President believes he should have this authority at this time, and for one I will cheerfully give it to him. I am glad to trust the President to select the best man for Governor of Hawaii. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the President of the United States can appoint a resident of Hawaii, if he wants to, under this bill. But conditions might cause him to prefer to appoint someone else.

The United States of America is responsible for Hawaii. We Americans have the right, under the treaty and the organic act, to provide, as we are doing in this bill, for the President of the United States to select as Governor of Hawaii the man whom he thinks can properly preserve law and order there. A Governor with poor judgment could involve us seriously.

I have always heard that there are two distinct factions there fighting at each other's throats. If the President appoints as the Governor a man from one of those factions the other faction would be against him, and vice versa.

Mr. RANKIN. Will the gentleman yield?

Mr. BLANTON. Yes; certainly, to my friend from Mississippi.

Mr. RANKIN. And one faction is in favor of the gentleman from Hawaii [Mr. MCCANDLESS] for Governor.

Mr. BLANTON. Well, that may be; and while I am a friend of our colleague [Mr. MCCANDLESS] because he is a good fellow, I am also for this bill. Why has not the President the same right to appoint a man from the mainland as Governor of Hawaii the same as he has to appoint a resident here as Governor General of the Philippines?

A MEMBER. Or Alaska.

Mr. BLANTON. Of course, the situation is a little different as to Alaska, because we purchased Alaska and Hawaii came in voluntarily. But the President now can and does appoint a Governor General of the Philippines from the mainland.

I call the attention of my friend from Hawaii to the fact that Albert Burleson appointed Macadam, a distinguished newspaper man from that press gallery up there, as postmaster general of Honolulu, and he was from the mainland. He went down there and served the country well. It was asserted from the other side of the aisle, by our Republican friends who are fighting this bill, that the author of Companionate Marriage is to be appointed Governor. I do not believe it. I have such confidence in our President of the United States that I do not believe he would consider for one moment such a man. For this position we want an outstanding man of good judgment, poise, and sagacity. No Ben Lindseys will be appointed.

Mr. GIBSON. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I think this question is not one of patronage. I think the question goes deeper than that. It is a question of local self-government. I do not know what kind of Democrats they have in Mississippi and Ohio, but I cannot imagine that either of those gentlemen from those States who are on the committee would go around campaigning in their States opposed to local self-government.

In 1917 and 1918 we went to war, and one of the reasons was that we were told we were fighting for self-government by small countries. The kind of Democrats I have always known have favored local self-government, and I think this

is entirely a question of local self-government. The people of Hawaii are entitled to a man in their own Territory. The last Congress passed a bill that would grant independence to the Philippine Islands, and now you are reversing yourselves in taking away independence from the people of Hawaii. A true Democrat, believing in the rights of people to govern themselves, cannot support a measure like this.

[Here the gavel fell.]

Mr. GIBSON. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Speaker, as a member of the committee, I voted against reporting this bill.

The conditions that brought about a union between the people of the United States and Hawaii in 1898 were drafted by a committee of 5 members—3 were appointed by the United States and 2 were appointed by the Republic of Hawaii. These five drew up the organic act whereby they joined the United States.

It is my contention now that we have no right to change the organic act without the consent of the Hawaiians who had a part in drafting it. I do not believe we should govern any Territory without the consent of the governed. The Legislature of Hawaii unanimously passed a resolution opposing this measure. I believe that the will of Hawaii as expressed by its legislature should prevail. [Applause.]

Mr. RANKIN. Mr. Speaker, the gentleman from Wisconsin [Mr. O'MALLEY] speaks of local self-government. That question is not involved here, for the reason that the President has the power to appoint a governor now from the Territory of Hawaii. Local self-government involves the question of electing a governor or a person who is to do the governing.

So far as annexation is concerned, that application was made by Americans who had gone over there and who had taken the islands away from the natives. That is how they got into the United States.

The gentleman from New York [Mr. SNELL] talks about carpetbag government. He undertakes to compare this with conditions in the South. There is no comparison whatsoever. The truth of it is that conditions grew so bad under carpetbag government in the South that the people rose up and threw it off, and under the conditions in Hawaii, they have become such that the President is asking for this right in order to correct some of those conditions.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. No. I am going to answer now what the gentleman said about repudiation. Any uninformed Member of the House would have thought, from what the gentleman said, that we are repudiating a treaty with Hawaii. There is not a word in the treaty between us and Hawaii as to how the Governor shall be selected. It is only this organic law that we are amending.

Mr. McCANDLESS. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. McCANDLESS. Is it not true that the organic act passed in 1900 contained a provision that the Governor should have a residence there of 1 year?

Mr. RANKIN. But that was changed in 1921, and it is going to be changed again in 1933.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. MOTT. Inasmuch as the organic law of the Territory of Hawaii restricts the appointment of the Governor to a man who is a resident of Hawaii, and this amendment proposes to take off that restriction, how can the gentleman say that the question of self-government is not involved?

Mr. RANKIN. That is not the question involved here. He may appoint a Governor from over there, but he is not going to allow the two factions there quarreling with one another to dictate to him whom he shall appoint Governor of Hawaii. Not only that, but there are other questions. Every Member of the House knows, as the distinguished gentleman from Massachusetts [Mr. DOUGLASS] has pointed out, that this is the most remote outpost, the western outpost of the United States. It is a very vital point for the maintenance of our security at times. The President is charged with the duty of seeing what goes on in Hawaii, just as he is in seeing what goes on in continental United States. He is charged with a duty, and a higher duty, if you please, than that of even the Governor of a State; because in dealing with these great questions there is involved not only the safety and welfare of the people of Hawaii, but the safety and welfare of the American people as well. He is not captious about this matter. Understanding his duty, understanding his responsibility, understanding the conditions there as no man in the House possibly understands them, understanding world conditions, understanding our situation, he has asked us to give him this authority; and I trust that every Member of the House will vote to give it to him, in order that he may pick the best man for the governorship of Hawaii, taking into consideration his responsibility to the people of that island as well as his responsibility to the people of continental United States.

I ask for a vote.

The SPEAKER. All time has expired. The question is on the motion to suspend the rules and pass the bill with the amendment.

The question was taken.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

Mr. RANKIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222, nays 114, answered "present" 1, not voting 93, as follows:

[Roll No. 55]

YEAS—222

Abernethy	Disney	Kennedy, N.Y.	Reilly
Adair	Dobbins	Kenney	Richards
Adams	Dockweiler	Kloeb	Richardson
Allgood	Doughton	Kniffin	Robertson
Arnold	Douglass	Kopplemann	Robinson
Ayers, Mont.	Doxey	Kramer	Rogers, N.H.
Bankhead	Drewry	Lambeth	Rogers, Okla.
Beam	Driver	Lamneck	Rudd
Beiter	Duffey	Lanham	Ruffin
Berlin	Duncan, Mo.	Larrabee	Sanders
Black	Eagle	Lee, Mo.	Sandlin
Blanton	Eicher	Lewis, Colo.	Schaefer
Bloom	Ellzey, Miss.	Lindsay	Schuetz
Boehne	Faddis	Lozier	Schulte
Boylan	Farley	McCarthy	Scrugham
Brennan	Fernandez	McDuffie	Sears
Brooks	Fiesinger	McFarlane	Shallenberger
Brown, Ky.	Fitzgibbons	McGrath	Shannon
Brown, Mich	Fitzpatrick	Major	Sirovich
Browning	Flannagan	Maloney, Conn.	Sisson
Brunner	Fletcher	Maloney, La.	Smith, Va.
Buchanan	Ford	Marland	Snyder
Bulwinkle	Fulmer	Martin, Colo.	Somers, N.Y.
Burke, Nebr.	Gambrill	May	Spence
Byrns	Gasque	Mead	Steagall
Cady	Gillette	Meeks	Strong, Tex.
Caldwell	Glover	Miller	Stubbs
Cannon, Mo.	Goldsborough	Milligan	Sullivan
Carden	Gray	Mitchell	Sumners, Tex.
Carley	Green	Monaghan	Swank
Carpenter, Kans.	Gregory	Montet	Sweeney
Carpenter, Nebr.	Griswold	Moran	Tarver
Cartwright	Haines	Murdock	Taylor, Colo.
Cary	Hancock, N.C.	Musselwhite	Taylor, S.C.
Castellow	Harlan	Nesbit	Thomason, Tex.
Chapman	Harter	Norton	Thompson, Ill.
Chavez	Hastings	O'Connell	Truax
Christianson	Henney	O'Connor	Turner
Cochran, Mo.	Hildebrandt	Oliver, Ala.	Umstead
Colden	Hill, Ala.	Oliver, N.Y.	Underwood
Cole	Hill, Knute	Owen	Utterback
Colmer	Hill, Samuel B.	Palmisano	Vinson, Ga.
Cooper, Tenn.	Hoeppel	Parks	Wallgren
Cox	Hoidale	Parsons	Wearin
Crosby	Howard	Patman	Weaver
Cross	Huddleston	Peterson	Weideman
Crosser	Imhoff	Peyser	Werner
Crowe	Jacobsen	Pierce	Wilcox
Cullen	James	Polk	Willford
Dear	Jeffers	Pou	Wilson
Deen	Johnson, Okla.	Ragon	Wood, Ga.
Delaney	Johnson, Tex.	Ramsay	Wood, Mo.
DeRouen	Johnson, W.Va.	Ramspeck	Woodrum
Dickstein	Jones	Randolph	Zioncheck
Dies	Keller	Rankin	
Dingell	Kemp	Rayburn	

NAYS—114

Allen	Beedy	Buck	Cavicchia
Andrews, N.Y.	Blanchard	Burnham	Chase
Arens	Bland	Busby	Church
Bacharach	Boileau	Cannon, Wis.	Clarke, N.Y.
Bailey	Bolton	Carter, Calif.	Collins, Calif.
Bakewell	Brumm	Carter, Wyo.	Condon

Cooper, Ohio	Hess	Martin, Mass.	Swick
Crowther	Higgins	Martin, Oreg.	Taber
Culkin	Hollister	Merritt	Taylor, Tenn.
Darrow	Holmes	Millard	Thom
Dirksen	Hooper	Morehead	Thurston
Dondero	Hope	Mott	Tinkham
Doutrich	Jenkins	O'Malley	Tobey
Eaton	Johnson, Minn.	Parker, Ga.	Traeger
Eltse, Calif.	Kahn	Parker, N.Y.	Treadway
Englebright	Kelly, Ill.	Peavey	Turpin
Evans	Kelly, Pa.	Powers	Watson
Fish	Kinzer	Reece	Welch
Focht	Knutson	Rogers, Mass.	Whitley
Foss	Kurtz	Secrest	Whittington
Gibson	Lemke	Seger	Wigglesworth
Gilchrist	Lloyd	Shoemaker	Withrow
Gillespie	Lundeen	Simpson	Wolcott
Goodwin	McFadden	Sinclair	Wolfenden
Goss	McKeown	Smith, Wash.	Wolverton
Griffin	McLean	Snell	Woodruff
Guyer	McLeod	Stalker	Young
Hancock, N.Y.	Mapes	Strong, Pa.	
Hartley	Marshall	Studley	

ANSWERED "PRESENT"—1

Dunn

NOT VOTING—93

Almon	Darden	Kocialkowski	Prall
Andrew, Mass.	De Priest	Kvale	Ransley
Auf der Heide	Dickinson	Lambertson	Reed, N.Y.
Ayres, Kans.	Ditter	Lanzetta	Reid, Ill.
Bacon	Dowell	Lea, Calif.	Rich
Beck	Durgan, Ind.	Lehlbach	Romjue
Biermann	Edmonds	Lehr	Sabath
Boland	Foulkes	Lesinski	Sadowski
Britten	Frear	Lewis, Md.	Smith, W.Va.
Buckbee	Fuller	Luce	Stokes
Burch	Gavagan	Ludlow	Sutphin
Burke, Calif.	Gifford	McClintic	Terrell
Celler	Granfield	McCormack	Vinson, Ky.
Claiborne	Greenwood	McGugin	Wadsworth
Clark, N.C.	Hamilton	McMillan	Waldron
Cochran, Pa.	Hart	McReynolds	Walter
Coffin	Healey	McSwain	Warren
Collins, Miss.	Hornor	Mansfield	West, Ohio
Connery	Hughes	Montague	West, Tex.
Connolly	Jenckes	Moynihan	White
Corning	Kee	Muldowney	Williams
Cravens	Kennedy, Md.	O'Brien	
Crump	Kerr	Perkins	
Cummings	Kleberg	Pettengill	

So (two thirds not having voted in favor thereof) the motion to suspend the rules and pass the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Corning and Mr. Gavagan (for) with Mr. Bacon (against).
Mr. Lehr and Mr. Boland (for) with Mr. Ditter (against).
Mr. Auf der Heide and Mr. Burke of California (for) with Mr. Connolly (against).
Mr. McReynolds and Mr. Hamilton (for) with Mr. Wadsworth (against).
Mr. Walter and Mr. Jenckes (for) with Mr. Ransley (against).
Mr. McCormack and Mr. Healey (for) with Mr. Rich (against).
Mr. Granfield and Mr. Connery (for) with Mr. Waldron (against).
Mr. Cravens and Mr. Vinson of Kentucky (for) with Mr. Kvale (against).
Mr. Warren and Mr. Kocialkowski (for) with Mr. Andrew of Massachusetts (against).
Mr. Hughes and Mr. Greenwood (for) with Mr. Edmunds (against).
Mr. Prall and Mr. Smith of West Virginia (for) with Mr. Britten (against).
Mr. Mansfield and Mr. Sabath (for) with Mr. Luce (against).
Mr. Celler and Mr. Almon (for) with Mr. Beck (against).
Mr. Sadowski and Mr. West of Ohio (for) with Mr. Muldowney (against).
Mr. Kerr and Mr. Crump (for) with Mr. Stokes (against).
Mr. McSwain and Mr. Sutphin (for) with Mr. Moynihan (against).
Mr. Hornor and Mr. Kennedy of Maryland (for) with Mr. Reed of New York (against).
Mr. Kee and Mr. McMillan (for) with Mr. Buckbee (against).

General pairs:

Mr. Burch with Mr. Gifford.
Mr. Kleberg with Mr. Dowell.
Mr. McClintic with Mr. Cochran of Pennsylvania.
Mr. Ludlow with Mr. Frear.
Mr. Fuller with Mr. Lehlbach.
Mr. Romjue with Mr. McGugin.
Mr. Lewis of Maryland with Mr. Reid of Illinois.
Mr. Hart with Mr. Perkins.
Mr. Ayres of Kansas with Mr. Lambertson.
Mr. Collins of Mississippi with Mr. Cummings.
Mr. Montague with Mr. O'Brien.
Mr. Williams with Mr. Darden.
Mr. Clark of North Carolina with Mr. Claiborne.
Mr. Dickinson with Mr. Biermann.
Mr. Pettengill with Mr. Terrell.
Mr. Lesinski with Mr. West of Texas.
Mr. White with Mr. Coffin.
Mr. Durgan of Indiana with Mr. Foulkes.

Mr. HOPE. Mr. Speaker, the gentleman from Kansas, Mr. McGUGIN, was unavoidably absent when this vote was taken by reason of having been called as a witness in one of the courts in the District of Columbia.

Mr. MUSSELWHITE. Mr. Speaker, I desire to announce the absence of the gentleman from Michigan, Mr. HART, on account of illness.

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, of Wisconsin, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Pursuant to the applause upon the Republican side over their defeat of a bill sent here by the President, I want to ask the Chair—— [Cries of "Regular order!"]

Mr. BLANTON. I have a right to make a parliamentary inquiry, and cries of "regular order" from Republicans over there will not stop me.

I want to ask the Chair if it is not a fact that it will be in order for the Committee on Rules to bring this same bill in under a rule tomorrow, so that we can then pass it with a majority vote?

Mr. SNELL. Does not the gentleman know the rules?

Mr. RANKIN. We will have a rule on the bill tomorrow.

Mr. BLANTON. And we will have you Republicans vote on it again; and we will pass it, in spite of Republican opposition.

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GIBSON. Mr. Speaker, I move to reconsider the vote by which the motion was rejected, and lay that motion on the table.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The motion of the gentleman from Texas takes precedence, of course. The question is on the motion to adjourn.

The question was taken, and the motion was rejected.

Mr. GIBSON. Mr. Speaker, I move to reconsider the vote by which the motion to suspend the rules and pass the bill was rejected and lay that motion on the table.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. If that motion is carried, then the Rules Committee nevertheless will be able to bring in a rule tomorrow to take that bill up when it can be passed by a majority vote?

The SPEAKER. The Rules Committee can bring in a bill suspending the rules.

The question is on the motion of the gentleman from Vermont [Mr. GIBSON].

The motion was agreed to.

ENTRY ON OIL RESERVES FOR GRAZING PURPOSES

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 604) amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454).

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

Mr. McFADDEN. Reserving the right to object, I would like the gentleman to explain what the bill provides.

Mr. DEROUEN. I shall be glad to do that.

This bill is to amend the act of 1916. It has to do with that section of the Stock Raising Homestead Act of 1916, as amended by the act of February 1931. The only change made by this act is that it permits stock-raising people to make entry on those lands reserved in the oil-producing sections, but goes no further. That is all it does. I shall be very glad to answer any questions so that the House may understand it.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. ENGLEBRIGHT. This is S. 604, which the committee unanimously reported, is it not?

Mr. DEROUEN. It was unanimously reported by the House Public Lands Committee. It has passed the Senate unanimously and is now before the House for final action.

Mr. HOPE. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. HOPE. Does this bill make any change in the law as far as the question of reserving the oil, gas, and mineral rights to the Government is concerned?

Mr. DEROUEN. Not at all. Those are all reserved.

Mr. HOPE. It does not relax the restrictions?

Mr. DEROUEN. No; not at all. It simply makes it permissible for stock raising on those lands.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454), be amended to read as follows:

"From and after December 29, 1916, it shall be lawful for any person qualified to make entry under the homestead laws of the United States to make a stock-raising homestead entry for not exceeding 640 acres of unappropriated unreserved public lands in reasonably compact form: *Provided, however*, That the land so entered shall theretofore have been designated by the Secretary of the Interior as 'stock-raising lands': *Provided further*, That for the purposes of this section lands withdrawn or reserved solely as valuable for oil or gas shall not be deemed to be appropriated or reserved: *Provided further*, That the provisions of this section shall not apply to naval petroleum reserves and naval oil-shale reserves: *And provided further*, That should said lands be within the limits of the geological structure of a producing oil or gas field, entry can only be allowed, in the discretion of the Secretary of the Interior, in the absence of objection after due notice by the lessee or permittee, and any patent therefor shall contain a reservation to the United States of all minerals in said lands and the right to prospect for, mine, and remove the same."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LIMITATIONS ON SECTIONS 109 AND 113 OF THE CRIMINAL CODE

Mr. JONES. Mr. Speaker, I move to suspend the rules and pass the resolution (S.J.Res. 54) limiting the operations of sections 109 and 113 of the Criminal Code, as amended.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than one person shall be so designated.

The SPEAKER. Is a second demanded?

Mr. SNELL. Mr. Speaker, for the present I demand a second.

Mr. JONES. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JONES. Mr. Speaker, the sole purpose of this resolution is to permit the Department of Agriculture to utilize the services of Frederic Lee, who was for many years one of the draftsmen for the House and Senate, and who assisted in preparing and shaping legislation. He is now a member of a law firm in Washington. He cannot afford to accept regular employment from the Department, because that would necessitate his foregoing his practice for a period of 2 years.

The Department is very anxious to utilize his services and his experience for a limited period, at least until such time as they can get their machinery working and get the Farm Act in operation. I think it would be a very great assistance to anyone who might be charged with the duty of administering the Farm Act. I am sure that the services of Mr. Lee would be more valuable in getting the program started than anyone who had not had his experience.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. Of course, it has been a principle that has been very carefully guarded by Congress for a great many years, that no man should be allowed to practice and bring claims against the Government who is drawing pay from the Government.

Mr. JONES. That is correct, but there is no intention to do away with that principle.

Mr. SNELL. Because it gives him, of course, a great advantage over other men.

Mr. JONES. Yes.

Mr. SNELL. And this has always been very carefully guarded. If you start breaking it down you are going to be asked to have this exception made by other departments.

For instance, a member of the Department of Justice called me this morning and said they had some matters which made it very important that such an exception be made for that department that we are asked to make for the Department of Agriculture at the present time.

Now, if we are going to do it for one, we ought to do it for both.

It is simply a question whether we are going to maintain the principle that Congress has so carefully guarded and believes is so important for the welfare of the Public Treasury.

Mr. JONES. I may say to the gentleman from New York that I am opposed to breaking down the principle. I think the principle should be maintained, but there come times when an unusual situation calls for an unusual procedure.

When Mr. Pomerene and Mr. Roberts, who is at the present time on the Supreme Court, were employed, it was found necessary to pass an identically similar resolution. I understand the same sort of resolution was passed in the Huston Thompson case some years ago. So there is precedent for this type of resolution.

Now, Mr. Lee probably knows more about the farm bill and its mechanics than anyone else who might be obtained. His services cannot be obtained if he is to be regularly employed. He does not particularly care about the employment, but he is willing to serve temporarily if this exception can be made.

The department itself has asked him to serve and is very desirous of utilizing his services.

As the gentleman knows, it will be a very hard job anyway to handle this great farm program.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. BYRNS. I want to endorse what the gentleman from New York has said.

It has been the understanding in Congress, with possibly one or two exceptions to which the gentleman has referred, that men who work for the Government and draw a salary or fees from the Government shall not at the same time be permitted to practice in the departments against the Government, and I think this is a splendid policy.

I have not made any objection to this bill on account of the interest of the gentleman, but I heard this morning that the Department of Justice was asking for the same privilege. I do not know why they want it, because they have not communicated with me; but I immediately said that, so far as this bill was concerned, that while I had stated to the gentleman from Texas that I would interpose no objection if it was proposed to bring it up under unanimous consent so that it could be amended, then I was going to object to it because I think Congress ought to be jealous of this policy that has been established.

I do not question what the gentleman from Texas has said with reference to the value of the services of Mr. Lee; but it is asking a great deal for us to believe that there is no one else anywhere whose services could be obtained who would not render just as valuable service as Mr. Lee.

I do think that Congress ought to stop passing this kind of bills. So far as I am concerned, if there is any other

effort made to pass a bill similar to this applying to other departments, so far as my vote is concerned, it is going to be recorded against it. [Applause.]

Mr. JONES. Mr. Speaker, I am in hearty accord with the sentiment expressed; but this, Mr. Chairman, is a somewhat complicated measure. We all know, of course, there are others who could be obtained who could do this work; but I think any member of either the House or the Senate committee who has had opportunity to know Mr. Lee's work will say he would rather have him with his experience in this particular type of legislation than any other man, at least until the program is started.

I believe it would be economy to make this exception, and I have limited the Senate resolution so that this particular case is the only one that can be handled by the Department.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. The gentleman, of course, would admit that in any future practice Mr. Lee and his firm here in Washington would have a very great advantage, especially in practicing before the Department of Agriculture.

Mr. JONES. No; the Department of Agriculture is excepted.

Mr. SNELL. Yes, for a limited time; but they would likewise have a great advantage in any of the other departments.

Mr. JONES. We have provided in the resolution that he may not practice before the Department of Agriculture for 2 years.

Mr. SNELL. He will later on.

Mr. JONES. He would have to wait until 2 years have elapsed.

Mr. SNELL. But perhaps 3 years from now important matters may be pending before that Department and his firm would have the advantage.

Mr. JONES. I am in favor of the principle, I may say to the gentleman from New York. But the application of the farm bill involves a vast untried field. I do not want it to be handicapped in any way.

Mr. SNELL. What is the gentleman going to do with the Department of Justice, which is going to ask for a similar privilege?

Mr. JONES. The majority leader has just stated that he would not permit this bill to come up by unanimous consent for fear it might be broadened, and that he is opposed to extending it.

Everyone knows this is a tremendous task that the Farm Administrator will have in administering the act which has been passed. I believe it will be rather captious for us to say as a Congress that when the Secretary of Agriculture and the Administrator himself are very anxious to have the services for the time of the man who sat in and helped draft this complicated piece of legislation, especially with the limitation we have placed in the resolution, not to pass it and give every opportunity that may be had for that measure and its administration to be a success.

Mr. SNELL. Your own Attorney General is coming before you with the same kind of a proposition, that the man he wants to appoint for specific work is absolutely necessary to carry it out; and that man cannot take it unless this exception is made because he also has other practice here in the city of Washington.

Mr. JONES. We have made exceptions before in special cases for that Department. We made an exception in the Pomerene case and in the Roberts case for that Department in a much more important measure involving much larger compensation than is suggested today in behalf of the Department of Agriculture. Those men were paid much larger fees than this man can possibly be paid on the terms of this resolution.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Mississippi.

Mr. COLLINS of Mississippi. It is my understanding we appropriate about $100,000 for the legislative drafting service of the House and Senate. Congress is expected to adjourn in a few days. Why would it not be possible to utilize the services of some of these gentlemen who are now on the pay roll—Mr. Beaman, for instance? This gentleman for a long time was an understudy of Mr. Beaman.

Mr. JONES. As the gentleman knows, those men have assignments all through the summer, perhaps enough to carry them through the time Congress is not in session; and that does not meet the situation, because this is the man the Department wants. He is familiar with the legislation, and his services are desired by the Department, and I think we ought to let the Department have them.

Mr. SHANNON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. SHANNON. Has not this man appeared repeatedly before the Committee on Agriculture as a hired attorney for interests seeking legislation?

Mr. JONES. He has appeared representing certain people, as any other attorney would, but at the same time he is not representing them at the present time.

Mr. SHANNON. I understand that, but it was with respect to legislation of this kind.

Mr. JONES. I assume many lawyers have done that. I presume there are members of the Supreme Court who have done that.

Mr. SHANNON. Is it not unique that this man should have appeared for years before your committee and now somebody wants him in the Department of Agriculture?

Mr. JONES. Oh, no.

Mr. SHANNON. Why not let those interests who have hired him heretofore engage him now?

Mr. JONES. No; the gentleman is in error. This man for years was a member of the legislative drafting service and was only for a brief period of time employed by certain cooperative organizations to assist them in presenting their matters.

Mr. SHANNON. But he has been employed in the past with respect to such legislation.

Mr. JONES. Yes.

Mr. SHANNON. And now they wish the law enforced and they want their attorney to go into the Department.

Mr. JONES. Oh, no; he is not their attorney.

Mr. SHANNON. He was their attorney.

Mr. JONES. He was their attorney at one time, but he has not been for some months.

Mr. CARPENTER of Nebraska. Will the gentleman yield?

Mr. JONES. Yes.

Mr. CARPENTER of Nebraska. Can the gentleman tell us whether Mr. Lee is a Republican or a Democrat?

Mr. JONES. I understand he is a Democrat, although I could not give the gentleman very definite information about that, and I may be in error. Inasmuch as the Department which is charged with handling this tremendous problem only wants him for a limited time, I thought his other qualifications were more important.

Mr. BEAM. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BEAM. How long has Mr. Lee been engaged in the Government service?

Mr. JONES. He is not in the Government service at the present time; he is practicing law. It has been some 4 or 5 or 3 or 4 years since he was in the legislative drafting service of the Government.

Mr. BEAM. And now he is practicing law independently?

Mr. JONES. Yes; as a member of a firm here.

Mr. BEAM. As the gentleman knows, Mr. Lee has represented several clients before the Committee on Agriculture.

Mr. JONES. Yes.

Mr. BEAM. At absolute variance with the program of the administration with respect to different measures.

Mr. JONES. At times, perhaps, but I do not think many times; at the same time he appeared in a certain capacity and disclosed his capacity.

Mr. BEAM. I understand that.

Mr. JONES. And appeared as a draftsman and made explanatory statements in reference to measures.

Mr. BEAM. How long does the gentleman desire his services to continue under this resolution?

Mr. JONES. That was not disclosed, but they indicated they would not be able to keep him for a great length of time. He is willing to help them to start off the work but does not want to give up his practice.

Mr. BEAM. How much expense to the Government is this going to entail?

Mr. JONES. Under the terms of the bill they could not possibly pay him a higher salary than $8,500 a year. That is the highest amount that can be paid under the bill under any circumstances.

Mr. BEAM. How much of his services does he give for this $8,500 a year?

Mr. JONES. They expect to use his services a great deal pending the time they get the bill in operation. They think he is well informed on the measure, knows its limitations, and knows its powers, and that he will be of a great deal of service to them.

Mr. BEAM. Is there any other attorney in the service that could render the committee or the Department of Agriculture the services that Mr. Lee can render?

Mr. JONES. There are, of course, plenty of men who have the ability, but it would take a man a good, long while, as the gentleman knows, since he is a member of the committee, to become as well informed on the terms of the bill and the facts essential to its successful operation as is Mr. Lee.

Mr. BEAM. I understand that and that is what I am concerned about. I am a practicing attorney myself, and I dislike very much to take any position against a practicing attorney, but I feel it is a bad precedent for the Department of Agriculture or the Committee on Agriculture to bring out a joint resolution here employing a man who formerly represented certain people, and, as the minority leader so ably said and as our majority leader also stated, to establish a precedent whereby this man, by the admission of the chairman, becomes practically indispensable to the Government service, and for one, I object to it.

Mr. JONES. The gentleman is mistaken about that. This does not establish a precedent. The precedent is already established, and this man does not ask for this employment. They have gone to him and asked that he render these services.

Mr. BEAM. So far as I am concerned, I object to such a practice.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. JONES. Yes.

Mr. WEIDEMAN. Does it not appear that out of all the hundreds of thousands of dollars we pay for attorneys in the Government service, there ought to be someone competent to handle this work? If not, does not the gentleman think we need an entire reorganization of the whole thing?

Mr. JONES. We could get someone who is capable to do this work, but it would probably cost more money, because this man has had years of experience in this particular line of work. He was the draftsman for the Committee on Agriculture when the old McNary-Haugen bills were up. He was in the Government service then and he went through all the hearings on the McNary-Haugen bills for years. He also went through the hearings on the other farm measures that were presented and he knows the underlying philosophy of the farm bills. I believe if you will ask any of the members of the Committee on Agriculture on either side of the aisle during those years they will tell you that he is an unusually capable man along this line and will be of great service for the limited time he will act. He has stated he would only act a limited time in any event.

Mr. WEIDEMAN. The gentleman does not suppose it is possible for the Republican side to know more about this particular man than we do ourselves.

Mr. MILLIGAN. Why could not the Solicitor of the Agricultural Department perform these services—it is his duty, is it not?

Mr. JONES. Of course, he could perform the services, but no doubt he has his usual duties to perform. The gentleman knows this measure will call for a great deal of extra work. They are going to have a tremendous amount of work to start this machinery. They only want it for a short time, and it seems to me they ought to have this permission. This is a tremendous proposition. The Department wants a man for the time being and for a short time only.

Mr. MILLIGAN. The gentleman does not want to leave the impression that this gentleman is indispensable?

Mr. JONES. I do not think any man is indispensable, anywhere in America, but this man is probably the best informed as to this subject, and he could go right to work. Anyone else would have to do a lot of work first.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BROWN of Kentucky. The gentleman stated that this man does not want to accept the job, but they are inducing him to do it. I want to state that in my district and State there are a number of lawyers who would be willing to give a lot of study to a job like this in order to get it, and they would not want a special act.

Mr. JONES. I have stated to the gentleman that the work is to be done now.

Mr. BROWN of Kentucky. Well, they are ready to go to work now. [Laughter.]

Mr. JONES. The gentleman from Kentucky may be facetious, but if he had the responsibility of administering the act, if he had the responsibility of doing something for the farmers of America, and incidentally the other people of the United States, I do not believe that if he has a proper conception of the responsibilities involved he would want to jeopardize it in any way.

Mr. BLANTON. The bill provides "that not more three such officers shall hold such exemptions." I want to ask the gentleman from Texas whether or not, if we pass this bill and exempt these three men——

Mr. JONES. The bill is limited to only one.

Mr. BLANTON. But as introduced in the Senate on May 15 it provided for three. Well, if we pass the bill for this one man, it will set a new precedent, unwise and unsalutary, for these other departments, and I do not think we should do it.

Mr. JONES. I do not think the gentleman was in the Hall a moment ago when I answered that question. The precedent has been set in the case of Mr. Pomerene, Mr. Roberts, and Huston Thompson.

Mr. BLANTON. I was in the Hall. I am in this Chamber practically all of the time. They were not attorneys for departments.

Mr. JONES. No; and this man is not an attorney for the Department. He is not a Government employee.

Mr. GAMBRILL. Is this man Mr. Frederic Lee?

Mr. JONES. Yes.

Mr. GAMBRILL. He has recently been appointed by Governor Ritchie to look after legislation for the State. I do not see how he can hold two jobs successfully.

Mr. JONES. This is only temporary. The Department is very anxious about it, and I think we ought to pass this.

Mr. BLANTON. I think that the bill extends a very unwise precedent, and I hope that it will not pass.

Mr. SNELL. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. I should like to ask the gentleman from Texas, who was here during the administration of President Wilson, whether or not this law was not one of the great reform measures we passed at that time?

Mr. JONES. Let me say that I am in thorough sympathy with it. That law will and should remain. For this reason we are strictly limiting the exception. It passed the Senate with 3 names, but we limit it to 1, and the only reason we are making the exception at all is on account of the tremendous responsibility that they are under to get this thing started. It takes an immense amount of work.

Mr. FOCHT. I was just wondering whether the gentleman wanted to repudiate this great progressive reform?

Mr. JONES. No; I do not. I insist upon its remaining as a part of the general laws of the land.

Mr. SNELL. Mr. Speaker, I am absolutely opposed to breaking down this precedent at this time. There is so much unemployment in the country today that the President himself, and the gentleman at the head of the Post Office Department, who runs the jobs for the administration, say that they are going to stagger all of the employment throughout the country, and, if we are going to do that, we must not break down this important precedent that has been established for many years and pass special legislation to give two jobs to one man. The gentleman from Texas [Mr. JONES] says that this man knows more about these particular matters than any other man, and that he is almost essential. Well, for God's sake, what would happen if he should die? Is there no other man in the United States that knows anything about it? Is there no other man who can unravel this complicated legislation? Does not anyone else understand it?

Mr. JONES. This gentleman has not any job now with the Government. He is in private practice.

Mr. SNELL. Yes; and the gentleman wants to place him in a position where he not only can draw pay from the Government but also can continue in private practice and present claims against the Government. As a matter of fact, we have guarded this proposition very diligently for many years. So far as I know, Congress has been practically unanimous on this agreement. There have been one or two exceptions, but, individually, I have always opposed them. At this time, from any reason that has been presented here today, there is no possible excuse for making this exception. If you do make it today, your own Attorney General is coming in here tomorrow and is going to ask you to do exactly the same thing for him, and if you do it for the Department of Agriculture, why should you not do it for the Attorney General's Department? It is just as important for one as the other.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. CARPENTER of Nebraska. Can the gentleman tell us why a Democratic Attorney General would appeal to a minority leader on the Republican side rather than to a majority leader on the Democratic side?

Mr. SNELL. The gentleman will have to ask the gentleman himself. It came to me from someone in the Department. I do not even know his name. I do not make any excuses for it. If the gentleman does not like it, he can go down there and give them an order and tell them not to talk to us. It does not make any difference to me. I did not ask him and do not care. The only question before us now is whether we, without any real reason, want to break down a precedent of years and to allow this man to have this job and also engage in practice against the Government and present claims against the Government when we have so many men in Washington and in other places who have not even one job—to say nothing of two jobs for one man at the present time. It has always been understood that a man gets a terrific advantage when he helps to draw a law and is a member of the department and then prosecutes claims under the law.

Mr. WEIDEMAN. I understand that in the city of Detroit alone there are 42 lawyers who are on the welfare rolls. I imagine that we could even get some from there to fill in.

Mr. SNELL. Probably you could do the same thing in every city in the United States.

I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I do not know why every day or two we are considering some bill to break down the criminal statutes of the United States. If there ever was a reason for a criminal statute to prevent certain folks who have been in the Government service from prosecuting a claim, there is reason for keeping it there now, in view of all of the confusion being created by these new bills. There are going to be claims and claims and claims. Why should we start to break down the precedent now? Have we not any respect for the integrity of the Civil Service of the United States? Have we no respect for the Government itself; for the Federal Treasury? This law was passed and put on the statute books to prevent those in the Government service from taking any advantage of that position both while in the service and afterward. I appeal to the Membership of the House to stop this thing right where it is now by refusing to suspend the rules and pass this bill. Let us defeat this and keep our record intact.

Mr. SHOEMAKER. I understand this is the same fellow who has drawn all the farm bills, all the way down through the last 10 or 15 years. Is that correct?

Mr. TABER. Well, I guess he is the fellow who ought to know where the holes in the bill are, so that he could present claims.

Mr. SHOEMAKER. I understand he has drawn every one for the last 15 years, or for several years.

Mr. TABER. That being true, he will know where the holes are in them just as well as anybody, and he is in the best possible position of anyone to take advantage of the Government, and I suppose that is the reason why we ought to turn things over to him and let him run them.

Mr. SHOEMAKER. If he has spent 15 years in producing flops on farm bills we ought to excuse him.

Mr. BOILEAU. But the gentleman is mistaken, because I understand the bill particularly prevents him from practicing before the Department of Agriculture.

Mr. TABER. But he can practice before other departments where claims come up—in the Treasury Department under this new agricultural bill.

Mr. BOILEAU. But he could not take any advantage under this bill.

Mr. TABER. Oh, he could take advantage of what he knows about all this situation.

Mr. JONES. Mr. Speaker, this is not a question of repealing the criminal statutes. It is idle to talk about that. There is no higher type man than Frederic Lee. He would render valuable, patriotic service. However, in view of the apparent opposition to this measure, although the Department has insisted upon it, I ask unanimous consent to withdraw my motion to suspend the rules and pass this bill.

The SPEAKER. Is there objection?

There was no objection.

BRIDGE ACROSS LAKE SABINE NEAR PORT ARTHUR, TEX.

The SPEAKER. The next business before the House is the consideration of bills on the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

The Clerk called the first bill on the Consent Calendar, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that this bill may go over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE DALLES BRIDGE CO.

The next business on the Consent Calendar was the bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GOSS. Mr. Speaker, reserving the right to object, a week or two ago when this same calendar was being considered I asked that this bill go over without prejudice for the reason that the Committee on Military Affairs had a bill before it affected by this bill. My understanding is that the Committee on Military Affairs has reported that bill out, which would waive the objection I had at that time to this bill, and I therefore have no objection now.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That an act to authorize the construction of certain bridges over navigable waters of the United States, ap-

proved March 4, 1933 (Public, No. 431, 72d Cong.), be amended by adding to section 2a the words "a Washington corporation", immediately following the words "The Dalles Bridge Co."

The bill was ordered to be read a third time, and was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS EAST RIVER BETWEEN BRONX AND WHITESTONE LANDING

The next business on the Consent Calendar was the bill (H.R. 5394) authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection the Clerk read as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, Charles V. Bossert, his heirs and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the East River between Bronx, N.Y., and Whitestone Landing, L.I., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act: *Provided, however,* That construction thereof is commenced within 1 year from the date of approval thereof, in order that the construction of this bridge may offer immediate work and relieve unemployment.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, the State of New York, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 50 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion cost, not to exceed 1 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

In the event, however, that by appropriate legislation enacted by the State of New York there shall be granted to said Charles V. Bossert, his heirs and assigns, exemption from taxation by the said State, or any political subdivision thereof, with reference to said bridge or the approaches thereto, said bridge shall be turned over to the State of New York or any political subdivision designated by said State without any charge or compensation after the expiration of 50 years from the completion of said bridge.

SEC. 3. If such bridge shall at any time be taken over or acquired by the State of New York or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 4. Charles V. Bossert, his heirs and assigns, shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the Highway Department of the State of New York a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the Highway Department of the State of New York shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Charles V. Bossert, his heirs and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Charles V. Bossert, his heirs and assigns; and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 2, line 4, after the word "act", strike out the balance of the paragraph.

Page 2, line 18, strike out the word "fifty" and insert in lieu thereof the word "five."

Page 3, lines 7 to 16, strike out the paragraph.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ESTABLISHMENT OF TERM OF DISTRICT COURT OF THE UNITED STATES AT ORLANDO, FLA.

The next business on the Consent Calendar was the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. JENKINS. Reserving the right to object, someone requested that I make inquiry with regard to this bill. The report states there will be no expense to the United States Government by way of rentals. I would like to ask if there will be any additional expense in the way of clerk hire or office expense of any kind?

Mr. WILCOX. There will be no additional expense to the United States Government at all, either as to clerk hire or office, or space for holding the court, or any other expense.

Mr. JENKINS. Is there any bar association opposition anywhere?

Mr. WILCOX. No, sir. This bill was filed both in the House and the Senate at the request of the bar association.

Mr. SEARS. Will the gentleman yield?

Mr. WILCOX. I yield.

Mr. SEARS. The cost of jurors and witnesses will be materially reduced?

Mr. GOSS. Where is the court sitting now? In a different place?

Mr. SEARS. The court now sits at Tampa, Miami, Jacksonville, and Key West.

Mr. GOSS. When you provide another term at a certain locality, if the locality is farther away from the base then the fees to the judge sitting might be greater.

Mr. WILCOX. May I explain to the gentleman that the nearest point to Orlando is Tampa on the southwest, for holding court, and Jacksonville to the northeast.

Mr. GOSS. But if the distance is several times that which these judges have to go, it will consequently increase their fees.

Mr. WILCOX. It might increase the amount of fees to the judge, but it would decrease the amount of fees to witnesses and jurors, which would more than offset the expense on account of the judges.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided,* That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

RETURN TO PHILIPPINE ISLANDS OF UNEMPLOYED FILIPINOS

The Clerk called the next resolution, H.J.Res. 118, to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes.

Mr. JENKINS. Mr. Speaker, reserving the right to object, this is a very important bill and is a matter which should receive the attention of everyone here. I am not inclined to be unfriendly to the bill. I am not inclined to oppose it at all, but I should like the Chairman of the Committee on Immigration to be given sufficient time to explain it because, as I said before, it is very important and is a great departure from any legislation we have enacted heretofore.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to call the attention of the gentleman from New York [Mr. DICKSTEIN] to the Philippine Independence Act. Until the Philippine Independence Act is approved and put into effect, what is the use of sending Filipinos home? They can come right back again.

Mr. DICKSTEIN. No; they cannot. Will the gentleman withhold his objection for a moment?

Mr. BLANTON. Mr. Speaker, I am willing for the gentleman to explain the bill, but ultimately I shall object.

Mr. DICKSTEIN. The gentleman may not object when he hears my explanation.

Mr. Speaker, I ask unanimous consent to proceed for 5 minutes to explain the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I think it is the duty of every Member of this House to cooperate in a program to pass this bill to which the Committee on Immigration and Naturalization has given careful study, by which we can, on their voluntary request, dispose of over 30,000 Filipinos who are roaming throughout the United States, most of them without homes, some of them in jail, most of them having been out of work for 2 or 3 years. They are taking jobs away from Americans whenever they can find jobs because they will work for any price at any time, day or night.

The Philippine Commissioner has indicated to the Committee on Immigration that at least 30,000 of these Filipinos, if given an opportunity to get on Government transports, are ready to leave the United States and go back to their home land.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. McFARLANE. Are these Filipinos in this country legally?

Mr. DICKSTEIN. They are in the country legally, but here is an opportunity to get them to leave in a nice way, because they would be departing voluntarily at their own request.

The gentleman from Texas suggested that because the Filipinos have not yet obtained their independence we should continue to let almost 45,000 Filipinos in California, New York, Illinois, Mississippi, and throughout the land continue roaming from house to house, without jobs and no place to go.

Here is an opportunity for this Congress to do something constructive for the American people and our American communities and let these Filipinos go home and stay home.

You may ask, Why can they not come back here? They cannot get back because once they accept this gratuity from the Government the regulations provided for might properly require that they sign a pauper's application; then once they go out they stay out.

This bill gives the American people an opportunity in a nice way, in a friendly way, to rid our communities of almost 30,000 of these Filipinos.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. O'MALLEY. By the terms of this bill we are dealing with Filipinos alone. There are thousands of people of other races in this country in the same condition the Filipinos are in, people who are here legally. They should be made to meet the same conditions.

Mr. DICKSTEIN. In answer to the gentleman's statement may I say that the committee has reported another bill to the House, H.R. 3524, No. 31 on the Union Calendar, which will take care of that situation. We are taking care of everybody who wants to go back home and who voluntarily asks the Government to send them.

Mr. O'MALLEY. But this bill is solely for the Filipinos.

Mr. DICKSTEIN. Yes; because we can use Navy and Army transports to take them to the Philippine Islands.

Mr. O'MALLEY. Does the gentleman think that all people in this country who are not citizens and who are unemployed should be sent back?

Mr. DICKSTEIN. No. That is not what I said.

Mr. O'MALLEY. That is what this proposes.

Mr. DICKSTEIN. No; the gentleman has not read the bill.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WEIDEMAN. These Filipinos have indicated a desire to return to the Philippine Islands. At the present time they are roaming around in my city and other sections of the United States unable to find employment and they are terribly handicapped. Why not send them back home instead of permitting them to continue to be a charge upon the people of this country?

Mr. O'MALLEY. I think anybody who wants to leave should be entitled to.

Mr. WEIDEMAN. They do not have to go.

Mr. DICKSTEIN. No Filipino who is here legally is compelled to leave this country. If the Members will read the report of the committee, they will see that the Commissioner of the Philippine Islands indicated that there are almost 30,000 Filipinos who voluntarily want to go back and stay in the Philippine Islands. We are not deporting anybody. This is not a slap at the Filipino people. I say here is an opportunity to save 30,000 jobs for 30,000 Americans.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. McFARLANE. How much will it cost to send them back?

Mr. DICKSTEIN. The Navy has estimated that the cost is 65 cents a day per person as a passenger on their boats.

Mr. McFARLANE. What will the cost aggregate?

Mr. DICKSTEIN. I cannot give the gentleman this information, but should the bill be passed that question would go to the Appropriations Committee, and they will determine the amount necessary to provide. I am giving the gentleman the substance of the testimony given by the Navy Department in which they say they can take on an average of a thousand every 2 months, and that it will cost an average of 65 cents a day.

Mr. McFARLANE. How long does it take to go from here to the Philippine Islands.

Mr. DICKSTEIN. About 10 or 15 days from the west coast, I imagine.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WEIDEMAN. The more Filipinos who leave this country, the more jobs are left for our own people.

Mr. DICKSTEIN. Certainly.

Mr. WEIDEMAN. And it is better to have them leave voluntarily, is it not?

Mr. DICKSTEIN. Certainly. Just let me quote a few extracts from the report on this bill:

The United States Census of 1930 shows the total number of Filipinos in the continental United States as 45,208. Of this number, 38,030 were located west of the Mississippi River, with the greater number residing in three States, as follows:

California	30,470
Oregon	1,066
Washington	3,480

Seven thousand one hundred and seventy-eight were located east of the Mississippi River, with the greater number residing in four States, as follows:

Illinois	2,011
Michigan	787
New York	1,982
Pennsylvania	614

Attached hereto is a table showing the distribution of Filipinos in the continental United States by States.

Number of Filipinos in the United States, census of 1930

State	Number west of Mississippi River	Number east of Mississippi River
Alabama		25
Arizona	472	
Arkansas	15	
California	30,470	
Colorado	250	
Connecticut		160
Delaware		9
District of Columbia		294
Florida		46
Georgia		29
Idaho	97	
Illinois		2,001
Indiana		77
Iowa	40	
Kansas	95	
Kentucky		5
Louisiana	515	
Maine		12
Maryland		327
Massachusetts		157
Michigan		787
Minnesota	236	
Mississippi		6
Missouri	321	
Montana	295	
Nebraska	55	
Nevada	47	
New Hampshire		3
New Jersey		286
New Mexico	27	
New York		1,982
North Carolina		6
North Dakota	30	
Ohio		88
Oklahoma	21	
Oregon	1,066	
Pennsylvania		614
Rhode Island		25
South Carolina		18
South Dakota	7	
Tennessee		14
Texas	288	
Utah	158	
Vermont		1
Virginia		126
Washington	3,480	
West Virginia		6
Wisconsin		64
Wyoming	45	
Total	38,030	7,178

Estimates of the number of indigent Filipinos who might apply for transportation under the provisions of the act cannot be made with any degree of accuracy. During the calendar year 1932, 2,070 Filipinos returned to the Philippines from the continental United States at their expense. With expenses paid, it is probable that the number of applicants would greatly exceed this number.

Your committee roughly estimates that perhaps 20,000 to 30,000 of these Filipinos would apply for the benefits of this resolution before the date fixed as the last date upon which application may be made and accepted by the officers of the Immigration Service; that is, prior to December 1, 1933.

Such a movement on the part of these unemployed Filipinos would be distinctly beneficial to our own citizens who also are without regular income and who are seeking employment; at the same time, it would get these Filipinos speedily among their own peoples, where adjustments probably would be more possible than if they remained here.

While the hearings developed that a number of communities in the United States are now, and have been for sometime, overburdened with calls for solution of the vexing problem of caring for these people, who are neither citizens nor entirely aliens, still testimony submitted clearly established that there existed a definite desire of many Filipinos to go back to their homeland provided a way is provided to finance the journey.

Your committee views this situation, with respect to these Filipinos, as a national emergency to overcome which the Government is fully justified in using the Army and Navy transports as means of transportation, with the actual expense incurred in this means of transportation payable from the Treasury. However, there did not seem any logical reason for withholding this business from certain commercial shipping firms operating ships under United States registry if such commercial firms cared to take this business at a per capita rate as low as, or lower than, the agreed upon rate for passage and maintenance aboard Army transports; that is, rates covering actual cost when civilians man the ships. The Navy transports are manned by enlisted men.

[Here the gavel fell.]

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent that the time of the gentleman from New York be extended 5 minutes.

The SPEAKER pro tempore (Mr. BLANTON). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. O'MALLEY. Will the gentleman from New York yield?

Mr. DICKSTEIN. Certainly.

Mr. O'MALLEY. If this measure is of benefit to the Filipinos and will do them some good and enable them to be transported back to the Philippine Islands at the expense of the United States, I think the measure should be broadened to include all races or all peoples similarly situated. I think, personally, this is class legislation.

Mr. DICKSTEIN. If the gentleman will bear with me, this is not only of benefit to the Filipinos, but it is of benefit to the American workers and a benefit to the American communities where these Filipinos have been roaming around now for 2½ years without any work.

Mr. O'MALLEY. Then there should be no objection to broadening the legislation.

Mr. DICKSTEIN. One thing has nothing to do with the other. As I said before, the committee has already reported to the House another bill that will extend the time from 3 years to 5 years within which indigent aliens ask to go back to their native lands at Government expense, and this measure will be considered at the proper time by the House.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. DICKSTEIN. For a brief question; yes.

Mr. DOCKWEILER. If the gentleman will permit, I want to answer the question of the gentleman from Wisconsin [Mr. O'MALLEY]. As a Californian I want to say that we have a greater number of Filipinos than any State of the Union and, of course, they are roaming up and down our State, and they are just floatsam and jetsam so far as we are concerned; but we cannot provide in this measure that we will include everybody who wants to go back to his native home, because in the case of the Filipinos we have a great Army and a great naval base in the Philippine Islands, and we are utilizing in this particular case our Army transports and our Navy transports to take these people back at a cheap rate. Can the gentleman point to any other country where we have a naval base and an Army base and where we could use our transports for such a purpose?

Mr. O'MALLEY. My contention is that if this is a good thing with respect to the Filipinos, why not include them all?

Mr. DICKSTEIN. If the Members of the House will be good enough to look at the report, they will find the States in which these men are situated and they include Alabama, Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, and almost every State of the Union; and the testimony at the hearings indicates clearly that a large percentage of them are out of employment. Would it not be a nice thing for this country, when they have indicated a willingness to depart voluntarily, to send them back to their own country? In order to be sent back they can be required, under regulations to be drawn up, to sign a pauper's statement in the application, and when they do this they cannot come back if they are likely to become a public charge.

Mr. McFADDEN. Will the gentleman yield?

Mr. DICKSTEIN. For a brief question; yes.

Mr. McFADDEN. I think I am heartily in favor of the bill, but on page 6 of the bill, line 2, there is a provision that no commercial steamship company transporting Filipinos to Manila, Philippine Islands, shall be taxed. Suppose the transports are occupied with troops of the Army and Navy, this would mean that commercial steamship lines would be employed.

Mr. DICKSTEIN. That is entirely within the discretion of the Committee on Appropriations. Any appropriation under this bill would go to them and they would determine the feasibility of such a practice and whether or not all these Filipinos could be put on transports.

[Here the gavel fell.]

Mr. JENKINS. Mr. Speaker, further reserving the right to object, I would like to make this observation.

Mr. O'MALLEY. Regular, order, Mr. Speaker.

The SPEAKER pro tempore. The regular order is demanded. Is there objection to the present consideration of the bill?

Mr. JENKINS. If the regular order is demanded, Mr. Speaker, I am forced to object.

The SPEAKER pro tempore. Objection is heard. The Clerk will call the next bill on the Consent Calendar.

GAME REFUGE IN THE OUACHITA NATIONAL FOREST

The Clerk called the next bill, H.R. 3511, to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas.

Mr. COCHRAN of Missouri. How much would it cost to carry out the purposes of the bill?

Mr. GLOVER. I will say that it will not cost one penny. I have a statement from the Department saying that it will be without any expense to the Government.

Mr. COCHRAN of Missouri. How are they to get the game?

Mr. GLOVER. The game is there now in the 827,000 acres.

Mr. COCHRAN of Missouri. And they are at liberty now to kill that game?

Mr. GLOVER. They are now, but we want to prevent it. The game is there, and they are destroying it, and we want to prohibit it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That for the purpose of providing breeding places and for the protection and administration of game animals, birds, and fish, the President of the United States is hereby authorized, upon the recommendation of the Secretary of Agriculture, to establish by public proclamation certain specified areas within the Ouachita National Forest as game sanctuaries and refuges.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EMERGENCY RELIEF FOR MUNICIPALITIES

Mr. WILCOX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WILCOX. Mr. Speaker, since 1920 the bonded indebtedness of cities, towns, counties, and special tax districts has increased to such enormous proportions that hundreds of these units of government now find themselves entirely unable to meet maturities of principal and interest on their debts and still carry on the necessary functions of government.

From 1921 to 1932, inclusive, the average annual emission of new bond issues of the States and their political subdivisions was $1,309,000,000. It is now estimated that there are outstanding in the hands of investors approximately $18,000,000,000 of municipal, county, district, and State bonds. Most of these bonds were issued during the hectic years of our recent boom period and represent to a large extent the same extravagant expenditure of money and the same disregard of the consequences resulting from the creation of debts which characterized business in general during this same period. The overexpansion of many municipalities and the installation of ill-advised and, in some instances, utterly useless and unnecessary public improvements requiring the expenditure of millions of dollars have resulted in an unbearable burden of debt.

Nor were the officials of these governmental units alone to blame for the issuance of unreasonable quantities of bonds. During this period investors purchased municipal, county, and district bonds entirely without regard to the paying ability of the units issuing them, and indeed in many instances bond brokers and investment houses not only encouraged but insisted upon the issuance of more and more of these obligations.

It can now make little difference what reasons or motives prompted the issuance of these obligations. Nor is it necessary to consider the wisdom of the action of municipal officials or investors. The fact remains that there are some $18,000,000,000 worth of these securities outstanding and that hundreds, even thousands, of taxing units find themselves so burdened with debts that they cannot meet the maturities of principal and interest.

A recent survey of defaulting units discloses the startling information that more than 1,000 governmental units are now in default in the payment of principal or interest, or both, upon their bonded indebtedness. These defaults have extended into 41 States. Three States, 193 counties, 398 cities and towns, 142 school districts, 185 reclamation, levee, irrigation, and drainage districts, and 97 other districts were on April 26, 1933, in default in the payment of principal or interest or both, and the number of defaulting units is increasing daily.

This condition is not limited to any one State or any one section of the country. As illustrative of the wide-spread area covered by these defaults, attention is called to the fact that the State of Florida has 148 defaulting units; North Carolina has 152; Texas has 83; Ohio, 79; California, 73; Arkansas, 42; Missouri, 41; Kentucky, 34; Oregon, 35; and Michigan, 28.

Nor is this condition limited to any one class of taxing units. The list of defaulting units includes not only the small improvement districts but extends also to some of the largest cities in the United States. Prominent among the cities reported as being in default are such communities as Detroit, Flint, and Pontiac, Mich.; Akron, Loraine, Marion, and Alliance, Ohio; Asheville, Raleigh, High Point, and Greensboro, N.C.; Charleston and Florence, S.C.; St. Petersburg, Miami, and West Palm Beach, Fla.; Mobile, Phoenix City, and Decatur, Ala. These are, of course, only a few of the more than 1,000 defaulting communities and are cited only for the purpose of illustrating the wide territory covered by this condition.

The condition is rapidly becoming worse. Since February 1, 1933, more than 100 additional communities have defaulted and more are being added to the list each day.

It is now estimated by good authority that the bonds of these municipalities and other taxing units actually in default far exceed a billion dollars and the fact that this enormous amount of municipal bonds is now in default and their holders unable to collect interest upon them is having a very serious effect upon the ability of other communities to finance themselves. The fact that more than a billion dollars of these securities are now practically worthless has almost completely destroyed the market for municipal securities, with the result that many of our otherwise solvent cities and counties are finding it increasingly difficult to borrow money even for temporary financing. The result of this, of course, will be that unless some means can be evolved by which defaulting communities can adjust, rearrange, and refinance their indebtedness, they will soon completely destroy all market for municipal securities, and we shall soon find that no community has escaped this situation.

Under the law of every State of which I am advised, the governing authorities of municipalities, counties, and other taxing districts are required to levy taxes for the payment of debts at the same time and in conjunction with the levy of taxes for operating expenses. Tax moneys must be collected and distributed pro rata between the appropriations for operation expenses and debt service. If the levy for debts is so excessive as to render the taxes uncollectable, the city or county finds itself without funds with which to pay its operating expenses. Courts are powerless to render any assistance but, upon the application of creditors, must, by mandamus, require the levy of whatever taxes are neces-

sary to meet the requirements of bond issues regardless of collectability.

In many cities, these excessive tax levies have resulted and are resulting in a complete failure of the municipality to collect sufficient taxes to carry on and perform the ordinary and necessary functions of government and provide funds necessary to meet the unusual demands for relief being made upon them as the result of the present distressed condition existing in world affairs. Municipal officials are without discretion. They must levy such taxes as are required by bond issues regardless of collectability, and in many instances this is resulting in such enormous levies that taxpayers are finding themselves entirely unable to carry the burden of taxes, and this in turn is resulting in the failure of local governments to perform those functions which provide for the preservation and protection of the health, peace, and lives of their citizens.

Taxpayers are unable to pay the confiscatory taxes necessary to meet the requirements of these debts; there is no sale of property, and there is no incentive to improve or repair property. Because of the inability of the taxpayer to pay his taxes there is no money available for the principal or interest on bonds. We find, therefore, that hundreds of millions of dollars worth of property in these units is rendered valueless and hundreds of millions of dollars of their outstanding bonds are worthless. Permit me also to remind you that many millions of these bonds are owned by insurance companies, fraternal societies, trustees, and other fiduciaries, because municipal and county bonds have always been considered the safest investment. Unless this Congress can find some sane, equitable, and practical means by which these debts can be adjusted on a basis of ability to pay, there are thousands of small units of government which must cease to exist, hundreds of millions of dollars worth of homes and farms will be lost to their owners, and a corresponding amount of the invested funds of insurance companies, trustees, guardians, and other fiduciaries will be lost, and the health, peace, and very lives of hundreds of thousands of people will be seriously endangered because of the lack of organized governments.

To meet this situation and to provide a fair and equitable method by which the debts of taxing districts might be adjusted on a basis of ability to pay H.R. 5267, sometimes referred to as the "Wilcox municipal refinancing bill", was prepared and introduced.

This bill does not seek to repudiate any of the obligations of any taxing district in the United States. It does not provide for any arbitrary scaling-down of the debts of any taxing district, nor does it leave to the discretion of municipal officials or to the court the right to determine what shall be paid by the taxing district. It does not provide for a moratorium.

It does provide, however, for the readjustment of the debts of any taxing district by agreement entered into between the governing officials of the taxing district and the holders of two thirds of its debts.

The bill provides that where any city or other subdivision referred to in the bill as a taxing district is insolvent or unable to meet the maturities of its debts, it shall have the right, with the consent of the holders of more than one third of its debts, to file a petition with the bankruptcy court alleging its insolvency or inability to meet debts according to their terms and stating its desire to readjust its debts on a basis of ability to pay. This petition cannot be filed unless the holders of more than one third of its debts shall signify in writing their consent to the filing of the petition and their willingness that some plan of readjustment on a basis of ability to pay shall be worked out.

No taxing district, therefore, can arbitrarily seek the aid of the court in fraud upon its creditors. A substantial amount of its creditors must signify their willingness to have a plan worked out before the taxing district can go into the court in the first instance.

Having filed its petition in the court, the taxing district must, within 6 months, file with the court a plan of readjustment which has been consented to by more than one third of its creditors. If no such plan, so consented to, has been filed within 6 months of the filing of the petition, the petition will be dismissed. If such a plan consented to by the holders of more than one third of its debts is filed within 6 months, the taxing district shall have additional time, in no case to exceed 2 years from the date of the filing of the petition, to secure consent of the holders of two thirds of its debts. If the consent of two thirds of the creditors cannot be obtained to the plan, the petition is dismissed. In no case can any plan be adopted which has not been consented to by the holders of two thirds of the debts affected by the plan.

The bill contains ample provision for notice to creditors and affords to them the right to contest all other material allegations of the petition. The holders of secured claims are amply protected and the bill otherwise deals fairly and equitably with all of the creditors. No plan of readjustment can be confirmed until the court has found that it is fair and equitable; that it does not discriminate against any class of creditors; that it reasonably conforms to the paying ability of the political subdivision; and that the taxing district has full legal power and authority to perform and carry out the terms and conditions of the plan. If the court finds that the plan conforms to these requirements and has been consented to by the holders of two thirds of the debts affected by it, an order is required to be entered confirming the plan, and it thereby becomes binding upon both the tax district and all its creditors.

The object and purpose of the bill is, of course, to enable counties, cities, towns, and tax districts to adjust their debts effectively. In every instance where a governmental unit finds itself in financial difficulty and is able to make some satisfactory agreement of adjustment with the majority of its creditors there is always a small minority who hold out and demand preferential treatment. These minority creditors are prompted in this action by the thought that someone will buy them out rather than have the whole plan collapse.

The difficulty, of course, is that if one creditor by holding out can gain preferential treatment, the others withdraw, and nothing comes of the efforts at settlement or readjustment. It is to remove this difficulty that the bill has been drawn and introduced. If this bill is enacted, the minority creditors will be forced to accept the terms of adjustment which have been agreed upon by the officials of the political subdivision and by the vast majority of creditors and approved by the court as being fair and equitable. This bill, therefore, does nothing more than extend to insolvent counties, cities, towns, and tax districts the power to effectively adjust their debts by agreement with the majority of their creditors. Certainly no fairer means of adjusting the debts could be worked out than one which gives effect to a settlement agreed to by the taxing district and the great majority of its creditors.

The terms of the bill are fair, alike to the political subdivision and to the creditors. No county, city, or tax district can be imposed upon, because no plan can be confirmed except upon the voluntary petition of the governmental unit. At the same time no plan which is unjust or unfair to creditors can be confirmed, because every such plan must be approved by the holders of two thirds of debts. Certainly this great majority of the creditors will not consent to anything against the interest of creditors. But to protect the minority creditors against any unfair treatment the bill provides that the court before confirming the plan must find it is fair and equitable and does not discriminate. Cities or other units which are not actually insolvent cannot avail themselves of this bill because no solvent city could ever get the consent of the holders of a substantial quantity of its bonds to the filing of the petition, and without this consent the petition cannot be filed.

Taxpayers are protected against improper adjustment agreements being entered into by their officials: First, by the provision that before any such plan can be confirmed the court must find and determine that there is ample legal authority to do the things specified in the plan; second, by

the provision that the plan must conform to the ability of the unit to pay; and, third, by the provision that the court shall not have any power to interfere with or disturb any of the political or governmental powers of the subdivision.

The creditor is further protected, because, in addition to the inherent right in the court to enforce such agreements by mandamus, the bill provides that the court shall retain jurisdiction of the case until the terms of the agreement have been fully complied with.

The necessity for the legislation will be more readily understood when it is recalled that in numerous instances refunding and refinancing plans have been worked out by municipalities and taxing districts and agreed to and accepted by the majority of creditors only to be blocked by one or two individuals holding a negligible quantity of bonds. As the law now stands, a city which owes a hundred million dollars might work out a plan of adjustment which would be entirely satisfactory to all its creditors except one man holding one $1,000 bond who could block the settlement by holding out and by bringing mandamus or other similar action. I am advised of one case where the holder of 2 percent blocked a settlement and another where the holder of $2,000 out of a total $952,000 of bonds broke up the settlement. The purpose of this bill is to give the court jurisdiction of these minority creditors who, by refusing to accept the terms of settlement agreed to by the majority creditors, keep these taxing districts from refinancing their debts.

The statement has been made by uninformed people that if cities and taxing districts would practice economy in the administration of their affairs they would be able to meet their debts. This argument is, of course, utterly ridiculous. Most of our cities have already reduced their operating expenses to the minimum and still they cannot raise sufficient tax money to pay the expenses of government and meet the demands of creditors.

I am prepared to submit comparative statements of certain municipalities which will disclose the fact that in many instances operating expenses have been reduced as much as 50 percent, and in a few instances as much as 75 percent, within the last 5 years, and yet in these cases the municipalities have not been able to pay even the interest on their debts, to say nothing of being unable to set aside sinking funds or principal payments.

And, unfortunately for the residents and taxpayers in these localities, the reduction of operating expenses has not resulted in any reduction of taxes. As appropriations for operating expenses have been decreased, the appropriations for debts have been increased. The local taxpayer, therefore, has received no benefit from the reduction of operating costs but has found himself with a less efficient local government but with an ever-inereasing tax burden.

There are a great many cities where 60 percent of the tax levy is for debts, and in some as much as 80 percent of taxes is appropriated for debts, and only 20 percent for operating costs. In such cases the municipality can only use $20 out of every $100 collected, the remainder going to liquidate debts. It will be very easily seen that it is not the operating cost of local government that is breaking the backs of taxpayers.

After all, our people look to their local governments for those services which deal directly with the preservation and protection of their health, their peace, and their lives. Without sanitation, police, and fire protection, and the numerous other functions performed by our municipalities, organized government would cease to exist. Unless funds can be raised for these things they cannot be done; and unless relief can be granted from these burdensome debts, taxpayers cannot pay enough in taxes to continue these necessary functions.

Something must be done. The very existence of local governments is seriously threatened. The value of all municipal securities is being rapidly destroyed by the fact that there is now no legal machinery available whereby hopelessly insolvent taxing districts may adjust their debts.

This bill provides a fair and equitable means of adjustment by giving effect only to settlements which have been agreed to by the taxing districts and two thirds of their creditors.

There is nothing new in this proposal. We have ample precedent for the adjustment of public debt on the basis of the ability of the debtor to pay. This Government in its dealings with foreign nations in the adjustment of the war debts has already blazed the trail; and because there is some probability that our first estimate of "ability to pay" was somewhat high, there is now a strong sentiment for new negotiations looking toward a new revision downward to meet the ability of the debtor nations to pay. And yet the per-capita debt of most of these nations is only a fraction of the per-capita debt of many of our American cities.

I have no criticism for either the past actions of our Government nor for any future action that may be taken looking toward a readjustment of war debts on the basis of "ability to pay." But I respectfully submit that if this treatment is fair in the case of European nations, certainly no fair-minded person could reasonably object to the same treatment being accorded to our own debt-burdened and tax-ridden municipalities and tax districts.

OUR MERCHANT MARINE PROBLEM AND THE OCEAN MAIL CONTRACTS

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BACON] may extend his own remarks in the RECORD on the merchant marine.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, it is believed that matters affecting the future of the American merchant marine may come up for discussion at the approaching London Economic Conference. Foreign interests that are vitally interested in the destruction of our hard-won, partial mercantile independence are sharpening their knives in anticipation of luring us into some ill-considered concession to this end. In the meanwhile on the home front the perennial attacks, both in Congress and out, are being renewed and are adding to the misinformation and confusion in the public mind as to the actual facts concerning our merchant marine.

It is therefore of vital importance, at the present time, that the taxpayer should know how large a stake he has in our reborn ocean tonnage; that the producer, in farm and factory, should be informed as to its influence upon the fruits of his labor; that the voter should be made aware of the fact that an adequate merchant marine is absolutely essential to our economic and political safety, both in peace and in war.

Fortunately this great question may be approached without reference to party politics, to which it has never been subjected. The advocates of a strong merchant marine have included the great statesmen of the past, from Washington and Jefferson down to the leaders of our two great parties today. Its opponents, though frequently men of unquestioned good faith, have too often been motivated by sectional jealousies, misguided notions of economy, or even downright malice. Unconsciously they have served the purposes of our friendly enemies abroad and have become the vehicles for an insidious and unrelenting propaganda.

I propose here to show, briefly, that the ultimate welfare of every citizen is affected by the maintenance of a merchant marine adequate to carry a reasonable portion of our commerce over the principal trade routes of the world, and that this can only be made possible by some measure of intelligent Government assistance. This is no discrimination in favor of a privileged group or section. It is an imperative national necessity.

A. REVIEW OF OUR MERCANTILE HISTORY TO 1914

I. The golden period of American shipping, 1789–1860

For nearly 75 years American ships carried our flag and our trade over the seven seas and were known to every port in the world. The Revolution had given us political independence, the merchant marine gave us commercial independence. It was to this end that 5 of the first 11 acts of the First Federal Congress related to shipping, and that Washington declared:

We should not overlook the tendency of war to abridge the means, and thereby at least enhance the price, of transporting productions to their proper markets. I recommend it to your [Congress's] serious reflections how far and in what mode it may be expedient to guard against embarrassments from these contingencies by such encouragement to our own navigation as will render our commerce and agriculture less dependent on foreign bottoms which may fail us in the very moments most interesting to both these great objects. * * * There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experience must cure.

Jefferson, founder of the Democratic Party, shared this view and continued Washington's policy of encouraging American-flag shipping. Speaking of the dangers of lacking a merchant marine, he said:

The marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them; and our policy may be influenced by those who command our commerce. * * * But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The carriage of our commodities, if once established in another channel, cannot be resumed in the moment we may desire.

And in 1794 Madison briefly stated the case for a subsidy policy in words that are equally true and perhaps still more appropriate today:

To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. * * * A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports, would gradually banish the latter altogether.

As the result of the vigorous policies pursued by the Government and the initiative of our ship owners and builders, we built up a powerful merchant marine that grew with our foreign trade and carried the bulk of it up to the Civil War, as the following figures will show:

	American tonnage in foreign trade	Percentage of trade in American ships
1789	123,893	[1] 90.0
1790	346,254	
1800	667,107	
1810	981,019	
1820	[2] 583,657	[2] 88.7
1830	[2] 537,563	89.9
1840	762,838	82.9
1850	1,439,694	72.7
1860	2,379,396	66.5

[1] Approximately.
[2] 1821.
[3] This temporary decline of our tonnage in foreign trade was the result of the tonnage losses of the War of 1812, the blockades of the Napoleonic wars, the Navigation Acts, and the increased requirement of our coasting trade, in which tonnage steadily increased.

The average percentage of American trade carried in American bottoms, 1820 to 1860, was 77.3 percent.

During this glorious period we not only carried more than three fourths of our own foreign trade, but, in competition with other nations, we carried an important part of the trade between Asia and Europe. Our maritime supremacy was not only a glorious tradition but it proved to be a profitable national investment. To a large measure our shipping brought us the wealth for the development of our great western empire.

During the heyday of the sailing ship we were able to compete with Great Britain on an equal footing, as we had supplies of good timber near our shipbuilding towns on the seacoast. The appearance of the steamship, however, although an American invention, gave Britain the great advantages of lower construction costs and cheap coal near her ports. Unable to beat us by sail, she built steamers and piled onto the advantages they already possessed huge subsidies in the form of mail contracts. Thus fed by the British Treasury, the Cunard Line took the seas in 1840 and won the cream of the trans-Atlantic passenger and fast-freight trade. Accepting the challenge, our Government granted a postal subvention to the Collins Line of steamers out of New York in 1847. This put us back on an equality with England, and within a short time the Collins liners so demonstrated their superiority in speed and comfort that they secured 50 percent more passengers and 30 percent more freight than the Cunarders. Moreover, and of special significance to the present discussion, they forced the Cunard Line to reduce its freight rates from $35 to less than $20 a ton. This meant a saving to American commerce many times the small cost of the postal subvention.

The subsidy was finally withdrawn, however, and the line, with the added misfortune of the loss of two ships, was obliged to suspend operations after 8 years of valuable service. President Pierce, probably under the pressure of the strong sectional politics that were rife at that time, had vetoed a measure for the continuance of the postal contract. As reason he cited the fact that the contract called for payment by the Government of sums larger than the carriage of mails was actually worth, and declared that this was a violation of public policy. These are the self-same arguments that we hear today, although it is universally recognized that postal contracts are not alone for the purpose of carrying mails but are intended to create naval auxiliaries and to promote foreign commerce. Deducting postal receipts, the total subsidy cost of the Collins Line was only $1,886,000 for the entire period. This was a small price to pay for its benefits to the public.

II. Causes for the decline of American shipping, 1860–1914

While our great sailing fleets remained supreme upon the ocean until the Civil War, it was obvious that steam would replace sail, and the experience of the Collins Line showed that Government aid was necessary to maintain steamship service against subsidized foreign lines with lower construction and operating costs. The Civil War destroyed much of our tonnage, and after it public and private attention turned toward the interior and became indifferent to merchant marine matters. While railways received various forms of Government support, shipping was left to struggle against foreign competition at heavy odds. Here are the results, contrasting with the ante-bellum growth I have cited:

	American tonnage in foreign trade	Percentage of trade in American ships
1821–60, average		77.3
1860	2,379,396	66.5
1870	1,448,846	35.6
1880	1,314,402	17.4
1890	928,062	12.9
1900	816,795	9.3
1910	782,517	8.7
1914	1,066,288	9.7
1866–1913 average		14.6

The fact that we were carrying only 9.7 percent of our foreign trade in 1914 becomes even more startling when we realize that hardly any of this was, properly speaking, overseas trade. What little merchant marine was engaged in foreign trade plied principally to our nearby West Indian neighbors and Canada, and even here foreign ships carried the larger part.

The result was that the American farmer and manufacturer paid to foreign vessels each year a freight bill of hundreds of millions of dollars for the privilege of selling their surpluses abroad, or of buying the goods foreigners were willing to sell them. This was principally because public opinion had not been awakened to the gravity of the situation. To be sure, there were several half-hearted attempts at postal laws to encourage the establishment of American shipping, in 1864, 1868, and 1891. But these were either repealed or insufficient for their purposes, even though the recent Merchant Marine Acts were based upon the postal-aid law of 1891.

Had we foresightedly extended effective Government aid to shipping sufficient to offset the foreign advantages in construction and operating costs, it would have cost us but a tithe of the tribute wrung from us by all the maritime nations of the world. American commerce was the greatest and richest in the world, and our indifference made it the greatest bonanza in mercantile industry. And on top of

what we were obliged to pay for these transportation services, we also paid a bonus in high freight rates over which we had no means of control.

III. Our experience shows the economic folly of maritime dependence

(a) Several of our great Presidents warned us against inaction. Among them, Grover Cleveland declared that "The millions now paid to foreigners for carrying American passengers and products across the sea should be turned into American hands." Another statement came from McKinley, who advocated an aggressive program of Federal aid to shipping:

> Our national development will be one-sided and unsatisfactory so long as the remarkable growth of our inland industries remains unaccompanied by progress upon the seas. There is no lack of constitutional authority for legislation which shall give to this country maritime strength commensurate with its industrial achievements and with its rank among the nations of the earth.
>
> We must encourage our merchant marine. We must have more ships. They must be under the American flag, built and manned and owned by Americans. They will not only be profitable in a commercial sense; they will be messengers of peace and amity wherever they go.

Theodore Roosevelt declared himself for an adequate merchant marine and warned the Nation that "from every standpoint it is unwise for the United States to continue to rely upon the ships of competing nations for the distribution of our goods." Finally President Wilson, under whose administration became law the first really effective merchant-marine legislation in 71 years, well stated the problem as follows in his first message to Congress in 1914:

> How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we wait for the trade to develop without them? The Government must open these gates of trade, and open them wide. * * *
>
> To speak plainly we have grossly erred in the way in which we have stunted and hindered the development of our merchant marine. * * * It is necessary for many weighty reasons of national efficiency and development that we should have a great merchant marine. * * * It is high time we repaired our mistake and resumed our commercial independence on the sea.

(b) These and other declarations and warnings from our most trusted statesmen for generations should have been heeded. Yet we even ignored a series of very costly lessons. At the time of the Spanish-American War we did not even have the transports efficiently to move our troops for the Cuban campaign. Thousands of troops mobilized in our southern ports never reached the scene of warfare and were decimated by typhus and malaria. We are still paying—or should be—pensions for disabilities traceable to our neglect of a merchant marine. And in the same war our Navy was required to make use of foreign-flag auxiliaries to transport its fuel. Without them it would have remained nearly as useless as the troops rotting in our Gulf ports.

(c) Another lesson followed closely on the heels of this experience. The Boer War broke out in South Africa—this time an event in which we were in no way concerned—and British shipping serving our trade was withdrawn. The result was a temporary paralysis of our commerce and a great increase in freight rates. It was the American farm and factory that suffered for this. The British lines reaped double profits, from us and from their own Government.

(d) We should have learned our lesson by that time; yet again, in 1908, when President Roosevelt sent the great White Squadron on its world cruise we had the humiliation of having to charter foreign ships to nurse it. Small wonder that during the World War, Germany did not take the threat of our participation, 3,000 miles away, very seriously.

(e) It seems incredible that to this cumulative evidence of the dangers of lacking a merchant marine there should have been added the fantastic chapter of the World War experience. Nevertheless, when the European conflict broke out we had only 19 ships in overseas trade, of which only 6, totaling less than 70,000 tons, were in the North Atlantic service. When foreign shipping was withdrawn from our carrying trade we had none to take its place. Thus, through circumstances over which we had no means of control, our foreign trade was completely paralyzed, and our domestic prices for goods with an exportable surplus utterly collapsed. Cotton, for example, dropped immediately to 5 cents a pound, while freight rates skyrocketed as follows: Cotton, per hundredweight, from $0.35 to $11; flour, per hundredweight, from $0.10 to $1; wheat, per bushel, from $0.08 to $1.36; general average, tenfold increase.

These goods found transportation at such rates only because they were urgently needed by the belligerents. Others could not be moved at all. Whole communities were bankrupted as though by a national disaster. It was just as Jefferson predicted in 1793:

> In time of war, that is to say, when those nations who may be our principal carriers shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freights and insurance, and the articles which will not bear that must perish on our hands.

Yet, had we had a merchant marine in 1914 and 1915, we would not have incurred such losses but would have made collossal profits in shipping to Europe and in replacing curtailed European exports to the principal neutral markets. South America needed manufactured goods that we could have supplied, for the year before the war seven of the 1914 belligerents had exported to that continent nearly $700,000,000 of merchandise. Under the stimulation of foreign shipping, heavily subsidized by the European maritime nations, the total commerce of South America had increased from $1,800,000,000 in 1907 to $3,000,000,000 in 1914. This was ours for the asking. Moreover, in 1915 national committees representing 17 South and Central American nations passed resolutions urging the critical necessity for increased shipping facilities between the Americas.

Our military and naval situation at that time was also interesting. Our troop-transport fleet consisted of 16 vessels, 14 over 20 years old, and 1 of them 42 years old, ranging from 871 to 6,800 tons. These were largely in unseaworthy condition. It was estimated that with this equipment it would have required 6 months for us to move 100,000 men and their supplies a distance of 1,000 miles. This condition still obtained after Europe had been at war for a year and a half. Our 25 naval colliers were about as antique and of small capacity. Further, Rear Admiral Benson estimated that 400 ocean-going vessels totaling 1,172,000 gross tons would, in the event of war, be required as naval auxiliaries adequately to support our fleets. At that time our total available tonnage in both domestic and foreign trade suitable for this service was about 500,000 tons short of that requirement.

This was our situation when we entered the war. It cost us more than $3,000,000,000 partially to remedy it, and the most prodigious efforts any nation has ever put forth into a single new enterprise. Moreover, that deficiency probably cost us vastly greater sums in terms of lost revenues we might have earned from carrying our 1914–17 trade and taking advantage of the new markets available. The interest alone on those $3,000,000,000 added to the national debt at the low rate of 3⅓ percent, would amount to $100,000,000 annually, or more than five times as much as the cost of our present postal assistance to the merchant marine. This fact alone is an unanswerable argument to the attacks upon our present subventions for the carriage of mails, the extension of commerce, and the promotion of national defense.

B. EFFECT OF OUR EXPORTABLE SURPLUS UPON THE NATIONAL ECONOMY

I. Exportable surplus of 10 percent must be sold overseas

It is generally conceded that in normal times we have a surplus over our domestic needs of approximately 10 percent of the production of our farms, mines, and factories. Or to put it another way, 1 man in every 10 employed in this country is occupied exclusively in producing goods for sale abroad. For the present purpose we may consider nearly all employment as some form of production, direct or indirect, since the consumption of construction, transportation, and other services is largely conditioned by the production of agricultural, industrial, or mined commodities. The following figures from the Department of Commerce

indicate the practically fixed relationship between our total production and exports of merchandise (based upon value in dollars):

	Percentage of production exported
1899	12.8
1904	11.2
1909	9.5
1914	9.7
1919	15.7
1921	12.3
1923	8.7
1925	10.1
1927	9.9
1929	9.8

Breaking down that 9.8 percent of our total production exported in 1929 by commodities, we find that it accounts for a large part of the agricultural, industrial, and mining output of tens of millions of our people. Of our total production, we exported in 1929—

	Percent
Cotton	54.00
Tobacco	41.00
Lard	33.00
Wheat	18.00
Copper	36.00
Kerosene	34.00
Typewriters	40.00
Sewing machines	25.00
Total farm products	16.16

Corresponding figures through 1932 are not available, but the Commerce Department publications show that not only have production and exports in every important commodity dropped sharply during the present depression but the percentage of total production exported has dropped. Few will question the statement that employment and the general level of prosperity in this country are vitally affected not only by domestic production and consumption but also by the production and exportation of a certain surplus, normally around 10 percent. And when this export margin falls far below its average level, domestic prices are certain to collapse, with all the economic hardships which attend a serious deflation.

Thus, although our domestic market accounts for 90 percent of our production, our foreign market will continue to have a controlling influence upon price and employment. For this reason it is of paramount importance to retain control of the means for effecting the sale of our surpluses abroad. Whether in times of prosperity or of depression, we cannot afford to be at the mercy of eventualities beyond our control, such as the hardships imposed upon us in the past by foreign wars or economic disturbances.

II. The relation of our merchant tonnage to our exportable surplus

The importance of the merchant-marine problem to the United States is evident when we realize that, although we have the greatest foreign commerce in the world, we have less ocean tonnage per export ton and per capita than any other maritime nation today. In other words, despite the new tonnage launched under the Merchant Marine Act of 1928, we still have less security for our foreign trade than any other nation, although that trade amounts to the following unprecedented volume:

[Thousands of dollars]

	1926-30 average	1928	1929	1930
Exports	4,777,313	5,128,356	5,240,995	3,843,181
Imports	4,033,468	4,091,444	4,399,361	3,060,908

Yet a substantial and noisy minority are clamoring, apparently in good faith, for the destruction of our merchant marine and the surrender of this trade to any foreign nation that seeks it.

III. The actual employment provided by shipping, shipbuilding, and allied industries

The role that foreign commerce plays in our national economy is enormous, though the figures must remain a matter of conjecture. Statistics are available, however, as to the men actually employed in maintaining and supplying our merchant marine. The number of men employed on American merchant vessels during 1927–31 were as follows:

1927	208,949
1928	203,413
1929	200,444
1930	194,719
1931	192,325

The Merchant Marine Act of 1928 requires that all officers and two thirds of the crews employed on American vessels be American citizens.

Another form of employment created by the existence of an American merchant marine is in the shipyards. According to Aldred H. Haag, of the Shipping Board, our war-time construction program employed 350,000 men in the yards. This, of course, was in response to the emergency, and practically all yards were closed when the program was completed. The passage of the Merchant Marine Act, however, provided steady reemployment for about 18,000 men in the shipyards and for an equal number in the allied marine-supply industries, of which total 25,000 would not otherwise have been employed.

Addressing the Fifth National Conference on the Merchant Marine, Mr. H. G. Smith, president of the National Council of American Shipbuilders, stated that a normal annual shipbuilding program sufficient for replacements and to maintain a merchant marine capable of carrying 40 per cent of our 1929 trade would include the construction each year of combination vessels and freighters amounting to 210,000 gross tons, costing $35,000,000; and of tankers, 130,000 gross tons, costing $20,000,000; or a total of 340,000 gross tons, costing $55,000,000.

The American Bureau of Shipping places the probable program desirable at a total of $75,000,000 annually. Of this, its recent publication states, $30,000,000 would be spent for labor at the yards, more than $40,000,000 would be spent for materials, and out of that cost of materials $30,000,000 would be paid to the labor producing them, making a total of $60,000,000 for labor alone.

The benefits of such a program to every part of the Nation is demonstrated by the fact that each of the 48 States produces several of the 16 principal materials or items of equipment used in shipbuilding; 22 States, with an area of 38 percent and a population of 55 percent of the United States, build ocean-going ships, and 200 major industries participate in the building of ships. Thus the $55,000,000 or $75,000,000 expended annually on a shipbuilding program commensurate with our minimum commercial needs would be a permanent source of income to every class and section of the country. And, as I shall show, this direct and measurable benefit to the Nation is achieved, under suitable merchant-marine legislation, principally at private expense and at relatively small cost to the Government.

C. TRADE FOLLOWS THE FLAG—SHIPS ARE OUR BEST SALESMEN

The lack of ocean tonnage is unquestionably a serious handicap in the competition for markets and for the raw materials that our industries require from overseas. For this reason the peace-time value of a merchant marine is far greater than the value of the services it performs, greater than the amount of the freight payments that it keeps at home as an invisible contribution to the trade balance, greater than the savings to a nation's shippers through prevention of freight-rate discriminations, and greater than all of these combined. It is the ship, more than any other agency, that establishes and maintains foreign markets. Indeed, the history of every maritime nation shows that its trade follows the ships that fly its flags. In the case of a vast proportion of our exportable commodities, prices are world prices and standards are world standards. In competition with other nations that produce the same goods we are at a disadvantage if we permit their ships to carry those goods. Another large proportion of our export trade consists of manufactured goods not in world-wide use at the

present time—such as electrical appliances—for which a new demand must be created. Only American lines plying regularly between American and foreign ports under such requirements as are set up in our postal contracts may be expected aggressively to find and to develop these new markets for American goods. Foreign ships will merely transport our goods to where they are already in demand.

I shall only cite three brief illustrations of this proposition.

I. Our trade during 1800–1860 was created by initiative of shipmasters

Between 1820 and 1860 our export trade increased about sevenfold, and this we owe largely to the initiative and resourcefulness of our shipowners and their supercargoes. American ships plied every sea and visited every port, and wherever they went they developed new tastes for American products or pushed American goods ahead of those of our foreign competitors. New trade routes were established, some of them around the world, taking American goods to the Far East, carrying far-eastern goods bought in exchange to Europe for sale, and returning with what we needed for the development of our industries. Others were triangular, carrying the produce of New England for exchange with those of the South Seas, which in turn were traded for Indian textiles and spices and Chinese silks and teas. Perhaps the quaintest instance of the salesmanship of American ships of this period was the ice trade, established by Frederick Tudor, a shipowner, which was destined to become an important item in our national income. From small beginnings in the West Indies he extended a demand for ice to every city of South America and seaport of India. His agents were instructed to dispense iced American drinks. Others were told to stress the protection of public health through the preservation of food in hot countries. This trade became so large that until the invention of artificial refrigeration every New England village with a pond reaped a rich harvest from Tudor's ingenuity. And the shipment of ice created a trade in the materials for ice houses, and so forth. Further, on the heels of the ice trade came a demand in India for Baldwin apples and other northern foodstuffs that could not be transported or preserved without refrigeration. So again today there is the same work for American vessels to perform in spreading the cult of automatic refrigeration and tomato-juice cocktails! Only American-flag services may do this for us, not British or German or Norwegian.

II. Subsidized shipping won the South American trade for Britain and Germany

In the Monroe Doctrine we declared that South America was under our political protection. Yet, through neglect of our merchant marine, we left its economic development principally in the hands of foreigners. When the World War burst we were not even in a position to supply our Latin American neighbors with their necessities—the very goods which we desperately needed to sell. We had permitted foreign vessels to carry practically all our own commerce, even the bulk of our trade with our nearest customers, and we had supinely watched them develop great commercial empires in South America to absorb the surplus goods of Europe. In spite of our natural proximity and the cordial relations we have enjoyed with the South American republics, we maintained practically no means of commercial intercourse with them. European nations, however, exploited South America through subsidized shipping on a gigantic scale. On their ships went swarms of salesmen trained for the business of developing new demands. The British sold them industrial plants whose furnaces were designed to burn only Welsh coal. In 1913 Germany alone sold goods amounting to $197,000,000 on that continent, while we only sold $166,000,000 of merchandise. Even France and Italy, perceiving the opportunities in that field, gained a better foothold than we, partly by encouragements to shipping. The result of this European initiative was that South American commerce nearly doubled in 7 years.

III. Our new American-flag routes have won new markets

Fortunately we have ourselves, at last, written a new chapter in the record of trade that follows the flag. Our war and post-war merchant-marine legislation has given us some tonnage capable of engaging in overseas trade. Through the Shipping Board we established 38 regular merchant services between 60 American ports and 550 foreign ports. The effect of this upon our commerce is startling—

Trade	Number of ships engaged		Volume of commerce		Percentage of trade increase
	1914	1927	1914	1927	
African	None	19	$47,000,000	$200,000,000	325
South American	5	89	347,000,000	1,000,000,000	190
Far eastern	5	140	380,000,000	1,800,000,000	380

Would foreign carriers have developed this new trade for us? I doubt that even those who propose to destroy our merchant marine would answer in the affirmative.

D. SUBSIDIES A GENERAL PRACTICE—WHY WE NEED THEM MOST

Many Americans have been taught to mistrust such words as "subsidy", "bounty", "subvention", and so forth—words that are universally accepted as part of public policy. They seem to connote something mysteriously sinister. Even in Congress, where their proper meaning is understood, enemies of the merchant marine are pleased to associate them with "racket", "fat doles", "juicy contracts", and other phrases calculated to arouse suspicion. Why? Our present measures for maintaining a merchant marine happen to be under "postal contracts", but their express intention is subsidy, and calling it that does not in the least alter the issue.

I. Merchant marines have been universally subsidized as a public utility and national necessity

There is nothing whatever new or dangerous about Government aid to shipping, although this invariably takes the form of some kind of premium, discrimination, special privilege, loan at low interest, or rebate of taxes and duties—frequently a combination of these. If our present merchant marine laws are open to attack, then so are the laws by which every maritime nation has created and maintained its fleets of merchant vessels from the seventeenth century in England down to the present in all countries. When I say "all countries", I mean practically every nation that possesses a seaport, from Great Britain down to Greece and Estonia. I have not the time here to detail the measures which these countries have taken to give their shipping a privileged status, but I recommend the comprehensive study of the subject issued by the Department of Commerce in 1931, Shipping and Shipbuilding Subsidies. If we have been mistaken in awarding postal contracts under the Merchant Marine Acts of 1920 and 1928, then our early statesmen were at fault in their successful efforts to build up an independent merchant marine. To be sure, our early laws for this purpose, of which 50 were passed before 1830, did not take the form of postal contracts, but that was because the use of mails in those days was very restricted and could not serve as the pin on which to hang Government assistance.

Let me repeat my citation from James Madison again in reply to the clamor about "fat doles":

> To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. * * * A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports would gradually banish the latter altogether.

How true, nearly 140 years later, it is that "our own experience has taught us" that failure to compensate for such burdens is the same as allowing other nations to regulate our commerce. The only difference lies in the fact that

today the burden is not discriminatory duties levied against our ships in foreign ports but the maintenance of an American standard of living that is higher than that of any other nation in the world. This is a burden to our shipping for which we should be cheerfully willing to pay.

II. The handicaps of a high standard of living must not cripple our trade

Subsidies are not only universal but they should be considered as a peculiarly American problem if we are to possess ships to carry our overseas trade. We must continue the policy at which we have made a successful beginning and adhere to it consistently through every political change and in defiance of every attack at home or abroad. I say it is of particular significance to us because we pay our workers higher wages than do the other nations—not only the crews of our vessels but those that build them, those that mine our iron, those that work in our oil fields. I shall not attempt to present the comparative costs of construction and operation for all our maritime rivals, but I shall cite some significant comparisons with Great Britain, the nation whose standard of living is second only to ours.

In the American Merchant Marine Problem, published by the National Industrial Conference Board, the percentage in which American shipbuilding costs exceed the British is given as follows:

	Percent
Cargo vessels	60
Tankers	59
Passenger and cargo	54

These were estimated at a time when British yards were operating at nearer to normal capacity than were our own yards. In Shipping and Shipbuilding Subsidies, to which I have referred, these figures are broken down and analyzed in terms of the various cost elements in construction. Of particular interest, however, is the calculation of the approximate construction-cost or capital-charge differential on cargo vessels per dead-weight ton per year. It is given as $3.33. Added to this is an estimated average operating-cost differential per dead-weight ton per operating year (estimated at 11 months to allow for lay-up) of $1.75. This consists of the difference in wages, subsistence, and other overhead items. The sum of these two differentials would be $5.08 per dead-weight ton per year.

With these figures from the Department of Commerce, I shall venture one further calculation, without pretending to offer it as anything more than hypothetical deduction: We now have, normally, about 5,000,000 gross tons of shipping in foreign trade, which is approximately the equivalent of 7,500,000 dead-weight tons. If, therefore, our shipowners have against them a total fixed-charge and operating-cost differential of $5 per dead-weight ton per year, as compared with their British competitors, they would require a total subsidy of $37,500,000 a year to put them on an equal footing with the British. Of course, this hypothetical figure is based on new tonnage without reference to annual decreases in capital charges. It serves as an approximation, however, of the amount of Government aid justifiable merely to put our shipping upon an equal footing with the British.

A recent detailed study by the merchant-marine planning committee of the Shipping Board lends further emphasis to this point and shows an even higher differential in favor of British shipping. The following tables show the capital and operating differentials in the first and eleventh years, the average, and the relation of the annual average to the original investment. A simple calculation will reveal that on these figures the difference in each case is more than $8 per dead-weight ton per year.

Summary of capital and operating differentials against typical American freighter (coal) as compared with similar British freighter

American cost 8,360 dead-weight tons, at $95 per dead-weight ton	$794,200
British cost 8,360 dead-weight tons, at $57 per dead-weight ton	476,520
Capital differential	317,680

Capital differential on $317,680 higher cost:

	Percent	First year	Eleventh year
Interest	6	$19,061	$9,530
Depreciation	5	15,884	15,884
Repairs	2	6,354	6,354
Insurance	5	15,884	7,942
Total	18	57,183	39,710
Wage differential, $1,758.82 per month		21,107	21,107
Subsistence differential, $271.80 per month		3,262	3,262
Total per annum		81,552	64,079

Average annual differential, $72,825, or 9.17 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freighter (oil) as compared with similar British freighter

American cost 10,000 dead-weight tons at $125 per dead-weight ton	$1,250,000
British cost 10,000 dead-weight tons at $80 per dead-weight ton	800,000
Capital differential	450,000

Capital differential on $450,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$27,000	$13,500
Depreciation	5	22,500	22,500
Repairs	2	9,000	9,000
Insurance	5	22,500	11,250
Total	18	81,000	56,250
Wage differential, $1,037 per month		12,444	12,444
Subsistence differential, $198 per month		2,376	2,376
Total per annum		95,820	71,070

Average annual differential $83,445, or 6.67 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freight steamer (oil burner) with speed of 9 to 11 knots as compared with similar British vessel

American cost, 8,800 dead-weight tons, at $95 per dead-weight ton	$836,000
British cost, 8,800 dead-weight tons, at $57 per dead-weight ton	501,600
Capital differential	334,400

Capital differential on $334,400 higher cost:

	Percent	First year	Eleventh year
Interest	6	$20,064	$10,032
Depreciation	5	16,720	16,720
Repairs	2	6,688	6,688
Insurance	5	16,720	8,360
Total	18	60,192	41,800
Wage differential $1,376.40 per month		16,517	16,517
Subsistence differential $102.82 per month		1,234	1,234
Total per annum		77,943	59,551

Average annual differential, $68,747, or 8.22 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against combination freight and passenger (coal burner) as compared with similar British vessel

United States vessel, 17,281 gross tons; British vessel, 21,700 gross tons

American cost	$6,750,000
British cost	4,500,000
Capital differential	2,250,000

Capital differential on $2,250,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$135,000	$67,500
Depreciation	5	112,500	112,500
Repairs	2	45,000	45,000
Insurance	5	112,500	56,250
Total	18	405,000	281,250
Wage differential, $2,291.29 per month		27,495	27,495
Subsistence differential, $958.34 per month		11,500	11,500
Total per annum		443,995	320,245

Average annual differential $382,120, or 5.66 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American combination freight and passenger vessel (oil burner) as compared with similar British vessel

United States vessel, 11,900 gross tons; British vessel, 11,600 gross tons

American cost	$3,375,000
British cost	2,250,000
Capital differential	1,125,000

Capital differential on $1,125,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$67,500	$33,750
Depreciation	5	56,250	56,250
Repairs	2	22,500	22,500
Insurance	5	56,250	28,125
Total	18	202,500	140,625
Wage differential, $1,926.35 per month		23,116	23,116
Subsistence differential, $789.41 per month		9,473	9,473
Total per annum		235,089	173,214

Average annual differential $204,152, or 6.05 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (steam) as compared with similar British tanker

American cost, 10,387 dead-weight tons, at $100 per dead-weight ton	$1,142,570
British cost, 10,387 dead-weight tons, at $73 per dead-weight ton	758,251
Capital differential	384,319

Capital differential on $384,319 higher cost:

	Percent	First year	Eleventh year
Interest	6	$23,059	$11,529
Depreciation	5	19,216	19,216
Repairs	2	7,686	7,686
Insurance	5	19,216	9,608
Total	18	69,177	48,039
Wage differential, $1,567.40 per month		18,809	18,809
Subsistence differential, $227.70 per month		2,732	2,732
Total per annum		90,718	69,580

Average annual differential $80,149, or 7.88 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar British tanker

American cost 10,144 dead-weight tons, at $130 dead-weight ton	$1,318,720
British cost 10,144 dead-weight tons, at $86 dead-weight ton	862,384
Capital differential	456,336

Capital differential on $456,336 higher costs:

	Percent	First year	Eleventh year
Interest	6	$27,380	$13,690
Depreciation	5	22,817	22,817
Repairs	2	9,127	9,127
Insurance	5	22,817	11,408
Total	18	82,141	57,042
Wage differential, $1,444.30 per month		17,332	17,332
Subsistence differential, $300.60 per month		3,607	3,607
Total per annum		103,080	77,981

Average annual differential $90,350, or 6.85 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar German tanker

American cost, 10,144 dead-weight tons at $130 per dead-weight ton	$1,318,720
German cost, 10,144 dead-weight tons, at $75 per dead-weight ton	760,800
Capital differential	557,920

Capital differential on $557,920 higher cost:

	Percent	First year	Eleventh year
Interest	6	$33,475.20	$16,737.60
Depreciation	5	27,896.00	27,896.00
Repairs	2	11,158.40	11,158.40
Insurance	5	27,896.00	13,948.00
Total	18	100,425.60	69,740.00
Wage differential, $1,621.30 per month		19,455.60	19,455.60
Subsistence differential, $216 per month		2,592.00	2,592.00
Total per annum		122,473.20	91,787.60

Average annual differential $107,130, or 8.12 percent of the amount American owner has invested in his vessel.

The same study from which I have quoted gives a detailed comparison of wages and subsistence costs on 33 foreign vessels as compared with those on American ships of similar type, tonnage, fuel, and trade, ranging from 2,510 to 13,370 tons. I shall not insert these figures in detail but shall summarize the average differential for the ships of each nation:

Country	Number of ships studied	Percentage of American pay roll to equalize foreign vessels	Percentage of American subsistence cost to equalize
Great Britain	13	39	29
Norway	6	42	44
Germany	1	44	39
Sweden	2	47	37
Belgium	1	55	44
Japan	4	60	52
Italy	4	68	41
France	2	73	47
General average for	33	49	38

Not only does the American shipowner have to bear the cost of better wages, food, and accommodation for the American seaman, but ultimately he pays for the higher standard of living in the trades that contribute to shipbuilding. Taking the wages per hour in the 12 principal shipbuilding trades in four countries, we arrive at the following contrast: United States, 69 to 79 cents; Great Britain, 30.5 to 34.6 cents; Germany, 21.9 cents; Italy, 17.5 to 20.4 cents.

I need not cite further from the mass of statistics available on this subject. These are sufficient to demonstrate beyond question the absolute necessity of compensating our shipping companies if they are to continue operation with competition of this type. The very moderate payments under our postal contracts are far from being "fat doles" under these circumstances. They are extremely moderate compensations for the performance of a great public service and the maintenance of a national necessity.

E. THE HISTORY OF OUR MERCHANT-MARINE LEGISLATION

I have stated the case for a merchant marine, shown that Government help is necessary to the establishment and maintenance of American shipping, and recalled the humiliating and alarming situation in which we found ourselves at the outbreak of the World War. We may look back with pride upon the manner in which we met that crisis and view our present merchant-marine legislation with the satisfaction of knowing that it is a sound beginning toward permanent mercantile independence. Moreover, it is one of the notable instances when our two major parties have adjourned their political differences and united their efforts in a great contribution to the national welfare. I fervently hope that our merchant marine may thrive through the same cooperation in the future.

I. The Shipping Act of 1916

I have already cited President Wilson's first message to Congress in 1914, in which he declared himself in favor of a merchant marine sufficient to carry the bulk of our commerce. He continued, in that speech, as follows:

> The Government must open those gates for trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them.

In this determination to have the Government take a hand in repairing the mistakes of the half century preceding, he was followed by both parties, and under his leadership was passed the Shipping Act of 1916, dedicated to—

the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes.

This act was adopted before we were at war or expected to be involved in war. It created the Shipping Board, with wide regulatory powers over water-borne commerce, and authorized it to organize corporations for the purpose of acquiring or building and operating merchant vessels. Later, under this authority, was established the Emergency Fleet Corporation, now the Merchant Fleet Corporation, on April 16, 1917.

Everyone remembers our unprecedented shipbuilding activities during our period at war. The number of shipyards increased from 22 to 212, employing 350,000 men. At a cost of approximately $3,500,000,000 we launched 2,300 vessels totaling 9,400,000 tons. Our total foreign trade tonnage, including ships otherwise acquired, rose 10,250,000, or 10 times what it had been in 1914.

The wastes of this hasty construction program were enormous and its costs fabulous, for it was considered that, in such an emergency, a ship was justified if she were able to make a single round trip to Europe. In fact, the total value of world shipping in 1914 was estimated at $1,450,000,000, or less than one half of the cost of our war construction program. The result was that after the war a great number of these ships were found of little use for competitive peacetime duties. Nevertheless, the Shipping Board possessed, in 1920, sufficient serviceable shipping to establish 38 regular routes to 550 foreign ports.

II. The Merchant Marine Act of 1920

The Merchant Marine Act of 1920, this time passed by Republican majorities with substantial Democratic support, attempted to consolidate the position of our new ocean-going tonnage and declared it to be our future shipping policy—

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best-equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States.

This provided for a construction-loan fund of $125,000,000 to consist of the proceeds of the sale of Shipping Board vessels to private concerns undertaking to conduct regular services to be prescribed by the Shipping Board. Several other encouragements to private shipping were inserted. The disadvantages to American shipping were so great, in view of the differentials I have described and which were substantially also true at that time, that the effect of this act was practically negligible. Only 15 ships, with a total of 100,000 gross tons, were built, 13 of them for local trades. Private companies were unwilling to buy or to build tonnage in the face of probable operating losses. As a consequence, according to Senator WHITE, American foreign trade carried in American ships declined as follows: 1921, 51 percent; 1923, 44 percent; 1926, 34 percent; 1927, 32 percent. Of our 212 war-time shipyards, only 12 were remaining in 1928, largely idle. Out of a world construction, during 1922–27, of 1,039 vessels of 4,500 tons or more, we built only 40; out of 307 modern motor ships, we built 2; and in March 1928 only 2 percent of world construction was in our yards.

No new American ships were placed in our foreign trade, while 800 foreign ships, representing 42 nations, were assigned to our commerce to reap the rich harvest we were letting slip away from us. We lost ground in 47 of our 59 principal ports, ceding a larger portion of trade to foreign ships. In the meanwhile the Shipping Board was operating at a huge annual deficit ultimately to be borne by the taxpayer.

The situation was a serious one. Even under these circumstances the Shipping Board was rendering invaluable services which I shall discuss later in more detail. The savings to the Nation—in freight rates, in shipping revenues kept at home, in the movement of our surpluses when foreign shipping was temporarily withdrawn—amounted to billions of dollars. We could not afford to scrap the instrument of these great benefits, nor would we have considered reverting to our costly and dangerous dependence upon foreign shipping. Yet the Government naturally wished to retire from the shipping business and to divest itself of the necessity of building the replacements that would be required to maintain a merchant marine longer than the useful life of its war-time ships.

III. The Merchant Marine Act of 1928

An excellent solution was found in the Jones-White Act which became law on May 22, 1928. Here again there was bipartisan cooperation with a final vote in the Senate of 29 Republicans for, 22 Democrats for, 11 Republicans against, and 9 Democrats against. In the House the bill was quickly passed without a record vote.

This bill was an amendment to the 1920 act, whose purposes it reaffirmed as the policy of the Government. It introduced a number of far-reaching reforms in our merchant marine laws, but its principal provisions are those which have made it possible for private companies to purchase tonnage from the Shipping Board, to undertake regular services on prescribed routes, and to adopt programs for new construction and replacements, subject to the specifications of the Navy Department. The most important of these was a modification of the Ocean Mail Act of 1891, under which the Postmaster General was authorized to conclude contracts for the carriage of foreign mails for periods of 5 to 10 years. The prescribed rates of compensation under this original act were from 66.66 cents a mile for vessels of class 4, having a minimum speed of 12 knots, to $4 a mile for class 1, with a speed of 20 knots or better. This act remained practically inoperative, however, as an encouragement to shipping, as the compensation was insufficient to offset the capital and operating factors against American shipowners. Foreign ships continued to carry the lion's share of our mails, receiving in 1928 under yearly contracts with the Postmaster General approximately $3,000,000.

The Jones-White or Merchant Marine Act of 1928 reclassified contract ships and established the compensation for regular specified mail service on a scale ranging from $1.50 per nautical mile for vessels of class 7, with a required gross register of 2,500 tons and speed of 10 knots, to $12 for ships of class 1, having a speed of 24 knots and exceeding 20,000 gross tons. This was in recognition of the fact that as speed is increased operating costs mount rapidly. The postal contracts under this law are to run for 10 years and require the maintenance of specified regular services, with a minimum number of sailings, under penalty of deductions, and the construction of new tonnage as agreed. The contractors for mail service are further placed under the following limitations and obligations:

(a) In the event of a national emergency ships may be commandeered, and the owner shall not be entitled to damages resulting.

(b) The ships must be of the sizes, types, and speeds deemed by the Postmaster General to be best adapted to the service contracted for.

(c) The ships must remain documented under the laws of the United States for not less than 20 years.

(d) All licensed officers and two thirds of the crews must be American citizens.

(e) Ships must be built in the United States.

(f) Ships must be fitted and equipped with the most modern, efficient, and economical machinery and other appliances.

(g) All ships must be built with particular reference to "economical conversion into an auxiliary naval vessel."

(h) The ships must carry and suitably accommodate mail messengers free of charge.

(i) Passenger and combination vessels built under postal contract must be fitted with bulkheads in excess of international safety requirements.

These are the principal conditions under which mail contracts are awarded to private concerns. The other important measure of the act is the increase of the construction-loan revolving fund, established in 1920, to $250,000,000 and its modification to permit loans up to 75 percent of the construction cost of a vessel. Loans are payable in 20 equal annual installments, and they bear interest under the act as amended in 1931 at not less than 3½ percent. Prior to this amendment interest was fixed at the lowest yield on any Government security, and subsequent legislation authorizing the issuance of Treasury notes bearing no interest led, contrary to the intention of the authors of this act, to the granting of 12 loans bearing effective rates of less than 3 percent. The average effective rate of interest upon these construction loans was more than 4 percent.

F. THE OPERATION AND EFFECTS OF THE 1928 ACT

I. The Government was relieved of enormous Shipping Board operating losses

Prior to this act the average annual operating losses of the Shipping Board were $40,431,000 during the 6-year period 1921–26. For 1931 the operating losses of the Fleet Corporation and the administrative expenses of the Shipping Board were only $6,346,000, and for the fiscal year ending June 30, 1932, only $8,431,000. In other words, by making it possible for private interests to take over the services the Shipping Board has been operating, the Government has saved about $32,000,000 a year of losses it could not otherwise have avoided. In considering the 1934 independent offices appropriation, the estimated operating losses for the next year was given as only $3,500,000, or one eleventh of the deficit 10 years ago. The cost of the ocean mail contracts by which private enterprise has been induced to take over the services of the Merchant Fleet Corporation has been as follows:

Fiscal year	Contract payments	Mail costs would have been at poundage rates	Net cost of postal contracts
1929	$9,304,217.82	$1,685,159.97	$7,916,057.85
1930	13,066,440.87	2,272,730.44	10,793,710.43
1931	18,818,039.76	2,710,645.82	16,107,393.94
1932	22,431,791.04	3,267,453.33	19,164,337.71

These costs are increasing as the liquidation of the Fleet Corporation progresses, but they remain less than half of the former losses of the fleet under Government operation. Thus the taxpayer profits from reduced Government expenditures, and the farmer and manufacturer profit by the establishment of a soundly managed, privately operated merchant marine. The difference in the cost between the poundage rate and the payments under the contracts is, frankly, a subsidy to shipping for the maintenance of a merchant marine under private operation. Opponents of the postal contracts are correct in stating that we are paying excessive rates for the carriage of mails. But they forget to add that the public policy declared by Congress as the purpose of this legislation is also the promotion of trade and of national defense.

II. Capital replacement cost of $500,000,000 shifted from public to private enterprise

It is estimated that, with the bulk of our vessels rapidly approaching retirement age, the Shipping Board would have had to spend $500,000,000 in replacements during the next 10 years to keep our flag on the seas. Out of 553 ships, 500 totaling 2,213,000 tons will have reached retirement age by January 1941. By getting out of the shipping business and by requiring new construction under the postal contracts, the Government is relieving itself of this burden and shifting it to the shoulders of private enterprise.

III. The measure has brought about new construction employing 40,000 men

Under the terms of the postal contracts, and in the confidence that the Government will keep its faith, private initiative has launched an ambitious construction program that has produced some of the finest tonnage on the seas today. These activities to date are summarized as follows:

	Number of vessels	Gross tons	Amount of loan from construction loan fund
Under act of 1920	15	106,478	$18,629,300.00
Under act of 1928:			
New vessels completed	40	422,584	105,230,973.40
New vessels not completed	2	35,500	10,946,264.00
Reconditioned vessels completed	39	264,192	12,743,283.51
Reconditioned vessels not completed	1	4,963	178,773.75
Total construction and reconditioning	98	833,717	147,734,794.66

The total of the loans under the construction fund is less than 75 percent of the actual costs of construction, which was $213,984,579.30. Of this approximately 80 percent, or $170,000,000, goes to labor either employed in the shipyards or engaged in the industries supplying the materials and equipment required. As I have pointed out before, it is estimated that 18,000 men in the former and an equal number in the allied industries have found regular employment as the result of this program. This, therefore, has afforded some measure of incidental relief during the difficult years that have passed since the passage of the 1928 act.

IV. Construction loans bearing adequate interest, payments being met

Loose talk of defaulted payments and negligible interest charges on the construction loans is frequently heard from the enemies of the merchant marine. The facts, as supplied by the Shipping Board, indicate that, during this period of Federal aid to many lines of enterprise, shipping receiving construction loans has a relatively clean record. Here are the figures I have obtained:

Statistics on construction loan fund

Total cost of vessels—57 new, 40 converted	$213,984,579.30
Total loans authorized	147,680,566.66
Total amount repaid as of Dec. 31, 1932	15,415,982.54
Total amount of interest paid up to Dec. 31, 1932	8,017,030.52
Total amount due as of Dec. 31, 1932	107,868,508.00
Total amount of loans past due as of Mar. 31, 1933	1,570,525.00
Average rate of interest return on construction loans—percent	4
As of Apr. 30, 1933, cash balance in loan fund	14,314,967.10

I understand that in the case of the relatively insignificant amount of past-due payments—which are surprisingly small considering that many of contracting companies assumed obligations under these contracts before they were touched by the depression—in each instance arrangements have been made for reasonable extensions of time. Moreover, I have it on good authority that not a single penny of interest on these loans has been defaulted. Under the Merchant Marine Act of 1928, I should say, shipping provides better security for its loans, pays higher interest, and is less in arrears than most of the enterprises that are now receiving Government assistance in various forms. Moreover, the interest received is higher than that paid for such loans granted to shipping by several foreign countries. It is well known, for example, that the Cunard Line only paid 2¾ percent interest on the loan for building the *Mauretania* and *Lusitania*. The British Government has $472,000,000 of such construction loans outstanding. The charges that our Government is losing money on these loans and that the taxpayer is being assessed for the benefit of a privileged few is absolutely false.

V. Taxpayer would lose by cancelation of postal contracts

Were the postal contracts to be canceled, however, the taxpayer would certainly lose, as every one of these loans were contracted in consideration of the mail subvention. The shipping companies would not only find it impossible to make their payments, but they would probably, in many cases, be forced into liquidation. Then the Government would have to reassume the losses of public operation. The following figures, supplied by the Shipping Board, show the relationship between the mail revenues, the profits, and the

other elements in the 1931 operations of all the steamship companies receiving Government aid in the form of postal contracts:

Companies under postal contracts—operations for 1931: Summary

Total revenue from operations	$123,798,822
Mail revenue (included in above)	21,354,784
Net profit after depreciation, administrative expense, and interest	1,265,722
Assets of all companies	300,000,000
Total ship sales and construction-loan mortgages to Shipping Board as of Dec. 31, 1931	124,159,997
Depreciation charges, 1931	9,438,342
Interest paid to Shipping Board and others during 1931	3,480,046

This tabulation shows that 20 percent of the revenues of these companies for 1931 were the contract payments for the carriage of mails, while only 1 percent of the revenues went to profits. Had the postal contracts been reduced or canceled, it is evident that a ruinous loss would have appeared. Indeed, many of the companies showed operating losses. Mr. T. V. O'Connor, former Chairman of the Shipping Board, stated that "interference with the ocean mail contracts will mean the end of the American merchant marine", and few will challenge that statement in the light of the data I have presented.

VI. Comparison of our foreign-trade tonnage, 1914 with 1932

As the result of the World War and of the subsequent merchant-marine legislation, we have today six times more tonnage actively engaged in foreign trade than we had in 1914, as the following comparison, by trade routes, will show:

Trade route	Number of vessels		Gross tonnage	
	1914	1932	1914	1932
United States-Europe	6	193	69,212	1,194,158
South America	4	169	24,011	403,341
Pacific coast-Far East	6	87	75,615	706,103
United States-Africa	None	20		113,417
Pacific coast-Australasia	3	19	18,495	117,576
Total overseas	19	388	187,333	2,534,595
Nearby, Caribbean, West Indies, Canada	66	164	322,938	747,427
Grand total	85	552	510,271	3,282,022

G. THE BENEFITS DERIVED FROM OUR MERCHANT MARINE

It is proper to consider as one consecutive achievement the results of our construction of a merchant marine during the emergencies of the World War and the results of the steps we have subsequently taken to secure it as a permanent asset in our national life. Our merchant marine cannot be dismissed as a temporary expedient created to meet the isolated phenomenon of a war and then to be laid aside. The benefits we have derived from our ocean tonnage should be appraised just as though we had possessed a merchant marine prior to the outbreak of the World War.

I. Our success in the war hinged upon ocean transportation

No one needs to be reminded in detail of the importance of shipping during the World War. But in considering the present subject it is well to remember the following facts: We were engaged in a major war whose scene of hostilities was 3,000 miles across submarine-infested waters. Our allies, it is generally conceded, faced probable defeat unless sufficient war materials and troops could be transported to Europe before the enemy should win a decisive victory. This we succeeded in doing to a degree that turned the tide and brought to a successful conclusion the greatest war in our history. For this great achievement in transportation much of the credit goes to ships built and manned by Americans and flying our flag.

II. Overseas trade between 1914 and 1922 made us a creditor nation

Foreign capital had played a large part in our westward development and in the establishment of our great industrial equipment. In 1914, as a consequence, we were Europe's debtor to the extent of about $2,500,000,000. In 1922, the close of the World War period, our public and private obligations were paid off and we had a balance of foreign credits of about $15,000,000,000. In the short space of 8 years we moved from an unfavorable position into the dominating role in international finance. Much of the goods by which this transfer of wealth was effected was carried in American vessels—to the extent of $9,410,000,000 in 1918–22. This was one of the early dividends from our investment in a merchant marine.

III. The Shipping Board saved our farmers nearly $1,000,000,000

After the war American shipping twice came to the rescue of the farmers of the South and Middle West whose principal markets were Europe. In 1924, owing to world conditions at that time, a great volume of foreign shipping was again withdrawn from our trade. A wheat surplus of 250,000 bushels, according to testimony presented to the House Committee on Merchant Marine and Fisheries, threatened to demoralize prices and to bankrupt our farmers. The Shipping Board threw its ships into the breach, and, at the cost of less than $1,000,000, averted the national calamity of a price collapse amounting to $600,000,000 or more. Again, at the time of the British coal strike in 1926, foreign tonnage was withdrawn from our trade and the Shipping Board put into service its laid-up ships. This prevented another loss of two to three hundred million dollars to our farms and industries. In other words, a foreign labor disturbance would have cost us, had we had no ships, a sum equal to an assessment of $2 per capita for our entire population. These are impressive figures to bear in mind when there is talk of scuttling our merchant marine.

IV. A $2,000,000,000 freight bill reduction

According to competent testimony, the existence of large American merchant tonnage since the war has had the effect of reducing by 20 percent the freight rates we would have paid. In the movements of cotton, grain, and our principal manufactured exports this has amounted to $150,000,000 saved annually, or approximately $2,000,000,000 for the period since the war. We remain today, thanks to the legislation that has made possible continued private operation of merchant shipping, in a position to exercise a large measure of control over ocean freights paid by our factories and farms and to prevent discriminations in the future against our trade.

V. Three billion dollars in shipping revenues earned by our ships

The Nation's ocean passenger and freight bill for the decade of 1921–30 was $9,000,000,000, or an average of $900,000,000 annually. Of this sum our own ships earned one third, or $3,000,000,000, which would otherwise have been paid to foreign concerns and spent abroad. Had we but carried, as in 1914, only one tenth of our foreign trade, our share of this sum would have been only $900,000,000, a difference of $2,100,000,000. Before the war our shipping was actually earning only $35,000,000 a year, of which about $26,000,000 was spent in this country for supplies, wages, repairs, and so forth. In 1931, a subnormal year in foreign trade, the revenues of our merchant marine were $187,000,000, of which $141,000,000 was spent in this country for these same items. Should we forego these great invisible additions to our trade balance for the sake of saving the relatively insignificant sums paid under our ocean mail contracts?

VI. Our vessels have opened new continents to our goods

I have already touched upon the development of our trade in markets in which we formerly had little participation owing to the lack of American-flag shipping. Since 19 ships have been placed in the African trade, in which we had no services before, our trade has increased by 325 percent. Our South American and far eastern commerce, in each of which only 5 American vessels were engaged, have increased 190 percent and 380 percent, respectively, with 89 ships serving the former and 140 ships going to the Orient. The difference in our trade with these three continents in 1914 and in 1927 is more than $2,000,000,000.

VII. The merchant marine as a vital part of our national defenses

Last but not least among the benefits we have derived from our reborn merchant marine is its great contribution

to our national safety. I have mentioned our humiliating experiences during the Spanish-American War and the cruise of the White Squadron. As long as we have a merchant marine there can be no repetition of these disgraces. On another occasion we were obliged to purchase from a foreign naval architect the plans for one of our battleships, as there was no one here sufficiently familiar with modern construction to be entrusted with the work. Under our postal contracts, however, naval architecture has again become a profession for Americans and a promising field for our great technical genius. Moreover, shipyards will be kept open and skilled labor trained and ready to meet any emergencies of war.

Prior to the World War we had no Naval Reserve, because we had few vessels on which to train sailors for deep-water service. Practically every other important power not only has a merchant-marine personnel partly enrolled in its naval reserve, but in many cases grants large subsidies to merchant vessels in compensation for their usefulness in this respect. At last we, too, are developing a reserve of officers and young men fitted to serve the country efficiently in the event of a national emergency.

Under our merchant-marine legislation the new tonnage constructed in fulfillment of ocean mail contracts must conform to certain specifications of the Navy for vessels to serve as naval auxiliaries. The World War demonstrated the value of merchant ships for this purpose, and our recent policy of naval economy renders such measures particularly desirable. Thus we are virtually transferring to private concerns some measure of a public burden.

H. OUR SHIPPING INFERIORITY NOT YET OVERCOME; EFFORTS MUST CONTINUE

I. We still carry an unusually small proportion of our trade

We may be proud of our progress in developing our merchant marine, but we do not have any reason for self-complacence and relaxation of our efforts. As I have already pointed out, we have in foreign trade less tonnage per capita and per export ton than any other maritime nation. Between 1922 and 1931, inclusive, we carried less than one third of our foreign commerce, and no more of it than Great Britain carried for us, as the following table will show:

	Imports	Percentage	Exports	Percentage	Imports and exports	Percentage
	Tons		*Tons*		*Tons*	
American vessels	75,728,000	31.0	95,977,000	30.1	171,705,000	30.5
British carried	70,141,000	28.8	98,630,000	31.0	168,771,000	30.0
Others carried	98,140,000	40.2	123,865,000	38.9	222,005,000	39.5
Total	244,009,000	------	318,472,000	------	562,481,000	------

Compared with Great Britain, our ocean-going tonnage is only one half as great, and that part of it in foreign trade is only one sixth. Even if we were never to attempt to compete with Great Britain in the carrying trade between foreign countries, we should at least, as I have shown, carry a larger portion of our own. Before the war British ships carried 52 percent of total world trade, 92 percent of her empire trade, 62 percent of the trade between the empire and other nations, and 30 percent of the trade between foreign nations. She still today holds the dominant place on the ocean, with her ships taking care of 45 percent of world commerce, 60 percent of her own, and 30 percent of ours. Her maritime success is attributed to her strong industrial position with access to raw materials, her far-flung empire with coaling stations and seaports, her large coal exports compensating for the importation of foodstuffs, and her intelligent policy of Government encouragement to shipping. We must not, however, permit these factors in her favor to reduce us again to a mercantile colony.

II. We are inferior to other powers in tonnage, speed, and obsolescence

As of September 30, 1932, our ocean-going tonnage of 2,000 tons or more comprised 1,584 vessels totaling 9,252,000 gross tons, distributed as follows:

	Vessels	Gross tons
Sold for scrapping	126	719,000
Laid-up Government fleet	137	830,000
Inactive	263	1,549,000
Tankers in foreign and domestic trade	354	2,443,000
Ships in domestic trade	415	1,939,000
Ships in foreign trade	552	3,282,000
Active	1,321	7,664,000

The following tables reveal a serious deficiency in new tonnage and in tonnage of commercial speed as compared with our five chief maritime rivals:

Type and country	Gross tons	Percentage owned by each country	Percentage of gross tonnage of each country, 10 or less years old
Combination passenger and freight:			
United States	1,555,296	15.5	32.5
Great Britain	4,257,858	42.6	41.3
Japan	858,861	8.6	27.6
Germany	1,098,884	11.0	57.6
Italy	881,461	8.8	59.6
France	1,349,477	13.5	37.9
Total	10,008,837	100.0	41.7
Freight:			
United States	5,254,378	22.2	1.1
Great Britain	11,110,478	46.9	40.7
Japan	2,276,170	9.6	17.0
Germany	2,064,946	8.7	34.1
Italy	1,634,258	6.9	13.6
France	1,347,370	5.7	16.2
Total	23,687,600	100.0	25.8
Tankers:			
United States	2,442,626	42.5	11.3
Great Britain	2,504,245	43.5	53.2
Japan	122,315	2.1	58.8
Germany	127,311	2.2	56.6
Italy	337,150	5.9	18.4
France	220,329	3.8	55.4
Total	5,953,976	100.0	33.6

Summarizing these tables, we have the following:

Breakdown by nations, all types of ships

Country	Gross tons	Percent owned by each country	Percent under 10 years old	Percent of tonnage, speed 12 or more knots
United States	[1] 9,252,300	23.5	9.1	28.4
Great Britain	17,882,581	45.3	42.6	56.0
Japan	3,257,346	8.3	21.3	49.6
Germany	3,291,141	8.3	42.8	65.2
Italy	2,852,869	7.2	28.4	44.9
France	2,914,176	7.4	29.2	57.4
Total and average	39,450,413	100.0	31.0	49.1

[1] Only 3,282,000 tons of this in foreign trade, exclusive of tankers.

In other words, our percentage of vessels under 10 years old is less than one third the general average, and our percentage of vessels capable of 12 knots or more is little more than half of the general average. This means that if we are to keep our flag on the sea, we must look forward to further steps to compensate for these deficiencies in the near future.

III. Other nations are outbuilding us rapidly

At present Great Britain is outbuilding us 9 to 1 in terms of tonnage and 13 to 1 in terms of ships. As for the other maritime nations, here is a comparison of ships of 15,000 tons or more constructed in the past decade:

	Number of vessels	Gross tons
United States	11	226,071
Great Britain	49	1,036,216
Japan	3	51,448
France	10	288,845
Italy	12	344,340
Germany	10	262,911
Total	95	2,209,831

In proportion to our needs, we are building less than any other nation. On the other hand, we are scrapping or laying up more obsolete or unserviceable tonnage than any other nation. Here is the record for 1922–31:

Country	Tonnage scrapped	Tonnage laid up
United States	[1] 2,560,000	3,588,000
British Empire	2,388,000	3,340,000
Italy	855,000	619,000
France	773,000	931,000
Japan	215,000	256,000
Germany	147,000	1,103,000
Others	892,000	2,863,000

[1] 700,000 more tons to be scrapped, making 3,260,000.

I. THE ORIGINS, MOTIVES, AND FALLACIES OF THE PROPAGANDA FROM FOREIGN SOURCES

I have given the above comparative figures regarding the merchant marines of the principal powers in such detail in order to present ample evidence of the falsity of the charges frequently brought against our merchant marine policy. I shall quote some of these. First, however, I wish to emphasize the fact that a large volume of deceptive material advocating the abandonment of our merchant marine appears in print in this country regularly. It is my considered opinion that much of this is inspired and paid for by foreign interests. To my personal knowledge, a professor at one of our leading universities was commissioned by an internationalist organization to write a book demonstrating the errors of our ways in merchant marine matters and advocating permitting foreigners to handle our foreign trade. After he had made a preliminary study of the facts, however, he refused the job, and wrote in favor of supporting our merchant marine. Probably there are many other examples of the same type of efforts to influence public opinion against our best interests. We must not be misled by them, least of all at the present time, when our representatives are to sit in council with delegates of other maritime nations in an attempt to reach agreements of mutual economic benefit. We can make no concessions in this respect.

Each foreign nation which has placed new tonnage in our trade—more than 800 ships flying 42 different flags—is determined that we shall not build up a merchant marine, for our annual passenger and freight bill of hundreds of millions of dollars is the greatest plum of world trade. I quote from the report of a committee appointed by the British Board of Trade (corresponds to our Department of Commerce) to study British shipping problems after the war:

I. Some misleading statements from England

The door has been left open to foreign enterprise which it may be difficult hereafter to combat with success. * * * Our findings and recommendations are based on two hypotheses, neither of which is likely to be controverted—the first, that *the maritime ascendency of the Empire must be maintained at all costs*, and second, that the grave wastage sustained by the mercantile marine during the war must, therefore, be repaired without delay. (The italics are mine.)

This opinion is so strongly expressed that I doubt that advice from this source as to our merchant marine policy would be exactly dispassionate and to our unquestionable best interests. Yet here is some advice on our war debts and shipping from Sir Alan G. Anderson, chairman of the Orient Steam Navigation Co., who is quoted as follows, December 1932:

* * * From the official reports of the United States Shipping Board it appears that during 5 years to June 1928, the United States taxpayer paid in operating losses and in laying-up expenses of merchant ships about £5,000,000 at par in each year—the total loss for the 12 years from 1920, including the operating loss named above, but excluding interest, has been about £600,000,000 at par.

* * * It is difficult to exaggerate the injury the United States of America does to world trade, and incidentally to herself, by devoting such a mass of wealth to rejecting payment by her debtors in the form of shipping services. It almost seems that the more the world in its anxiety to be honest pours its much-needed spending power into the United States of America, the more resolutely the United States of America applies that wealth to prevent the debtor from repaying or recovering his prosperity, which is as necessary for the prosperity of the farmer and industrialist and investor of the United States of America as for anyone.

I fail to agree with Sir Alan Anderson that we are "devoting such a mass of wealth to rejecting payment by our debtors." Moreover, I believe I have discussed sufficiently where our farmers would have been in 1924 and 1926 had we had no ships to operate when the British were unable to move our exportable produce and how much they are saved today on ocean freights. Another comment on our merchant marine comes from Mr. Walter Runciman, president of the Board of Trade, which I have already cited, in his address at the annual dinner of the British Chamber of Shipping, as quoted in the New York Times, February 16, 1933:

* * * Blaming the plight of world shipping on the subsidized overbuilding of foreign countries, Mr. Runciman said that the United States had three times as much tonnage as before the World War.

"I have underestimated the extent of the American mercantile marine", he said, "but I was thinking of those ships that were fit for trade."

Laughter swept the hall at this remark.

"If you count them all in, the Americans have nine times as much as in 1913, and a very costly luxury it has proven", the speaker added.

"I know that in some quarters it is regarded as very dangerous to say anything about America at the present time. I hope I shall exercise my native caution in not going too far, but I believe that much of the misfortune which has befallen the cargo fleets of the world comes from overbuilding, and that those who went the farthest have done the most harm.

"How can these nations continue subsidies on the present scale. Uneconomic subsidies have now become one of the vices of a great many powers. We in Britain do not go cap in hand to the Government and beg for artificial assistance. All we ask is that we should have fair play and no favor. * * *"

II. We are the only nation that is not overbuilding, and we are scrapping most

Right here let me recall some of the figures I have given earlier in detail. In spite of our inferiority, Great Britain is outbuilding us 13 to 1. She has $472,000,000 in construction loans outstanding for this purpose—three times as much as we have lent. Then why does Mr. Runciman consider that "subsidies have now become one of the vices of a great many powers"? Is it a vice for us and a virtue for Britain? Are we overbuilding, or is Great Britain? Then I wish to repeat the figures I gave on scrapping. We have scrapped 3,210,000 tons and laid up 3,588,000 tons—in each case more than any other nation. We have not built a fraction as much.

I am informed that the world surplus of tonnage, for which we are held responsible by Mr. Runciman, is in the neighborhood of 14,000,000 tons. I understand that the total world over-age tonnage is also approximately 14,000,000. In other words, if all obsolete ships were to be scrapped, there would be no surplus. Where is this old tonnage? We are retiring ours. According to my information, Great Britain is selling many of her old ships, instead of breaking them up, to the minor nations at virtually scrap prices. This accounts for some of the surplus tonnage, and might even be construed as a sort of conspiracy against our own maritime progress.

III. Our competitors building uneconomical ships for naval use

The statement keeps recurring in foreign comments and in their echoes on this side of the water that we are building uneconomically. This is quite the reverse of the truth, which is that the other principal maritime powers are launching for our trade vessel after vessel that will never pay its way in operating expenses. This is not an act of philanthropy toward our shippers and travelers but rather a policy of having our ocean express business pay the main cost of potential naval auxiliaries. It will be remembered that at the Washington Arms Conference in 1922, naval competition in capital ships was checked by treaty, and a ratio of naval power was established. We paid for this by sacrificing our then naval supremacy and scrapping 850,000 tons of war vessels—more than was scrapped by the British and Japanese combined. Naval competition was transferred

from armed ships to merchant vessels that could be armed in an emergency. Here are the ships which are uneconomical by reason of their size or their speed that have been built abroad during the past 8 years:

Vessels over 25,000 gross tons built in last 8 years

	Tons	Speed	Year built
Great Britain:			
Princess Elizabeth	73,000	30	(1)
Empress of Britain	42,348	24	1931
Georgic	27,759	18	1932
Britannic	26,943	18	1930
Empress of Japan	26,032	21	1930
Total (5 vessels)	196,082		
France:			
Normandie	68,000	28	(1)
Ile de France	43,153	23	1926
L'Atlantique	42,512	21	1930
Champlain	28,912	19	1931
Lafayette	25,178	17	1929
Total (5 vessels)	207,755		
Italy:			
Rex	50,100	27	1932
Conte di Savoia	48,500	27	1932
Augustus	32,650	19	1927
Conte Grande	25,661	21	
Roma	32,582	21	1926
Total (5 vessels)	189,493		1928
Germany:			
Bremen	51,656	26	1929
Europa	49,746	26	1928
Cap Arcona (South America)	27,561	20	1927
Total (3 vessels)	128,963		
Grand total (18 vessels)	722,293		

[1] Under construction.

In the meanwhile we have not built a single vessel of this class for the reason that they are unprofitable to operate. They are merely potential war vessels. The following table gives for a ship of this class the approximate cost of speed in excess of 20 knots in terms of fuel consumed and of passenger and cargo space sacrificed to accommodate the engines.

Speed in knots	Indicated horsepower	Tons of oil consumed per round trip to Europe
20	45,000	6,000
22	55,000	6,600
24	71,000	7,900
26	92,000	9,420
28	120,000	11,400
30	160,000	14,200

Not only are we not building ships with excessive speed, high costs, and relatively small capacity for their size but we are deficient in smaller vessels that are useful in war, as well as in peace. In 1928 we had only 70 vessels of 15 knots or more that were suitable for naval use, while Great Britain had 227 ships of this type and in superior condition.

J. THE PERENNIAL DOMESTIC ATTACKS ON OUR POSTAL CONTRACTS

While our maritime competitors are gambling on our neglect of maintaining and developing our merchant marine, and hoping that they may continue to pay for concealed navies with the proceeds of carrying 70 percent of our trade, our merchant marine faces a constant sniping from enemies at home. Every year some attempt is made to cancel the mail contracts, or to reduce them. This year the independent offices appropriation bill contained an authorization for cancelation by the President of the United States, an altogether unnecessary and unethical power which, I am sure, the present occupant of the White House would be the last to invoke. Fortunately these attempts have not succeeded, but it is well to be warned of the misapprehensions under which some of the opponents of the postal contracts appear to be laboring.

I. Postal contracts and construction loans not "doles" to privileged few

The favorite general argument against our present merchant-marine legislation is that it bestows gifts upon private and presumably predatory interests to the detriment of other classes needing Government assistance. This point has now lost its strength, as the Government has, in fact, extended much greater financial assistance upon easier terms to practically every class in the country. Moreover, as I have shown, in this support of shipping the Government is saving itself and its taxpayers larger losses in the form of operating deficits of the Fleet Corporation. Finally, the figures show that the steamship companies under mail contracts are not making any appreciable profits and that they could not exist at all, least of all under present conditions, without this assistance from the Government.

II. The International Mercantile Marine not a Morgan company nor a foreign company

It is sometimes alleged that the International Mercantile Marine Co. is owned by the firm of J. P. Morgan and that there is no justification for awarding it an ocean mail contract. Others tell us it is essentially a foreign company. I am informed that the House of Morgan does not own a single share in the International Mercantile Marine. Moreover 96 percent of its stock is owned in this country, well distributed over the 48 States, and of the other 4 percent less than 1 percent is owned in Great Britain. This company and its predecessor, the American Line, have owned and operated ships under the American flag since 1870, and its present policy is to build up exclusively under the American flag. It has 30 offices throughout the United States, and it employs 9,000 agents and other employees in this country.

III. Misleading statements as to foreing-flag ships in contract lines

Corollary to the misinformation I have just referred to, is the statement sometimes heard to the effect that some of the contract lines, notably the International Mercantile Marine and the United Fruit Co., are using the proceeds of the subsidy to operate foreign-flag ships in competition with other American interests. As to the former, the facts are these: In view of the many disadvantages and popular indifference that were strangling American shipping, this company acquired, in the early part of this century, a large amount of foreign-flag tonnage. This was hailed as an important constructive step.

During and after the war it made strenuous efforts to Americanize its fleets, and entered into negotiations with a British syndicate for the sale of its entire British tonnage. As these were drawing to a successful conclusion, President Wilson made an urgent appeal that the sale be delayed until the Government might consider the advisability of disposing of such a large volume of shipping. Here is his letter to Mr. P. A. S. Franklin, president of the company:

WHITE HOUSE, *November 18, 1918.*

MY DEAR MR. FRANKLIN: With regard to the sale to the British Government of the International Mercantile Marine, may I not request no action be taken in the matter until the views of this Government are fully presented and considered?

Sincerely yours,

WOODROW WILSON.

Negotiations were halted, and finally the following statement was published:

Announcement was made at the Shipping Board that the International Mercantile Marine Co. had today been advised of the Government's disinclination to give its approval to the proposed transfer to a British syndicate of the American ownership which has for years been vested in the International Mercantile Marine Co., of the latter's vessels now under British registry.

Bainbridge Colby, of the Shipping Board, stated that an offer by a British syndicate to acquire from the International Mercantile Marine Co. the tonnage in question had been under consideration for some time. The offer was expressly conditioned upon its approval by both the United States and the British Governments. The negotiations, he further stated, had been carried on by the International Mercantile Marine Co. with entire frankness, so far as the Government is concerned, and the decision now reached is due to the reluctance felt that an ownership which

has so long been held in this country, covering so important a tonnage, should at this time and under the conditions now prevailing in shipping throughout the world be suffered to pass out of American hands.

The vessels immediately concerned in the syndicate's offer are approximately 85 in number, and aggregate 730,000 gross tons or, in their deadweight equivalent, about 1,000,000 tons. They include some of the most important vessels now engaged in trans-Atlantic service, such as the *Olympic*, and many other vessels of large type and familiar names.

The Government has announced its willingness to take over the ownership of these vessels upon the terms of the British offer, which is considered a fair price for tonnage of this exceptional character.

Notification has been sent to the International Mercantile Marine Co. of the Government's decision.

The Shipping Board promised to purchase these ships on the same terms as the British offer. This decision was later reversed, however, and the International Mercantile Marine was left holding this tonnage at a time when such a sale could not be effected.

Nevertheless, this company has succeeded in disposing of the bulk of its foreign ships through other means. In 1923 its foreign-flag ships numbered 92, with a gross tonnage of 1,175,243 representing an investment of $68,000,000. This has been reduced to 23 vessels of 314,123 tons, valued at only $15,000,000. These are ships it has been unable to sell. In the meanwhile the company's American tonnage has increased to 23 ships of 335,165 tons, valued at $35,000,000. At the present time most of the foreign-flag ships are laid up, owing to the depression, and in 3½ years they will have reached the retirement age. From these facts it is clear that there is no foundation for attacks on the International Merchant Marine on the basis of its foreign tonnage, and that it is loyally pursuing a policy of complete Americanization.

As for the United Fruit Line, it owns and operates a number of small ships under the flags of Central American Republics in conformity with their several laws for the encouragement of their merchant marines. This whole situation was thoroughly investigated by the House Committee on Merchant Marine, Radio, and Fisheries before any contracts with the United Fruit Co. were entered into, and it was concluded that these ships, conforming with the admirable national aspirations of these neighbors of ours, were in no sense serious competitors of our merchant marine and that, moreover, it would be entirely impracticable for the company to divest itself of them.

IV. Americans have invested $132,235,000 in foreign companies

Finally, in discussing propaganda in this country aimed at crippling our merchant marine, it is worth while to mention the fact that there may be some significance in the great American security holdings in foreign shipping companies. American citizens have invested $43,575,000 in German companies, $23,000,000 in French, $14,400,000 in Italian, and $35,900,000 in British and Canadian shipping, to a total for all countries of $132,235,000. This means that there are in this country important interests that are necessarily hostile toward any measures by which our ships might gain a larger part of our lucrative carrying trade.

K. OUR FUTURE AS A MARITIME NATION

Few Americans realize the enormous stake they have in the future of American shipping. There are 15,000 miles of coastline whose 150 harbors and terminals used in foreign trade are valued by the Army engineers at $1,000,000,000 as result of an expenditure of $600,000,000 for their improvement. We have an ocean-going tonnage with an approximate book value of $628,000,000, and we have an investment of $100,000,000 in shipyards. When prosperity returns we may expect to have a normal foreign trade amounting to nearly $10,000,000,000 annually, of which more than half represents exports which give employment to our people. We have a great traveling public that crosses the ocean in the hundreds of thousands each year, and that demands the best of service and accommodations. And added to all these very tangible factors we have inherited a fine tradition as a Nation that need bow to no one in seamanship and maritime accomplishment.

Yet many commit the folly of waiving aside our merchant marine, of lending ear to the misrepresentations that are published on every side, and of favoring the vessels of foreign nations. As the Honorable Alfred E. Smith pointed out in his address on May 22 of this year, of the 20 or 25 percent of the travelers on the Atlantic who are foreigners, practically none patronizes American vessels. They travel on those that carry their own flag. The other 75 or 80 percent are Americans, and of these more than half travel on foreign ships, although our new ships are second to none in comfort and service. Mr. Smith continues, and I shall use his own words in conclusion:

In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency. * * *

It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—he must lend his support and patronage to his country's shipping.

Mr. GIBSON. Mr. Speaker, I ask unanimous consent that all those who spoke on the Hawaiian bill may have 5 legislative days in which to extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, under the leave to extend my remarks of Monday on the proposal to amend the organic law of Hawaii to permit the President to appoint a Governor who is not a resident of the islands, I wish to call attention of the Members of the House to the fact that we are proposing here to undermine and destroy a principle which the Democratic Party, in my opinion, has always supported; that is, the principle of home rule.

The law as it now affects the Territory of Hawaii provides that the Governor shall be a resident of the islands for at least 3 years next preceding his appointment. This measure brought in here by the committee proposes so to amend the law that the Governor need not be a citizen of the islands, and consequently need know nothing about the problems of the people of the islands, for whom he is to administer the laws and regulate many of their living conditions. In the short time allotted me on the floor of this House to register my opposition to this proposal, I pointed out that the Democrats have always favored home rule, and that particularly in the South for more than two generations the Democratic Party has opposed carpetbag government in all its insidious forms. One of the gentlemen of the committee remarks that the President, in a communication to the committee, says:

It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision, who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion.

Now I am sure that the President did not mean to convey, either to this committee or to the House, that there is no citizen of Hawaii with experience and vision enough suitable for the Governorship, or that if he were to appoint a citizen of Hawaii to the distinguished office of Governor, that this appointee would be partial and would be influenced by local differences of opinion, and in the carrying out of his duties might so administer the government that it would be antagonistic to the welfare of the people of Hawaii and the people of the United States. I cannot believe that that is what the President sought to convey to this House, although the argument of those favoring this change in the law seems to me to be along this line.

For a good many years Republican politicians, campaigning in the Territory of Hawaii, have warned and threatened the people of this Territory that the election of Democrats would result in the loss of the justly cherished home rule which the Hawaiians have enjoyed since their annexation to the United States. Our good colleague, the Democratic

delegate from Hawaii, made as one of the principal issues of his campaign in the last election, the true fact that the Democratic Party was in America, the outstanding champion of home rule and local self-government and that the election of a Democrat and of a Democratic Government in the Territory would assure the Hawaiians the retention of home rule. Now we find, for some reason which I am unable to understand, and upon which I have no information, a Democratic committee of this House bringing in a measure which proposes to destroy the home rule of the Territory of Hawaii, a measure which would change the law so that some man from the mainland, regardless of whether or not he would have either understanding of or sympathy with the problems of the people of this Territory, would be empowered to administer the laws of the Territory and govern its people. Only a short time past, as the lives of men go, this country engaged in a war; thousands of our youth shed their blood and gave their lives in a living hell of shrapnel and bullets in Europe, and one of the reasons for our descent into this hell of a European war, emblazoned before the American people, was that we were fighting for the self-determination of small nations and the right of a people to govern themselves and have a voice in the selection of their own governmental authorities, who would handle their problems.

Now, with this measure, we would deny to the citizens of the Territory of Hawaii the decent, fair, and truly democratic principle of having a Governor to administer their laws who is a citizen of their own Territory. I think this House should stand by its colleagues, should uphold the wishes of the Hawaiian people and their legislature, who have protested against this change in the organic law, and should vote down this measure which proposes to deprive the Hawaiians of the same measure of State rights, if I might so compare it, as the sovereign States of the United States have enjoyed since the drafting of the Constitution. It is a surprising anomaly to me that the Democrats and the Democratic Party, the living, vital proponents of State rights, should through this measure wish to deny to the Territory of Hawaii that great human right and great principle which they have so zealously and insistently approved and supported throughout the history of our great Democratic Party. It is a surprising, disconcerting, and somewhat disheartening thing that a true Democrat and believer in the right of home rule and local self-government, should be forced in this House, in an endeavor to save that small measure of justice to which I feel the people of Hawaii are entitled, to turn to the opposite side of the House for support. Now, I do not know the Hawaiians' problems. I have never been there. I do not know what their differences may be, but I do feel that just as we settle our local differences in our 48 sovereign States of the Union through elections and through the will of the people, that the people of Hawaii should be let alone to settle their own differences in the same manner.

As a good American and as a Democrat who is a Democrat because he believes in the principles of Jefferson and the Constitution, I should hesitate to say that I, as a Member of the House of Representatives, would cast my vote to change a law which might result in fastening upon the people and the citizens of the Territory of Hawaii a Governor who was not a citizen and who might impose upon them gross injustices. I hate to be a party to the theory that "might makes right" and that because we are in the majority in this House we should use our strength to override and defeat a principle of government for which the Democratic Party has always stood—home rule—and impose upon the citizens of this Territory of ours by the sheer weight of our numbers a change in the law which might or might not work ill on the rights of every individual citizen of Hawaii.

Carpetbag government in any form is obnoxious to a free people. No good Democrat can defend it under any guise, and if the principles for which the Democratic Party has stood for generations are worth anything at all, the Democratic side of this House should refuse by its vote to take away from the citizens of Hawaii that justly cherished right of having a Governor for their Territory who is a citizen of their Territory and who is familiar and in sympathy with their problems.

This is almost another proposition of "taxation without representation", a principle over which this country fought to gain its freedom from a foreign power; it is another proposition from which the people from whom I am descended have fought and bled for nearly 700 years. It is a proposition antagonistic in principle to everything a real Democrat has believed in and supported, and it rises above the mere question of patronage and the rewards of political victory, because it involves a change in a fundamental concept in which the kind of Democrats I have known have always believed. I trust that the Democratic side of this House will not countenance this proposition, because a principle is no longer a prnciple if we make an exception to it; and the principle of home rule and local self-government is a Democratic principle that we Democrats should have courage enough to support, regardless of minor considerations or momentary advantages of any kind.

DEMOCRATIC PARTY VERSUS VETERAN JUSTICE VERSUS THE ECONOMY LEAGUE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my own remarks, and place therein a short letter that I received from a correspondent.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, Members of the House, I am being flooded with letters from veterans and nonveterans throughout our Nation who write continually to protest the iniquitous applications of the present veterans' economy law and regulations. The various municipalities and political subdivisions which will be called upon to maintain our indigent veterans and their dependents are as vehement in their protest as is the veteran himself.

As a Democrat who voted against the national economy measure, I wish to insert in the RECORD an unsolicited letter which teems with pertinent facts of an informative nature.

The letter is as follows:

LOUISVILLE, KY.

Representative J. H. HOEPPEL,
Washington, D.C.

DEAR MR. HOEPPEL: Just a few lines to let you know how thankful I and a lot of other Spanish-American War veterans are to you for voting against this economy bill. It certainly causes untold misery. I have lost my home, after paying $5,400 on same. I have the papers to prove it. I don't know what I am going to do. I am too proud to ask for charity and we old fellows can't get work. Serving in two wars, and they take away my little pension! The Democratic Party is sure going to suffer for this and the Republicans know it and laugh at us.

Mr. HOEPPEL, about 6 weeks ago, the Democratic leaders for "Taylor for mayor" ticket, asked me and others to poll the precincts and see how strong Mr. Taylor (Democrat) is. I polled four precincts and 80 percent were for Mr. Taylor. Now, last week, they asked us again to poll the same precincts and God knows, every Democratic veteran told me they would not vote another Democratic ticket, either Government, State, or city. There are at least 200 votes lost in those four precincts, including the veterans, their families and friends, and I found out this is the same way all over the city. The veterans are sure terribly against this cut. They say: "Why does Mrs. Theodore Roosevelt and Mrs. Wilson, two idle rich women, get $5,000 per year and let us fellows starve? Why don't they tax the big, rich crooks and not take it away from us?" etc.

Well, anyhow, I quit polling precincts, for they might blame me for all this.

I still have hope that Mr. Roosevelt will not be too cruel with us old fellows. I am afraid this whole thing will lead to a bad end.

I will close, hoping you are in good health.

I wish we had a million in Congress and Senate like you. Good wishes,

Yours,

FRANK KOENIG,
729 South Sixteenth Street, Louisville, Ky.

SOME ASPECTS OF FEDERAL CONTROL OF DAIRY FOOD PRODUCTS

Mr. HENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks, and to include therein a speech I gave over the National Broadcasting System on certain aspects of the control of dairy products.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address recently delivered by me over the National Broadcasting System on certain aspects of the control of dairy products:

My friends, the spotlight of bacteriological research has long been focused upon the dairy products, such as butter, cheese, cream, and milk, as a fertile media for the transmission of many types of infections and diseases. I need mention only a few, such as tuberculosis, typhoid fever, septic sore throat, foot-and-mouth disease, undulant fever, and scores of others that are known to scientists, and I propose to address myself today to the most pernicious of all of these, namely, tuberculosis, which is largely a milk-borne infection. I shall also discuss the activities of the United States Government in dealing with this all-important subject. Leprosy is a disease in which the victim is usually infected 15 or 20 years before the malady manifests itself, and tuberculosis is held in the same category today by most scientific medical minds. Children are infected while they are young, even during infancy through association with their tubercular parents, relatives, or nursemaids, but just as frequently or more so in some countries by the drinking of milk from tubercular cows, and the disease may not become manifest until later in life.

In 1902 Prof. Robert Koch, the discoverer of tubercle bacillus, and who is considered one of the greatest bacteriologists of that time, advanced the opinion that the disease in cattle known as "bovine tuberculosis" was produced by an entirely different bacterium from that which had infected humans. This, of course, was hailed immediately by those who contended that the two diseases were distinct and separate as a final proof that human tuberculosis could not be contracted from cattle through milk. Professors Behring, Calmette, and others disagreed with him, and demonstrated that to all intents and purposes they are the same disease, and while there are some so-called "morphological differences", the resulting infection in each is much the same.

R. J. Harris, in the Canadian Health Journal of January 1932, in referring to this subject, stated that the immense amount of investigation it gave rise to has firmly established the fact that the germ in cattle will infect humans, and has demonstrated that for practical purposes the sole mode of infection is by means of infected milk. In later years Professor Koch retracted his statement and admitted the identity of the two bacteria. It is proven at autopsies on children with tuberculous glands that 25 percent show the bacillus to be identical with that of bovine tuberculosis in its staining and cultural characteristics. Professor Mitchell, of Scotland, found that the tubercular glands of the neck in children under 12 years were caused by the bovine germ and in joint and bone tuberculosis 61 percent was from the bovine germ. In Toronto, Canada, where the milk is all pasteurized and certified, Dr. Harris found no tubercular glands in children, but in the adjacent country, where these precautions were not taken, 13 percent of the children were tubercular. The percentages vary greatly in different countries, and bears a definite relation to the percentage of tuberculosis in cattle. Professor Whang, of Scotland, found 55 percent of children under 16 years of age suffering from bovine tuberculosis. Prof. Nathan Raws, discussing the relationship between infant feeding and tuberculosis, reached the following conclusion:

Tuberculosis of the lungs is produced always by the human type of germ, whereas tuberculosis of bones, joints, glands, skin, and tubercular meningitis is produced always by the bovine type and is the result of using milk products from tubercular cows. It is to be construed, therefore, that from 25 to 50 percent of tuberculosis in children under 12 years of age is of the bovine type and caused by infected milk. On this point nearly all authors are agreed, and many of them place it as high as 90 percent. I might state in passing that it is now an undisputed fact, shown by autopsy studies, that these bacteria after being taken into the stomach pass directly through the walls of the intestines and are carried by the blood and lymph streams directly to the glands or joints or meninges without producing any lesions or disease in the stomach or intestines. Professor Calmette believes that the bacilli may remain more or less dormant in the body fluids for years.

A study of tubercle bacilli in the raw milk of the Chicago dairy district and reports of observations in other locations and published by Tonney, White, and Danforth, of the Chicago Health Department, in the American Journal of Public Health in May 1927, is very enlightening. It covered the period from 1893 to 1925. Raw milk samples were taken from the market in each and every year. In all, 16,700 tests were made. Of these, 1,448 showed living and virulent tubercle bacilli or 8.66 percent were positive. In Germany, England, and Scotland, the percentage ranged from 20 to 61 percent. In Chicago in 1923, 1924, and 1925 it averaged 3.5 percent. At that time in Chicago, out of a supply of 1,350,000 quarts of milk per day, 43,750 quarts contained virulent living tubercle bacilli, or 15,000,000 quarts of infected milk per year. Carrying the hypothesis further, this would mean in Chicago, with its 3,000,000 population, that the average person would drink 5 quarts of milk per year that was infected with virulent tubercle bacilli. Illinois is now an accredited free State. Milk from tuberculin-tested herds is the best preventative. Pasteurization, of course, insures added protection and should be used, but at best it is an uneconomical and dangerous practice, for the security depends upon the thoroughness and carefulness of the processor, and it must be admitted that a certain amount of all types of vitamins are destroyed and all of certain types are destroyed. The Chicago Board of Health, after these exhaustive studies, came to the conclusions that pasteurization is never 100 percent efficient and it should not be relied upon, and recognition of this fact led to an ordinance requiring that all milk sold in Chicago must come from certified tuberculin-tested herds.

In the hearings before the Committee on Agriculture in 1927, when the Lenroot-Taber bill was up, it was shown that there had been expended $750,000,000 and an additional fifteen or twenty millions of dollars each year in the campaign to clean our herds of tuberculosis. Since then there has been expended several hundred millions more, making a total of over $1,000,000,000 that our taxpayers have paid to insure a sanitary and healthful milk supply. Besides this, the farmers themselves have been put to a heavy expense in having many cows condemned. Then again, in compliance with the regulations for the sanitary scoring of dairies, as laid down by the Bureau of Animal Industry of the Department of Agriculture, and demanded by many States, these farmers have been put to many million dollars additional expense. This prompted the passage of the Lenroot-Taber Act in 1927, which made it mandatory that all milk and cream imported into the United States must be certified to as being free from tubercle bacilli and other dangerous germs. Infected milk that is excluded under the Lenroot-Taber Act can at present be made into butter or cheese and shipped in, although it would contain exactly the same proportion of bacilli as the milk, which was excluded, and 1 pound of butter or cheese will contain as many bacteria as 3 gallons of milk. I have, therefore, introduced a bill into the Congress to regulate the importation of butter and cheese into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health. This is not an exclusion nor an embargo measure, but is primarily and in its finality a public health and sanitation measure, which I shall presently explain.

Epitomized, the bill is as follows:

First. All food products of milk and cream imported into the United States or its possessions must come from herds that are tuberculin tested and certified to by an accredited veterinary surgeon.

Second. The products must come from sanitary and clean dairies that shall be scored in accordance with the Bureau of Animal Industry; or

Third. From pasteurized milk or cream, the bacterial count of which must be within certain limits and kept at a temperature of not over 50° F. at the time of importation.

Fourth. The Secretary of Agriculture will have charge of issuing valid permits to importers and to have inspections made whenever necessary to insure that the processors and importers of such products comply with the provisions of this act, and he is authorized to revoke or suspend such permits when he shall consider that they are being violated. As just stated, this is simply extending the Lenroot-Taber Act which has been in force for the past 6 years and which has been entirely satisfactory. It was enacted for the express purpose of preventing the importation of raw milk or cream from countries not complying with recognized health standards. There was no valid reason for not including butter and cheese in that bill, for it is scientifically known and admitted that these products can transmit tuberculosis, septic sore throat, undulant fever, typhoid fever, and other contagious and infectious diseases precisely the same as milk. I wish now to discuss briefly some of the testimony given by witnesses who appeared before the committee for and against the bill. Messrs. Ercole and L. Sozzi, of New York, representing the importers of cheese, in discussing the regulations of this bill, stated: "We have a very good example along this line—pork products are being imported under Government supervision and regulation and we understand they are allowed entry into the United States if they are properly inspected by a registered veterinarian abroad * * * only registered veterinarians can certify to the purity of a product offered for importation to the United States—if such a system can be evolved in the case of dairy products it will be perfectly acceptable to the importers."

I just wish to add an observation here. If pork products are prohibited because they may contain trichina, which are easily killed by thorough cooking, how much more important it is to prohibit foods coming from the tubercular milk of cows which is consumed in its raw state. We have an analogous restriction in the matter of serums and vaccines imported into the United States. In 1906 several cases of tetanus, or lockjaw, developed in St. Louis, with a number of deaths, caused by diphtheria serum that was not properly sterilized; and at that time our Government, through Dr. Woodward, who was then health officer of Washington, D.C., secured the enactment of a law requiring the strict supervision and certification of all serum imported or used in interstate commerce. This bill is exactly analogous. What difference does it make whether a disease is contracted by taking the bacteria in food or by injecting them in serum or vaccines? Dr. Harry W. Redfield, of Mendham, N.J., stated that the interest of others in tuberculosis was simply academic, but that his was real and personal. He developed a tubercular hip from drinking tubercular milk while a child and spent 7 years of his life in bed, all because of infected milk. He quoted the work of Alice Evans, of the United States Public Health Service, in which she said: "It is an important fact for us to keep in mind that the tubercle bacillus is the hardest, the toughest, and the most difficult to kill of all disease-producing organisms known to affect milk." Quoted further, Dr. Redfield, speaking in regard to butter, said: "As was proved by Dr. Schroeder in 1923, butter bought on the market which had been stored for 5 or 6 months still contains living tubercle bacilli which may affect the human being

and cause disease, and therefore there is only one safe thing to do with butter, and that is to pasteurize the milk from which butter is made." He advised pasteurization of the milk that goes into the soft cheeses. It is a known fact that hard cheeses cannot be made from pasteurized milk. He believes that hard cheese kills its bacteria during the ripening process.

Professor Soberheim, of the Institute of Bacteriology, Berne, Switzerland, found the living germs in cheeses up to 60 days after their manufacture, and stated that in cheeses older than 2 months they found none. However, but 111 samples were tested, which is not a large enough number upon which to base absolute reliance. The professor attributed the absence of the germs to the lactic acid, the temperature used in processing Swiss cheese, and the lack of oxygen. These conclusions are erroneous, because, according to the doctor's further testimony, he quoted the work of Kankaanpaa, who examined 50 samples of Finnish Swiss cheese from 119 to 124, and in one case 200, days old which showed 14 percent to contain tubercle bacilli. This milk was taken from herds which showed 70 to 90 percent of the cows to be tubercular. The witnesses appearing before the committee admitted that in the countries importing cheese and butter the cattle ranged all the way from 15 to 50 percent tubercular. The witnesses representing the foreign interests implied that if Swiss cheese comes from Switzerland, it is O.K.; but if from Finland, not so good. But how is one to know from whence the importation comes? If every importer should, like the characters in Strange Interlude, speak his thoughts, and advertise thusly, "This cheese is made from the milk of tubercular cows" or "this cheese contains tubercle bacilli, but they are dead, or supposed to be dead." How many people do you suppose would purchase that cheese? I do not concede that the processing of cheese is sufficient proof that the TB. germs are killed, and every bacteriologist who is listening to me knows that the small amount of lactic acid in cheese and the temperature of 131° for 30 minutes used in making Swiss cheese nor the dimunition of oxygen would not kill tetanus or other spore-producing bacteria. Neither would it insure against septic sore throat, typhoid, undulant fever, the germ of infantile paralysis, or foot-and-mouth disease. I mention this latter only because of the necessity of dairy sanitation.

It was freely admitted by the witnesses that in many of the European countries the dairy herds, the cheese plant, and the family all live under one roof, and in winter the compartments communicate in order to conserve heat, and dust and foul air may be carried directly from the family or from the cows to the cheese vats and thereby infect the milk. Dr. Redfield gave an illustration, as known to him to be true, where the bed clothes, night clothes, and linens from a child acutely ill with infantile paralysis were washed in the cheese vat, and thereafter the vat was filled with milk and another batch of cheese started. It was his opinion that no matter how distasteful to our æsthetic sense, that the processing of the cheese would make it safe, and this statement came from the man who admitted that he had developed a tubercular hip from drinking infected milk. It was facetiously stated in the hearings that the TB bacilli were of value in the cheese because the dead bacteria gave it a good flavor. I do not believe that this is a convincing argument to an American who wishes to protect his family against this dread disease. Dr. Redfield admitted that butter made from unpasteurized milk may be potentially dangerous for 6 months after it goes to market, and also that TB bacilli live in cheese from 4 to 120 days, which latter would be nearly 4 months. Dr. W. H. Feldman, of the Mayo Clinic, Rochester, Minn., stated that the bovine bacillus will retain its virulence for unknown periods when incorporated in dairy products, and that the viability depends on the moisture and that they have been found to be virulent for 450 days, or 15 months. Therefore, my friends, I believe, in view of these conflicting statements, that the people of the United States who demand that our own producers expend millions of dollars to insure the consumers against infected milk will also demand and should have the definite assurance that dairy products imported from foreign countries must measure up to standards set by this bill. This means the exclusion from our markets of products that the American public demand should be excluded. It is not an embargo, it is not a trade restriction, but simply a public-health measure. In this it is not in anywise different from the exclusion of our fruit fly from European markets on the supposition that it is infested with the Mediterranean fly. It is the same as the proposed restriction on cheese by the British Minister of Agriculture, who, according to a recent press report from London, had advised that the English Government enact an exclusion law against the importation of cheeses into England in order to insure better prices to their producers, and this in the face of the proposed "tariff truce."

Fred Brenckman, a representative of the National Grange and a warm supporter of the Lenroot-Taber Act in 1927, gave as his reasons for supporting this act: First, there is a decreased consumption because of the depression; second, nearly all foreign countries have set up barriers against our products: third, cheese sold in the United States was 62,000,000 pounds in 1932, which represents nearly 100,000,000 gallons of milk. The average importation of butter and cheese from Europe for the past 10 years has been 76,000,000 pounds per year, equivalent to 210,000,000 gallons of milk yearly.

Now! Should not our dairymen who produce certified milk be entitled to this market which they have developed and which is now partially supplied by milk products that admittedly contain tubercle bacteria, and the only right to such market is the claim of the importers that the bacteria are dead. An estimated average price of 30 cents per pound was paid for this imported cheese during the last 10 years and it would mean about $20,000,000 yearly that should be in American dairymen's pockets. Our cheese is just as good or better than imported cheese. Dr. W. Dorner, of Berne, Switzerland, as quoted by Mr. Homer Sullivan, stated that "milk delivered at homes in his country is not free from infection and medical authorities advise that the milk be boiled before using." Dr. Dorner stated further, "I have seen in Wisconsin first-class cheese of the highest quality with very large holes, and with such goods one cannot compete. When everything is said and done America produces as good cheese as we do." The State of Wisconsin furnishes nearly 71 percent of all the cheese produced in the United States. Eighteen percent is produced by the States of Michigan, Indiana, Illinois, Ohio, and North Carolina, and these States are all on the accredited list containing less than one half of 1 percent of tubercular cattle. Wisconsin, which was the first accredited State, contains less than two tenths of 1 percent. At present there are 11 States accredited with less than one half of 1 percent of tubercular cattle, and the percentage in the whole United States is less than 1.5 percent, which is far less than any European country, where as stated the percentage ranges from 15 to 50 percent. In Europe they do not observe the strict quarantine laws of the United States, and in a home where cheese is processed there may be a case of infantile paralysis, scarlet fever, diphtheria, or tuberculosis, and the cheese may be processed and sold without restrictions.

Professor Calmette, a noted French authority on tuberculosis in children, has recently made an observation that the epidemics of infantile paralysis seem to flourish in localities where there is a high percentage of tuberculosis in cattle, and he believes there may be some relationship between these two diseases. If this is true, it should be a most condemning argument against permitting products which are not properly certified from entering our country. Nearly 500,000,000 pounds of cheese was made in the United States in 1931, of which 30,000,000 was Swiss or Emmenthal. Our cows, particularly in the cheese and butter areas, are practically free from tuberculosis. Even Dr. Redfield, the expert representing the foreign governments, and who advocated permitting the continuing of importation of cheese and butter, believes that the TB bacilli in such cheese are dead, but advances the following reasons why herds should be tuberculin tested:

First. Raises the health level of the cows and makes better producers.

Second. Eliminates boarders (sickly, low-producing cows don't pay for their feed).

Third. Prevents the healthy cows from being infected by the sick ones, which thereby cuts down their production.

Fourth. Protects consumers of raw market milk and cream.

If foreign producers cannot and will not meet the restrictions that are imposed on our cheese producers, then this bill, if passed, will give a new market to approximately 210,000,000 gallons of milk in the United States yearly and will aid the dairy industry more than any other type of legislation. In the interest of saving the lives particularly of children and protecting them against ravages of such disfiguring manifestations, such as tuberculosis of bones, joints, and glands, and the always fatal complications of tubercular meningitis and miliary tuberculosis, I cannot too strongly urge your support of this legislation. I thank you.

Mr. TRUAX. Mr. Speaker, earlier in the day I got permission to revise and extend my remarks. I now ask to include therein a short letter from a constituent.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENDING THE MINING LAWS TO DEATH VALLEY NATIONAL MONUMENT, CALIF.

The next business on the Consent Calendar was the bill (H.R. 3659) to extend the mining laws of the United States to the Death Valley National Monument in California.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the mining laws of the United States be, and they are hereby, extended to the area included within the Death Valley National Monument in California, or as it may hereafter be extended.

With the following committee amendment:

Page 1, line 6, after the word "extended", insert "subject, however, to the surface use of location entries or patents under general regulations to be prescribed by the Secretary of the Interior."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MONONGAHELA RIVER, CALIFORNIA, PA.

The next business on the Consent Calendar was the bill (H.R. 4872) authorizing Farris Engineering Co., its successors

and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object. This is another bill authorizing a private corporation to construct a bridge over a navigable stream. I have had considerable to say in reference to the grants of Congress to private individuals to build bridges across navigable rivers, and have informed the House the result that followed the construction of bridges over the Mississippi and Missouri Rivers as a result of franchises granted by the Congress. I have before me an editorial from the St. Louis Star-Times headed "Costly Bridge Building." It reads as follows:

COSTLY BRIDGE BUILDING

Foreclosure sale ordered for the Mississippi River bridge between Cairo, Ill., and Birds Point, Mo., completes the financial tragedy of big bridge building in the vicinity of St. Louis. One after another the controlling interests of the fine structures across the river at Cape Girardeau, Chain of Rocks, Alton, and nearby across the Missouri at Bellefontaine have defaulted on their bonds, struggled, and given up the ghost. Careful engineering, and, at least in part of these enterprises, careful finance, were of no avail. The only ones actually to benefit seem to be those who got their profit from selling the bonds.

Nobody will deny that, sooner or later, these bridges would have had to be built. But the promoters overestimated traffic and hard times did the rest. The public will be forced to go on paying tolls over them for years unless State or Federal Government takes them over. In some instances even the engineers who planned and supervised the building have lost with the rest.

It is the old story of Merchants and Eads bridges, and the railroads. The Municipal Bridge investment might have gone the same way if St. Louis had thrown up its hands when the railroads failed to use it. All of these bridges are monumental structures. Those who put their money in deserved profit and not loss. The next generation and new owners will get the benefit. Meanwhile, when business resumes and the bridge-promotion industry starts again, there should be an end to the wholesale granting of permits by Congress. If promoters want to build bridges they should raise the capital among themselves, or get the Government to build and leave the bridges free.

That editorial bears out my statement that the construction of these bridges was not feasible from a financial standpoint. They were built for convenience, and they were promoted in practically every instance by a professional promoter, who sold the bonds for the construction of the bridge, secured his end, and then dropped out of the picture. Starting at the northern boundary of Missouri, all the way down to the southern boundary, they have constructed beautiful bridges across the Mississippi River. The bonds were sold to the people in the large cities—not to the people in the vicinity of where the bridges were to be constructed, because the people there did not have the money to construct the bridges; they were sold to people in the large cities at par, and there is not one of those projects where you cannot now buy the bonds for $5 or $10. The public holds the bag. The bridges are still open. There is practically no traffic over them. In some instances, because of the charge, ferries are still operating across the river, and the people use the ferries rather than the bridge. I am not afraid that any of the bridges provided for today is ever going to be constructed unless they get the money from the Reconstruction Finance Corporation. They just cannot sell the bonds in the open market, and responsible investment houses will no longer handle bridge bonds.

Mr. FADDIS. This is not a bond-selling proposition at all.

Mr. COCHRAN of Missouri. I am talking about the subject generally, not about this individual bill. We have repeatedly asked the Interstate and Foreign Commerce Committee of the House to revise the Bridge Act. I think it should be revised; but, as I said before, I am not afraid that any of these bridges is ever going to be constructed.

The promoters will be back here next year asking for an extension of time. So far as I am concerned, I am not going to object to the passage of this bill, but I call the attention of the House to the millions and millions of dollars that have been lost by your constituents and mine through the action of the Congress in permitting the construction of bridges when they should not have been constructed because the traffic was not there to make them a success financially.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. JENKINS. The gentleman has been constantly on the floor here fighting these bridges and doing fine work. I agree with him. Has the gentleman ever made any effort to have the Interstate and Foreign Commerce Committee of the House go into these cases carefully to determine whether or not they are stock-selling projects, whether their bonds are to be peddled around?

Mr. COCHRAN of Missouri. For 5 years I have introduced bills in this House, and I introduced one in this Congress providing for a revision of the Bridge Act, but for some reason the Interstate and Foreign Commerce Committee of the House has never seen fit to take up the bills and give them consideration.

Mr. JENKINS. It used to be a habit among a good many construction companies along the big rivers to select strategic points and get permission to build a bridge and peddle it around from place to place.

Mr. COCHRAN of Missouri. I have made that charge on the floor of the House and have shown beyond question of doubt by the evidence I have put into the RECORD, where franchises have been peddled. It is a bad practice. I know what a bridge bill means to a Representative, but, gentlemen, the Congress is a party to defrauding the people when we permit bridges to be constructed by bond issues that result, in the end, in a complete loss to those who buy the bonds. I think the securities bill will help some in stopping bridge bond issues.

Mr. JENKINS. I should like to ask the gentleman from Pennsylvania what the facts are with reference to this particular bill.

Mr. FADDIS. I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. FADDIS. Mr. Speaker, this bridge in question is a bridge across the Monongahela River in the vicinity of California, Pa. The Monongahela River for miles and miles of its length is almost a continuous city, composed of coal mines and steel mills and steel plants. It so happens that at this city of California there is one of the largest State normal schools in Pennsylvania. A great many of the students in this great normal school come from the other side of the Monongahela River.

At the present time the nearest bridge in one direction is 7 miles down the river and in the other direction it is over 4 miles up the river. Students traveling back and forth to this normal school from the other side of the river are forced to go through almost a continuous town on either side of the river. Their only means of crossing the river at the present time is by ferry, which at many times of the year is very dangerous and in the winter time is decidedly inconvenient and quite often is out of commission due to high water.

The State cannot build this bridge, because it does not have control of the roads on each side of the river. The counties concerned are not financially able to build the bridge, neither will they be financially able for a great many years to come.

This bill proposes that the Farris Engineering Co. be granted permission to build this bridge and operate it as a toll bridge. It is provided that it shall be amortized within 20 years. It is also provided in the bill that if the subdivisions of the State, on either or both sides of the river, wish to acquire possession of the bridge, they may buy the same from the Farris Engineering Co. It also provides that they shall not have to pay the Farris Engineering Co. anything for goodwill or anything that would be in the nature of watered stock in connection with the bridge. The bridge is not going to cost the United States Government one dime, nor any subdivision of the State of Pennsylvania one dime. The Farris Engineering Co. is to build it. No bonds are to be sold or anything of the kind.

I think this is a worthy piece of legislation, and I hope there will be no objection.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. COCHRAN of Missouri. Did the gentleman say there would be no bonds sold?

Mr. FADDIS. No bonds sold to the public.

Mr. COCHRAN of Missouri. I want to compliment the gentleman, and I hope his statement is correct, that a toll bridge is to be constructed by private individuals with their own money across the Monongahela River, and it is going to serve 20,000 people.

Mr. FADDIS. That is correct.

Mr. COCHRAN of Missouri. You are now served by ferries, I presume?

Mr. FADDIS. Yes, sir.

Mr. COCHRAN of Missouri. Has the gentleman ever made a count as to how many automobiles or people are carried across on those ferries? Have any such statistics been secured?

Mr. FADDIS. No, I have no such statistics, and I do not know that that enters into the matter, because if this bridge is built it will relieve the congestion up and down the river on other bridges and other roads. The traffic on the ferries would vary a great deal from time to time.

Mr. COCHRAN of Missouri. You say the Farris Engineering Co. is going to build this bridge without any issue of bonds. If they succeed, then they are entitled to a medal.

Mr. McFADDEN. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. McFADDEN. What is the toll to be charged on this bridge?

Mr. FADDIS. I do not know. The toll generally on bridges in that vicinity is 25 cents for an automobile and 2 or 3 cents for foot passengers. I presume the toll would be along that same line.

Mr. ELTSE of California. The report states it will be a private toll bridge.

Mr. FADDIS. Yes, yes; certainly.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. O'MALLEY. This measure does not cost the Government any money?

Mr. FADDIS. This does not cost the Government one dime.

Mr. O'MALLEY. It just gives them the right to build the bridge?

Mr. FADDIS. It gives them the right to build the bridge, that is all, because it is a navigable stream under the control of the engineering department.

Mr. O'MALLEY. Are they not using ferries now and paying toll on the ferries at that particular place?

Mr. FADDIS. Yes; they are.

Mr. BLANTON. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BLANTON. The toll question does enter into it, because it is out of the pockets of the people that tolls are paid. It is the traveling public which pays the tolls, and it occurs to me the gentleman ought to know what tolls will be charged, that we may know beforehand that they will not be excessive.

Mr. FADDIS. What difference does it make? They pay a higher toll now on the ferry than they would pay on the bridge.

Mr. BLANTON. That may be so. But they can avoid the ferry route if they desire. But after a toll bridge becomes a part of a public highway, it is too late then for travelers to change their route and they have to pay the toll that is charged.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. FADDIS] has expired.

Mr. BLANTON. I ask unanimous consent that the gentleman have 1 additional minute.

The SPEAKER. Without objection, the gentleman is recognized for 1 additional minute.

There was no objection.

Mr. BLANTON. I have in mind a little bridge somewhere between here and Texas that I have passed over at various times, where they would charge a dollar, when 25 cents should have been sufficient.

Mr. FADDIS. The gentleman is speaking of Texas, not of Pennsylvania. I know of toll bridges that would charge more than that, even.

Mr. BLANTON. But the bridge I mentioned is not in Texas. It is in another State. I specially recommend a bridge to you in Wheeling, W.Va., which, I think, charges only 5 cents, and an adjoining bridge there in Ohio which also charges only 5 cents.

Mr. FADDIS. That is on account of the amount of traffic on the bridge.

Mr. BLANTON. Well, the gentleman ought to know what kind of tolls these people are going to charge, before they are authorized to make charges of tolls.

Mr. MILLIGAN. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. MILLIGAN. Those tolls are under the supervision of the War Department, and anyone can lodge a complaint with the War Department, and they will conduct a hearing and take up the matter of tolls.

Mr. FADDIS. And they will see that they are reasonable and just, certainly.

Mr. BLANTON. But that is a proceeding that takes much time, and it costs the Government much money. The War Department is forced to hold a hearing, and sometimes 6, 12, and 18 months elapse between the time complaint is made and the excessive charges are curtailed following the hearing. It is a wise policy to make bridge builders declare, before they get permission of Congress, just what tolls they expect to charge the helpless public.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, Farris Engineering Co., its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Monongahela River, at a point suitable to the interests of navigation at or near California, Pa., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, either the State of Pennsylvania, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 5 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interest in real property; (3) actual financing and promotion cost, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 3. If such bridge shall at any time be taken over or acquired by the State of Pennsylvania, or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper

maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 4. The Farris Engineering Co., its successors and assigns, shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the Highway Department of the State of Pennsylvania a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the Highway Department of the State of Pennsylvania shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Farris Engineering Co., its successors and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Farris Engineering Co., its successors and assigns; and any corporation to which or any person to whom such rights, powers and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

EXPLANATION OF VOTE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that after the roll call on the Hawaiian bill today there be inserted the fact that I was absent attending a conference with the Assistant Secretary of the Navy, Mr. Roosevelt, in respect to the Boston Navy Yard, with my colleagues, Mr. CONNERY, Mr. GRANFIELD, and Mr. HEALEY. If we had been present, I am authorized to say by them that they would have voted "yea", as would I.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, the gentleman who objected to the consideration of House Joint Resolution 118 says he still insists on his objection. Therefore I do not seek recognition.

The Clerk called the next bill, H.R. 5495, to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"SEC. 4. The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of bonds of the commission, upon approval by the Michigan Public Utilities Commission, bearing interest at not more than 6 percent per annum, payable annually or at shorter intervals, maturing not more than 30 years from their date of issuance, such bonds and the interest thereon, and any premium to be paid for retirement thereof before maturity, to be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registerable as to principal alone or both principal and interest, and shall be in such form not inconsistent with this act, and be payable at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity at prices not exceeding 105 and accrued interest. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustees and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provision for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also a provision for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge and/or ferry tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for international commerce authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such price as the commission may determine, such price to be not less than the price at which the interest yield basis will equal 6 percent per annum as computed from standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the estimated cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the estimated cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if in the judgment of the commission such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may under like restrictions issue temporary bonds with or without coupons, exchangeable for definitive bonds upon the issuance of the latter."

SEC. 2. That section 9 of said act, approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"SEC. 9. The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the commission shall not be entitled to any compensation for their services but may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the commission may determine. After all bonds and interest thereon shall have been paid and all other obligations of the commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the United States interests and the Canadian interests as herein provided, and any ferry or ferries shall have been sold, the commission shall be dissolved and shall cease to have further existence by an order of the State highway commissioner of Michigan made upon his own initiative or upon application of the commission or any member or members thereof, but only after a public hearing in the city of Port Huron, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Port Huron, Mich., and a newspaper published in the city of Sarnia, Ontario. At the time of such dissolution all moneys in the hands of or to the credit of the commission shall be divided into two equal parts, one of which shall be paid to said United States interests and the other to said Canadian interests."

SEC. 3. That the times for commencing and completing the construction of said bridge, heretofore extended by acts of Congress approved February 28, 1931, and June 9, 1932, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 6, line 11, strike out the language of section 3 and insert the following:

"That the times for commencing and completing the construction of said bridge heretofore extended by acts of Congress approved February 28, 1931, and June 9, 1932, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

"SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved."

Amend the title so as to read:

"To amend an act entitled 'An act creating the Great Lakes bridge commission and authorizing said commission and its suc-

cessors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.', approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Amend the title so as to read: "A bill to amend an act entitled 'An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich', approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge."

Mr. CONNERY. Mr. Speaker, during the vote on the Hawaiian bill my colleagues, Mr. GRANFIELD, Mr. HEALEY, and I were in conference with the Secretary of the Navy in reference to the Boston Navy Yard. I am authorized to State that had we been here on that vote we would have voted "aye".

BRIDGE ACROSS MISSOURI RIVER AT OR NEAR WASHINGTON, MO.

The Clerk called the next bill, H.R. 5589, granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I should like to ask my colleague the gentleman from Missouri [Mr. CANNON], who introduced this bill, how close Washington, Mo., is to Hermann.

Mr. CANNON of Missouri. Somewhere between 30 and 40 miles.

Mr. COCHRAN of Missouri. What was the result of the construction of the bridge over the Missouri River at Hermann?

Mr. CANNON of Missouri. It has connected the road systems of north and south Missouri at that point and vastly increased the use and value of the north and south highway between No. 40 with No. 50. It has added materially to the value of farm lands throughout that section and to the business of the towns and communities which it serves. It is one of the valuable assets of the State.

Mr. COCHRAN of Missouri. I notice that the people of the city of Washington want to construct this bridge, and I am perfectly willing to let them do it if they desire to, but I hope they will go into it with their eyes wide open.

Mr. CANNON of Missouri. My good friend the gentleman from St. Louis need have no apprehension on that score. There is no point on the entire river, from its source to its confluence with the Mississippi, where a bridge is more needed or where the convenience of the public and the welfare of the State will be better served than at Washington. It is one of the important trade centers of the State and is in a position to command river, rail, and highway traffic. A number of highways converge here, and while a ferry handles the situation with some degree of efficiency in summer, service is impossible much of the winter and impracticable in unfavorable weather at any season. The highway system of the State cannot be perfected without this bridge. It is the missing link in north and south service.

The bill provides for self-liquidation of the cost of construction through the application of the tolls collected from the bridge to a sinking fund which is to be amortized over a period of 20 years. The practicability of this plan is amply demonstrated by the record made by the bridge across this river at St. Charles, where the tolls collected paid in full the entire purchase price of the bridge and opened it to the public in the short space of 5 years.

The bill has been submitted to the War Department and the Department of Agriculture and is approved by both Secretary Dern and Secretary Wallace. It has the unanimous endorsement of the Committee on Interstate and Foreign Commerce and I trust will pass the House this afternoon. Mr. Speaker, I ask that the bill be read.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the city of Washington, Mo., to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Washington, Mo., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BRIDGE ACROSS THE MISSISSIPPI RIVER AT OR NEAR THE JUNCTION OF THE IOWA AND MISSISSIPPI RIVERS

The Clerk called the next bill, H.R. 5659, authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers.

The SPEAKER. Is there objection?

Mr. THOMPSON of Illinois. Mr. Speaker, I object.

BRIDGE ACROSS LAKE CHAMPLAIN FROM EAST ALBURG, VT., TO WEST SWANTON, VT.

The Clerk called the next bill, H.R. 5793, to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of Congress approved March 2, 1929, authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct a bridge across Lake Champlain, between a point at or near East Alburg, Vt., and a point at or near Swanton, Vt., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT OR NEAR OWENSBORO, KY.

The Clerk called the next bill, H.R. 5830, to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

Mr. COCHRAN of Missouri. Mr. Speaker, I should like to ask the gentleman who introduced this bill how many times an extension of time has been granted.

Mr. CARY. This is the first time and I shall be pleased to explain to the gentleman why the extension is being asked.

Mr. COCHRAN of Missouri. This bill has been before Congress for 6 years, has it not?

Mr. CARY. No. This is the first bill that has been introduced to extend the time and I shall be pleased to tell the gentleman why the time was asked to be extended. This bill gives the Highway Commission of Kentucky and the

Highway Commission of Indiana the right jointly to do this work.

Mr. COCHRAN of Missouri. But bills have been introduced to allow a bridge to be built across the Ohio River at Owensboro by private individuals.

Mr. CARY. No.

Mr. COCHRAN of Missouri. I remember the time when the Senator from Indiana, Mr. Watson, and a Representative from Indiana, representing the other side of the river from Owensboro, were in a controversy over this bridge for 2 years.

Mr. CARY. And the bridge they were talking about was 8 miles up the river at Rockford, not at Owensboro. That is the reason they could not get it, because they did not have it at the right place. This bridge crosses the river at Owensboro, a city with a population of 25,000 people. The other bridge was not at the right place.

Mr. COCHRAN of Missouri. But I am correct that there was a controversy about a bridge near this point.

Mr. CARY. No; not at this point; no.

Mr. COCHRAN of Missouri. But near it, 8 miles away.

Mr. CARY. It was 8 miles away.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask the gentleman if there is a report here from the War Department?

Mr. CARY. Yes. The chairman will explain that.

Mr. MILLIGAN. I have the report here. The report was late getting to the committee and was not included in the printed report.

Mr. ELTSE of California. Is this project agreeable to the War Department?

Mr. MILLIGAN. We have a favorable report from the Agricultural Department and from the War Department.

Mr. JENKINS. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the subcommittee of the Interstate and Foreign Commerce Committee how much attention he pays to recommendations from the Department of Agriculture? I notice in nearly all these cases the Department of Agriculture comes forward as opposed to these bridges. In the past I have never given a great deal of attention to them.

Mr. MILLIGAN. I may explain to the gentleman from Ohio that the Department of Agriculture, through the Bureau of Roads, is opposed to all private toll bridges.

The subcommittee and the committee feel that where there is no other way to build a bridge, the bridge should be built, although it is a private toll bridge, in order to give the people of the community the means of crossing the stream.

Mr. JENKINS. That has been the position I have always taken, and I should like to further inquire how the gentleman's committee construes the noble fight which our good friend from St. Louis has been putting up during all these years to protect the investors in these bridges.

Mr. MILLIGAN. My colleague, the gentleman from St. Louis, should have introduced sometime ago a blue-sky law to protect the people of St. Louis who are investing in bridge bonds. This was the only way he could protect his investors. We have passed the securities bill now, and this will give proper information to the investors of the city of St. Louis, so that they can inform themselves on the financial set-up of the company and the value of the bonds on the bridges that these people are to build.

Mr. COCHRAN of Missouri. If the gentleman will yield, the gentleman knows very well that Mr. Denison, a former Member of the House and a former chairman of the subcommittee on bridges, repeatedly introduced a blue-sky bill and I supported the bill on the floor of this House.

Mr. MILLIGAN. I agree with that.

Mr. COCHRAN of Missouri. But it was never passed and, of course, never became law.

Mr. MILLIGAN. That is correct.

Mr. COCHRAN of Missouri. If the people in the communities where these bridges are to be constructed would buy the bonds themselves and not come to my city and sell them to my constituents, they could build all the bridges they wanted to.

Mr. MILLIGAN. Of course, they cannot force the constituents of the gentleman's city to buy the bonds. They buy them of their own free will and accord.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, the Clerk will report a similar Senate bill.

There was no objection.

The Clerk read the Senate bill (S. 1815), as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., authorized to be built by the State Highway Commission of Kentucky by an act of Congress approved June 9, 1932, are hereby extended 1 and 3 years, respectively, from June 9, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BRIDGE ACROSS DEEPS CREEK, SUSSEX COUNTY, DEL.

The Clerk called the next bill, S. 1562, granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Levy Court of Sussex County, Del., its successors and assigns, to reconstruct and maintain a bridge and approaches thereunto across the Deeps Creek, being a part of a navigable river from Concord, Del., to the Chesapeake Bay, at a point suitable to navigation, at or near Cherry Tree Landing, in the county of Sussex, State of Delaware, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is expressly reserved.

With the following committee amendments:

Page 1, line 5, strike out "reconstruct and maintain a," and insert "reconstruct, maintain, and operate a free;" and in line 9, after the words "to", insert "the interests of;" and amend the title.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

APPEARANCES BEFORE THE TREASURY DEPARTMENT AND THE BUREAU OF INTERNAL REVENUE

Mr. DOUGHTON. Mr. Speaker, I present a privileged report from the Committee on Ways and Means on the House Resolution 154 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 154

Resolved, That the Secretary of the Treasury is hereby directed to furnish the House of Representatives a list of the clients for whom the firm of Smith, Shaw & McClay, and/or the firm of Reed, Smith, Shaw & McClay, of Pittsburgh, Pa., have appeared before the Treasury Department or the Bureau of Internal Revenue in connection with the settlement, or other adjustments, of income taxes from the year 1920 up to the present time.

Mr. DOUGHTON. Mr. Speaker, I move to lay the resolution on the table.

The motion was agreed to.

Mr. GOSS. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Will the gentleman withhold that a moment?

Mr. GOSS. I withhold it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HART, for today, on account of illness.

To Mr. WARREN, on account of illness.

To Mr. GAVAGAN (at the request of Mr. KENNEDY of New York), for the balance of the week, on account of illness of mother.

To Mr. LEHR, for 3 days, on account of important business.

To Mr. VINSON of Kentucky, indefinitely, on account of illness.

To Mr. KVALE (at the request of Mr. BOILEAU), for today, on account of business.

The SPEAKER laid before the House the following communication from the secretary of state of New Jersey:

STATE OF NEW JERSEY,
DEPARTMENT OF STATE,
Trenton, June 3, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR SIR: I am herewith enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States.

The result of the convention is certified to you in accordance with chapter 73, Laws of 1933 of the State of New Jersey, and a resolution adopted by the convention on June 1, 1933.

Yours very truly,

THOMAS A. MATHIS, *Secretary of State.*

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had on this day examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said Commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 6, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

86. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year of 1934 and supplemental and deficiency estimates for the fiscal year 1933, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McCORMACK: Committee on Ways and Means. H.R. 3768. A bill to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies; without amendment (Rept. No. 197). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MARTIN of Oregon: Committee on Irrigation and Reclamation. S. 1536. An act giving credit for water charges paid on damaged land; without amendment (Rept. No. 198). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. DOUGHTON: Committee on Ways and Means. House Resolution 154. Resolution to request certain information from the Secretary of the Treasury (Rept. No. 199). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOIDALE: A bill (H.R. 5923) to create a national farm- and home-loan system of banks, to provide for the operation and supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROMJUE: A bill (H.R. 5924) granting the consent of Congress to the Chamber of Commerce of the City of Hannibal, Mo., to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Kentucky: A bill (H.R. 5925) to amend section 275 of the Revenue Act of 1932, relating to the period of limitation upon assessment and collection of income taxes; to the Committee on Ways and Means.

By Mr. DINGELL: A bill (H.R. 5926) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to nonprofit, benevolent charitable corporations operating and/or conducting homes and/or hospitals for persons of old age; to the Committee on Banking and Currency.

By Mr. COLLINS of California: A bill (H.R. 5927) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on the Public Lands.

By Mrs. NORTON: A bill (H.R. 5928) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and devolpment of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

By Mr. BRUMM: A bill (H.R. 5929) providing an import duty upon all anthracite coal imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. DARDEN: Resolution (H.Res. 175) requesting the several States to give their early consideration to the constitutional amendment providing for the repeal of the eighteenth amendment; to the Committee on the Judiciary.

By Mr. LUCE: Joint Resolution (H.J.Res. 196) to enlarge Arlington National Cemetery; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation-project settlers in the United States, and providing for a loan to the reclamation fund to replace the income thereto thus suspended; to the Committee on Irrigation and Reclamation.

Also, memorial of the Legislature of California, memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning; to the Committee on the Judiciary.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to extend to the Territory of Hawaii, by appropriate legislation, the provisions of the act of Congress of March 3, 1931 (46 Stat.L. 1494); to the Committee on Labor.

Also, memorial of the Legislature of the Territory of Hawaii, protesting against any action by the Congress of the United States of America toward the elimination of the 3-year residence qualification for the Governor of this Territory; to the Committee on the Territories.

Also, memorial of the Legislature of the Territory of Hawaii, requesting Congress to provide legislation for vesting the United States Shipping Board, or some other proper regulatory body, the power and duty to effectively regulate and punish the act of stowing away on commercial and Government vessels, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, memorial of the Legislature of the Territory of Hawaii, relating to condemning editorial in Honolulu Star-Bulletin against action of President Roosevelt in suspending Hawaiian Organic Act removing residence clause for Governor of Hawaii, and recording a vote of confidence in President Roosevelt; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 5930) extending the benefits of the Emergency Officers' Retirement Act to John J. Lettieri; to the Committee on World War Veterans' Legislation.

By Mr. BEITER: A bill (H.R. 5931) granting a pension to Marie Kowal; to the Committee on Pensions.

By Mr. JENKINS: A bill (H.R. 5932) granting a pension to Alice Shoemaker; to the Committee on Invalid Pensions.

By Mr. KELLY of Illinois: A bill (H.R. 5933) for the relief of Joseph Patrick Gorman; to the Committee on Naval Affairs.

By Mr. LOZIER: A bill (H.R. 5934) granting a pension to Joseph Thompson; to the Committee on Invalid Pensions.

By Mr. McCANDLESS: A bill (H.R. 5935) for the relief of Oscar P. Cox; to the Committee on Claims.

By Mr. MARTIN of Colorado: A bill (H.R. 5936) for the relief of Gale A. Lee; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 5937) for the relief of Henry H. Payne; to the Committee on Military Affairs.

Also, a bill (H.R. 5938) for the relief of Francis M. Johnston; to the Committee on Claims.

By Mr. O'MALLEY: A bill (H.R. 5939) for the relief of Joseph W. Harley; to the Committee on Military Affairs.

By Mr. RICHARDS: A bill (H.R. 5940) for the relief of the Herald Publishing Co.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1283. By Mr. BURNHAM: Petition signed by approximately 200 citizens of his district, protesting against the regulations issued pursuant to Public, No. 2, Seventy-third Congress, affecting legitimately service-connected disabled veterans, and requesting action by Congress to take such action as necessary to revise said regulations so that there shall be restored to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation presumptions, and pensions enjoyed by them prior to the passage of said Public Law No. 2, Seventy-third Congress; to the Committee on Economy.

1284. By Mr. FORD: Petition of the Legislature of the State of California, respectfully petitions and urges the United States Government to use the strongest measures justifiable in requiring banking institutions receiving Federal aid to cooperate with the Federal Government in its program for the restoration of prosperity to our country by extending time for payment of the debts secured by deeds of trust or mortgages on home and farm properties before foreclosing the mortgages or exercising powers of sale granted by the mortgage or deed of trust; to the Committee on Banking and Currency.

1285. By Mr. JOHNSON of Minnesota: Resolution of the Halvorson Bowers Post, No. 187, Veterans of Foreign Wars, Minneapolis, Minn., protesting against cuts made by the passage of the Economy Act; to the Committee on Economy.

1286. Also, petition opposing the recognition of Russia; to the Committee on Foreign Affairs.

1287. Also, resolution by the Leo C. Peterson Post, No. 54, American Legion, Red Wing, Minn., protesting against reductions caused by the Economy Act; to the Committee on Economy.

1288. By Mr. KRAMER: Petition of George P. Daniel, adjutant, and A. H. Hollingsworth, chairman resolution committee, Los Angeles County Council, United Spanish War Veterans, protesting against the action taken by the President of the United States through the authority granted him by Congress of canceling or taking away a large share of the pensions or compensation of veterans, etc.; to the Committee on World War Veterans' Legislation.

1289. By Mr. LINDSAY: Petition of the Chamber of Commerce of the State of New York, New York City, concerning the national industrial recovery bill; to the Committee on Ways and Means.

1290. By Mr. LUNDEEN: Petition of the United Veterans' Council of the County of Ramsey, city of St. Paul, urging the conscription of wealth in time of war; to the Committee on Ways and Means.

1291. Also, petition of St. Paul Unit, No. 22, Bonus Expeditionary Forces, urging the enactment of the Black bill shortening the work week to 5 days and the work day to 6 hours; to the Committee on Labor.

1292. Also, petition of St. Paul Unit, No. 22, Bonus Expeditionary Forces, urging the immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

1293. Also, petition of the Central Labor Political Committee, Duluth, Minn., urging that Congress issue directly to the several States of the Union, on the security of the natural resources of such States, money to be loaned directly to the people through such agencies as are created by the States and suitable for this purpose; to the Committee on Banking and Currency.

1294. Also, petition of the township of Nelson, Watonwan County, State of Minnesota, urging that every effort be put forth to obtain the passage of the Frazier bill during the present session of Congress; to the Committee on Agriculture.

1295. Also, petition of the Goodhue County farmer-labor convention held at Red Wing, Minn., March 25, 1933, urging that laws be enacted establishing democracy in public-health administration and education, and that chiropractic be taught on an equal basis with medicine; to the Committee on Education.

1296. Also, petition of New York Mills National Farm Loan Association, New York Mills, Minn., urging that all farmers' present mortgages be refinanced and revalued and that the interest rate on the refinanced and revalued mortgages shall not exceed 2 percent besides and above the amortization; also that Federal land banks and other Federal agencies abate and defer all foreclosures and evictions until further Government action on farm relief; to the Committee on Agriculture.

1297. By Mr. WELCH: Petition in the nature of Joint Resolution No. 31 of the California State Assembly, relative to the use of granite in Federal-construction projects; to the Committee on Public Buildings and Grounds.

1298. Also, petition in the nature of Joint Resolution No. 34 of the California State Assembly, relative to memorializing the President of the United States to increase the customs duties on certain fish products, and to negotiate treaties concerning the conservation of fish; to the Committee on Merchant Marine, Radio, and Fisheries.

1299. Also, petition in the nature of Joint Resolution No. 26 of the California State Assembly, relative to memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation; to the Committee on Labor.

1300. By the SPEAKER: Petition of citizens of Summitville, Ind., regarding cash payment of the bonus; to the Committee on Ways and Means.

1301. Also, petition of the Democratic county committee of the city and county of Honolulu, opposing any amendment to the organic act which would permit of the appointment of a nonresident Governor of the Territory of Hawaii by the

President of the United States; to the Committee on the Territories.

1302. Also, petition of the National Association for the Advancement of Colored People, regarding equal rights for Negroes; to the Committee on the Judiciary.

SENATE

TUESDAY, JUNE 6, 1933

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

Almighty and most merciful Father, to whose compassion we owe our safety in days past, together with the blessings of this present life and the hope of that which is to come, enlarge our hearts with thankfulness for these Thy gracious favors, and grant that whatsoever Thou hast sown in mercy may spring up in abundant fruitage along the sacred path of duty.

Let Thy spirit interpret for each one of us the opportunities of this life of high vocation by lifting our souls above the weary round of care into the sanctuary of Thy presence, where, reposing in Thy love and being at rest from ourselves, we may thence return arrayed with peace to do only that which is well-pleasing in Thy sight. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day of Monday, June 5, 1933, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

The message also announced that the House had passed the bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del., with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5394. An act authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing;

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.;

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended;

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929; and

H.R. 5884. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bachman	Dale	King	Pope
Borah	Davis	Lonergan	Robinson, Ark.
Bratton	Dieterich	Long	Thomas, Utah
Brown	Erickson	McAdoo	Trammell
Byrd	Frazier	McCarran	Tydings
Byrnes	George	McGill	Vandenberg
Capper	Hale	McNary	Van Nuys
Caraway	Harrison	Murphy	White
Connally	Hebert	Norris	
Coolidge	Johnson	Nye	
Copeland	Kendrick	Patterson	

Mr. KENDRICK. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent from the Senate, being en route to the London economic conference.

I also wish to announce that the Senator from Missouri [Mr. CLARK] is necessarily detained from the Senate.

I ask that these announcements may stand for the day.

The VICE PRESIDENT. Forty-one Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. DILL, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. SMITH, Mr. THOMAS of Oklahoma, Mr. TOWNSEND, and Mr. WALCOTT answered to their names when called.

Mr. ADAMS, Mr. ASHURST, Mr. AUSTIN, Mr. BAILEY, Mr. BANKHEAD, Mr. BARKLEY, Mr. BARBOUR, Mr. BLACK, Mr. BONE, Mr. BULKLEY, Mr. BULOW, Mr. CAREY, Mr. COSTIGAN, Mr. CUTTING, Mr. DICKINSON, Mr. DUFFY, Mr. FESS, Mr. FLETCHER, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HASTINGS, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. KEYES, Mr. LA FOLLETTE, Mr. LEWIS, Mr. LOGAN, Mr. MCKELLAR, Mr. METCALF, Mr. NEELY, Mr. OVERTON, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHEPPARD, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMPSON, Mr. WAGNER, Mr. WALSH, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

EMERGENCY RELIEF OF RAILROADS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

Mr. DILL. I move that the Senate disagree to the amendment of the House of Representatives, ask for a conference with the House on the disagreeing votes of the two Houses

thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. DILL, Mr. SMITH, Mr. WHEELER, Mr. FESS, and Mr. METCALF conferees on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Mines and Mining:

Senate Joint Resolution 23, relative to memorializing Congress in regard to mining claims

Whereas current economic conditions, and particularly conditions in the mining industry, are such that expenditures to maintaining mining claims constitute a distinct hardship on the claimants; and

Whereas a temporary suspension of the requirement of Federal law that "not less than $100 worth of labor shall be performed or improvements made each year" to maintain a mining claim will materially relieve the situation and permit the maintenance of many claims which would otherwise be allowed to lapse, to the detriment of claimants who have already expended considerable sums in the maintenance of such claims: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Congress be urged to provide for a 2-year suspension of such requirement; and be it further

Resolved, That copies of this resolution be sent by the secretary of the senate to the Members of Congress from this State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Senate Joint Resolution 24, memorializing Congress to provide relief for the oil industry

Whereas business generally, not only in California and the Southwest but throughout all the oil-producing States, affecting over 22,000,000 people, have been directly depressed by the long-distressed condition of the oil industry, and which depressed condition has now become very serious; and

Whereas excessive importations of foreign oils continue to flow into our country, constantly increasing in volume, until the flood has reached alarming proportions; and

Whereas in California in 1932 the total production of crude oil was over 115,000,000 barrels less than for the year of 1929, which tremendous loss would have been saved had there been a tax or tariff of $1.03 per barrel on crude oil, thereby placing domestic oil on a competitive basis with importations, as shown by the latest report of the Tariff Commission; and

Whereas prior to the year of 1928 there was a market for California crude oil, and particularly low-grade fuel oil, of which California has 100,000,000 barrels in storage, which market has been taken away from this State by the importation of foreign oil at a price that California producers cannot compete with on account of the oil being produced with cheap foreign labor; and

Whereas not only have the farmers and the schools sustained severe losses but also banking, transportation, manufacturing, industry, utility, and every type and character of business have been adversely affected by the distressed condition of the oil industry and by the great loss in purchasing power due to the taking of our domestic markets by the importations of cheap foreign oil; and

Whereas the general unemployment situation has been very greatly aggravated by the thousands of oil-field workers, geologists, land men, lease men, scouts, and office employees forced out of employment and by the thousands now unemployed but formerly employed by the businesses dependent on the oil industry, the third largest industry in the Nation: Now, therefore, be it

Resolved by the Senate of the State of California (the assembly thereof concurring), That the Congress of the United States be, and it is hereby, memorialized to give relief to the distressed oil industry, and thereby to the Nation generally, by immediately levying an adequate tax or tariff upon imported petroleum and its refined products that will enable our domestic oil industry to meet importations of foreign oil and its refined products on a competitive basis, as shown by the report of the Tariff Commission; and be it further

Resolved, That copies of this resolution be sent to the presiding officers of the legislative bodies of the other oil-producing States, with the request that they transmit similar memorials to Congress, and that a copy of this resolution be transmitted to the President of the United States and to the President of the Senate and to the Speaker of the House of Representatives of the Congress of the United States and to each of the Members from California of the Senate and House of Representatives of the United States.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Public Buildings and Grounds:

Concurrent resolution

Whereas, by the act of Congress of March 3, 1931, 46 Statutes at Large, 1494, it is provided, among other things, that every contract in excess of $5,000 in amount to which the United States is a party, which requires or involves the employment of laborers or mechanics in the construction, alteration, and/or repair of any public buildings of the United States within the geographical limits of the States of the Union or of the District of Columbia shall contain a provision to the effect that the rate of wage for all laborers and mechanics employed by the contractor or the subcontractor on the public buildings covered by the contract shall be not less than the prevailing rate of wage for work of a similar nature in the city, town, village, or other civil division of the State in which such public buildings are located; and

Whereas under said provisions the Territory of Hawaii is not included in the operation of said act; and

Whereas conditions in the Territory are not essentially different from those in the various States of the Union insofar as contracts of the nature mentioned in said act of Congress are concerned, and there is therefore no reasonable basis for discrimination against the Territory in respect to such contracts: Now, therefore, be it

Resolved, by the House of Representatives of the Legislature of the Territory of Hawaii (the Senate concurring), That the Congress of the United States of America be and it hereby is respectfully memorialized to extend to the Territory of Hawaii, by appropriate legislation, the provisions of said act of Congress of March 3, 1931, 46 Statutes at Large, 1494, to the end that the said provisions shall be applicable, to the same extent as in the States of the Union, to public contracts of the United States for the construction, operation, and/or repair of public buildings of the United States in the Territory of Hawaii; and be it further

Resolved, That certified copies of this resolution be transmitted to the Speaker of the House of Representatives and to the President of the Senate of the Congress of the United States of America, and also to the Secretary of the Interior and to the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 25, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the House of Representatives of the Territory of Hawaii on March 6, 1933.

HERBERT N. AHUNG,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 25, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the Senate of the Territory of Hawaii on May 25, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the Territory of Alaska, which was referred to the Committee on Post Offices and Post Roads:

House Joint Memorial 5 (by Mr. Lingo)

To the President and the Congress of the United States of America:

Your memorialists, the Legislative Assembly of the Territory of Alaska, respectfully represent:

That the construction and existence of a highway for automobile travel between Seattle, Wash., and Fairbanks, Alaska, passing through British Columbia and Yukon Territory, Canada, would be of inestimable benefit both to the United States and Canada and that in consideration of this fact the President of the United States, Herbert Hoover, appointed a commission of three members to study this project, and that the aforesaid commission has prepared a report that has demonstrated beyond all conjecture that the proposed highway is not only eminently feasible and practicable but its effects will even be in excess of those anticipated, and that it is not only of vital importance to the whole Northwest but to North America and perhaps the world as well.

That the labors of this commission have been interrupted by the recent change in the national administration, and your memorialists pray that this commission be continued with such change in personnel as may be deemed advisable, to the end that cooperation between the political entities involved is attained and that the construction of this great project may immediately ensue.

That since this project was first promulgated, a condition of depression has come about and industrial employment has failed, and that this condition has created a catastrophe of world proportions, and we respectfully submit that this project contains the elements of the solution for this condition, which may be made effective at very small expenditure, and that hence the need for the immediate construction of this highway constitutes an international emergency for—

1. It is a fact that expanding frontier markets have been a chief factor in the continuing prosperity of North America. It is also a fact that only in Alaska and the Canadian North does the opportunity for the development of such market exist. The per capita consumption is greater in Alaska than in any other country in the world.

2. It is a fact that an increase in gold production has, in all previous panics, provided the stimulus which restored normal

conditions. It is well known that a mineral zone, highly auriferous, parallels the route of the proposed highway throughout British Columbia, Yukon Territory, and Alaska, and that this zone only awaits transportation to become productive. Alaska at present produces $330 in gold per annum for every white man, woman, and child in the Territory. There are 400,000 acres of known gold-bearing gravels and quartz within the Territory of Alaska alone.

3. The pressure of the unemployed in all previous depressions has been relieved by the natural employment furnished by free land and free natural opportunity. The proposed international highway renders accessible a continent of free opportunity.

4. Disturbed and turbulent conditions exist in the area of the Far East, the consequences of which no man can foresee. Alaska is in a highly critical and strategic position as an air base and thus the proposed projection of the international highway and airway is of transcendent importance. The ribbon of the highway not only furnishes an accurate guide, its series of connected air fields not only are an essential in the continuing development of aerial traffic, but in event of emergency the speed of surface transport cutting the travel time in half between the supply depots of the United States and Alaska may well be a deciding factor.

5. That this project will afford an immediate stimulus to the greatest producing and manufacturing interests of North America, the automotive, gas, oil, rubber, and accessory business, which exert the greatest economic influence in the world, is evidenced not only by the appeal of the mineral and agricultural resources of an undeveloped country, but by the stirring attraction of those immobile resources of scenery and game. The highway stretches north through the last frontier to the land of the midnight sun, passing back of the greatest mountain ranges on the North American Continent, peak after peak of transcendent beauty, tremendous glaciers still grinding out the Creator's work, smoking volcanoes still attesting that this is literally a land in the making; the game everywhere existing in its primitive abundance; caribou, moose, and sheep by the uncounted hundreds of thousands; myriads of lakes that are full of fish and have never known the touch of an artificial lure—all this would stir the minds of the adventurous and mobile population of the United States. Not only would the Alaskan problem be solved forever by bringing such a market to the country, but a great stimulus would be given the interests aforementioned.

6. As early as 1907, E. H. Harriman, the great American financier, proposed the construction of the Trans-Alaska-Siberian Railway Co., which contemplated the construction of a railroad through Canada, Alaska, and Siberia, with a tunnel under the Bering Strait. The justly famous J. A. L. Waddell, originator of the modern steel railway bridge, was chief engineer. This project was defeated, not because of the lack of economic resource, but because of international complications. It is submitted that there are many times the reasons for such a project now than there were at that early date. It is further submitted that the evolution of automotive traffic will continue. It is probable that in 10 years such transportation means will be as economically efficient as a railroad and that for a fraction of the expense such high form of transportation will result over the proposed highway. It is not to be forgotten that the international highway and airway contemplates the ultimate development of a world's highway.

7. That the total cost of this projected enterprise has been carefully estimated from reliable data to be $14,000,000. Of its total length of 2,000 miles, more than half is already built. Of this unconstructed length, less than 200 miles lie in Alaska. It is also apparent that Alaska would benefit out of all proportion to the length of line within her boundaries. It is also apparent that the financial requirement, when all the potentialities of the project are considered, does not constitute an obstacle. The obstacle arises in the distribution of the costs. The greatest length of line lies within the boundaries of the weakest member in point of financial resource.

It is submitted and most respectfully suggested therefore, that in view of the present emergency and the foregoing presentation of facts, that the basis of length of line between boundaries for prorating costs, be abandoned and that the project be considered as a whole, the benefits and costs to be shared equally by the political entities involved, viz, the United States, Canada, and British Columbia, this sum as estimated, being less than $5,000,000 apiece.

That we, the Legislature of the Territory of Alaska, feel that we offer, in this world's highway, and the successful solution of its problems, an historic opportunity to the Congress of the United States, and to its great President, Franklin D. Roosevelt.

And your memorialists will ever pray.

The VICE PRESIDENT also laid before the Senate resolutions adopted by a State-wide meeting of textile workers of South Carolina at Rock Hill, S.C., favoring an amendment to the so-called "national industrial recovery bill" abolishing the "stretch-out system" in the textile industry, also favoring the establishment of a minimum-wage scale of $12 per week for unskilled workers, 25 percent additional wages for semiskilled workers, and 25 percent greater wages for the skilled worker than for the semiskilled worker, and also favoring a senatorial investigation as to wages, hours of labor, and other conditions in the textile industry in South Carolina, which were referred to the Committee on Education and Labor.

Mr. COPELAND presented a memorial of sundry citizens of the State of New York, remonstrating against the imposition of additional income taxes on persons of the lower-salaried class who are without benefit of legal counsel, and favoring the equitable raising of additional taxes through the operation of a sales tax or similar method, which was ordered to lie on the table.

He also presented resolutions adopted by the Middle Village Community Council, Inc., in the State of New York, favoring amendment of the home loan banking legislation so as to afford more adequate relief to home owners, which were ordered to lie on the table.

He also presented resolutions adopted by Veterans' Colony Camp, No. 128, Department of California, Pismo Beach, Calif., protesting against the curtailment of pensions and other benefits to veterans, their widows, and children, which were in force prior to March 20, 1933, which were ordered to lie on the table.

He also presented resolutions adopted by the National War Veterans' Association, Inc., of Jamaica, N.Y., favoring the passage of legislation to afford relief to nonveterans, residents of the State of New York, to the end that the unpaid balance of the adjusted-service certificates of World War veterans be used to alleviate conditions that might result in the possible loss of their homes, and also that all those who served in the armed forces of the United States in wars other than the World War be given proper consideration if they are in need of assistance, which were ordered to lie on the table.

TREATMENT OF JEWS IN GERMANY

Mr. COPELAND presented resolutions adopted by the Men's Club of Kehilath Israel, of the Bronx, N.Y., protesting against the persecution of, and alleged outrages committed against, members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the Men's Club of Kehilath Israel notes with increasing dismay and indignation the atrocities which have been and are being perpetrated against its brethren in Germany, wherein they are not only denied the pursuit of their daily undertakings but have in a very large number of instances been maligned, molested, injured, and even killed for the sole reason that they are Jews; and

Whereas the Men's Club of Kehilath Israel has learned with amazement and deep concern of the barbaric consignment to the flames, in Germany, of millions of copies of the Bible, the Talmud, and other Jewish works of religion, science, art, and belles-lettres: Now, therefore, be it

Resolved, That the Men's Club of Kehilath Israel express in this formal manner its sentiments as above outlined; and be it further

Resolved, That these resolutions be spread upon the minutes of the club and a copy thereof be sent to the Senators for this State and to the Member of Congress representing this district in the House of Representatives.

Adopted May 23, 1933.

ABRAHAM MOPPER, *President.*

Attest:

E. R. POLACK, *Secretary.*

SUPPRESSION OF RACKETS AND RACKETEERING

Mr. COPELAND presented a telegram embodying resolutions adopted by the Crusaders antiracketeering mass meeting held in Carnegie Hall, New York City, and also an editorial from the New York American of the 6th instant entitled "United States Should Direct Racket Suppression", which were referred to the Committee to Audit and Control the Contingent Expenses of the Senate and ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *June 5, 1933.*

We, representative citizens of America in voluntary attendance assembled, do hereby wish to express through the Crusaders antiracketeering mass meeting held this night of Friday, June 2, at Carnegie Hall, our willingness to militantly support all public officials in local, State, and National Government in their efforts to restore law and order. We wish to commend our President, Franklin D. Roosevelt, in his fearless determination to get at the bottom of conditions which have been sucking the lifeblood of this country. We wish further to appeal to the millions of true Americans throughout America and any and all organizations of which they are a part to unite at once with the Crusader antiracketeering program to the end that an overwhelming force of numbers may be instantly established to eliminate and, if necessary, annihilate the forces of destruction which have so wantonly and

brazenly been violating legitimate American business and decent American homes. This resolution shall serve notice to all in high places or low who have been traitorously betraying positions of public trust in the linking of public office with the multitudinous phases of this racketeering monster that now threatens to devour us. We call for the enlistment of the greatest army of American citizens ever organized to combat a menace within our borders far more serious than any danger ever faced from without. We, some thousands of American citizens in public mass meeting assembled, do hereby instruct copies of this resolution to be broadcast throughout the land; in particular, do we instruct this resolution to be dispatched to the President of the United States, Congress, and the Governors of each of the 48 States. This resolution presented and voted upon this 2d day of June 1933, at Carnegie Hall, New York.

THE CRUSADERS,
100 East Forty-second Street, New York City.

[Editorial from the New York American of June 6, 1933]

UNITED STATES SHOULD DIRECT RACKET SUPPRESSION

Each day brings new and convincing evidence that the country is at last awake to the menace and disgrace of the racket.

On Friday, in New York City, an impressive mass meeting was held under the auspices of the Junior Crusaders, a Nation-wide organization of patriotic youth. It was the first of a series of similar meetings to be held in 120 cities throughout the country.

The slogan of this excellent organization is "The Gangster and His Political Ally Must Go."

This states the issue adequately. Although it does not expressly mention the contributory factors of lax prosecutors and the occasional absence of proper zeal on the part of law-enforcement agencies, the inertness of pursuit and prosecution can fairly be said to be included in the alliance of politics with gangster crime. It is from the corrupt politician that the racketeer derives the immunity and protection which make possible his illegal operations.

A most significant note was sounded in a telegram addressed to the meeting by the United States Attorney General, Homer Cummings. In expressing regret that he could not be present, the head of the Nation's Department of Justice said:

"Racketeering must not be permitted to thrive in our land of ordered liberty. It must be put down as a national menace."

With the enlistment of the Federal power in the suppression of racketeering, the crusade started by the Hearst papers several weeks ago may be said to have achieved its first major objective.

The spread of the racket throughout the country, the ease with which underworld orders given in one city are executed in places far removed—the activity of numerous gangs and gang leaders operating in unison from widely separated points—present problems in detection and prevention that are beyond the power of local authority acting alone.

Only by a coordination of the Nation's law-enforcement agencies can an effective drive be made against this great body of widely dispersed crime and criminals.

Such unification of effort can best be achieved—perhaps only achieved—under the leadership and direction of the Federal Department of Justice.

It alone can bring into a combination of effort all the State and local authorities, as well as the Federal district attorneys.

With such a union, the task of uprooting racketeering from American life can be undertaken with high hopes of success.

Let no one underestimate, however, the necessity of determined effort on this great scale or the gravity of the danger which the country faces.

As Dr. Mather Abbott, the headmaster of the famous Lawrenceville School and a speaker at the mass meeting, put it:

"America is at war and the enemy is the most insidious, most destructive, most cunning, most brutal that an American has ever faced."

The people of the United States are at last aroused to the realities of the situation and see the problem clearly.

They will not tolerate this most repulsive form of crime!

They intend to purge American life of the racketeer and all his works, and in all the levels of society where he is encountered.

This work of cleansing must go on without slowing or stoppage until the task is done—and well done—once and for all!

REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (H.R. 5690) to legalize the manufacture, sale, or possession of 3.2-percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma, reported it without amendment and submitted a report (No. 116) thereon.

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, reported it without amendment and submitted a report (No. 125) thereon.

Mr. AUSTIN (for Mr. STEPHENS and himself) submitted the views of the minority of the Committee on the Judiciary to accompany Senate bill 752, reported from that committee as shown above, which were ordered to be printed as part 2 of Report No. 125.

Mr. ASHURST, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 1774) to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz., reported it without amendment and submitted a report (No. 117) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg. (Rept. No. 118);

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg. (Rept. No. 119);

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Walport, Lincoln County, Oreg. (Rept. No. 120);

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg. (Rept. No. 121); and

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg. (Rept. No. 122).

Mr. SHEPPARD also, from the Committee on Commerce, to which was referred the bill (S. 1742) granting consent of Congress to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin to construct, maintain, and operate a bridge across Deception Pass between Whidby Island and Fidalgo Island, in the State of Washington, reported it with amendments and submitted a report (No. 123) thereon.

Mr. BYRNES, from the Committee on Banking and Currency, to which was referred the bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, reported it with amendments and submitted a report (No. 124) thereon.

Mr. BANKHEAD, from the Committee on Banking and Currency, to which was referred the bill (S. 1808) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century, reported it without amendment.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the resolution (S.Res. 86) directing the Public Utilities Commission of the District of Columbia to investigate facts pertaining to housing in the District of Columbia, reported it with an amendment and submitted a report (No. 126) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 5, 1933, that committee presented to the President of the United States the enrolled bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DILL:

A bill (S. 1841) for the relief of Alta Melvin and Thomas Melvin; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended; to the Committee on the Judiciary.

By Mr. BULKLEY:

A bill (S. 1843) for the relief of Fred H. Buckman; and

A bill (S. 1844) for the relief of James Foy; to the Committee on Naval Affairs.

By Mr. STEPHENS:

A bill (S. 1845) to prohibit the export of certain goods except in vessels of the United States; to the Committee on Commerce.

By Mr. WALSH:

A bill (S. 1846) authorizing the appointment and retirement of Fred P. Brown as a lieutenant (junior grade), United States Navy; to the Committee on Naval Affairs.

By Mr. VANDENBERG:

A bill (S. 1847) to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge; to the Committee on Commerce.

AMENDMENTS TO INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. BORAH, Mr. BANKHEAD, Mr. LA FOLLETTE, Mr. MCADOO, Mr. TRAMMELL, and Mr. ROBINSON of Arkansas each submitted an amendment intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were severally ordered to lie on the table and to be printed.

Mr. VANDENBERG submitted amendments intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which were ordered to lie on the table and to be printed.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest, in the State of Arkansas; to the Committee on Agriculture and Forestry.

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California; to the Committee on Public Lands and Surveys.

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5394. An act authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing;

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929; to the Committee on Commerce.

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

H.R. 5884. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

INVESTIGATION OF THE PETROLEUM INDUSTRY

Mr. MCADOO. Mr. President, I submit a resolution providing for a thoroughgoing investigation of the oil industry of the United States, which I request may be referred to the Committee on the Judiciary.

The VICE PRESIDENT. The resolution will be received and referred as indicated.

The resolution (S.Res. 92) was referred to the Committee on the Judiciary, as follows:

Resolved, That a special committee consisting of five Senators, to be appointed by the President of the Senate, is authorized and directed to investigate the production, purchase, storage, transportation, refining, and sale of petroleum and its products, with particular regard to monopolistic practices. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations for legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $20,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INVESTIGATION OF STOCK-EXCHANGE AND INVESTMENT PRACTICES—EXPENDITURES

Mr. COSTIGAN submitted the following resolution (S.Res. 93), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the limit of expenditures under Senate Resolution No. 84, Seventy-second Congress, agreed to March 4, 1932, to investigate the practice of "short selling" of listed securities upon stock exchanges and its effect on actual values, as continued in force by Senate Resolution No. 239, Seventy-second Congress, agreed to June 21, 1932, and further continued in force by Senate Resolution No. 371, Seventy-second Congress, agreed to February 28, 1933, and as supplemented by Senate Resolution No. 56, Seventy-third Congress, agreed to April 4, 1933, is hereby increased by $100,000.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—EXPENDITURES

Mr. BLACK submitted the following resolution (S.Res. 94), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the limit of expenditures under Senate Resolution No. 349, Seventy-second Congress, second session, agreed to February 25, 1933, creating a special committee of the Senate to investigate air mail and ocean mail contracts, is hereby increased by $75,000.

PAY OF PAGES DURING MONTH OF JUNE

Mr. ROBINSON of Arkansas submitted the following resolution (S.Res. 95), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay the pages for the Senate Chamber, from the contingent fund of the Senate, at the rate allowed by law from and including the day following the adjournment of the present session of Congress to and including the 30th day of June 1933.

NATIONAL INDUSTRIAL RECOVERY ACT (H.R. 5755)

Mr. WALSH. Mr. President, I ask unanimous consent to have inserted in the RECORD a statement in support of the National Industrial Recovery Act (H.R. 5755), by myself.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR DAVID I. WALSH IN SUPPORT OF THE NATIONAL INDUSTRIAL RECOVERY BILL (H.R. 5755)

The action of the Senate Finance Committee in favorably reporting the bill to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works will be followed by the Senate giving its approval to this important measure within a few days.

It is an unprecedented measure. It proposes to confer upon the President and agents and agencies of his own designation and creation unlimited authority over capital and labor. It gives the

President virtually a blank check on the Treasury to pay for whatever job-making enterprises he elects to have the Government itself undertake, whether it be the building of a highway or post office, bridge, or battleship.

These are the powers of a dictator, ordinarily repugnant to the American people and contrary to the concepts of freedom and democracy upon which our Republic was founded. However, in our present economic adversity and peril, we are willing to resort to extreme measures if they hold promise of relief or recovery. It is self-evident that the reemployment of 12,000,000 men and women out of work is America's now all-paramount problem. That has been the underlying purpose and the ultimate objective of all that Congress has done or tried to do to avert a collapse of our financial and credit structure, to save our banks, our insurance companies and our railroads, to relieve prostrate agriculture, and to relieve debtors, public and private, and to lift prices and to promote industry and trade.

I am prepared, and I believe Congress and the American people are prepared, to acquiesce in the extraordinary proposals embodied in this bill. Success or failure, good or harm, will not depend upon the authorizations but rather upon the administration of this extraordinary grant of power.

Among other things, the bill creates a partnership between Government and industry. Minimum hours of labor and minimum wage scales, production, and prices are all within the President's authority. Industries will be permitted to agree upon these things for themselves, but only with the President's approval and consent. Industry may be licensed on such terms as the President lays down. He may prescribe "a limited code of fair competition." Antitrust laws are suspended. The control, however, is temporary and is limited to 2 years from the date of its enactment. The President, however, may at an earlier date declare the emergency as ended.

As to the labor features of the bill, I have long been a believer in the principle of a 5-day week. It is now more than 2 years since I offered a bill providing for a 5-day week in the Government service, with the conviction that the Government ought to blaze the trail and set an example for private business in this matter. I voted for the Black 30-hour week bill, which passed the Senate several weeks ago, though I recognized the serious difficulties in the way of the application of a rigid limitation of hours of work to all industries. I recognized further that a reduction in the hours of labor by legislative decree without any provision for the maintenance of a minimum wage, was fraught with grave danger to the wage earners.

There is no fixed limitation on hours of labor or on wages in the present bill (except as to public works). The President is given a free hand in the matter for the sake of flexibility and in order that hours of labor and wages may be accommodated to the varying necessities in different industries. With respect to public works, there is a 30-hour per week limitation and a provision that wages shall be "just and reasonable", and "sufficient to provide * * * a standard of living in decency and comfort." We have every reason to assume that the regulations respecting hours of labor and wages in private industry will have a similar objective.

I have long advocated legislation to modify the antitrust laws insofar as they operate to impede trade and to prevent proper limitation of production and to promote ruthless competition. As matters stand today, the antitrust laws, which were designed to prevent monopolies and to promote fair competition, actually operate to permit destructive competition, injurious to the legitimate producers and the organized employees. I have recognized, however, that if we were to lift the barriers against monopoly in order to permit trade agreements, we must substitute other safeguards for the public, to make sure that the trade agreements were in the public interest. I offered a bill for this purpose at the last session, and a few weeks ago introduced a similar but revised bill in the present Congress for the licensing of business.

The present bill offers to business and industry an escape during the depression from the antitrust laws but with full authority in the President to safeguard the public interest.

I find myself especially in full sympathy, therefore, with the main provisions in title I of the present bill, title I being the industrial recovery section.

Another important title to the bill is the authorization given the President to spend $3,000,000,000 for the carrying on of public works to relieve unemployment.

The bill provides new taxes to supply this required additional revenue for public works. Sound Government finance requires the levying of these additional taxes. While all taxes are burdensome, I think those provided in the Senate bill are preferable to the increase in income taxes levied in the House bill.

The tax features as framed by the House would mean at least a 50-percent increase in income taxes, on top of the tremendously heavy increases of last year, and for some people would mean a doubling of the taxes. This tax would be especially burdensome upon the people with modest salaries. The failure of the Government to receive income taxes from the rich by reason of their incomes being reduced and by reason of their being allowed to charge off their losses against their earnings has shifted the income-tax burden to the middle and salaried classes. The tax features of the Senate bill are decidedly preferable to the House bill.

THE USE OF SILVER AS MONEY

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by William A. Hesse, of Juneau, Alaska, entitled "Silver—Some Pertinent Facts Relating to Bimetallism."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SILVER—SOME PERTINENT FACTS RELATING TO BIMETALLISM

By William A. Hesse

The theory of bimetallism is not a fad. It was not an hallucination of William Jennings Bryan, nor was he by any means the father of the idea. There are many people who believe that bimetallism is sponsored by certain mining interests for the benefit of that industry. Nothing could be farther from the truth. Bimetallists agree that the restoration of silver as money would tremendously help the mining industry, yet that in itself is so insignificant that it might as well be neglected in the discussion of the subject.

There are 800,000,000 people of the world living outside of the United States who now use silver exclusively as money and who have always used silver exclusively as money, and who are unable to trade with us for the reason that their money as measured by gold is worthless.

These people would like to buy our wheat, our cotton, our salmon, and our manufactured articles, but by reason of their depreciated currencies are unable to do so.

This is but half the story. Since their money, compared with ours, is depreciated, it follows that their production costs are proportionately less, and here is the source of most of the world's trouble today. Japan, with her currency depreciated 50 percent, as compared with ours, is able to send her products to our shores, pay the freight and the duty, and still undersell the American producer. Other countries are enabled to do the same thing, so that apart from their being able to undersell us in the world market, they have now invaded our domestic market. This not only goes merrily on but increases as the gold dollar appreciates, so that our gold instead of being an advantage is now proving to be a curse.

Some people believe that because we have silver coins we still recognize silver as money. A man recently said, "Can I not take a silver dollar to the store and get 100 cents worth of goods for it?" Assuredly you can; but melt the dollar into bullion and see what you get for it. The Government stamp on the silver dollar is the pledge of the Government to honor it the same as any other money that bears that stamp. In the case of the silver dollar, 80 cents represents the faith and credit of the Government and 20 cents the value of the bullion in the coin.

This is not, however, so with gold coins. Any gold coin, unless it is abraded, is worth exactly its face value when melted into billion. Each 5-, 10-, and 20-dollar gold piece has exactly 5, 10, and 20 dollars' worth of pure gold, respectively, in it at the time it is minted. The cost of the minting and the cost of the alloy are borne by the Government, and that is what is meant by free coinage.

The records show that in 437 years the ratio of production of silver to gold was 14.14 to 1 and the records also show that while there have been variations in the production of the metals from time to time, the monetary ratio fixed by law was not disturbed by the variation in production. For example, from the year 1801 to 1850 the monetary ratio of silver to gold remained at 15.7 to 1, notwithstanding the fact that during that period 28 ounces of silver were produced to 1 ounce of gold, while from 1851 to 1873 there were 6.7 ounces of silver produced to each ounce of gold, and the monetary ratio of silver to gold stood at 15.5 to 1. In other words, the variation in the monetary ratio covering two periods of extreme variation in production was slightly less than 2 cents on the ounce of silver.

History confirms the statement of Aristotle, the great Greek philosopher, who said 300 years before Christ that "Money by itself has no value, only by law and not by nature."

If William Jennings Bryan's position on the question of bimetallism was untenable, if those who followed him on that proposition were likewise misguided, let us examine history and see where some of the other illustrious Americans stood on that subject.

Thomas Jefferson at first wanted silver as the basis of monetary value, for he said that he believed that silver was less liable to fluctuation than gold since it represented the money of by far the largest group of mankind. But Alexander Hamilton, the greatest financial genius of his time, pointed out reasons for believing that silver and gold should both constitute the money base, and Jefferson became convinced and yielded.

Listen to what Hamilton had to say about the matter. "To annul the use of either metal is to abridge the quantity of the circulating medium and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scanty circulation."

Daniel Webster was never accredited with being a fanatic and this is what he said: "I am certainly of the opinion that gold and silver at the rates fixed by Congress constitute the legal standard of value of this country, and that neither Congress nor any State has the authority to establish any other value or to displace this standard."

Hon. John G. Carlisle, one of the most brilliant men of his time, said: "I know that the world's stock of precious metals is none too large, and I see no reason to apprehend that it will ever become so. Mankind will be fortunate, indeed, if the annual production of gold and silver shall keep pace with the annual increase in

population, commerce, and industry. According to my view of the subject, the conspiracy to demonetize silver, which seems to have been formed here and in Europe, to destroy, by legislation and otherwise, from three sevenths to one half of the metallic money of the world, is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilence, and famine that ever occurred in the history of the world. The absolute and instantaneous destruction of half of the movable property of the world, including houses, ships, railroads, and all other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of half of the metallic money of the world."

No one would say that the clear-thinking James G. Blaine was a crank, and this is what he had to say about the demonetization of silver: "On the much-vexed and long-mooted question of a bimetallic or a monometallic standard, my own views are sufficiently indicated in the remarks that I have made. I believe that the struggle now going on in this country and in other countries for a single standard would, if successful, produce widespread disaster in and throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value, must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property. I believe gold and silver coin to be the money of the Constitution; indeed, the money of the American people anterior to the Constitution, which the great organic law recognized as quite independent of its own existence. No power was conferred upon Congress to declare that either metal should not be money. Congress has, therefore, in my judgment, no more power to demonetize either, any more than to demonetize both. * * * If, therefore, silver has been demonetized, I am in favor of remonetizing it. If its coinage has been prohibited, I am in favor of having it resumed. If it has been restricted, I am in favor of having it enlarged."

In the year 1840, during the monetary debates in Congress, the illustrious Henry Clay made the following observations: "The proposed substitution of an exclusive metallic currency to the mixed medium with which we have been so long familiar is forbidden by the principles of eternal justice. All property will be reduced in value to one third of its present nominal amount, and every debtor would, in effect, have to pay three times as much as he contracted for. The pressure of our foreign debt would be three times as great as it is; while the six hundred millions, which is the sum now probably due the banks from the people, would be multiplied to eighteen hundred millions! If currency be greatly diminished, how is this debt to be extinguished? Property, the resource on which the debtor relied for his payment, will decline in value, and it may happen that a man who honestly contracted a debt, on the faith of property which had a value at the time fully adequate to warrant the debt, will find himself stripped of all his property and his debt remaining unextinguished. * * * But if this policy of money be injurious to the debtor class, it is still more disastrous on the laboring classes."

On the 3d day of October 1873, nearly 8 months after he had signed the fraudulent demonetization bill, unconscious of what he did, President Grant wrote to his friend, Mr. Cowdry:

"I wonder why it (silver) is not already coming into the market to supply the deficiency in the circulating medium. * * * Silver will gradually take the place of currency and, further, will become the standard of values, which will be hoarded in a small way. * * * I confess to a desire to see a limited hoarding of money, but I want to see a hoarding of something that is the standard of value the world over. Silver is this." It was felt at the time by President Grant that the country which was burdened with an immense debt and prostrate from the effects of the Civil War would soon resume a specie basis and recover rapidly as a result. He did not dream that he had signed a bill destroying the very thing that was our only hope for salvation.

On October 2, 1893, Hon. James H. Kyle, on the floor of the United States Senate, said: "There is almost a revolution today, Mr. President, through tampering with the monetary standards. The people protest against the attempt to bring the country and the world to a gold standard. * * * It has been proven, I think, that silver is less variable than gold, and therefore should be preserved as a measuring standard."

It has been asked, if the demonetization of silver threatened disaster in 1893, why then did that disaster not overtake us? The answer to that question is very simple. The discovery of the great South African gold mines, the discovery of the Klondike gold fields, the discovery of the gold ores of Cripple Creek, to say nothing of the discovery of the cyanide process for the recovery of gold from ores, turned a stream of gold into the channels of trade. It was this alone that averted a disaster at the time. Bimetallism is not an American institution. Silver and gold together have served mankind efficiently and faithfully as standards of value for 5,000 years.

Let us see what some of the world's greatest thinkers outside of America have had to say about this.

In 1868, when the first gesture was made by the bondholding class to destroy silver as money throughout the world and to establish gold as the sole measure of value, Count Wolowski and Mr. Ernest Seyd made the following remarkable prophecy:

"The demonetization of silver by any great civilized nation must produce the following results:

"(1) The international trade of the world will instantly show signs of decline, to the special injury of countries having the greatest international trade.

"(2) The spirit of public enterprise will be immediately checked and the general progress of civilization will suffer.

"(3) The decline of prices will compel countries internationally indebted to depart more and more from the principle of free trade toward a policy of protection.

"(4) Nations of the world will be divided into two groups—one trading in gold, the other in silver—and this condition will render commerce between them unsafe and precarious.

"(5) Throughout the world a decline in prices will follow, injurious alike to the owners of real property and the laboring classes, and advantageous only, and unjustly so, to the holders of State bonds and similar securities.

"(6) One of the principal difficulties in this period of depression will be that people will look for its causes in all possible directions. The advocates of the gold standard will offer all possible groundless and fantastic excuses or reasons of a secondary nature only, and the real cause, the demonetization of silver, will be overlooked until the perspicuity of the phenomenon and dire necessity shall force thinking men to point it out."

What do we find today? Has not the spirit of public enterprise been checked? Has not commerce between gold-using nations and silver-using nations become precarious? Have not the holders of real property and the laboring classes been adversely affected, and finally has not everything from beer to technocracy been ascribed to the cause?

Let us face the facts impartially. Silver cannot be ascribed to be the cause of this breakdown because it is debased and degraded; and if its restoration would bring the world any nearer to disaster than the present gold standard already has, then nobody wants to see it restored.

Let us see what a famous advocate of the gold standard has to say in defence of that monstrous system. This is Mr. Gladstone speaking in support of his beloved country and the gold standard:

"England being the chief creditor nation of the world, it is to her interest to keep the volume of money as small as possible in countries from which debts are due to her citizens."

Of course, speaking for the creditor classes Mr. Gladstone's position was right. What did Mr. Gladstone care, or what does the creditor class care how much humanity suffers? But there were other Englishmen those days as there are today who did not share Mr. Gladstone's selfish view. Let us first hear what Sir H. Houldsworth, delegate of Great Britain to the Brussels conference in 1892, had to say:

"In the first place, I am, from my position and antecedents, more peculiarly identified with industrial and commercial life than any of my honorable colleagues, and I need scarcely remark that it is industry and commerce in their widest aspects which are more vitally interested in, and will be most profoundly affected by the decisions at which this conference arrives. In the second place, I have had the honor and responsibility of sitting upon both of those important commissions in England which were appointed to examine into the question intimately connected with that which we are called upon to discuss here. All available statistics were brought before us and a large amount of evidence was taken. Conflicting opinions were expressed both as to the extent and the causes of the depression; but at least five definite conclusions were arrived at:

"(1) The depression dated from the year 1873 or thereabouts.

"(2) That it extended to nearly every branch of industry, including agriculture, manufacturing, and mining, and that it was not confined to England, but had been experienced to a greater or less degree in all of the industrial countries of the world.

"(3) That it appeared to be closely connected with a serious fall in general prices.

"(4) That the duration of the depression was most unusual and abnormal.

"(5) That no adequate cause for this state of things was discoverable unless it could be ascribed to some general dislocation of values caused by currency changes.

"In consequence of this report, and at the express recommendation of the commissioners themselves, the Gold and Silver Royal Commission was appointed. It was the sense of that commission that the serious consequences had resulted from the destruction of that par of exchange between silver and gold at about 15½ to 1 which had practically existed uninterruptedly for 70 years before 1873, the disruption of which had dislocated, embarrassed, and to some extent destroyed the trade between silver-using and gold-using countries, and turned legitimate commerce into little better than gambling."

Just listen to what Sir Guilford Molesworth, delegate of British India to the Brussels Monetary Conference, had to say:

"Now this state of things was clearly predicted by Ernest Seyd in 1871 when the severance of the link between gold and silver was first contemplated. His prediction has been so remarkably fulfilled that I must quote his words. 'It is a great mistake to suppose that the adoption of the gold valuation by other states besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium hitherto existing, and a decline in prosperity over all the world.

"'The strong doctrinarianism in England as regards the gold valuation is so blind that when the time of the depression sets in there will be this special feature: The economic authorities of the

country will refuse to listen to the cause here foreshadowed; every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters; the workman and his strikes will be the first convenient target; then speculation and overtrading will have their turn. Many other allegations will be made, totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers.'

"In fulfillment of this prediction we find that the difficulties under which we labor have been attributed to all sorts of irreconcilable causes. It has been necessary to invent a theory that progress in manufacture, improved transport, inventions, and banking have caused a species of economic revolution, which has created a new state in the conditions of trade and commerce differing from that which previously existed. But they overlook the fact that the alleged causes have been in active operation during the greater portion of the century. * * * It is obvious, therefore, that such a revolution if it existed, should have arisen at an earlier period, and that it should have developed gradually instead of setting in suddenly at the exact moment when the link was broken between silver and gold. It is absurd to suppose that a revolution of this character could have affected gold pieces so seriously and yet should have left silver prices uneffected. Silver is the standard of value for more than half the world, yet silver prices have remained stable, whilst gold prices have fallen from 40 to 50 percent. Whilst shutting their eyes to these facts, the advocates of such a theory are blind to the following facts:

"(1) The depression which has occurred as a consequence of the suspension of the free coinage of silver in France was predicted, and the prediction has been fulfilled to the letter.

"(2) That since 1871 the population demanding gold has quadrupled, and the foreign trade demanding gold has trebled.

"(3) That the annual supply of gold scarcely exceeds the amount required for industrial purposes.

"(4) The demonetization of silver for international monetary purposes in Europe has caused gold to perform, single-handed, the work previously done by gold and silver combined.

"It follows as a necessary consequence of these facts that with the increased demand for gold its value must rise, or what is the same thing, the gold prices of commodities must fall. The judicial blindness must be great which, ignoring this strong evidence of facts, seeks an explanation in irrelevant theories.

"A very distinguished member of this conference has likened silver to a sick man whose state has been but aggravated by medicines which have been administered to cure him; but I think that this is not surprising, inasmuch as the physicians have not merely mistaken the character of the illness, but have mistaken the invalid. It is gold who is the sick man, not silver. They have mistaken the bloated condition of gold for symptoms of health, whereas it is the symptom of a dangerous disease which now threatens to develop into a fearful crisis, one which is frightful to contemplate.

"I am not one of those who believe in the efficacy of simple purchases of silver to relieve the situation. I have for years past publicly expressed the opinion that the purchases of silver under the Bland Act and similar bills were opposed to the first principles of monetary science, and must, unless the true remedy be eventually applied, end in disaster."

The last paragraph of the above quotation is significant and goes to the heart of the monetary question. No true bimetallist wants silver as a commodity. The purchase of silver as a commodity is class legislation that affects nothing but the mining industry, and can never cure our economic ills. The restoration of silver at an agreed value ratio with gold, with the money function attached to both, is the true remedy that the above speaker had in mind and the only solution of the problem.

It has been said that the remonetization of silver will result in a flood of the cheap metal. How can one metal be more valuable or less valuable than the other when the price has been fixed by law? And what other agency for fixing the price of money exists but the legislative agency? The price of no commodity can be fixed by law, but the price of money can only be fixed that way.

It has been said that if we adopt bimetallism the United States will be flooded with silver. Just where is this silver to come from? There are less than 4,000,000,000 ounces of coin and bullion silver in the whole world. Is it reasonable to suppose that the silver-using nations are going to divest themselves of all their silver? Is it reasonable to suppose that those whose only money for the past 5,000 years has been silver are going to get rid of it? Why did they not do so before when we had bimetallism? The records show that they increased their holdings of silver during that period.

The only flood that America need fear is a flood of orders for American products. Assuming that every country is going to dump its money upon us, would that not come through the purchases of our products and is that not what we want?

If all the available coin and bullion silver in the whole world was sent to the United States and coined on a basis of 16 to 1, it would hardly more than pay the national deficit for the past 3 years.

The statement has been made that there is an abundance of money. If this is true, why then was it recently increased by more than a billion dollars? On March 29 there was $6,353,000,000 of all classes of money in the United States, and on April 3 there was $7,538,000,000 because of the expansion of the Federal Reserve notes in a desperate effort to save a total collapse of the financial structure of the Nation.

The amount of actual money in the country must not be confounded with bank deposits or credit, which is not actual money. In 1929 bank deposits in the United States amounted to $60,000,000,000, while in 1932 they had shrunk to $45,000,000,000.

It has been proved that money is as essential to modern civilization as oxygen is to animal life, and that every major panic of the world has been caused by a contraction of money and nothing else. Does anyone claim that there is a shortage of food with which to feed mankind, or a shortage of wool and cotton with which to clothe mankind, or a shortage of lumber and building materials with which to house mankind?

In the year 1820 Hon. William H. Crawford, United States Secretary of the Treasury, said: "All intelligent writers on currency agree; that when it is decreasing in amount, poverty and misery must prevail."

In the year 1874 Hon. Isaac Buchanan, of Ontario, Canada, said: "It seems that the question of money and the question of labor are one and the same question, the solution of one being the solution of the other; plentiful money being a convertible term for plentiful and well-paid employment."

John Stewart Mill, famous English economist, said: "If the whole money in circulation was doubled, prices would double. If it was increased one fourth, prices would increase one fourth."

A report from the United States Monetary Commission in 1877 says in part: "As the volume of money shrinks, the prices fall. When money is decreasing in volume, prices have no bottom except a receding one, and they are inexorably ruled by the volume of money. In the whole history of the world every great and general fall in prices has been preceded by a decrease in the volume of money. At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000. At the end of the fifteenth century it had shrunk to $200,000,000. During this period a most extraordinary and baleful change took place in the history of the world. The people were reduced by poverty to the most degraded condition of serfdom and misery. The disintegration of society was almost complete. The conditions of life were so hard that individual selfishness was the only instinct consistent with self-preservation. All public spirit, all generous emotions, all noble aspirations of man shriveled and disappeared as the volume of money shrunk and prices fell. That the Dark Ages were caused by decreasing money and falling prices and that the recovery therefrom and the comparative prosperity which followed the discovery of America were due to the increasing supply of precious metals and rising prices will not be surprising when the vitally important functions of money are understood. Without money civilization could not have had a beginning; with a diminishing supply it must languish and, unless relieved, finally perish."

Sir Archibald Alison, the great English historian, corroborates the foregoing testimony to the fullest extent, and says:

"Two great events in the history of mankind have been brought about by a successive contraction and expansion of the circulating medium of society. The fall of the Roman Empire, so long ascribed in ignorance to slavery, to heathenism, and to moral corruption, was in reality brought about by a decline in the silver and gold mines of Spain and Greece. And as if Providence intended to reveal in the clearest manner possible the influence of this mighty agent in human affairs, the restoration of mankind from the ruin this cause had produced was owing to the direct opposite set of agencies being put in operation. Columbus led the way in the career of renovation; when he spread his sails to cross the Atlantic, he bore mankind and its fortunes in his bark."

Since the whole world recognizes metallic money of some sort, we must approach the question by examining the metallic money reserves. It is well known that the monetary gold stock of the world on January 1, 1930, was less than $12,000,000,000, and that the total silver coin and bullion stock of the world at that time computed at $1.29 per ounce (the price representing the value ratio with gold of 16 to 1) was $4,099,914,000. Here we have, or would have, if silver was worth $1.29 an ounce, but $16,000,000,000 of monetary metals.

It is probably true, and it is to be hoped, that considerable silver would come out of hiding if the price were fixed at $1.29 per ounce. It is also probably true, and it is likewise to be hoped, that the production would be increased, but no flood of silver could occur for the reason that it does not exist. The world has not yet abandoned the metallic money base, and it is obvious to any thinking man that this money base is woefully inadequate. The world debt is estimated at $750,000,000,000, while our own internal debt is estimated at $200,000,000,000. This is not all. This debt was $200,000,000,000 at the time it was contracted, but by the appreciation of gold it has been swelled to $320,000,000,000, and this gulf between gold and debts that are payable in gold continues to widen. The advocates of bimetallism not only assert that the available supply of gold is totally inadequate to meet the requirements of the trade and commerce of the world estimated at $400,000,000,000 annually but that it has failed and collapsed as a result of its impotence.

Our Government now concludes that the safe course to follow is to lock up the gold and call in the paper redeemable in gold. What is the difference whether John Jones hoards gold or whether Uncle Sam hoards it? Some people seem to think that the answer to this question is $10,000 fine or 10 years' imprisonment.

Advocates of bimetallism further assert that such legislation as has been enacted during the past 3 years did not and could not afford any relief, and it is believed that the results of such legislation have fully substantiated this assertion.

Does anyone have the temerity to claim that conditions have improved or that prosperity has turned that phantom corner? The so-called "farm relief bill" admittedly enacted in good faith has cost the American taxpayer half a billion dollars, and the farmer

is worse off than before. The Reconstruction Finance Corporation, authorizing $3,800,000,000, has failed up to this time to produce any visible results. As to some of the other legislation which might be properly included under the head of "noble experiments", the less that is said the better.

The remonetization of silver at an agreed ratio with gold would cost nothing. It is the most important question that confronts mankind today. Those who are responsible for the gold standard and all the suffering that has resulted from it for everyone but themselves have told us for the last 3 years what is wrong and how to correct it. Is it not time to call another doctor, or shall we let the patient die from the effects of an operation that was technically successful?

The advocates of bimetallism have no case to prove. Silver and gold have been in honorable companionship as monetary standards from the dawn of history and until, through a conspiracy and human greed, that monetary standard was upset. If the gold standard is a good thing, why all this human suffering? If gold is the proper monetary standard, why then are all the nations of the world abandoning it? If the single gold standard is workable, let those who believe so prove it.

If you believe in the money of our ancestors, the money of Washington, Jefferson, and Hamilton; if you believe that Jefferson, Hamilton, Clay, Webster, Blaine, Carlisle, and scores of illustrious Americans, to say nothing of the great men of other countries, were right; if you are interested in seeing this Nation and the world come out of this morass in which we are now floundering, then write to your representatives in Congress today and ask them to give their earnest consideration to the Wheeler bill for the remonetization of silver now pending before Congress.

INVESTIGATION BY BANKING AND CURRENCY COMMITTEE

Mr. ROBINSON of Indiana. Mr. President, I am somewhat concerned because of reports being circulated these days with reference to the Morgan inquiry. I notice, for instance, in the Washington Herald this morning this headline:

Senators halt tax phase of Morgan quiz.

Then again:

The majority of the Banking Committee members sought to have Pecora and the Morgan counsel, John W. Davis, reach a "stipulation" as to the facts to be developed with respect to the personal-tax returns of the Morgan partners.

Mr. President, that is the most amazing suggestion I have ever heard during my service in this body—that a Senate investigating committee would undertake a stipulation on any subject. The general impression in the Senate and among the people at large has always been that a Senate inquiry would be thorough; that if we went into a question we would go to the bottom of it; but now, to some of us, it looks as if this industrious prosecutor, who is undertaking to unearth the scandals connected with the House of Morgan which have cost the American people so dearly, is being interfered with on all sides.

I do not desire to criticize any committee of the Senate or any member of any committee of the Senate, but I think it is due the Senate, since all of us are interested and since by implication any derelictions of a Senate committee affect us all, that some one in authority on the committee tell us why this man Pecora is not permitted to go full speed ahead in this investigation and bring out all the rottenness connected with these international bankers.

I note, for instance, in this morning's Herald this sentence:

Halted in his efforts to reveal the Morgan tax matters, Pecora directed his public inquiry into the entangled and hitherto mysterious transactions whereby the Van Sweringen brothers of Cleveland built up their amazing railroad empire.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Halted in his efforts to reveal the Morgan tax evasions. Mr. President, I would like to know why Mr. Pecora should be halted in this matter. Why not let the public know why Mr. Morgan and his 19 partners have paid no income taxes during the past 2 years, and if they are guilty of any fraud and tax dodging, why they should not be sent to the penitentiary? Why not, regardless of the fact that they have preferred clients in high places in the Government, both here and abroad?

I yield now to the Senator from Mississippi.

Mr. HARRISON. I merely want to make the observation, of course, that Senators generally know that the Banking and Currency Committee is meeting now or has just had a meeting, as I understand it, this morning. If the Senator really wants an answer to his question from members of that subcommittee, I would suggest that he forego his speech and let them be on the floor of the Senate when he submits these inquiries.

Mr. ROBINSON of Indiana. One of the members of the committee probably having knowledge of the proposed stipulation is now on the floor. I wish to propound an inquiry to him. I refer to the distinguished Senator from Connecticut [Mr. WALCOTT]. Before the Senator rises to respond to my inquiry, however, I should like to read this additional paragraph with reference to the proposed stipulation:

A resolution to this effect was introduced by Senator WALCOTT, of Connecticut, in an effort to placate the Morgan counsel, who raised violent protest against Pecora continuing this line of questioning of the Morgan members. Davis even questioned the authority of the committee to proceed on this line of investigation, but Senator FLETCHER, chairman of the committee, belittled the Morgan counsel's claims on this score.

I would be glad to have the Senator from Connecticut state what are the underlying reasons for proposing a stipulation to placate the Morgan interests.

Mr. WALCOTT. Mr. President, the meeting of the committee was an executive meeting and no facts regarding the meeting are supposed to be divulged to the press. I do not propose to state what occurred there. The press may surmise whatever it pleases; but I will say we have just concluded an executive session of nearly 3 hours and the result of that discussion was——

Mr. LONG. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. LONG. There is so much noise and confusion in the Chamber and in the galleries that we cannot hear what is being said.

The VICE PRESIDENT. The Senator from Louisiana makes the point of order that the Senate is not in order. The Senate will be in order and audible conversation must cease. This admonition applies equally to occupants of the galleries.

Mr. WALCOTT. I was making a statement with reference to the executive session of the committee just concluded. I think I am entirely within my rights in stating that a resolution was adopted as a result of two and a half or three hours of discussion, part of the time Mr. Davis was present and part of the time not. The discussion resulted in a resolution which will shortly be made public by the chairman of the committee, which I think will entirely satisfy the Senator from Indiana. It took time to thrash the thing out. It is a complicated matter. It involves a question of the committee's authority to go into the tax question and also a question of policy as to whether we should in any way postpone the present investigation. I believe that not a single member of the committee was in favor of any such postponement.

Mr. ROBINSON of Indiana. Let me remind the Senator that the Senate committee went into the question with Mr. Mitchell of the National City Bank of New York City. He was not shielded in the slightest degree with reference to his income taxes. Why this mystery and these secret sessions and executive sessions about a tax matter in which the public certainly is interested today? There is another thing about it. Why should Mr. Davis, counsel for the Morgan interests, be in an executive session of the Senate committee when other Members of the Senate cannot even find out what went on in that executive meeting?

Mr. WALCOTT. The Senator has a perfect right to know everything that went on there, but I think the Senator for his own protection ought to refrain from making charges against a senatorial committee until he ascertains the purport of the resolution that resulted.

Mr. ROBINSON of Indiana. That is just the point. I am not making charges against the senatorial committee, but the newspaper writers are making charges by implication against every Member of the United States Senate, because we are all responsible to a degree for what is done in committee. Therefore, I, as one Member of this body, am anxious to know what goes on in these executive sessions

with Mr. John W. Davis, counsel for Mr. Morgan, in attendance while other people cannot attend. Let us find out what it is all about.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Texas?

Mr. ROBINSON of Indiana. I yield.

Mr. CONNALLY. Why does not the Senator get on the subcommittee? Then he would know.

Mr. ROBINSON of Indiana. I am not a member of the Committee on Banking and Currency.

Mr. CONNALLY. Is the Senator complaining because the committee has made all these revelations?

Mr. ROBINSON of Indiana. No. I am complaining because apparently there is an effort to hamstring the counsel of a committee of the United States Senate who is trying to show up the rottenness of these international bankers, to disclose it to the American people.

Mr. CONNALLY. The Senator sat here for 4 years under his own administration and did not do a thing to bring it out. Now that we empower a committee to investigate the situation and get the facts and develop them for the American people, what is the Senator kicking about?

Mr. ROBINSON of Indiana. There is no politics in this. [Laughter.] I repeat, there is no suggestion of politics here at all. I understand that members of both parties have had their names brought into this investigation, Republicans and Democrats alike having been disclosed to be on the "preferred lists." I do not hold a brief for any of them regardless of the party to which they may belong. If wealthy men have been dodging taxes, they should go to the penitentiary. That is my position. We do not hesitate to send the little fellows to the penitentiary. We do not shield the little fellow in the slightest degree. But here is the House of Morgan apparently being shielded. Not one single member of that partnership, 20 in number, as I remember, has paid one cent of income taxes as a contribution to the cost of running the Government during the past 2 years. They have dodged their income taxes completely, and yet Mr. Morgan, the magnificent, has had a yacht built, costing $2,500,000, and launched with great ceremony right during this period. The National Economy League and these same people insist that we shall take food out of the mouths of the hungry veterans who have made untold sacrifices for the flag. These wealthy bankers dodged their taxes, and yet they seem to have plenty of help to shield them, even to a slight degree on the floor of this body.

It is high time the American people were permitted to know just how rotten the situation is. These men control more than 40 percent of the utility power of the country and of the industries of the country. I am trying to find out why and wherefore there should be any attempt to thwart the purposes of the inquiry. My opinion is that Mr. Pecora is very able—in fact, too able to satisfy the House of Morgan—and they are trying every way in the world to discredit him because he is able and because he is bringing out the facts of all their disreputable operations and bring them to public attention.

I have heard that the distinguished chairman of this committee, the Senator from Florida [Mr. FLETCHER], asked for $70,000 to continue this investigation. That was reported in the press, and I am quoting from that authority, and that somehow or other, through various means and channels, the amount was reduced to $20,000. I should like to know if that is true.

Mr. BYRNES. Mr. President, it is not true. The fact is the only resolution introduced by the Senator from Florida asked an appropriation of $25,000. The Committee to Audit and Control the Contingent Expenses of the Senate felt, because at that time the subcommittee having charge of the investigation had a balance on hand of $10,000, that instead of an appropriation of $25,000 it might well be made $20,000. No resolution providing an appropriation of $70,000 was ever referred to the Committee to Audit and Control.

Mr. ROBINSON of Indiana. Does the Senator from South Carolina believe $25,000 is enough to carry on this investigation through the vacation period?

Mr. BYRNES. The Senator from South Carolina is Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate. That committee is not called upon to express any view of that kind. The Banking and Currency Committee, at the time they introduced the resolution through their chairman, asked for $25,000. It appeared to us that that amount could not carry on this investigation for any long time, but whenever, under the rules of the Senate, the Banking and Currency Committee authorizes its chairman to introduce a resolution which shall be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, that committee will certainly give due consideration to the matter and to the amount requested.

Mr. ROBINSON of Indiana. There is a rumor now that this investigation is to end today. I should like to ask the Senator from Connecticut [Mr. WALCOTT], or any member of the committee who is able to inform the Senate, if that be true or not?

Mr. WALCOTT. Mr. President, I have never even heard a suggestion of that. I beg the Senator to desist from making charges against the committee, which has been as impartial as it could possibly be and as anxious to be honest and thoroughgoing as any committee that I have ever seen could be when engaged in a work of this kind. If the Senator from Indiana will wait until we get the resolution, which we will have in a few minutes, he can have the benefit of its contents, which I think will answer most of his questions.

Mr. ROBINSON of Indiana. I read again from the editorial in this morning's Washington Herald, and I should like to have the Senator's comment:

> Only two Senators—the chairman, Senator FLETCHER, and the absent Senator COUZENS—cast their votes for a wide-open, unlimited investigation.

I should like to know if that is true or not.

Mr. WALCOTT. Mr. President, I am not going to stand here and disclose what occurred in an executive meeting of a committee of which I am a member.

Mr. ROBINSON of Indiana. Mr. Davis was present, was he not?

Mr. WALCOTT. No; he was not. There was no one present but the members of the committee when the vote was taken. It was strictly an executive session, and I do not propose to be called upon here to disclose what happened in an executive session of the committee.

I will say, however, that what we did yesterday was in line with thoroughness and in order to reach a mature and fair judgment in the matter. We spent 2 or 3 hours yesterday and 2 or 3 hours today going into all phases of the very complicated legal question of the authority of the committee, and it was that matter which took so much time.

If the Senator, instead of using rumors and editorials in newspapers written by men who know nothing about the matter, would wait for the resolution to be disclosed and then discuss it, I think he would change the trend of his remarks very materially.

Mr. ROBINSON of Indiana. The Senator does not doubt that the Senate committee has unlimited power, does he?

Mr. WALCOTT. The committee doubts it. We propose immediately to find out exactly what authority we have, and, if we have not sufficient authority, to get it.

Mr. ROBINSON of Indiana. Let me ask the Senator if any stipulation has been entered into as to the scope of the inquiry, that it is to go no farther than a certain point.

Mr. WALCOTT. No; no stipulation of any kind.

Mr. ROBINSON of Indiana. Is the committee going into the income-tax phase of this question?

Mr. WALCOTT. We cannot decide that until we have found out whether we have authority. If we have no such authority, we propose to ask the Senate for it.

Mr. ROBINSON of Indiana. Mr. President, I am not only myself interested but I am sure every Member of the Senate is interested in that phase of the inquiry; and I know the American people are, beyond any question of the shadow of a doubt.

There is an editorial in the Washington Herald this morning entitled "Is the Morgan Inquiry Being Stifled?", which I think ought to go in the RECORD; and I ask unanimous consent that it may be printed in the RECORD.

The VICE PRESIDENT. Without objection, the editorial will be printed in the RECORD.

The editorial is as follows:

[From the Washington Herald of Tuesday, June 6, 1933]

IS THE MORGAN INQUIRY BEING STIFLED?

Since when must a Senate committee seek "stipulation" from the House of Morgan as to the extent of revelations which may be made concerning this private banking firm?

Does the power of the House of Morgan still awe Washington? Do the vast Morgan power and influence, already partially exposed, still bend political leaders to its beck and call?

These questions, the Senate must recognize, are being raised today throughout the United States because of the hesitancy of the Senate Committee on Banking and Currency to permit its counsel to expose to the limit the income-tax transactions of individual Morgan partners.

The very action of the Senate is certain to arouse suspicion as to the nature of possible revelations.

The House of Morgan, through its counsel, is making a determined fight to prevent the Senate committee from sifting these transactions. Why?

Certainly the excuse of the Morgan counsel that the committee would sit "until the snow flies" if it attempts such an inquiry is no reason to prevent the investigation.

If there is nothing wrong with the tax transactions, why fear a public inquiry to establish the facts?

The same Senate committee did not hesitate for a moment to bring out into the light the tax transactions of Charles E. Mitchell, which produced Federal indictments on the charge of tax evasion.

A rather remarkable decision was made by the Senate subcommittee in secret confab yesterday when it refused for the present to grant its own counsel permission to go ahead with the tax phase of the present inquiry.

The Senate committee endeavored to encourage its counsel and the Morgan counsel to agree upon "stipulations" with respect to the potential revelations of the income-tax investigation.

What an amazing performance by the Senators who comprise the Banking and Currency subcommittee.

Only two Senators, the chairman, Senator FLETCHER, and the absent Senator COUZENS, cast their votes for a wide-open, unlimited investigation. Ten Senators voted for delay in reaching a final decision as to whether or not the present inquiry will go into the taxes of the individual Morgan partners.

Nothing pleases the Morgan camp more than delay at this moment.

It already has been announced that the Morgan inquiry would be terminated with Tuesday's session.

Does the Senate subcommittee dare to end the inquiry without permitting its counsel publicly to reveal the Morgan partners' tax transactions which have raised such a storm of protest from the Morgan counsel?

For the good of the entire country, for the education of the Senate and the Congress, the Morgan income-tax investigation must be pursued to the limit.

Otherwise there will properly arise Nation-wide suspicion that the wand of the House of Morgan can still be successfully waved in the face of the public, that preferential treatment prevails for Morgan partners.

Mr. CONNALLY. Mr. President, the Senator from Indiana has been a Member of the Senate about 7 years, according to the Congressional Directory. As far as I recall, he has never introduced any resolution or taken any action with reference to the matter of international bankers or income-tax evasions or any of the wrongs against which he now declaims so loudly.

The transactions about which he has been talking took place at a time when the Senator from Indiana and his party were in complete control of all branches of the Government.

Now that we have had, in pursuance of party promises, a real investigation—not a reference to some commission, where the matter would be buried, not the sidetracking of some matter to a hand-picked Presidential commission of the old administration—but when we have a real investigation and it has revealed the tax evasions, what does this side of the Chamber do?

We bring in a bill, which has already been reported to this body, to stop those evasions and to plug up the income-tax holes which the Senator from Indiana never attempted, in the past 7 years, to correct when his party and he were in control.

Now the Senator is complaining. What is he complaining about? The Committee on Banking and Currency is performing a distinct public service. It is bringing these ugly facts out into the daylight. It is undertaking to correct such abuses; and yet the Senator from Indiana stands here on the floor of the Senate and complains and declaims against the committee.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Indiana. I am not declaiming against the committee in the slightest degree; and there is no politics in what I have said. I think I have made that very clear, as the Senator will see if he will read what I have said as it appears in the RECORD tomorrow. But since the Senator assaults me so violently now for asking for this information, I should like to ask him whether he takes issue with me on this question.

Mr. CONNALLY. If the Senator will listen to my remarks he will be able to arrive at some conclusion as to what I intend. I do not think it is necessary to explain.

Mr. ROBINSON of Indiana. Then I assume the Senator approves the other side of the controversy.

Mr. CONNALLY. Oh, no; the Senator does not assume anything of that kind. If he will listen to what I say, he will have no doubt about what views I expect to convey to the Senate.

Mr. ROBINSON of Indiana. The Senator can assault me all he pleases personally——

Mr. CONNALLY. Oh, no, Mr. President!

Mr. ROBINSON of Indiana. But I shall continue to insist that these facts be brought out in broad daylight, so that the people may see them.

Mr. CONNALLY. If the Senator will just wait and keep calm awhile, the facts will be brought out. They are being brought out, and that is evidently what is exciting the Senator from Indiana.

He speaks about Mr. Pecora. Mr. Pecora has been in New York ever since the Senator from Indiana has been in the Senate. If he wanted Mr. Pecora to get on the trail of the banking and income-tax wrongdoers, why has he not done something in the past 7 years to get Mr. Pecora down to Washington, and show him the trail and the tracks, and put him on them? He did nothing. He never dreamed of it. Now that somebody else has got Mr. Pecora and put him on the trail, and the hounds are hot on the track of the culprits, the Senator from Indiana complains and objects about the committee. He wants to impede it, he wants to embarrass it, he wants to hamstring it, in order to get some favorable publicity for himself.

If the Senator from Indiana does not understand that language, I shall be glad to yield again.

Mr. President, the Senator disclaims any politics. I decline to make any comment with reference to that. Any Senator on the other side or on this side may draw his own conclusions.

What is the Senator's purpose if it is not some petty partisan propaganda, either for personal glorification or for some partisan advantage? The committee is at work. The committee is delivering the goods. He says it sits behind closed doors. Why, of course, every committee of this body at times has executive committee hearings; but the Senator is unfair to the committee. The committee had public hearings, where all the world might sit and look and listen. Was the Senator from Indiana there, aiding the committee, giving it information, making it suggestions; or was he sitting up in his office reading the Washington Herald, seeing a great, glaring headline, and wondering how he could get one of those headlines for himself in the next issue?

Mr. President, if the Senator wants to get the facts, he will let the committee alone, and it will get them. It is getting them. This side of the Chamber condemns the evasion of income taxes by anyone, whether it be Morgan or whether it be anybody else. This side of the Chamber has already reported to the Senate yesterday a bill making it impossible in the future for Mr. Morgan or any other private banker or any international banker to evade or avoid his income taxes under the law. That is this side's answer to these revelations. The Senator from Indiana is the answer on the other side.

Mr. LONG. Mr. President, I hope we shall not have a prolonged discussion of the Morgan investigation from a partisan standpoint. It is not a partisan matter.

Neither the Senator from Texas nor the Senator from Indiana has stated all the facts.

This investigation was begun under the Senator from South Dakota [Mr. NORBECK], under the Republican administration. The Senator from South Dakota began it with Mr. Pecora as counsel, and I think it was carried along in a very nonpartisan manner. It was continued by the Senator from Florida [Mr. FLETCHER] as the chairman of the same committee when the Democratic Party came into power, with the same counsel, and, I believe, in a nonpartisan manner.

The Senator from Connecticut [Mr. WALCOTT] this morning, from the other side of the Chamber, showed very conclusively to my mind that the Republican Party is just as anxious for these exposures to be made as the Democratic Party is. Unfortunately, Mr. President, it smeared both of us up pretty badly. As far as this investigation has gone, it looks pretty black for both of us. It is no case now for the pot to call the kettle black, because we find our own gang there, and we find our brethren of the Republican Party listed there in about the same number and proportion; and we find pretty conclusively, according to our ideas, that the affiliations of Mellon are just about the same as those of Woodin.

Instead of getting into a partisan tangle, I hope if the Committee on Banking and Currency wants any more money it will not hesitate to come in here and ask for it. As the Senator from Connecticut [Mr. WALCOTT] so well says, the committee's disposition to carry forward, on all the power that it now has, and to ask for all such other power as it doubts it has at this time, is such that if the committee comes in with any resolution or request for additional funds it will be granted.

I hope we will not have a partisan tangle and snarl intertwined with this investigation that all of us want.

Mr. ROBINSON of Indiana. Mr. President, I do not desire to get into any political argument with the Senator from Texas [Mr. CONNALLY], nor do I propose to do so.

I stood here a moment ago as a Senator in my own right, representing one of the sovereign States of the Union, to protest against certain things that apparently are going on. That I shall continue to do as long as I remain a Member of this body.

I was amazed at the outburst of the Senator from Texas. Why he should undertake to abuse me personally because I was pointing my finger at the most notorious tax dodgers of the century I cannot imagine; but he did, and flung the charge of politics.

There is no politics in what I said. I can mention the names, if the Senator from Texas desires them, of those who have been branded by this committee. I do not desire to do that. The Senator from Texas will find illustrious Democratic names in that list, and he will find Republican names just as illustrious. If anything, in trying to be fair in the matter, I think any unprejudiced judge of the controversy would be bound to say I was harsher with members of my own party than I was with members of the party of the Senator from Texas.

Now, however, I propose to say something about politics, since the Senator from Texas has injected it.

You have a Secretary of the Treasury down there who ought to be removed, and immediately; and the American people have no confidence in him. I am speaking of Mr. Woodin.

Why should he be removed? Because time after time in recent years he has accepted gratuity after gratuity from the House of Morgan. They gave him stock at $20 a share when they were selling the same stock at $35 to $40 a share to the poor, gullible lambs they expected to fleece. That meant that for every single share they gave Mr. Woodin at $20 they made him a present of $15, then and there. That meant, with 1,000 shares, at least a $15,000 gratuity.

Was he on one list only? No; he was on list after list.

Is he beholden to the House of Morgan? Of course he is, or else he is an ingrate.

How could a man accept gratuity after gratuity, money which he never earned and knew he never earned, from these international bankers, without being under terrific obligations to them? He cannot serve two masters. He cannot serve the people of the United States in the Treasury, that powerful office, and at the same time serve the House of Morgan. Therefore, he should get out; and if he does not get out, the President of the United States should remove him; and if he does not remove him, the Senate should impeach him. There is not any question about that, Mr. President—no question about that. Any fair-minded man will say as much.

Here is the House of Morgan. Neither Mr. Morgan nor any of his partners, during the past 2 years, has paid one cent of income taxes. The income taxes go through the Treasury. The Secretary of the Treasury is a catspaw, a tool of the House of the Morgan; and he is permitted to remain there by the administration in charge of the Government! He should get out. He should have been removed long ago. Instead of that, the President of the United States flaunts him before the American people and takes him on a cruise on his yacht down the Potomac River!

Powerful! There he is in the Treasury right now. How can he deal with these tax dodgers?

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. Just one second.

Then there is Mr. Norman H. Davis, on the other side of the sea, undertaking to overturn sound American policy in every utterance, agreeing, so far as he can agree as a mythical ambassador, to consultative pacts that would involve us in every war of the future. He is heavily obligated to the House of Morgan—the House of Morgan!—now; not last week, not last year, but now, this minute; and still he remains over there, representing not the country, thank God! He never was confirmed as ambassador. He is an ambassador of nothing. He represents Mr. Roosevelt over there, as Colonel House represented Woodrow Wilson. If Colonel House and a few others of these mythical ambassadors had not been roaming all over Europe in those days, we never would have gotten into the World War, with all the vast consequences that have come therefrom.

Mr. Davis also is one of the Morgan pets. He is on the list. He has been receiving these gratuities. Whom does he represent over there? Does anybody doubt for a moment that at least partially he represents the House of Morgan, composed of tax dodgers? Not one member of the firm paid a cent of taxes during the year 1931, though they were asking—demanding, even—that the Budget be balanced, and that we drive the disabled veterans from the hospitals of the United States in order to balance the Budget, when these tax dodgers were refusing to pay one cent toward balancing that same Budget, though they were building yachts costing two and a half million dollars. Of course Mr. Davis should be removed.

The most recent disclosure is that remarkable speech of Mr. Bingham, newly appointed Ambassador at London. What a mess we are getting into. He undertakes to say that a 10-year-old child could find the aggressor in any world conflict, and historians for 15 years have been doing their best to decide the war guilt of the great conflict, who

was the aggressor in the World War. Yet blithely, magically, without the slightest effort at all, this remarkable Ambassador of ours, Mr. Bingham, waves aside the question and says that a 10-year-old child can always tell the aggressor.

We have overturned the policy of Washington, said he, and the policy of the founders. Imagine that! That policy, I think, will be the American policy long after Mr. Bingham and Mr. Davis are dead and in their graves. But think of the infinite harm they do to our international relations over there because someone may believe them. We know them and we discount all they say, but someone over there may believe what they say, and it may do violence to our friendly relations with other lands. So all of them ought to be brought back, and Mr. Woodin should be kicked out of the Treasury.

I say to the Senator from Texas that if that is politics, make the most of it. I will continue to talk politics along that line so long as I am in this body.

I am sorry not to have yielded before. I am glad to yield to my friend from Louisiana.

Mr. LONG. Mr. President, I undertook to interrupt the Senator when he was speaking about our friend the Secretary of the Treasury, and the policy of keeping one like the present Secretary in charge of our financial affairs. I am not disagreeing with the Senator; I have previously expressed those views. However, Mr. Mellon, who has just gotten out of office, had the same attachments Mr. Woodin has. They were what you might call "cooked in the same skillet." When Mr. Mellon's name came before the Senate when he was appointed Ambassador to rove all over Europe, or rather England—that is enough—the Senator from Tennessee [Mr. McKELLAR] and myself were the only two Senators who voted against his confirmation, as I remember. There may have been others, but we were the only ones who expressed ourselves at the time.

We have rather become what might be called "acclimated"—I think that is the proper word—to this kind of a situation. We are like the rooster that has been whipped so long that he has his head down, and the other is pecking him from the top. We have become accustomed to it, we have been trained to it.

I might say that I know frankly that the thing has gone on long enough so that it is going to take the work of a lot of people to get the public conscience trained to anything else. We do not understand anything else, and the Senator's side of the aisle is just as culpable in that respect as is our side. The thing has been going on for a long time.

If the Senator will bring in a resolution to the effect that men who are affiliated with these institutions ought not to be named to govern and to rule the people of this country in these tax matters, I, for one, shall be very glad to support the resolution. And I hope there will be no partisanship in the matter, that we will go through with the measure brought in here. We are going to have a tax bill before us pretty soon, and I believe the Senator from Indiana supported the amendment which I offered some days ago, which was rejected by the Senate. The only way we will ever cure the trouble is to so arouse the consciences of the two sides of this Chamber so they will not allow control of this country by unlimited wealth. It is controlling the Democratic Party when it is in power, and it has been controlling the Republican Party when it has been in power. Unless we dig up and eradicate the system, it does not make any difference who is in power—the practice is going to be the same. It is the system which has to be uprooted and thrown out, the system of unlimited wealth being allowed to control the Treasury of the United States, and providing no curb whatever against their power in accumulating. That is at the bottom of everything about which the Senator has complained.

Mr. ROBINSON of Indiana. Mr. President, I agree with the Senator. It is a vicious system, which must be uprooted. I would have the Senator know, too, that I hold no brief for Mr. Mellon. I have not hesitated, in the years gone by, to vote against measures recommended by him, and I have voted for increased income taxes in the high brackets every time the matter has been presented. It seems, however, that the legislation is defective. The law itself must be amended.

I have noticed very recently in the press that investigations were now being conducted with reference to Mr. Mellon himself in connection with alleged failure to pay income taxes. I hope that inquiry will be prosecuted to the last degree, and that anybody who refuses, regardless of his station or the amount of wealth he possesses, to pay his fair, just, legal share of the cost of Government as prescribed by legislation will suffer the full penalty of the law, no matter to what party he may belong.

Mr. LONG. Mr. President, may I say to the Senator that our policy of government is against that. Whenever a man evades the payment of income taxes and goes broke, we sue him, indict him, but not until he goes broke. Mr. Mitchell was a man worth several million dollars, we are told, and when Mr. Mitchell went broke we sued him for his income taxes and indicted him. The policy of the Government is that the dead lion must alone be shot at, nobody but the dead lion. Certainly the Senator, having had this long-recognized knowledge and experience, will understand that as long as the power remains with the powerful they are immune from any such thing as indictment; that is nothing but the common, customary course. But if Morgan should lose his money, then of course he would be susceptible to indictment and prosecution. Therefore the case of Mitchell is explained on the ground that the American Government prosecuting authorities are rampant and hell-bent after the lion when he is dead, but not until he is dead.

Mr. ROBINSON of Indiana. Mr. President, it has been said on this floor time and again that a million dollars cannot be convicted. I hope the time may come soon when that suggestion will be thoroughly disproven.

I have nothing more to say except this: Let it be remembered that Morgan & Co. are the fiscal agents of the British Government, as well as of the French Government. They represent Great Britain and they represent France. And Britain and France are now conducting a vigorous campaign to persuade the United States to cancel foreign debts due the American people. Mr. Morgan has not hesitated to pay income taxes in England, while throughout the same period he was dodging payment of taxes in the United States.

I hope the committee will go to the bottom of the whole wretched mess, and if any of these men are culpable, let them be prosecuted to the fullest extent of the law and suffer the full penalty of the law. I have confidence in the committee and trust it will be diligent. I certainly hope it will be.

Mr. ROBINSON of Arkansas. Mr. President, I think it is rather regrettable that the Senate should be called upon to suspend its proceedings in order to listen to a debate of the character of that which has taken place this morning. Under our rules of procedure and under the practice which prevails, Senators are at liberty to take the floor and discuss any subject they choose.

I have not yet become convinced that the courts of the country are corrupt; that the agencies of the Government cannot be relied upon to do justice. Mark my words, whenever we lend our influence and devote our efforts to breaking down public confidence in the American system of justice, we may ourselves climb to a temporary pedestal; but in the end we do ourselves more harm than good, and, what is of real importance, we do harm to millions of people who must, in the last analysis, rely upon our institutions of justice as sound and moral.

We have witnessed the spectacle this morning of a Senator criticizing and condemning a great committee of the Senate, the Committee on Banking and Currency, because it has pursued a course which is common to all committees of both Houses of the Congress. Because the committee has seen fit to hold an executive session to discuss among the members of the committee questions of procedure and probably the admissibility of evidence, the Senator from

Indiana has raised the question of the honesty and the sincerity of the members of that committee.

High standards of morality are not the peculiar property of any one Senator, and it is observed that he who most often boasts his own virtues usually enjoys the least confidence from his associates. I make the statement now that the membership of the Committee on Banking and Currency has been treated unjustly and unfairly by the Senator from Indiana. Before me is a list of the members of that committee. Some of them have enjoyed long public service. Some of them are distinguished for the efforts they have made in behalf of public reforms.

Now, because the Committee on Banking and Currency goes into executive session to discuss matters among the members of the committee, it is charged that that committee is deliberately withholding information to which the public are entitled, deliberately whitewashing men whom the Senator from Indiana believes to be guilty of crime. Certainly there is nothing in the work of the committee heretofore performed that constitutes the slightest basis for any such charge or innuendo. The committee has developed facts which are important in connection with its legislative functions; it has whitewashed no one.

Persons not in public life whose names appear on so-called "preferred lists" as having been permitted by the House of Morgan & Co. to purchase stocks at advantageous terms are condemned as being unworthy. Certainly the correct rule is that anyone who has a public function to perform must receive no favor from those who may become the beneficiaries of his public actions; and if he does so, he properly subjects himself to criticism and suspicion. The attack on the Committee on Banking and Currency is not justified by the facts stated on the floor, and I think that the membership of that committee are entitled to just as much respect and confidence as is any man, whether he wears a toga or a hickory shirt, who takes advantage of his position to bring upon them opprobrium and censure.

Oh, yes; the Senator from Indiana is free from political motives; he is so virtuous, so unselfish, and so impartial that nothing except a speech from the Senator from Texas [Mr. CONNALLY] could induce him to refer to political considerations in the Senate of the United States. The Senator from Indiana never had a thought in his life, and never uttered a sentiment in his life, that was not based on partisan considerations. One has a right to be a partisan, but when he is a partisan, and everybody knows it, it does not add to his reputation for virtue to deny it or to assert impartiality.

Oh, yes; the President must remove his Secretary of the Treasury at the pleasure of the Senator from Indiana, and he must call back from Europe his traveling ambassador at the pleasure of the Senator from Indiana. He need not take any action regarding the policy pursued during the last administration by the Department of Justice of whitewashing and covering up transactions by great so-called "international" bankers. There was no politics in that. Notwithstanding it was well known that a great banker had evaded his income tax, or had apparently evaded his income tax, the Department of Justice, during the administration which the Senator from Indiana sponsored, covered it up, did not bring it to light, refused to institute a prosecution, and justified its action on the ground that it was not good public policy, that to proceed with the prosecution might result in bank failures. Now, however, when a committee of the Senate, composed of Democrats and Republicans alike, go forward fearlessly in the performance of their duty, because they do not tell the Senator from Indiana the object of an executive session, because they hold an executive session, he becomes greatly indignant and denounces the committee.

Then, he wants to tell President Roosevelt how to run his administration. Well, I do not assume to be a spokesman for President Roosevelt, but there is one thing I do know, and that is that the Senator from Indiana is the last man in the Senate of the United States whose advice the President would seek or act upon.

This committee and its members are just as honest as is the Senator from Indiana; they will do their duty just as fearlessly as he does his; and they will perform their functions more effectively than he can perform his.

Of course he can make trouble; of course he can say what he pleases; but there is a day of reckoning coming to those who abuse their power and prominence to bring into ill repute honest men. Crooks ought to find support nowhere; racketeers ought to be confined in jail; but it is not a high conception of public duty to besmirch the reputation of fellow workers in the manner that has been attempted here this morning. Everyone charged with responsibility is liable to make mistakes. Anyone who fails to recognize that fact is an inexcusable egotist and will work his own condemnation.

The Senator from Indiana has referred to a speech made by the American Ambassador to the Court of St. James, and has belittled and ridiculed that speech. I do not feel called upon to express my approval or my condemnation of all the speeches that I read or hear, and probably the public would not be greatly concerned in the viewpoint I might express; but, after all, our great country is moving forward in spite of the effort to retard its progress; after all, we have a great country in spite of tax dodgers, whom we all denounce.

For my part I do not subscribe to the declaration made on the floor this morning that the little criminal only is pursued and that the big criminal is immune. I think that is a dangerous doctrine. Once you make the masses of the people of the United States believe that to be true, they will rise in open rebellion, and they ought to rise.

What have we done to carry forward the exalted standards of duty and of service, which have glorified the leadership of this Nation in the years gone by? What are we doing to accomplish that great aim? In spite of all that is said and done, in spite of the mistakes that we public men make, in spite of the speeches that we make, our country is still the best land on this earth. It is our duty, of course, to make it better and freer, but we will never accomplish that end by misconstruing the motives and purposes of our fellow beings or by arousing unfounded suspicion in the hearts of the masses.

Mr. ROBINSON of Indiana. Mr. President, I do not care to say anything at length. I resent what the Senator from Arkansas said about me; there was no occasion for his saying it. I made my observations in good faith; and I wish to remind the Senator from Arkansas that we have just gotten through robbing the disabled veterans of the Nation. We have driven them out of the hospitals like dogs, and into the streets and into the night, in their underwear, the clothes being taken from their backs. Men who were disabled on the battle front have been maltreated and put to death, for that is what it amounts to. Tubercular patients have been kicked out right and left from the hospitals throughout the land.

I question nobody's motives. I just know that the President of the United States, according to rumor, has been generous enough to the American public to reduce his earnings 15 percent, but he still draws 85 percent of his salary. We in this body are still drawing 85 percent of our salaries, but we take 50 percent and more away from the totally disabled American veteran who is in the condition he is physically and mentally because he went out and, with his life, defended the Nation and the flag.

Not only that, Mr. President, but it is currently reported that Members have attached to their pay rolls here in the Senate their own relatives, people who never come near the place—the grossest sort of nepotism—and yet we say it is a great country, Mr. President; perfectly wonderful, we say. Three percent of the people own 80 percent of the wealth of the land. The system is fine, so think some of our people. To hear the expressions on this floor one would think everything is lovely, with 14,000,000 men walking the streets looking for jobs and bread, while some of us in this very body have people attached to the pay roll who do no work at all, who have no business being there, and who are not even in the city of Washington.

Criticized? "Let him who is without sin cast the first stone." I say to my friend from Arkansas, with all respect, that he has no right to criticize me for doing my duty. I

am not playing politics. I am trying to bring this matter to the surface so the people may know and, knowing and in full possession of the knowledge, they can take such action in orderly fashion as may be necessary to correct the evils that exist—not part of the evils but all the evils; not only great, gross evils but petty evils as well.

Mr. President, I do not care how many executive meetings the Committee on Banking and Currency may hold. That is all right. But if one of their meetings is executive, and the public is excluded, then they should keep out J. P. Morgan's lawyer. That is what I ask. He has no business in an executive meeting if the people are barred. All I ask is that the committee give a square deal to the American people.

Mr. WALCOTT subsequently said: Mr. President, in order to have the proper juxtaposition for the resolution which I am about to read, I ask that it may appear immediately following the discussion of the activities of the Banking and Currency Committee. It is the resolution adopted this morning to which I have referred. I ask permission to read it. The resolution reads as follows:

Resolution adopted by the Senate Banking and Currency Committee Tuesday, June 6, 1933:

"It is the sense of this committee that it should inquire into the practices of buying and selling securities, as such practices may affect the taxing powers of the Government; but inasmuch as the legal right of the committee to proceed along this line of inquiry is challenged, the committee should proceed immediately with railroad, public-utility, and all other phases of the investigation, and the subcommittee charged with the investigation be directed to report a resolution enlarging the powers of the committee as soon as possible, in such manner as may be deemed necessary to enable it to inquire into the above practices."

Mr. WHEELER. Mr. President, let me say to the Senator from Connecticut that the question involved has been decided by the Supreme Court of the United States in the case of United States against Dougherty. There ought not to be any question whether the committee has authority. That question was decided in the case to which I have referred. There is no doubt at all that any committee of the Congress has the right to inquire into almost any matter when it relates to or involves the possible enactment of legislation affecting the matter into which inquiry is to be made.

While I am on the subject, may I say that information has come to me that the committee is asking for only $20,000 with which to carry on the investigation; that it really needs in the neighborhood of $75,000, and that if it gets only $20,000 the committee would have to suspend the investigation by the 1st of September. I do not know what there is to the rumor, but I do think when that story is being circulated it ought to be cleared up by some member of the committee. If the committee thinks it is necessary to have $50,000, if it is necessary to have $75,000, if it is necessary to have $150,000, or any other sum, it should be appropriated, because the greatest service that any committee of the Senate can render the Congress or the Government or the people at this time would be to make a thorough investigation into the whole matter.

I agree with much the Senator from Arkansas [Mr. ROBINSON] said this morning. It must not be permitted to be thought by the people of the country that rich criminals can get off without prosecution while poor criminals are to be prosecuted. For that reason, if for no other, the committee ought to go to the very bottom of the Morgan situation, the Chase National Bank situation, and others of the same kind. If there is any disposition on the part of the committee to stop the investigation—though I cannot conceive that there is in any way—but if there is any inclination not to go through with it to the very bottom, then I think the committee ought to be given further directions from the Senate of the United States.

Mr. FESS obtained the floor.

Mr. BYRNES. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. Not just at this moment.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator let me submit a unanimous-consent request?

Mr. HARRISON. Mr. President, I call for the regular order.

Mr. WALSH. Mr. President, what is the order of business?

The PRESIDING OFFICER. Presentation of petitions and memorials is in order.

Mr. FESS. The order of business is the Senator from Ohio.

Mr. WALSH. With all respect to the Senator from Ohio, he cannot take the floor to make a speech under the head of presentation of petitions and memorials.

Mr. HARRISON. Mr. President, will the Senator from Ohio yield for a short interruption?

Mr. FESS. No; I cannot yield.

The PRESIDING OFFICER. The Senator from Ohio has the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. FESS. If the Senator from Mississippi will wait a moment, I will be through. I shall take only a moment.

I share very much the views expressed by the Senator from Arkansas [Mr. ROBINSON] in reference to making matters of the kind being discussed political. I hardly think the Senator from Indiana [Mr. ROBINSON] could be charged with making it primarily a matter of politics.

I rose only to say, and I would feel that I was not doing my duty unless I did say in reply to the reference of the Senator from Arkansas to some case that was whitewashed, that I have no doubt he referred to the case known as the "Harriman Bank case", in which the bank was not closed at an earlier time because it was thought if the Department went to the extent of closing it at that time very bad results might follow. I think the Senator from Arkansas was hardly fair when he would lead the country to believe that what was done under the direction of the Attorney General was political in its nature. I think everybody knows the attitude of the Attorney General politically. That is the only point I rose to mention, not to oppose in the main what the Senator from Arkansas said. In fact, I have a great deal of sympathy with what he said, as to the effect of charges at a time like this; but that particular reference, it seemed to me, was quite unfair.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Ohio yield?

Mr. FESS. I yield.

Mr. ROBINSON of Arkansas. I did not make the statement that that was political action. I said that it was justified by the Department on the ground that it would result in the closing of the bank.

Mr. FESS. I misunderstood the Senator then. I thought it was criticism of the past administration on the basis of political favor from the former administration.

Mr. ROBINSON of Arkansas. It was a criticism for failure to prosecute, but I explained the justification in effect was that to proceed with the prosecution would result in closing the bank. The object in the reference was to point out to the Senator from Indiana that he had complained that proof of this kind in the pending investigation is not turned to advantage by the Committee on Banking and Currency, whereas during the preceding administration these fraudulent banking transactions were withheld from the public and prosecution deferred for the purpose of preventing the frightening of bank depositors. But I do not wish now to be understood as saying or thinking that the action of the preceding administration in declining to prosecute in those cases for violation of the law, which the Senator has in mind and which are pretty much the same as those to which I had reference, is to be approved. I think that policy would give discretion to executive officers and law enforcement which would lead to all forms of abuses. In fact I think it was an abuse then.

Mr. FESS. I do not disagree with the Senator that that might have been a mistake. I think probably it was in the light of subsequent disclosures; but the Senator used the term "whitewash."

Mr. ROBINSON of Arkansas. I think that is as apt a term as can be used.

Mr. FESS. I thought——

Mr. ROBINSON of Arkansas. Will the Senator pardon me a moment?

Mr. FESS. Let the Senator from Ohio make his statement. I thought the Senator meant, by using the word "whitewash", that the administration was trying to cover up something in favor of the rich violator of the law.

Mr. ROBINSON of Arkansas. I think it was a whitewash proceeding pure and simple, that it could not be designated as anything else. In its effect it was a covering-up of facts that ought to have been revealed, a suspension of proceedings that ought to have been carried forward.

Mr. FESS. But the action was taken because it was thought that if they proceeded summarily it would create a very bad result in that many innocent people would suffer.

Mr. ROBINSON of Arkansas. I stated that that was the justification that was given for it.

ST. LAWRENCE DEEP WATERWAY

Mr. COPELAND. Mr. President, I desire to submit a series of resolutions adopted in my State. Before presenting them I invite attention to a remarkable speech made by the senior Senator from Wisconsin [Mr. LA FOLLETTE] last week, a speech which in its inferences is very unfair. He called attention, as appears on page 4505 of the RECORD, to the opposition of the Chamber of Commerce of the State of New York to the building of the St. Lawrence waterway, and in his speech said that an analysis demonstrates that the pending St. Lawrence treaty is being blocked and resisted today by the support of the leading partners of J. P. Morgan & Co. In the next paragraph he proceeds to make an analysis of the New York Chamber of Commerce, indicating or inferring at least that all the opposition in New York to the treaty comes from that organization. He draws the conclusion that it must be a wicked organization, and I suppose by inference the project is a wicked project, because it is backed by these men.

I hold in my hand a series of resolutions adopted by the American Legion, of Albany, N. Y. I am wondering, of course, if this American Legion post is dominated by J. P. Morgan & Co., and if it is a wickedly controlled institution, because the American Legion says that the St. Lawrence Treaty ought not to be ratified until there has been made the economic survey which I have suggested.

There are thousands of citizens of my State who have no more relation to J. P. Morgan & Co. than I have. There are thousands of citizens in my State who, of their own accord and without interjection or interference of J. P. Morgan, might form independent conclusions. The majority of the people of my State want to know, before we spend $90,000,000 as our immediate contribution to the waterway, plus our share of the cost of construction, whether or not the State of New York will be benefited proportionately. So I have made bold, Mr. President, to let the Senate know what the American Legion of a leading county of my State thinks on this subject.

I ask that the newspaper article containing the resolutions to which I have referred be incorporated in the RECORD.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, it is so ordered.

The article is as follows:

[From the Albany Knickerbocker, May 27, 1933]

ST. LAWRENCE HIT BY LEGION GROUP—COUNTY COMMITTEE OPPOSES TREATY UNLESS SURVEY SHOWS IT PRACTICAL

The Albany County committee of the American Legion last night adopted a resolution opposing ratification of the St. Lawrence Treaty unless "an official economic survey" proves the proposed Canadian water route practical.

The committee instructed County Commander Otto de Heus to send copies of the resolution to United States Senators WAGNER and COPELAND and Representative PARKER CORNING.

Winthrop Robinson, of Nathaniel Adams Blanchard Post, in Elsmere, introduced the resolution. It follows:

"Whereas in carrying out the ratification of the St. Lawrence Treaty it has been estimated that it will cost in excess of $1,350,000,000 for the entire project; and

"Whereas 90 percent of the St. Lawrence River lies wholly within Canada; and

"Whereas we believe in United States money for United States projects wholly within the United States, and to be used for the employment of United States labor: Therefore be it

"*Resolved*, That the Albany County committee, American Legion, in meeting assembled, feels that this treaty should be given no further consideration until an official economic survey has been made by a competent, unbiased United States commission, and until it can be proven beyond doubt that there will be an adequate return on the gigantic investment that would be required."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. LUCE were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

ORDER OF BUSINESS

Mr. HARRISON. Mr. President, I desire to bring before the Senate the conference report on the electrical-energy tax.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. What is the order of business?

The PRESIDING OFFICER. The Senate is proceeding under the head of presentation of petitions and memorials. The Senator from Mississippi is now moving to take up the conference report on the electrical-energy tax.

Mr. McNARY. Just a moment. I think the Senator from Mississippi is anxious to conclude the routine morning business.

Mr. HARRISON. The trouble is that everybody is speaking on every other subject. I want to get this matter out of the way some time.

Mr. McNARY. I assure the Senator that I shall object to anyone intruding on the routine morning business, so that he can get his conference report before the Senate.

Mr. HARRISON. I will withhold my motion for the moment. The Senator from Missouri [Mr. PATTERSON] is anxious to make some remarks, and he can do it under the conference report if I can get it up.

AGREEMENT TO CONSIDER THE CALENDAR

Mr. ROBINSON of Arkansas. Mr. President, I desire to submit a request for unanimous consent.

After the Senate shall have disposed of the conference report, if it shall take it up, and at the conclusion of the routine morning business, I ask that the Senate may proceed with the consideration of unobjected bills on the calendar.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

DEEPS CREEK BRIDGE, DELAWARE

The PRESIDING OFFICER laid before the Senate the amendments of the House to the bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del., which were, on page 1, line 5, to strike out "reconstruct and maintain a" and insert "reconstruct, maintain, and operate a free highway"; on page 1, line 8, after "to", to insert "the interests of", and also to amend the title so as to read: "An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del."

Mr. TOWNSEND. I move that the Senate concur in the House amendments.

The motion was agreed to.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of the conference report on House bill 5040.

The PRESIDING OFFICER. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for one year, to modify postage rates on mail matter, and for other purposes.

The PRESIDING OFFICER. The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"'SEC. 616. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION.

"'(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"'(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"'(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.'

"(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted."

And the Senate agree to the same.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,
Managers on the part of the Senate.

R. L. DOUGHTON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

ST. LAWRENCE DEEP WATERWAY

Mr. PATTERSON. Mr. President, it is not my purpose to address my remarks to the conference report.

It is becoming more apparent each day that it is not likely that we shall reach the St. Lawrence Treaty at this session of Congress. So many speeches have been made upon the other side presenting misinformation in regard to this treaty by those who favor its ratification that I feel, on account of the tremendous interest my State has in the subject, as well as the entire Middle West, that the viewpoint and the picture of those who are opposed to the ratification of the treaty in its present form should be presented to the Senate and to the country at this time.

As an instance of some of the misinformation that has been broadcast from this Chamber, on yesterday my friend the able Senator from North Dakota [Mr. NYE] made the statement that the entire cost of the St. Lawrence project was officially estimated at $168,000,000.

Mr. President, there is no warrant for any such statement as that. I think it is conceded by every one who has given any thought or study to the question that the estimated cost of the project is approximately $543,000,000, some of which already has been expended. The estimated amount of new money that is required for the project is approximately $400,000,000, of which the United States will be required to expend the sum of $258,000,000, and Canada the sum of approximately $142,000,000. However, so far as Canada is concerned, there is no contractual obligation upon its part to expend more than approximately $22,000,000.

The statement has been made by the Senator from Wisconsin [Mr. LA FOLLETTE], and it has been intimated by the Senator from Nebraska [Mr. NORRIS], that those who oppose the ratification of this treaty are actuated by a desire to serve the power interests of this country.

Mr. President, no such reason impels the people of my State to oppose the ratification of the treaty. We are favorable to a seaway by way of the St. Lawrence, with proper restrictions, with a proper safeguarding of the interests of our country, and with an equitable division of the expense; but the people of my State interested in waterways are opposed to this treaty, and they have strong, cogent, and impelling reasons for opposition thereto.

Mr. COPELAND. Mr. President, will the Senator yield to me for a remark?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New York?

Mr. PATTERSON. Certainly.

Mr. COPELAND. When the charge is made that the power interests are influential in the opposition to this treaty, I desire to say for the people of my State in the most solemn manner I can that that has nothing to do with the opposition of the two Senators from New York.

We have no objection to this treaty so far as power development is concerned. If it were possible for a treaty to be made between the United States and Canada which would permit the building of dams for power purposes, we would give it our enthusiastic support. It is because of our opposition to the expense involved and the probable destruction of our seaport economically that we are in opposition.

So I want to join with the Senator in resentment against the charge, the insinuation, or the intimation that the Power Trust has anything whatever to do with our opposition to the treaty; and I thank the Senator for expressing the view of his State regarding the same matter.

Mr. PATTERSON. I thank the Senator very much for his contribution to this subject.

Mr. President, on August 14, 1914, the Panama Canal was opened for navigation. The completion of the Canal was celebrated as one of the world's greatest engineering feats. It added to the strength of our national defense. It shortened the sea voyage between the eastern and western coasts by thousands of miles. It brought the cities upon our eastern and western seaboards in closer proximity to each other; but it imposed a tremendous handicap upon the great landlocked interior of the United States.

Since the Canal was completed the products of industry in the Mississippi Valley cannot compete in the markets of the west coast with products from the Atlantic coast cities, because of the low water-transportation cost which the Canal has made available to the products of these competitors of the Midwestern States; and the same thing is true in the markets of the eastern seaboard. Because of the high cost of transportation in the Middle West, the products of the farm and factory in that section cannot compete in the markets of Central and South America and the Orient.

Mr. President, in order to overcome this handicap Congress more than 20 years ago undertook to improve the inland river system of the United States in order to make available low-cost water transportation for commerce, industry, and the products of agriculture of the great interior of our country. We have expended more than $200,000,000 toward carrying out this program; and while much of the work has been done, the project has not been completed. We have expended approximately $155,000,000 in improving the Great Lakes waterway system. In order that the interior may enjoy the full benefits of the low-cost water transportation which these two great systems will provide, it is necessary to have an adequate flow of water from Lake Michigan in order to insure for all time a commercially successful waterway between the Great Lakes and the Mississippi Valley waterway system.

If the Great Lakes-St. Lawrence waterway is improved as planned by the treaty, and an adequate trunk-line waterway is not provided connecting the two systems, then the disadvantage which the Mississippi Valley States have suffered because of the Panama Canal will be tremendously increased. As evidence of the extent to which Valley States have suffered because of lack of available low-water cost transportation which would enable them to utilize the Panama Canal, new industries are locating along the seaboard and the lake shores, and many of the older industries in the Middle West are compelled to establish branch factories in sections where low-cost water transportation is available. Pay rolls follow industry, and population follows pay rolls, with the result that the interior States are unable to keep pace with the rest of the country. You can move your factory to the seashore, but you cannot move the farm to the seashore; and if agriculture in the great interior is to succeed, it must be provided with low-cost water transporation which will enable its products to pass down through the valley and out to the sea and to utilize the Great Lakes-St. Lawrencc system.

It shall be my purpose to show that the amount of diversion from Lake Michigan permitted by the terms of the treaty is insufficient for a commercially successful waterway connecting the Great Lakes and Mississippi systems. I propose to show that the division of the cost for the completion of the St. Lawrence Waterway is inequitable and to the disadvantage of the United States, as well as the division of power developed by the system.

ST. LAWRENCE POWER AND WATER TREATY

Mr. President, it is estimated that the St. Lawrence power and water project provided for in this treaty will produce approximately 5,000,000 horsepower of electricity, 1,000,000 of which will belong to the United States and 4,000,000 to Canada. Under the terms of the treaty a waterway is to be constructed down the St. Lawrence from the Lakes to the sea adequate for ocean vessels with 27-foot draft. This waterway is to be available for merchant ships of Canada, Great Britain, and the United States, as well as the merchant fleets of other nations. This treaty is so comprehensive in its terms and far-reaching in its effect that it should be approached with caution and considered with care, and before ratification we should make sure that its terms are fair and just and that the interests of the United States have been protected.

It is estimated that the waterway and initial power developments provided for will require new money to the extent of approximately $400,000,000; that of this sum $258,000,000 is to be paid by the United States and $142,000,000 by Canada. It is important to note that the cost of this treaty is only an estimate, and it may be assumed that this estimate was made by the proponents of the treaty, who are anxious to have it ratified. It should be remembered, however, that the treaty does not limit the cost to the estimate of the engineers, and its ratification binds the United States to pay for certain specified works in the international section, whatever that cost may be.

The engineers estimated the cost of the Panama Canal at $145,000,000, but before it was completed it cost $380,000,000. The cost of the New Welland Canal was estimated at $50,000,000, but before it was completed the cost of its construction actually amounted to $128,000,000. Whatever the ultimate costs may be, the United States undertakes to complete works which involve, under the present estimate, almost twice as much in the way of labor, equipment, and material as those which Canada undertakes. Our risk in this matter of future costs is therefore almost in the ratio of 2 to 1 compared with Canada's. In times such as these, when the public debt has already reached staggering proportions, when business is stagnant, when the tax burden is already unbearable, and while millions of our people are hungry, we should hesitate before assuming this vast liability, especially when the limit of that liability is not definitely known.

Article III of the treaty is interesting and should be scrutinized with care. It reads in part as follows:

> The high-contracting parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission * * * and to empower it to construct the works in the International Rapids section * * * out of funds which the United States hereby undertakes to furnish as required by the progress of the works.

The international section of the St. Lawrence is estimated to cost the United States $215,000,000, but this is only an estimate, and if the cost of this improvement exceeds the estimate as much as did the cost of the Panama Canal or the New Welland Canal, then the cost to the United States before it is finished will exceed $500,000,000, and with interest charges covering the period of construction, the cost to the United States will exceed $600,000,000 in the international section alone.

Under the provisions of article III of the treaty, the United States is bound to expend an estimated sum of $55,000,000 in Canadian territory, for Canadian labor, engineers, and materials. If this estimate is as far short as was the case of the Panama Canal, then our cost for Canadian labor, engineers, and materials will exceed $145,000,000. This presents a disturbing and distressing picture to the millions of unemployed in our own country. Is it any wonder the Canadian Premier should have been so enthusiastic in his statement of July 18, 1932, when he said:

> The United States will meet the entire cost of these river works. But in respect to river works lying on the Canadian side of the boundary Canadian workmen and Canadian material alone will be employed. Upon completion all river works on the Canadian side of the international boundary will be owned, maintained, and controlled by Canada. * * * Compatible with the paramount obligation to safeguard our (Canada's) sovereign rights, the treaty insures a minimum of financial outlay by Canada. The estimated cost to the Dominion arising out of new capital

expenditures will be less than $40,000,000, * * * very small compared with the enormous advantages which will accrue to Canada from the completion of the waterway.

While the Canadian minister makes the statement that the cost will be less than $40,000,000, the real fact about the matter is that Canada, under the terms of this treaty, are obligated only to spend a little more than $22,000,000.

The skill and genius of Great Britain in the diplomatic field has long been recognized. They have again demonstrated their ability in trading amiable assurances for valuable assets. Our own representatives have again demonstrated their usual diplomatic incapacity. It has been said that the United States has never lost a war nor won a diplomatic victory, and this treaty is in keeping with that record.

Why is the estimated cost of this improvement to Canada $142,000,000 while the estimated cost to the United States is approximately $258,000,000? It is because Canada gets credit for the improvements she has already made on the Welland Canal and other improvements upon the St. Lawrence, while we receive no credit whatever for the millions we have spent in improving for navigation purposes the Great Lakes, which are a part of the same system. The Great Lakes-St. Lawrence waterway includes the rivers and connecting channels of the Great Lakes, and why should we not receive credit for the millions we have expended and the millions more we are required to spend, by the terms of this treaty, in widening and deepening the rivers and connecting channels of the Great Lakes? As evidence that we intend to improve the rivers and connecting channels of the Great Lakes to a width and depth that will conform to the St. Lawrence waterway, and that such rivers and connecting channels are to constitute a part of the St. Lawrence waterway, I call the attention of the Senate to a paragraph in the preamble of the treaty, which reads as follows:

Taking note of the declaration of the Government of the United States of its intention to provide not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River for the completion of the works in the Great Lakes system above Lake Erie, which will provide essential links in the deep waterway to the sea.

We have already expended in the improvement of the Great Lakes, its connecting rivers and channels, $154,070,288. We must now expend an additional sum of approximately $38,800,000 to make the rivers and harbors and connecting channels of the Great Lakes to conform to the 27-foot depth which this treaty provides for the Great Lakes-St. Lawrence waterway.

As evidence of the rights Great Britain will have in the Great Lakes-St. Lawrence waterway, I call the Senate's attention to the provisions of article VII of the treaty, which specifically grants to Great Britain and her Provinces the full and free right for all time to use the rivers and harbors and connecting channels of the Great Lakes. There could be no doubt but that tramp steamers and other merchant vessels under the British flag, because of the greatly superior numbers of the British fleet, will make more use of the Great Lakes-St. Lawrence waterway than will ships flying the American flag. The British and other foreign ships, which we have no power to regulate, will bring freight to the lake cities at rates which will disrupt every rate structure in the United States. Not only have we declared our intention in the preamble of the treaty to make these Great Lakes improvements at our own expense but we propose to complete them before the International Rapids section of the waterway is finished.

If Canada is to have credit for all the expenditures she has made on the Great Lakes-St. Lawrence waterway, then why should we not have credit for the millions we have already spent and the millions we are required to spend upon this waterway? If it is fair for Canada to have credit for the money she has expended upon this waterway, why should we not have credit for the money we have expended and will be required to expend upon this waterway, which will be open for all time to the unlimited use of both countries and, if the past is any criterion of the future, will be utilized far more by ships flying the British and Canadian flags than by ships flying the Stars and Stripes?

Fort William and Port Arthur together constitute the largest wheat port in the world. This port is located in Canadian territory on the northern shore of Lake Superior. It is near the great Canadian wheat fields. Into this great port the grain of Canada is gathered for shipment to Liverpool and other markets of the world. Grain from this port must be moved through the channels of Lake Superior, down into the St. Mary's River, through the locks of the Sault Ste. Marie, thence through the channels of Lake Huron, through the St. Clair and Detroit Rivers, and through the channels of Lake Erie, before it reaches the Welland Canal. These Great Lakes improvements have cost and will cost the United States hundreds of millions of dollars before the 27-foot channel is completed. For foreign commerce they are much more useful and essential to Canada and Great Britain than to the United States. They are a part of the Great Lakes-St. Lawrence waterway, which is made free for all time for the use of British flagships; and if Canada is to have credit for the money she has expended on one part of this great system, why should the United States not have credit for the moneys which she has expended upon another part of the same system?

Before sea-going vessels of Canada and Great Britain can dock at the great wheat port on the north shore of Lake Superior, the United States must build a new lock in the St. Mary's River, at an estimated cost of $6,500,000. If the Panama Canal is any criterion, this new lock may cost us $17,500,000. But, whatever the cost of the lock may be, we have declared our intention, by the terms of the treaty, to build it.

By the opening of a waterway for sea-going vessels direct from the wheat fields of Canada to the world markets of Europe, we are giving to the Canadian farmer a tremendous advantage over the farmers in the grain section of the United States. The great Canadian wheat port on the northern shore of Lake Superior is approximately 1,000 miles nearer to Liverpool than the port of New Orleans, and therefore the most direct route from the wheat fields of Iowa, Nebraska, Kansas, Missouri, Arkansas, and southern Illinois is over the Great Lakes and down the St. Lawrence, but over a route that puts the American wheat grower at a much farther distance from foreign markets than is his Canadian competitor.

The only way these American wheat farmers could in a measure meet the new competition of their Canadian neighbors in the world markets is by the use of facilities for low-cost water transportation over the Missouri, Mississippi, and Illinois Rivers to the sea-going vessels at Chicago, which have been promised by the St. Lawrence improvements. Yet while this treaty provides for a great waterway direct from the Canadian wheat port to the world market, it shuts down the diversion at Chicago to a point where it renders a commercially successful Lakes-to-the-Gulf waterway impossible, and thereby denies to the American wheat farmer an opportunity to utilize the Great Lakes-St. Lawrence waterway.

As another evidence of the unilateral features of this treaty, I call the Senate's attention to article VI, which reads as follows:

The high contracting parties agree that they may, within their own respective territories, proceed at any time to construct alternative canal and channel facilities for navigation in the international section or in waters connecting the Great Lakes, and that they shall have the right to utilize for this purpose such water as may be necessary for the operation thereof.

Under this provision of the treaty Canada will be authorized to construct an all-Canadian waterway from the Georgian Bay to Lake Ontario, and to take as much water as she may desire for the operation of this canal. This enables Canada to divert as much water as she likes out of the American watershed in order to build an all-Canadian canal, while the treaty prohibits us from taking more than an annual average of 1,500 second-feet from Lake Michigan for use in an all-American waterway from the Lakes to the Gulf.

Georgian Bay is in Canadian territory but is tributary to Lake Huron. Lake Michigan is in American territory but

is tributary to Lake Huron; and if Canada is given the right to divert unlimited water out of the Canadian watershed for the purpose of building a Canadian waterway, why should we be limited to a diversion of 1,500 second-feet out of an all-American lake to build an American waterway?

Mr. President, let me reiterate that the only way for the Middle West to overcome the disadvantage created by the Panama Canal, and the only way to enable industry in the Mississippi Valley to compete in the markets of the east and west coast, of the Orient and of Central and South America, is by the development of a commercially successful waterway from the Lakes to the Gulf and by improving the tributaries of the Mississippi system.

The seriousness of this problem to the interior is shown by the fact that the average growth of population in the country during the past 20 years has been 33 percent, while St. Louis, including the territory covering a radius of 150 miles, has actually lost 6 percent in population. If equal opportunity is to be given to the whole country, then this treaty must be modified so that the diversion from Lake Michigan, which has been in effect for more than 80 years, may be continued in a sufficient quantity to insure a commercially successful waterway from the Lakes to the Gulf.

SUPREME COURT DECISION

Article VIII writes into the treaty a decision of the Supreme Court of the United States, rendered on the 21st day of April 1930. This decision requires a periodical reduction of the diversion at Chicago until 1938, at which time the flow is to be reduced to 1,500 second-feet annual average for navigation purposes in the Chicago River, and the United States is prohibited for all time from diverting a greater amount, regardless of the future necessities of our country.

The incorporation of this decision into the treaty is unfair and misleading, because it conveys the impression that the question of diversion for navigation to meet the needs of the Lakes-to-the-Gulf waterway has been adjudicated by the Supreme Court, when as a matter of fact this question was not considered by the Court.

There was good reason why the Supreme Court should not have considered a Lakes-to-the-Gulf waterway. As heretofore indicated, the decision of the Court was rendered on April 21, 1930. Congress did not adopt a Lakes-to-the-Gulf waterway until July 1930, so that at the time the question was before the Court no Lakes-to-the-Gulf waterway had been adopted.

The Supreme Court decision dealing with diversion was based upon a suit brought by the Lakes States to prohibit the Sanitary District of Chicago and the State of Illinois from further diverting any water from Lake Michigan. The Supreme Court appointed the present Chief Justice of the Supreme Court of the United States, Hon. Charles Evans Hughes, as special master to take testimony and report his findings to the Court. The Supreme Court instructed the special master to determine what diversion, if any, of water from Lake Michigan would be necessary to maintain navigation in the Chicago River. This case was twice referred to Mr. Hughes.

Upon the first reference of the case the special master permitted evidence bearing upon the question of the amount of water necessary for a Lakes-to-the-Gulf waterway, and in his first report to the Court he concluded:

> That Congress has power to regulate the diversion; that it is to determine whether and to what extent it should be permitted; that Congress has conferred authority upon the Secretary of War to regulate the diversion; that the permit of March 3, 1925, is valid and effective; according to its terms, the entire control of the diversion remaining with Congress; that in the light of these conclusions the bill of the petitioner should be dismissed.

The Supreme Court apparently came to the conclusion that, inasmuch as no Lakes-to-the-Gulf waterway had been adopted by Congress, the question of diversion for the purpose of such a waterway was not open for consideration by the Court, whereupon the Court rereferred the case to Mr. Hughes as special master, with instructions "to determine what diversion, if any, of water from Lake Michigan will be necessary for the purpose of maintaining navigation in the Chicago River as a part of the port of Chicago after the sewage-disposal works are in full operation." Acting under these instructions, the special master upon the rereference refused to permit evidence showing the amount of diversion from Lake Michigan necessary to insure a successful Lakes-to-the-Gulf waterway, and in his report to the Court upon the second reference the master said:

> Under the opinion of this Court in the present suits, the question of the allowance for diversion of water from Lake Michigan in the interest of a waterway to the Mississippi is not deemed to be open for consideration.

This is conclusive proof that the Supreme Court did not consider a Lakes-to-the-Gulf waterway when it rendered its decision of April 21, 1930. The special master, Mr. Hughes, now Chief Justice, concluded that Congress had the power to regulate the diversion and to determine what extent it should be permitted; that Congress had conferred authority upon the Secretary of War to regulate such diversion; and that the permit of March 3, 1925, was valid and effective. That permit authorized the diversion of 8,500 cubic feet per second.

If the act of July 3, 1930, authorizing and adopting a Lakes-to-the-Gulf waterway, had been in effect at the time the Supreme Court had the question of diversion under consideration and the question of water for that waterway had been considered by the special master and by the Supreme Court, there might be some ground for incorporating the Supreme Court decision into the treaty. However, I contend that treaties should be specific in their terms and that it is bad practice to incorporate the decisions of courts into treaties.

It is well to consider the real purpose for which the 1,500 second-feet for maintaining navigation in the Chicago River was authorized. As a matter of fact, the evidence shows that this water was not necessary for the purpose of giving sufficient volume or depth upon which to float transportation equipment. The primary purpose was to divert a sufficient amount of fresh water from the Lakes through the Chicago River to wash the impurities out of that river and make it sufficiently sanitary to protect the health and comfort of the navigator. Another purpose was to prevent the impurities constantly accumulating in the Chicago River from being carried into the lake, thereby polluting the fresh waters of the lake and endangering the lives of those whose water supply is taken therefrom.

It is apparent that the Supreme Court concluded that, in the absence of action by Congress, it had no authority to consider a Lakes-to-the-Gulf waterway and limited its consideration to the necessities of navigation in the Chicago River. Had the act of July 3, 1930, authorizing and adopting a Lakes-to-the-Gulf waterway, been in force when the matter was before the Supreme Court, so that evidence showing the amount of diversion necessary to insure a commercially successful waterway from the Lakes to the Gulf could have been presented, and so that the Court had authority to pass upon that question, its decision would probably have been different from the one which was rendered.

ACT OF JULY 3, 1930

We must assume, by the act of July 3, 1930, that Congress intended to create and insure for posterity a commercially successful waterway from the Lakes to the Gulf. Since there is a fall of approximately 125 feet between Lake Michigan and the Illinois River, and since a waterway from Lake Michigan to the Illinois cannot be created without diversion from Lake Michigan, it must be assumed that Congress intended that the diversion from Lake Michigan, which has been in effect for many years, should at least continue to such extent as would insure the commercial success of such waterway. In adopting a Lakes-to-the-Gulf waterway, Congress, in the act of July 3, 1930, provided an orderly procedure whereby the amount of diversion necessary to insure the success of such waterway should be determined.

At this point I may digress to say that the provision of the law which I am about to read became a part of the law by way of an amendment introduced by the then junior Senator from Wisconsin, Mr. Blaine. The language of that provision is as follows:

As soon as practicable after the Illinois waterway shall have been completed, in accordance with this act the Secretary of War shall cause a study of the amount of water that will be required as an annual average flow to meet the needs of a commercially useful waterway as defined in said Senate document, and shall, on or before July 31, 1938, report to Congress the results of such study, with his recommendations as to the minimum amount of such flow that will be required annually to meet the needs of such waterway, and that will not substantially injure the existing navigation on the Great Lakes, to the end that Congress may take such action as it may deem advisable.

Now, Mr. President, before that waterway is opened—and the opening of the Illinois waterway will be celebrated on June 22, 1933—it is proposed to foreclose any further investigation upon the subject. Now it is proposed by the provisions of article VIII of the treaty to nullify this solemn provision of an act which was duly considered, passed by each branch of Congress, and approved by the President, and at the same time to apply to the Lakes-to-the-Gulf waterway the provisions of a court decree which purported to meet the sanitary requirements of navigation interests in the Chicago River Harbor only. It is perfectly apparent that the amount of water necessary to insure a commercially successful waterway cannot be determined until after such waterway is completed and in full operation, and after proper and adequate tests have been made at the different seasons of the year, and under the varying conditions which will be encountered by the navigators of such waterway.

The distinguished Senator from Michigan [Mr. VANDENBERG], who is now advocating ratification of the treaty, supported the Blaine amendment in very forceful language and had this to say upon the subject:

We who disagree, Mr. President, with the contemplated form of the warrant for federalization are ready to join in taking over the canal: we are ready to relieve Illinois of its unfinished and temporarily insolvent task; we are ready to complete it as a commercially useful waterway in all respects and as defined in Senate Document No. 126; we are ready to order a new survey to determine what changed flow, if any, from Lake Michigan is necessary to make a commercially useful waterway; and in the event that these prior reports prove to be inadequate, and in the event that this necessity is greater than the flow now legally available, we are ready sympathetically to let a subsequent Congress determine this subsequent issue insofar as it may have the constitutional right. All this we are ready and willing to do, and it is so set forth in the substitute offered by the Senator from Wisconsin, a substitute which, I am told, is not entirely unacceptable to some of the Illinois waterway leaders themselves.

Mr. President, for more than a century the United States has consistently contended, and Canada has repeatedly recognized, that Lake Michigan is an American lake. It is entirely within American territory; it does not touch the Canadian border, and its entire watershed is on American soil; and now, for the first time in the history of the country, this treaty proposes to nullify this long-established doctrine and to take away from Congress the right to control the uses of the waters of this American lake, and to surrender to Great Britain the right to say what shall be done with the waters of Lake Michigan.

DIVERSION NECESSARY FOR A SUCCESSFUL WATERWAY

Mr. President, no one can now calculate how important a successful Lakes-to-the-Gulf waterway may become to the people of the Mississippi Valley and to the United States as a whole 100 or 500 years hence. Congress, recognizing the importance of protecting the interests of the United States, not only for the present but for future generations, made ample provision in the act of July 3, 1930, to have this question carefully and intelligently determined by study and experimentation after such waterway is completed and in full operation. I respectfully submit that for the Senate now to ratify this treaty with article VIII included would be unwise and unsafe and jeopardize the interests of generations yet to come.

IT IS AN INADEQUATE DIVERSION

As an evidence that 1,500 second-feet authorized in the Supreme Court decision is not adequate to meet the needs of a successful Lakes-to-the-Gulf waterway, I call the Senate's attention to the conclusions upon this question of some of the great engineers of our Army. In 1920 Col. J. G. Warren, one of the great hydraulic engineers of the Army, recommended a diversion of 10,000 second-feet as necessary to meet the needs of a successful Lakes-to-the-Gulf waterway. In 1921 Col. W. D. Judson, another eminent hydraulic engineer of the Army, recommended a diversion of 7,500 second-feet as necessary for a successful Lakes-to-the-Gulf waterway. In 1929 Gen. Edgar Jadwin, then Chief of Engineers, and one of the great hydraulic engineers of the country, testified that an annual diversion of at least 5,000 second-feet would be necessary to maintain a commercially successful waterway from the Lakes to the Gulf.

Major Gotwals testified before Commissioner Hughes in the Lake level case that a diversion of 10,000 cubic feet per second increased the depth more than 1 foot at Alton. He also stated that it would be very difficult, if not impossible, to make a dependable 9-foot channel at low-water mark between the mouth of the Illinois River and St. Louis with a diversion of less than 10,000 cubic feet per second. This is so, because of the unusual fall in that section of the river, coupled with the rock formation of the stream at and above the Chain of Rocks.

On May 3, 1926, Col. Rufus W. Putnam, of the United States Army, recognized for his experience and ability as a hydraulic engineer, in a report to the Chief of Engineers stated that a diversion of 10,000 second-feet made a difference during low water of 18 inches in the depth of the river at St. Louis.

Mr. President, it is reported that Gen. Lytle Brown, Chief of Engineers, in August 1932, stated that a Lakes-to-the-Gulf waterway could be maintained with a diversion of 1,500 second-feet plus the domestic pumpage at Chicago. We should not overlook the fact, however, that in May 1930, while the question of a Lakes-to-the-Gulf waterway was under consideration by the Commerce Committee of the Senate, Gen. Lytle Brown appeared and testified as follows:

Senator VANDENBERG. What is your present judgment as to the smallest flow of water necessary to develop a commercially successful waterway at this point?

General BROWN. The indications are with everything in view that something like 5,000 feet per second should be held available for that purpose.

It certainly cannot be contended, in the face of reports of such eminent engineers of the United States Army, that the interests of the United States will be protected if the Senate ratifies the proposed treaty, including article VIII, without first giving the Secretary of War and the Congress the time and the opportunity, as provided by law, to determine by study and experimentation the amount of diversion necessary to insure a commercially successful all-American waterway from the Lakes to the Gulf.

THE EFFECT OF THE SUPREME COURT DECISION

The committee hearings upon the Canadian treaty contained evidence to the effect that under the Supreme Court decision, there will be available for use in a Lakes-to-the-Gulf waterway not only the 1,500 second-feet authorized for use in the navigation of the Chicago River, and in addition the domestic pumpage, amounting to an additional 1,800 second-feet, making a total of 3,300 second-feet.

As a matter of fact, the city of Chicago is now metering its water for domestic use, and expert engineers advise that this will result in domestic pumpage being reduced to approximately 1,200 second-feet. The 1,500 second-feet for use in the Chicago River, authorized by the Supreme Court decision, will not be a continuous flow, but will be taken in varying volumes and will be calculated on an annual average.

The evidence taken before the special master in the Supreme Court case, as well as the decision which followed, showed that the one purpose for allowing 1,500 second-feet diversion was to prevent the polluted waters from the Chicago River from flowing into Lake Michigan. The evidence further shows that during the rainy season, when the polluted flood waters carrying the surface waste of Chicago's streets are at their height, it will require at times as much as 12,000 second-feet diversion from the lake in order to force such polluted waters down through the Chicago Drainage Canal, and thus prevent lake pollution.

These flood periods sometimes last for days, with the result that such diversions of water from the Lakes must

be taken during such flood periods that in order to keep the annual average diversion down to 1,500 second-feet, it will be necessary to reduce the diversion during the heavy navigation season of the summer and fall to a point ranging from 350 to 400 second-feet. Thus it will be observed that for the use of the Lakes-to-the-Gulf waterway during the heavy navigation season the total amount of diversion for all purposes will not exceed 1,600 second-feet, and the overwhelming testimony of the Army engineers shows that this is not sufficient for a commercially successful waterway.

THE EFFECT OF POLLUTION

Two very serious handicaps will result from navigation so limited. In the first place, it will necessitate an increased number of locks and dams, requiring much delay in breaking up the tows for the purpose of locking the barges through, which will greatly increase the cost of transportation on the Lakes-to-the-Gulf waterway, thereby depriving the shipper of the economy which an adequate waterway would afford.

The special master found from the evidence that the most modern purification works were about 85 percent effective. The Chicago sewerage area contains a population of approximately 4,500,000 people. This means that after Chicago's purification works are completed, as required by the Supreme Court, a pollution equivalent to the raw sewerage of 675,000 people will be pouring into the pools of the Illinois waterway, which must be held stagnant and inactive, because the flow of water will not be sufficient to maintain adequate depth in the pools and at the same time keep the foul pollution in such pools moving.

The Supreme Court was careful to provide sufficient diversion to purify the waters of the Chicago River to the point where healthful navigation is assured. But imagine, if possible, navigating the foul, stagnant pools of the Illinois waterway during the hot months of July, August, and September. Imagine the operators of cargo vessels trying to eat their food surrounded by the pollution and the stench of such an environment.

Mr. President, why should the opponents of this treaty be unwilling to provide sufficient water for a healthful and commercially useful waterway through our own country, especially so when we are spending hundreds of millions of dollars to provide a great waterway from the Great Lakes through Canada and out to the sea? While we are providing this great seaway through foreign soil, why not provide an adequate diversion for a successful and healthful waterway through the heart of our own country?

THE HISTORY OF DIVERSION AND THE MICHIGAN-ILLINOIS WATERWAY

Mr. President, in 1822 Congress passed an act authorizing the State of Illinois to open a canal through the public lands connecting the Illinois River with Lake Michigan. In 1826 the Legislature of Illinois passed a resolution reading in part as follows:

> The memorial of the General Assembly of the State of Illinois respectfully represents: That the construction of a canal uniting the waters of Lake Michigan with the Illinois River will form an important addition to the great connecting links in the chain of internal navigation, which will effectually secure the insoluble union of the confederate members of this great and powerful Republic. * * * To effect so great and desirable an object, your memorialists believe it to be of sufficient importance to engage the attention and awaken the munificent patronage of a Government whose principle of action is the promotion of the general welfare. (See S.Doc. 49, 19th Cong., 1st sess.)

In 1827 Congress passed an act authorizing the State of Illinois to open a canal connecting Lake Michigan with the Illinois River, said act containing the following provision:

> For the purpose of aiding the said State in opening a canal to unite the waters of Illinois River with those of Lake Michigan, a quantity of land * * * on each side of said canal is granted to the State of Illinois, and the said land shall be subject to the disposal of the Legislature of the said State for the purpose aforesaid and no other: *Provided*, That the said canal, when completed, shall be and forever remain a public highway for the use of the Government of the United States, free from any toll or other charge whatever for any property of the United States or persons in their service passing through the same.

This grant conveyed 284,000 acres of land to the State of Illinois. (See Annual Report, Chief of Engineers, 1887, p. 2141.) Congress took this action with full knowledge that a canal from Lake Michigan to the Illinois River could not be operated except by the use of water diverted from Lake Michigan. On January 9, 1836, the Legislature of Illinois passed an act entitled "An act for the construction of the Illinois and Michigan Canal." In 1848 this canal was completed at a cost to the State of Illinois of $6,557,681.50. Thus diversion from Lake Michigan for the purpose of making a Lakes-to-the-Gulf waterway was begun in 1848.

In 1861 the Illinois Legislature passed an act for the improvement of navigation in the Illinois River by dredging or by supplying water from Lake Michigan through the enlargement and deepening of the Illinois and Michigan Canal or by opening a channel from Lake Michigan sufficient to secure a flow of water, ample and never failing, for the navigation of the Illinois River at all seasons and times when not obstructed by ice. (See Laws of Illinois, 1861–3, p. 277.)

General Wilson, of the United States Army, pursuant to the Rivers and Harbors Act of June 23, 1866, presented a report in which he said:

> The Illinois River seems to have been especially designed by nature as the line by which the waters of Lake Michigan are to be connected with those of the Mississippi. * * * A moment's consideration will show that at no remote period the waters of the lake must have been carried off by these streams as well as by the St. Lawrence. * * * The data herein contained demonstrate beyond doubt that the waters of the lake may be carried into the Illinois River through a navigable channel of any required dimensions and at a cost which cannot be regarded as excessive when the objects to be obtained are duly considered.

The annual report of the Chief of Engineers of 1868 contained the following:

> There are but two ways in which we can thoroughly protect our inland frontier in times of war, and relieve ourselves of a continuous menace in times of peace. * * * As a military measure, the construction of a canal will be effective, and, fortunately for the country, this can be done at an expense which must be regarded as insignificant when compared with the objects to be obtained. But great as are the military reasons which favor the establishment of steamboat navigation between the Lakes and the Mississippi, they are vastly transcended by those of a commercial and political character. (Annual Report, Chief of Engineers, 1868, p. 450.)

In 1887 the annual report of the Chief of Engineers contained the following provision:

> The United States and the State of Illinois have long been committed to the project of opening a water communication between the Mississippi River and the northern lakes of capacity sufficient for the wants of commerce and for the exigencies of our national defense. (Annual Report, Chief of Engineers, 1887, pp. 21–22.)

In November 1889 the Sanitary District of Chicago was formed by a vote of the people, and the district was—

> Authorized to construct a channel in the Michigan-Illinois Canal sufficient to produce a depth of water from Lake Michigan of not less than 18 feet * * * and a width of not less than 160 feet.

On August 9, 1893, Captain Marshall, United States Army engineer at Chicago, made a report to the Chief of Engineers which was by him transmitted to Congress with the annual report of the Chief of Engineers, informing the United States that the work of constructing the Sanitary District Canal had begun. (See Annual Report, Chief of Engineers, 1893, app. LL, p. 2794.)

In 1895 Captain Marshall, United States engineer at Chicago, reported to the Chief of Engineers, United States Army, as follows:

> The city of Chicago expects to turn into the channel of Illinois at some future time 5,000 cubic feet of Lake Michigan water per second; at some more remote period there may be 10,000 cubic feet per second. (See Annual Report, Chief of Engineers, 1895, app. JJ, p. 2715.)

On May 8, 1899, the Secretary of War issued a permit to the city of Chicago to open its canal, permitting the water of Lake Michigan to flow through the canal into the Illinois River and permitting a diversion of 4,167 second-feet. For more than 30 years a diversion from Lake Michigan through the Chicago Drainage Canal, down the Illinois and Mississippi Rivers, ranging from 4,000 to 8,500 second-feet, has gone on under permits issued by the Secretary of War.

EFFECT OF DIVERSION

It is generally agreed among hydraulic engineers that a diversion of 10,000 second-feet from Lake Michigan lowers the levels of the lake between 5½ and 6 inches; that such lowering is complete in approximately 4 years after the diversion begins; and that no further lowering will result if such diversion continues forever, and this is true because the level of any lake depends upon the amount of water which gathers from rain and melting snow and the size of the channel draining such lake. The average annual amount of water flowing into Lake Michigan is approximately 180,000 second-feet, and so long as the amount of water flowing out through the Detroit and St. Clair Rivers equals the amount coming into Lake Michigan and Lake Huron the level of these lakes remains steady.

When the canal is opened at Chicago which diverts 10,000 feet of water for use in making a Lakes-to-the-Gulf waterway, the level of Lake Michigan and Lake Huron is lowered until the amount of water passing out of the lake at Chicago, plus the amount passing out through the Detroit and St. Clair Rivers, equals the amount of water coming into such lakes, and the level of such lakes remains steady forever after insofar as such diversion is concerned.

The records of lake levels kept by the War Department for more than half a century show that the level of the Lakes fluctuates 4½ feet over cycles of approximately 10 years, depending upon the amount of water during such periods resulting from rainfall and melting snow. These cycles, of course, have their effect upon navigation and property along the lake shore—infinitely more effect than a diversion of 10,000 second-feet, which lowers the lake levels approximately 6 inches.

During the past 50 years Congress, at the expense of the whole country, has expended $154,000,000 in constructing harbors and deepening channels for the accommodation of navigation upon the Lakes. When this improvement began, navigation upon the Lakes was limited to boats of 6-foot draft. Today boats drawing 21 feet, carrying 10,000 to 12,000 tons of cargo, can enter the harbors and navigate the channels of the Lakes. Thus, our Government, at the expense of the whole country, has created channels for navigation overcoming many times the lowering resulting from a diversion of 10,000 second-feet at Chicago.

Mr. President, the Rivers and Harbors Act of July 3, 1930, provides that the War Department, at the expense of the United States, shall construct compensating works which will raise the levels of the Lakes approximately 18 inches, and which will regulate the cycles now damaging to navigation. The treaty now before the Senate contains the approval of Canada for the construction of such works. Thus, provision has been made not only for overcoming a lowering resulting from a diversion of 10,000 second-feet but for raising the levels of the Lakes 1 foot in addition thereto. When our Government, at the expense of the taxpayers of the whole country, provides such improvement in the navigation upon the Lakes, what right has any city or State bordering the Lakes, or any navigator using the Lakes, to complain of such diversion as may be found necessary to insure a commercially successful waterway from the Lakes to the Gulf?

By the improvement of the St. Lawrence waterway, largely at the expense of the United States, the depth of the waterway will be increased from 14 to 27 feet, even though a diversion of 10,000 cubic feet per second at Chicago shall continue permanently. As evidence that the compensating works are practical and feasible, and that a diversion of 10,000 second-feet from Lake Michigan for a Lakes-to-the-Gulf waterway can be overcome, I call the Senate's attention to the testimony of Gen. G. B. Pillsbury, Assistant Chief of Engineers, when he appeared before the Foreign Relations Committee of the Senate. With reference to the limit of diversion which can be overcome by compensating works, the following testimony of General Pillsbury is most instructive:

Senator VANDENBERG. At what point would you say you reach a mechanical limit beyond which you cannot hope to compensate?

General PILLSBURY. When you get to a diversion of around 30,000 to 40,000 cubic feet per second, compensating works would cease to become feasible. (Hearings before subcommittee of the Committee on Foreign Relations, U.S. Senate, 72d Cong., 2d sess., p. 342.)

This is conclusive proof that a diversion far in excess of the requirements of a commercially successful waterway from the Lakes to the Gulf can be compensated for without injury to navigation upon the Lakes or navigation down the St. Lawrence.

POWER

If a diversion sufficient to insure a commercially successful all-American waterway from the Lakes to the Gulf can be permanently provided for without injury to navigation either upon the Lakes or down the St. Lawrence, then it is pertinent to inquire as to the source of opposition to such diversion. The answer is simple. The water from the Lakes necessary to make a successful Lakes-to-the-Gulf waterway cannot be used to turn the turbines of the power companies down the St. Lawrence. If an annual average flow of 10,000 second-feet or less is sufficient to insure for all time a commercially successful waterway through the great agricultural interior of our country, then 206,000 second-feet ought to be sufficient for the needs of a St. Lawrence waterway.

The great power interests along the St. Lawrence, however, are more concerned about the revenues which they hope to derive from the use of this water for power many years hence than they are about protecting the immediate interests of the United States. It is vital that we provide in this treaty for an adequate Lakes-to-the-Gulf waterway sufficient not only to meet the needs of the present but to fulfill the requirements of generations yet to come. If we fail to protect American interests now, we cannot complain after the door is closed. Unfortunately, our diplomats think only of the needs of today, while the British look far into the future. Who can forecast the value to the United States of an adequate diversion 100 or 500 years from now?

It is easy to understand the selfish interests of the power companies, but it is difficult to understand why any American city or State bordering upon the Lakes should be more interested in Canadian power than in American navigation. How can they afford to sacrifice the rest of the country in order to serve their own selfish interests?

CANADA HAS LONG RECOGNIZED AMERICAN CONTROL OVER LAKE MICHIGAN DIVERSION

Mr. President, we have been diverting water from Lake Michigan for more than 80 years. For 10 years we have diverted approximately 8,500 second-feet. Lake Michigan is an American lake. It is in American territory. Not one drop of Canadian water has ever flowed into this lake. Our forefathers have ever maintained that diversion from this lake was an American question and that its entire territory was under American sovereignty.

That Canada has recognized this diversion and that she sought by the terms of the treaty in 1910 to limit such diversion to 10,000 second-feet is shown by the records of the International Waterway Commission, appointed in 1902 to study the question of diversion.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. PATTERSON. I yield to the Senator from Louisiana.

Mr. LONG. The other day the Senator from Wisconsin [Mr. LA FOLLETTE] made considerable reference to the Supreme Court decision relative to the use of water from Lake Michigan by Chicago. That, however, is strictly a domestic matter, is it not? We do not have to bother with Canada at all about that.

Mr. PATTERSON. I agree with the Senator absolutely upon that subject. There is not any question about it.

Mr. LONG. If we see fit in America, whether through Congress or otherwise, to deal with that subject, that is our own domestic question. Canada has not anything at all to do with that.

Mr. PATTERSON. Entirely so.

This Commission consisted of 3 Canadians and 3 Americans. On April 25, 1906, the Canadian section of this Commission made a report to the Canadian Government, in which it used the following language:

At Chicago the Americans have built a drainage canal, which when in full operation will use about 10,000 cubic feet of water per second * * *. As a diversion from Lake Michigan to the Mississippi is of a much more serious character than the temporary diversion from the Niagara River, it is felt that the amount of water taken on the American side of the Niagara River should be limited to 18,500 cubic feet per second * * *. It is exceedingly important in the interest of navigation, both to ourselves and the people of the United States, that the diversion by way of the Chicago Drainage Canal should be limited * * *. If our proposal is carried out, the diversions will be about as follows:

Diversions on the American side:	*Per second cubic feet*
Niagara Falls	18,500
Chicago Drainage Canal	10,000
Total	28,500

This, Mr. President, is the report of the Canadian Commission to the Canadian Government. They recognized our right to take the 10,000 second-feet.

	Per second cubic feet
Diversions on the Canadian side: Niagara Falls and on the Niagara Peninsula	36,000

Evidently, they took into consideration the fact that we were diverting 10,000 second-feet from Lake Michigan, and they were given upon their side a larger diversion than we received.

On January 4, 1907, the members of the International Waterways Commission reported to their respective Governments, as follows:

A careful consideration of all the circumstances leads us to the conclusion that the diversion of 10,000 cubic feet per second through the Chicago River will, with proper treatment of the sewage from areas now sparsely populated, provide for all the population which will ever be tributary to that river. * * * Incidentally it will provide for the largest navigable waterway from Lake Michigan to the Mississippi River which has been considered by Congress.

We therefore recommend that the Government of the United States prohibit the diversion of more than 10,000 cubic feet per second for the Chicago Drainage Canal.

Again recognizing our right to absolute dominion, they recommend to us—they do not attempt to assert any right in the premises, but they recommend to us—that we limit the diversion to 10,000 second-feet.

On May 5, 1910, Great Britain and the United States entered into a treaty, article VIII, of which contained the following provision:

The high contracting parties shall have, each on its own side of the boundary, equal and similar rights in the use of the waters hereinbefore defined as boundary waters.

The following order of precedence shall be observed among the various uses enumerated hereinafter for these waters, and no use shall be permitted which tends materially to conflict with or restrain any other use which is given preference over it in this order of precedence:

First. Uses for domestic and sanitary purposes.

Second. Uses for navigation, including the service of canals for the purpose of navigation.

Third. Uses for power and for irrigation purposes.

The foregoing shall not apply to or disturb any existing uses of boundary waters on either side of the boundary.

If Canada construes the waters of Lake Michigan as boundary waters, then she specifically authorized the diversion of 10,000 second-feet at Chicago in the treaty of 1910, which treaty is still in force. Our Government, however, has never conceded that Lake Michigan is boundary water. We have always contended that it is an American lake, under complete American sovereignty. As an evidence that Canada recognized our position with reference to Lake Michigan, I call the Senate's attention to the following from the treaty of 1910:

PRELIMINARY ARTICLE

For the purposes of this treaty boundary waters are defined as the waters from main shore to main shore of the lakes and rivers and connecting waterways, or the portions thereof, along which the international boundary between the United States and the Dominion of Canada passes, including all bays, arms, and inlets thereof, but not including tributary waters which in their natural channels would flow into such lakes, rivers, and waterways, or water flowing from such lakes, rivers, and waterways, or the waters of rivers flowing across boundary.

Lake Michigan is not adjacent to the international boundary, but is a tributary body of water which in its natural channel flows into the other lakes. It is purely an American lake, and as such was excluded from the treaty of 1910. As to the interpretation of the language of the preliminary article, I quote from Elihu Root, the then Secretary of State, who negotiated the treaty, and who appeared before the Senate on January 20, 1909, for the purpose of explaining the provisions of the treaty of 1910. The Senate record is as follows:

The preliminary article was read.

Secretary ROOT. The definition of boundary waters was carefully drawn in order to exclude Lake Michigan.

While the treaty of 1910 made no specific reference to diversion at Chicago, it is instructive to note that the Chicago diversion was under consideration by the International Joint Commission for approximately 8 years prior to 1910; that in 1906 the Canadian section of the Commission recommended to their Government that the Chicago diversion be limited to 10,000 second-feet; and that in 1907 the full Commission jointly recommended to their respective Governments that the Government of the United States limit the diversion at Chicago to 10,000 second-feet. Clearly the Canadians heretofore have recognized the American sovereignty over Lake Michigan.

If the Canadian commissioners did not recognize American sovereignty over Lake Michigan, then why did they recommend that "the Government of the United States prohibit the diversion of more than 10,000 cubic feet per second for the Chicago Drainage Canal"? Why did they not require that such prohibition be written into the treaty of 1910?

As a further evidence that both the Americans and the Canadians took into account the diversion at Chicago and the fact that this diversion took water out of the watershed, which is a diversion of a more serious character, I call the Senate's attention to the fact that under the treaty of 1910 Canada was allowed to divert 36,000 second-feet on the Canadian side, while the diversion on the American side was limited to 28,500 second-feet. Article II of the treaty of 1910 contained the following significant provision:

Each of the high contracting parties reserves to itself, or to the several State governments on the one side and the Dominion or Provincial governments on the other, as the case may be, * * * the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line which in their natural channels would flow across the boundary into boundary waters.

As evidence that this language of the treaty of 1910 was intended to refer to the diversion at Chicago and that such diversion was considered as a domestic question under the protection of American sovereignty, and was so recognized by the officials of our Government at the time the treaty was ratified, I call the Senate's attention to a memorandum prepared by the Honorable Chandler P. Anderson, legal adviser of the State Department, and submitted to the Foreign Relations Committee as an official document of the State Department. In this memorandum Mr. Anderson said:

Attention is called to the express provision in this article II that it shall not apply to cases already existing, which would seem to cover, and was certainly intended to cover, the canal system at Chicago. * * * The treaty, therefore, recognizes that the settlement of the question of the use of waters of Lake Michigan is purely a domestic question and leaves undisturbed the governmental rights of the United States with respect to it.

As further proof that during the hearings and deliberations which were consummated in the treaty of 1910, Lake Michigan was considered an American lake, under exclusive American sovereignty, and that a diversion of 10,000 second-feet was taken into account in that treaty, I quote from a statement of Secretary Root, who appeared before the Foreign Relations Committee of the Senate. Speaking of Niagara Falls, he said:

The great bulk of water goes on the Canadian side, and the Waterways Commission that was appointed some time ago to deal with the question of lake levels reports that 36,000 feet can be taken out on the Canadian side and 18,500 feet on the Ameri-

can side without injury to the falls. I thought it wise to follow the report of the Commission * * *; we are now taking 10,000 cubic feet per second out of Lake Michigan at Chicago, and I refused to permit them to say anything in the treaty about it. I would not permit them to say anything about Lake Michigan. I would not have anything in the treaty about it and, under the circumstances, I thought it better not to kick about this 36,000 feet. They consented to leave out of this treaty any reference to the drainage canal and we are now taking 10,000 cubic feet per second.

Senator BACON. You think there can never be any international question as to whether the term "tributary waters" includes Lake Michigan? You think it perfectly sure that Lake Michigan is excluded?

Secretary ROOT. I am perfectly sure of it. Article II of the treaty makes it perfectly certain that Lake Michigan is not to be regarded as boundary waters.

Thus, it will be observed that the Canadian commissioners in two reports to their Government recognized Lake Michigan as purely an American lake, and that diversion therefrom was an American question. This position was taken by Secretary Root and Mr. Anderson, and no responsible American official before the signing of this treaty ever proposed to surrender American sovereignty over this lake or to concede to Canada the right to any jurisdiction over this American territory.

Mr. President, Canada is ever vigilant in guarding the sovereignty of her territory. In support of this statement I beg leave to quote from an editorial which appeared in the Toronto Mail and Empire on July 19, 1932:

Those who have been nervous about Canadian sovereignty should read article 5 of the treaty, which provides that each of the high contracting parties shall retain complete ownership of, and complete legislative and administrative jurisdiction over, all works lying on its own side of the international boundary, irrespective of the agency by which such works are constructed. Such works shall constitute a part of the territory and property of the country in which they are situated. The proviso is deliberately inserted to protect Canadian sovereignty over all structures lying on the Canadian side, even though these structures have been built with United States money.

As a further evidence of the zeal with which Canada regards the sovereignty of her territory, and of the fact that she was fully conscious of the fatal surrender which our diplomatic representatives undertook to make in the draft of the same treaty, I quote the following extract from the same editorial:

It is the first time in history that the United States has agreed to place the abstraction of water from Lake Michigan under international control. This really means that Lake Michigan is admitted by the neighboring Republic to be an international waterway, like the other Great Lakes. Henceforth it belongs definitely by international agreement to the St. Lawrence watershed.

We have already shown that there is to be no abandonment of Canadian sovereignty in the St. Lawrence. The treaty involves no departure from the historical Canadian policy regarding the St. Lawrence and the Great Lakes.

As proof that our diplomatic representatives who negotiated the proposed treaty intended to surrender sovereignty over Lake Michigan and to give to Canada absolute control over diversion at Chicago, which for more than a century has been recognized by both Governments as a domestic question, I beg leave to quote paragraph B of article VIII of the treaty, which reads as follows:

No diversion of water from the Great Lakes system or from the international section to another watershed shall hereafter be made except by authorization of the International Joint Commission.

There is no opportunity to divert water out of the St. Lawrence watershed on the Canadian side, and hence the foregoing paragraph was intended to specifically apply to the diversion at Chicago, and to give to Canada and to Great Britain the absolute control of that diversion in excess of 1,500 second-feet.

By the language of this provision we waive the right to submit the question of permanently increasing the diversion at Chicago to a disinterested board of arbitration, no matter how dire our needs may become for such increase. We bind ourselves to submit such question to the International Joint Commission. This Commission will be half Canadian and it will be impossible to increase the diversion for a Lakes-to-the-Gulf waterway without the consent of Canada. This is another proof of the alertness of Canadian diplomacy and of the inability of our representatives to protect the interests of the United States when coping with Canadian and British diplomats.

Elihu Root was a real diplomat, with genius and ability adequate to protect American interests; but what of our diplomats who negotiated the proposed treaty? They surrender the right to insure a commercially successful waterway from the Lakes to the Gulf by agreeing to limit for all time the Chicago diversion to 1,500 second-feet. They undertake to do this without even giving the Secretary of War the time or the opportunity to determine the amount of water necessary for such waterway, as provided by law. Furthermore, we get no consideration in return for giving up the diversion which has long existed at Chicago, or for surrendering sovereignty of our Lake Michigan; for under the terms of the proposed treaty the Canadians are granted the right to take 41,000 second-feet out of the Lakes for power, and as much more as they see fit, to make an all-Canadian waterway out of Georgian Bay, while the United States is limited to diversion of 22,425 second-feet. This is another conclusive proof of the inability and failure of our diplomats to protect the interests of the United States.

As another evidence that our American representatives were unable to cope with Canadian and British diplomats in writing the proposed treaty, I call attention to the fact that they bound the United States to pay approximately 65 percent of the present estimated cost of this great power and navigation project, and permitted Canada to take the lion's share of the benefits. On this point I shall further quote from the Toronto Mail and Empire editorial:

The treaty has its power side as well as its navigation side. The work in the international section and in the national section will develop about 5,000,000 horsepower. Of this 2,000,000 horsepower will be available in the international section and 3,000,000 in the national section. Canda is to obtain 1,000,000 of the 2,000,000 horsepower to be produced in the international section, but all of the 3,000,000 horsepower to be developed in the national section will belong to this country. This means that Canada is to obtain 4,000,000 horsepower and the United States 1,000,000 horsepower out of the whole St. Lawrence waterway development.

I have already quoted the jubilant boast of the Canadian Premier as to our vast expenditure for Canadian engineers, Canadian labor, and Canadian materials at a time when millions in our own country are begging for an opportunity to toil. As further bearing upon this point I again quote from the Toronto Mail and Empire editorial:

Most of the construction work will be done in Canada. All the construction work on the national section will, of course, be done here, but there is more than that. Though the United States is to provide the $54,718,000 for works situated on the Canadian side of the International Rapids section, Canadian engineers, Canadian labor, and Canadian materials are to be used.

Mr. President, the Canadians have a right to be proud of the skill and the genius of their diplomats, and the advantages which they gain as the result of the proposed treaty is a sufficient cause for jubliation among them. The editor of the Toronto Mail and Empire, in rejoicing over the success of the Canadian Minister who conducted the negotiations which resulted in the provisions of the proposed treaty, had the following to say:

He has obtained a treaty which places the bulk of the cost on the United States and involves the Dominion's treasury in an expenditure of less than $40,000,000. This, and his success in obtaining a greatly increased number of air channels from the United States for radio purposes, amply justify his appointment to the Washington post. He would not have accepted that position but for the prospect of doing these two jobs for Canada, and his double achievement marks him as an international diplomat of first-class order. In the language of the street, he has "carried the message to Garcia, delivered the goods, and brought home the bacon."

Mr. LONG. Mr. President, will the Senator yield?

Mr. PATTERSON. I yield.

Mr. LONG. I want to remind the Senator that when a British diplomat negotiates a treaty on the part of Great Britain he is usually elevated to the peerage immediately following the ratification of the treaty for the success accomplished. It has been the almost invariable rule that when a Britisher or a Canadian comes over to the United

States and puts over a treaty on us he is made either a baron or an earl immediately following the ratification of the treaty on account of the success attained, and I know of no other man who ever deserved such reward from the Canadian Government, as the Canadian paper so truthfully says, as the gentleman who put over on the United States this St. Lawrence Deep Waterway Treaty, if we shall ratify it.

Mr. PATTERSON. Yes; they ought to make him a duke. I am willing to admit that the Canadian minister "brought home the bacon" all right, but I am wondering what our diplomats were doing at the time. As proof that the Canadian representatives were keenly aware of the great advantage which they had obtained in article VI, in which our American representatives recognized Canadian sovereignty over all diversions in Canadian territory, while they surrendered to Canada absolute control over diversions from Lake Michigan, an all-American lake, I quote the following from the editorial in the Toronto Mail and Empire:

> Canada retains the specific right to construct at any time in the future, wholly within its own territory, alternative channels and canal facilities along the Great Lakes or in the St. Lawrence River, including the international section of the St. Lawrence. It has a right to use for such purely Canadian canal purposes whatever water there may be necessary for the operation thereof.
>
> As we indicated before, this clause places Canada in a position to build an all-Canadian waterway if at any time in the future it is deemed wise. This is one of the most important and one of the most satisfactory points in a treaty which fairly bristles with satisfactory points.

CONCLUSION

Mr. President, we must concede that this treaty bristles with points favorable to Canada and unfavorable to the United States. By its terms we obligate ourselves in these distressing times to spend hundreds of millions of dollars to build a waterway through a foreign country, while depriving ourselves of the right to build a successful waterway through the great agricultural interior of our country. At our own expense we build a seaway from the wheat fields of Canada to the world markets, while we close the door to an adequate diversion for a waterway which will enable the farmers of our great agricultural States to use that seaway. We spend hundreds of millions of dollars to give the Canadian farmer an advantage which the American farmer cannot meet. We build a waterway of tremendous value to Canada which will be useful to only a small section of the United States. At our own expense we help create 5,000,000 horsepower of electricity, four fifths of which will belong to Canada.

We bind ourselves to pay 65 percent of the cost of a highway through Canadian territory and then give to Canada and Great Britain the right for all time to use the channels and harbors of the Great Lakes, which must be improved and maintained entirely at our own expense. We make all the improvements in the Great Lakes and give the British Empire the right to navigate them for all time and then permit the Canadians to divert 41,000 second-feet of lake water for power, while we are limited to 22,000 second-feet.

We yield to Canada complete control over diversions for navigation on the Canadian side and we surrender to Canada absolute control of diversions on the American side. We permit the Canadians to divert 5,000 second-feet from Niagara Falls to be used for power and navigation in the Welland Canal, while we allow them to limit our diversion at Chicago to 1,500 second-feet.

Canada safeguards her national policy and yields no sovereign right over her territory, while we reverse a policy regarded as sacred for a hundred years and permit Great Britain to say what we can do with a purely American lake.

This in the very nature of things is only a partial enumeration of the inequities and iniquities of this treaty, but it is enough to justify its rejection in its present form. It should be sent back for further negotiation and should never be ratified until these inequities have been removed and the interests of the United States, not only now but for the future, have been fully protected.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. MCNARY. Mr. President, I observe the absence of the senior Senator from Mississippi [Mr. HARRISON], who is in charge of the conference report, and also of the senior Senator from California [Mr. JOHNSON]. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Cutting	Kendrick	Robinson, Ark.
Austin	Dale	Keyes	Robinson, Ind.
Bachman	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Connally	Hayden	Patterson	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reed	White

Mr. KING. I wish to announce that the Senator from Maine [Mr. WHITE], the Senator from Alabama [Mr. BLACK], and the junior Senator from Nevada [Mr. MCCARRAN] are engaged in attendance upon a committee of the Senate.

The PRESIDING OFFICER. Ninety-two Senators have answered to their names. A quorum is present. The question is on agreeing to the conference report.

BANKING REGULATIONS—INSURANCE OF DEPOSITS

Mr. LONG. Mr. President, I have before me a copy of the Philadelphia Record of Tuesday, June 6, which refers to the bank situation. I wish to read a few lines, and then I wish to offer the remainder of the editorial for publication in the RECORD. Then, while I am on my feet, I wish to say a word about another matter. The editorial is headed "They Were Told to Stand By Their Banks", and, after the heading, reads as follows:

> *To the Congress of the United States:*
>
> Before you adjourn, what are you going to do for depositors in restricted and closed banks?
>
> What are you going to do for the men and women who, like good soldiers, stood by their Government in its hour of peril?
>
> They were told they could serve their country best by leaving their money in their banks. They were told it was their patriotic duty. The President of the United States told them, the Secretary of the Treasury, the Governor of their State, the mayor of their town, the president of the big bank, the minister in the pulpit, the editor of the newspaper.
>
> They took this advice seriously. They left their money in their banks—"they" being some 20,000,000 depositors in smaller banks with $8,000,000,000 of their money now tied up.
>
> What are you going to do for them?
>
> Adjourn without action in their behalf?
>
> That would be the vilest legislative betrayal in our history.
>
> That would be the disgrace not only to Congress but to the Presidency. It was the former President who urged upon these depositors the course which has proved their undoing.
>
> To adjourn without aiding the depositors in restricted and closed banks would be to discount patriotism and place a premium on selfishness.
>
> The man who drew his money out of his bank can now redeposit it and laugh at his neighbor who heeded the President.
>
> Is that a good precedent for the future of this Nation?

I want to read that last sentence again.

> The man who drew his money out of the bank can now redeposit it and laugh at his neighbor who heeded the President. Is that a good precedent for the future of this Nation?

I wish to digress long enough to say that it was the request and the urgence of the President of the United States, just as this paper says, and of the governors and all the Treasury officials that everybody ought to take their money

and leave it in the banks. We denounced the hoarders as unpatriotic and called upon them to disgorge their money from their stockings and mattresses and put it back in the banks which were operated under law; and now, as this newspaper says, the man who did what the President of the United States told him to do and what the Congress asked him to do and what the authorities of the State told him to do, the man who heeded the call of patriotism now finds himself laughed at by the man who paid no attention to the urging of the Government and who kept his money out of the bank and who still has his money.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. VANDENBERG. In line with what the Senator is saying, I should like to offer this further observation. Much is said about the iniquity of the small State banking institutions in this situation, but the fact of the matter is, in my own State there are 100 of the so-called "little State banks" which are still closed which could have been opened long ago if two big national banks in the city of Detroit had not all the impounded reserves of the State banks tied up in those Federally controlled national institutions. In other words, the Government has a moral responsibility not only to the depositors in national banks but also to the depositors in these much-despised State banks which are the collateral victims of the failure of the former banks.

Mr. LONG. That is what broke the banks in my State. The Federal Reserve banks in the cities, particularly three of them—three Federal Reserve banks operated by the Federal Reserve Board—had tied up all the resources of the little country banks. They had in their vaults the taxes that had been collected by the municipalities and by the counties and by the States that had been deposited in those little banks and redeposited by the little banks in the Federal Reserve banks. On the faith and on the pledge of the President and of the leaders of both parties, they left the money in the banks, and now the banks have been closed, and the man who said, "I have too much sense to pay any attention to my Government, I know it cannot be believed, I would not believe it on oath", is the man who proved to be right.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. LONG. I yield.

Mr. WALSH. Does the Senator know how much money is tied up in those closed banks?

Mr. LONG. I understand it is between five to eight billion dollars. That is merely an estimate.

Mr. WALSH. Some time ago the forces of the administration contemplated starting a general liquidating corporation whereby the Government would be able to pay the amount of money found to be due those banks forthwith, and prevent the tieing up of this large sum of money throughout the slow progress of ordinary liquidation. What has become of that plan?

Mr. LONG. The liquidating corporation seems to have turned into an evaporating corporation. That is all we seem to be able to learn about it.

Mr. WALSH. As long as this huge sum of money is tied up in those closed banks it is a great contribution to deflation.

Mr. LONG. That is true.

Mr. WALSH. It seems to me there is nothing that could be more helpful than to find some way of making available immediately the amount of money that could easily be estimated and determined to be due.

Mr. LONG. There is no question about it.

Mr. WALSH. I join with the Senator in expressing the hope that something along that line may be done in order that the unfortunate people who are suffering all over the country as a result of their funds being tied up may be relieved. I still hope some legislation may be enacted to relieve the situation in that respect.

Mr. LONG. I thank the Senator. I think if the Senator from Massachusetts and a few more of us will stay on the job we will be able to make them hear us before we get through with this session of Congress.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. VANDENBERG. In line with the observation submitted by the Senator from Massachusetts, I should like to say to the Senator that so far as reopening the closed banks in the Middle West is concerned, the one thing which will most promptly and effectually contribute to that end is for my immediate deposit-insurance proposal, which the Senate has approved, to become the law, because the thing which is now preventing the reopening of many banks in the Middle West is the fear that there will be supplementary runs, except as the people are given the steel beam of a Federal warrant upon which to rest their confidence. The process of reorganization in many of these institutions is now coming to the point of fruition, but in the face of this continued lack of confidence they would not be reopened lest persistent withdrawals again shall needlessly drive them to the wall.

Mr. WALSH. In other words, the business of the banks should be put upon a sound basis, but there is yet a possibility of their not reopening because of the fear that there may be runs that would wipe out their liquid assets.

Mr. VANDENBERG. The Senator is entirely correct. I think I have ample justification for saying that.

Mr. WALSH. In my State, and I suppose it is true throughout the country, there are very large numbers of banks where a person can only get a percentage of his deposits from time to time, and that is tying up hundreds of millions of dollars more.

Mr. VANDENBERG. The Senator is entirely correct. I repeat that so far as the Middle West is concerned, if the conferees, who are now meeting at this moment in respect to the so-called "Glass banking bill", retain my provision for immediate limited insurance, it can be done not only without any jeopardy to the Federal credit but it can be done utterly effectively in respect to the reopening of banks and the renewal of liquid bank credits.

Mr. LONG. There is a conference now going on which is going only a part of the way, but a long ways toward this end. They are talking about the banks that are solvent, the banks that can pay off entirely. There is no such bank in the United States today. We have only $7,000,000,000 or $8,000,000,000 worth of currency, gold and silver and printing-press money all put together. All of its amounts only to about 7½ billion dollars. We have about $45,000,000,000 worth of bank deposits, which, according to law, everybody can demand payment of, while we have but $7,000,000,000 to make payment of those $45,000,000,000 of deposits. There is no such thing as keeping a bank liquid. It cannot be liquid because we cannot get $45,000,000,000 out of $7,000,000,000.

Today we have on here a conference; and if we could take these distinguished gentlemen who told the people to put their money in the banks and leave it there, and keep them from interfering in this matter, the Vandenberg amendment would be back here and would be the law of the land today. But the very men who went out and got the people to leave their money in the banks, who got the people not to draw it out—those people whose money is now in the closed banks—the very men who advised the people—and the people took their word—are now imposing their will and their ipse dixit upon a conference between the House and the Senate to defeat the insurance of bank deposits which has been provided by the Vandenberg amendment.

I want to read just another line from this editorial:

> Remember that all the banks were closed by order of the Federal Government.

We have forgotten all about that. When we closed all the banks and they had to reopen and the people found out

that they did not have the money to pay off the deposits, then they were all lost under the hammer. We practically said to a man over in Wichita, Kans., that the Government had to close his bank because it could not pay off, and the minute we reopened that bank without some kind of insurance to the people the process was only a matter of time before it would close again unless the Government stood behind it, because the people would know the bank did not have the money with which to pay off its depositors.

The editorial continues:

> Remember that all the banks were closed by order of the Federal Government—and only certain ones licensed to reopen. Five billions of deposits remain frozen in 5,000 restricted banks by act of the Federal Government.

That may be all right. I do not think so, however; but as this paper says, you may justify your conscience if you have to wipe out 5,000 banks, but you cannot justify your conscience that you have a right to let the depositors of those banks lose their money when you are the man who told them to put their money into the banks and leave it there if they were good American citizens. The man who did not leave his money in the bank, who proved that he did not care what the Government advised him to do, has his money today, and the man who left his money in the banks, in any of the 5,000 banks that are closed and are going to stay closed, is the man who is stuck today and is not going to get his money because he tried to follow the advice of his own Government.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. LONG. I yield.

Mr. WALSH. I have had numerous communications from my State indicating that the people even now are restricted in the amount of money they can withdraw from their banks. In one instance that I have in mind a man wanted to buy a home, but could not draw his own money out of the bank. I presume there are hundreds of thousands of such cases throughout the country, so that not only is the money tied up in closed banks, but a large amount of money in open banks is not available and the people cannot use it for progress in industry or in business or for buying homes or indeed buying the necessities of life.

Mr. LONG. We have that condition throughout the United States. We have it in my State. Senators will find it in every State in the Union. I am certain there is hardly a State in which even the banks that are open are not compelled to restrict withdrawals.

Mr. President, here is a very pertinent line in this editorial:

> In your mind the goal of a stronger banking system may justify the wiping out of 5,000 banking institutions.
>
> We are not talking about banks.
>
> We are talking about depositors, human beings, innocent of any wrong, except perhaps too great reliance on the words of their leaders, deprived of their life's savings, their means for health and decency.
>
> Why should depositors in smaller banks bear the entire burden of cleaning up the business of the banking situation? Why shouldn't it be equalized among all depositors, big and little, in proportion to their deposits?

That is the only wrong that can be charged to them, that they ought to have known that they ought not to put any reliance in the word of the leaders of the Nation. That is the wrong, according to this editorial.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. I yield.

Mr. KING. I ask for information. What proportion of depositors referred to in the editorial were depositors prior to the 4th of March of this year and how many are depositors since then, or whether any who were depositors since then have their deposits in banks which are closed?

Mr. LONG. I think relatively a small part since March 4. I should judge that to be the case, because after March 4 we said that all since then would be paid in full. The crisis, of course, arose before the 4th of March, when the banks were closed. I think that is correct.

Mr. KING. Mr. President, if the Senator will yield further——

Mr. LONG. Yes; I yield.

Mr. KING. The Senator must take into account the fact that whereas a short time ago we had fifty-five billions of deposits in the banks of the United States, approximately fifteen billions were withdrawn. Obviously, with only three and a half billions of gold in the United States, it would be impossible to pay the demands of the depositors.

Mr. LONG. There is no question about that.

Mr. KING. If all the depositors, in their eagerness to withdraw their deposits, had gone to the banks and insisted upon withdrawals, only a limited number could have received their deposits.

Mr. LONG. That is right.

Mr. KING. Under our banking system, all banks may not be liquid. No bank can pay all depositors if a demand is made. I do not like to be critical of the editorial, or critical of our banks; but the fact is that many of the banks in good faith, because they had to make returns upon their deposits in order to pay interest to many of the depositors, had to buy securities; and they took the securities—Government securities and securities of solvent corporations. When the great depression came, however, securities shrank in value almost to the vanishing point, and thus left many of the banks in an insolvent condition. We cannot blame entirely and absolutely those in control of the banks.

Mr. LONG. No.

Mr. KING. It is a situation that calls for a good deal of charity.

Mr. LONG. Yes, sir.

Mr. KING. And I know my friend is a very charitable man.

Mr. LONG. Yes, sir; and I am glad to have the Senator from Utah state that. I tried to state that the other day on the floor of the Senate, though not nearly so lucidly as my friend from Utah does. Those banks are not at fault, because the depreciation was not the banks' depreciation. It was the country's depreciation. It was the failure of America that brought on the bank failures of this country. The failure of the country was largely responsible for the failure of the banks.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Michigan.

Mr. VANDENBERG. But it was the responsibility of the Treasury Department and the Federal Reserve banks in setting up during the first week in March a formula which ignored solvency as a rule of reopening action, and insisted that only those banks should operate which were 100 percent liquid. If 100 percent bank liquidity is as impossible as the Senator from Utah indicates—and he is entirely correct—how perfectly absurd and murderous was a rule of action in the midst of this banking crisis which required 100 percent liquidity instead of 100 percent solvency as the basis of renewed bank operations. That was the point at which the malignant initial error was made—malignant from the standpoint of millions of bank depositors throughout the Nation. The tragic error still persists.

Mr. LONG. Every bank that was chartered in this country as being 100 percent liquid was a fraud on the law. The minute they put up a sign and said that bank was 100 percent liquid, they knew that they were deceiving the American people; because, as the Senator from Utah says, in the nature of things there is no such thing as a liquid bank. There cannot be any such thing as a liquid bank. With five or six or seven billion dollars of gold, silver, and printed money to exist on, how can you pay $45,000,000,000 out of $5,000,000,000 of money? It cannot be done, and the officials knew it could not be done.

What they did was to prefer banks. That is what they did. They preferred communities. That is what they did. Knowing that there were none of them able to pay that

money out, they picked whatever ones they wanted to, and sent the balance of them into wreckage. That is what they did, and they thought of nobody that had their money in there.

Why, if I had gone out here in the name of the Government and had told my brother of common, lay standing to put his money in the bank, and that he was doing a good, patriotic service, and I had gone out and condemned the man that pulled his money out of the bank as being a hoarder and a man of rapacious characteristics, undertaking to drag down his neighbor's own business, and then I had closed the bank, I certainly never would have felt justified in penalizing the man who had taken me at my word as a leader of the Government in favor of the man who did not and drew his money out in that crisis.

This editorial is so good that I want to read the rest of it. It is not very much longer.

Remember that all the banks were closed by order of the Federal Government, and only certain ones licensed to reopen. Five billions of deposits remain frozen in 5,000 restricted banks by act of the Federal Government.

You can't evade the moral obligation of your Government to the depositors in those banks.

In your mind the goal of a stronger banking system may justify the wiping out of 5,000 banking institutions.

We are not talking about banks.

We are talking about depositors—human beings—innocent of any wrong, except perhaps too great reliance on the words of their leaders, deprived of their life's savings, their means for health and decency.

Why should depositors in smaller banks bear the entire burden of cleaning up the banking situation? Why shouldn't it be equalized among all depositors, big and little, in proportion to their deposits?

That is right. This is the Philadelphia Record. This is one of the forward-looking human institutions we have in the field of journalism in this country today. The Philadelphia Record supported the nomination of Franklin D. Roosevelt. It supported his election. I think it was about the first paper up in that part of the country that came out for President Franklin D. Roosevelt for nomination and for election, and it is still supporting the administration. If Mr. Roosevelt were today listening to institutions like this that nominated and elected him President, instead of calling in the high council and priesthood of financial politics that ruined the previous administration, he would be a whole lot farther down the road of prosperity and sane and sensible government than he is in listening to these recalcitrants.

This paper goes on to say:

Can you adjourn with clear consciences when you know that the depositors in the 100 largest banks have less than 5 percent of their deposits frozen, while depositors in smaller banks average more than 30 percent loss?

If a great wind wrought havoc among the dwellings of this country, your Government would act in the emergency.

Your engineers report many smaller homes so badly damaged that they must be abandoned. Other homes can be repaired. A few larger, more substantial mansions of the wealthy are practically unharmed.

You order work started at once to make as many homes as possible habitable.

What of the homeless citizens whose dwellings are beyond repair?

Would you say to them, "You're just out of luck. We are too busy fixing the houses worth repairing, making them extra strong, in case there is another big wind, to bother where you are going to live, or how?"

Would you presume to tax the homeless citizen for the expense of repairing the other fellow's house?

Would you expect loyalty and patriotism from citizens misused in this way?

Your neglect of the victims of the financial tornado is no less callous and short-sighted.

The obvious method of relief of depositors in restricted and closed banks is an advance of a portion of their money on assignment of their deposits to the Government. The advance of 60 percent on the $8,000,000,000 now tied up in restricted and closed banks would require creation of nearly $5,000,000,000 of new credit by the Government.

This new credit would lower the value of the dollar, and therefore be in the nature of a levy upon the purchasing power of the $38,000,000,000 of deposits in open banks.

Because any move to relieve depositors in closed and restricted banks must largely come from depositors in open banks, we have selfish and sinister opposition to what is so obviously just and proper.

That is the reason we have such overemphasis on balancing the Budget. The moneyed interests hope that this slogan will block creation of new credit, reduction of the value of their swollen dollars.

Creation of $5,000,000,000 of new Government credit by discount of Treasury notes with the Federal Reserve bank might reduce the purchasing power of the dollar as much as 20 percent. Thus depositors in open banks would bear 20 percent of the burden, while their less fortunate brothers, with deposits in restricted and closed banks, would pay a 40 percent penalty.

But the money interests don't want it that way. They want the little fellows to bear all the burden. Worse than that, they want to gain by the other fellow's misfortune, because freezing of $8,000,000,000 of bank deposits tends to increase the purchasing power of the dollars in open banks.

Relief to depositors in closed and restricted banks is dictated by economic expediency as well as by justice. Release of frozen bank deposits would reduce the value of the dollar toward the 1926 value, which is the avowed object of President Roosevelt.

He has made some progress toward that end by suspension of gold payments. Whether he makes higher prices stick depends largely upon whether you restore purchasing power to the masses.

It is time that you ended the rule of the selfish moneyed interests, which brought this country into its present financial plight.

Is this a democracy or a plutocracy?

Your aid or lack of aid to depositors in restricted and closed banks will answer that question.

Mr. President, we have a conference on down here in the Appropriations Committee room now, undertaking to solve this problem. I do not know what they are going to do, but if they come in here and do not give us relief, it is up to this session of Congress to take this matter in its hands. I do not know what we are going to have to do. I do not know just what the rule is, but I know that if we are going to let this session of Congress adjourn and let these people who have been deceived and deluded by the patriotic pleas of everybody, from the President down to the lowest officer, lose their money and let these banks stay closed, thinking of nobody whatever except the big vested interests who have received such backing from the Government that they can stay open whether they are liquid or not liquid, then we are sadly failing in the responsibility of Congress; and I think, furthermore, that we are listening entirely too much to find out what somebody else thinks about this bill.

Let us demand that Congress do its duty. There are men enough in these two Houses, if the bill meets with Executive disapproval, to override the Executive veto if we have a mind and heart here to do justice by the American people.

I do not care what kind of a pronunciamento, ipsi dixit, or anything else, comes from the other end of Pennsylvania Avenue. I want to protect the American people. I helped to elect the gentleman who is occupying the White House, on the ground and on the promise and on the platform that he was going to help protect the American people. It is up to us here to put some action through this Congress and put this thing in the form of law and send it up to the other end of Pennsylvania Avenue. Then, if the Executive does not see fit to grant his approval, it is up to us to bring the bill back here and override the veto by the vote that is necessary to make it the law. It can be done by this Congress if there is that kind of disapproval.

I have yet to be convinced that the bill is going to be vetoed. I discount seriously the rumors that are circulating around here to the effect that the bill may meet with the veto of the Executive. I do not believe it will. I do not believe he has ever said so, and I do not believe he would do it. In fact, I know he would not do it if I have any mind at all as to what motives would actuate this man in correcting what seems to be a palpable injustice at this time.

So, Mr. President, I am hoping that we shall be able to do something on this banking situation.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. JOHNSON. Mr. President, there comes before us now the conference report upon House bill 5040, to extend the

gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

In view of the facts that have been developed on this measure, and in view of the action which was taken at my instance and upon my appeal by the Senate, I cannot permit this conference report to be agreed to without protest, and without expressing my opposition to it.

The bill seeks to fix a tax upon electrical energy for domestic or commercial consumption, and it reads thus:

> There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe.

Another section of the conference report reads thus:

> No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia.

I assume—and in stating that assumption I appeal to the Senator from Mississippi [Mr. HARRISON], in charge of this bill—that that means that the vendor of electrical energy to the United States, or to any State, or to any Territory, or any political subdivision thereof, or the District of Columbia, will be exempted from this tax. That is the construction, is it not, I ask the Senator from Mississippi, which will be placed upon that provision?

Mr. HARRISON. That is my idea as to the construction.

Mr. JOHNSON. Yes, sir.

I specifically call to the attention of those who are here the exemption that thus is made by the conference committee.

Before, sir, discussing the proposition that is involved in this bill, I want to refer very briefly and, I trust, very respectfully, to the manner of legislation which has grown up in this body—a system, sir, which I think at the very earliest opportunity that presents itself should be abrogated and eliminated.

Here was an amendment to an important bill, an amendment which means much to about 100 municipalities in this land. It was adopted by a very considerable majority of the Senate. It was an amendment which exempted, as governmental activities have ever been exempted in the past from tax bills, the municipally owned or publicly owned power plants which generated electricity and sold that electricity to the people.

The amendment, thus agreed to, went to conference. It went to conference—and I say this not in any invidious way—presented by those who were opposed to it, and necessarily, although I have no doubt they did all they could do under the rules of the Senate, under those circumstances an important bit of legislation had ultimately perhaps very little chance.

Mr. President, this is a system which has grown up in this body for which none is responsible, and against which perhaps we ought not too severely to inveigh; nevertheless, it is a system which ought not to be tolerated. Where legislation is passed by the Senate, in conference it ought to be in the hands of those who are friendly to it, rather than in the control of those who are unfriendly to it.

In the past out of that system certain things have resulted which none of us like to recall, and the mode by which legislation in conference is accomplished, and accomplished at variance with the will of the body which passes it, is a system which should not, as I insist, be continued here, and which I trust in the very near future we may be able to abrogate entirely.

Mr. KING. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. KING. I ask, for information, how the Senator would deal with the situation where, as the Senator knows, in many bills there would be a score or more of controversial items, all of which might be very important, as to which it might be difficult to find a unanimity of vote in the Senate.

Mr. JOHNSON. Mr. President, there is one way in which I would deal with such a situation, and this I suggest, and shall ultimately urge on the Senate through amendment of the rules. If there be an important amendment sponsored by any particular group, I believe that at least a representative of the group sponsoring the amendment, and being in favor of it, should be upon the conference committee. It is a perfectly silly idea to pass legislation here, as I have seen in days gone by, and have in charge of that legislation in conference those who had most bitterly opposed it, and from that very situation I have seen come out of conference, in days gone by, things which were never intended by the Senate. Out of that have come real wrongs against the Senate and against the people of this land.

It was only a year or two ago that an amendment of this sort was agreed to by the Senate and went to conference, only a year or two ago that the Howell amendment, in relation to the tax upon electrical energy, was agreed to in the Senate, and when the Howell amendment got into conference, the leaders of the Senate who were presenting that amendment had all been opposed to it, and the amendment came back here emasculated and practically eliminated from the measure to which it had been attached. In some respects that may have been a good thing, because perhaps it gave to us one of the brightest and one of the best Members who now sits in this body.

However, that was an incident, indeed, wholly an incident, of that measure. The amendment about which I am speaking is an incident, perhaps, and only an incident, of this particular measure, but where the Senate has registered its will, where it has voted by a substantial majority upon a definite governmental policy, that policy ought to be intrusted to its friends, not to its enemies, and its friends, or the representatives of its friends, ought to be permitted to sit upon the conference and see that the particular policy thus adopted receives its just due. So much for the mode of legislation. The other day I remarked that sometime in the far future, perhaps, or perhaps in the near future, I hope to make an endeavor to amend the rules. But we may eliminate that for the moment and come now to the very gist of the matter.

An amendment was added to the bill that was presented here as I have related, by which the municipally owned, publicly owned, power plants were exempted from the tax of 3 cents. I insist that that was a logical thing to do and that it was an appropriate thing to do. I insist that the publicly owned power plants of municipalities which have the energy and which have done the work which was essential in order to construct those plants should be put in such a situation, because of the very character of those power plants, that they would be relieved from taxation under a bill of this character.

It is no new thing, Mr. President, to exempt governmental activities from taxation. It is as old, indeed, as the taxing system itself. There has not been a cooperative organization of farmers or otherwise as to which we have not stood upon this floor and demanded that it should be exempted from any tax bill presented; not one. There has not been any particular cooperative institution involved in any bill which has heretofore been before us but appeals have been not only numerous, but unanimous, on this floor that the cooperative organization should be exempted from a pending tax bill.

Why is that? They were exempted because a cooperative institution—and that is all, indeed, a municipally owned power plant is; a cooperative institution working without thought or hope or suggestion of profit—is working in behalf of the people, for all of the people, and therefore it is dealt with as a governmental institution which should be accorded the privilege, as governmental institutions ever are, of not being taxed.

We would laugh to scorn the individual who would come here and want to tax the Washington Monument. We would say that a man was half insane who came here and endeavored to tax any particular governmental activity in the city of Washington. We would say, just as we say in relation to the taxing of municipally owned power plants, that inherently there rests with the people of this land the

right to construct, maintain, operate, and continue service unto the people; and where they are non-profit-making institutions and exercise that inherent right and that inherent power, government has ever recognized them and government has ever undertaken that they should not be subject to taxation as a privately owned institution would be.

These are governmentally constructed enterprises, constructed by the people themselves, and it is something of a paradox to say that what the people themselves erect, construct, maintain, and operate as a necessity for the people, should be taxed in order to put from one hand into the other the money which will be received in behalf of the people. That is the distinction which exists, and it exists and has existed ever since we have been a Government, and ever since tax bills have been written into the laws of the land.

Mr. President, not only is it so that inherently this right and power exist, and that the taxing power should be exercised in favor of that which inherently the people have the right to do and have done in the matter of service for themselves, not only is that so, but, in addition to that, the two diametrically opposed enterprises, one public in character and the other private in character, are of such difference that the decision, whenever they come in conflict, as they do here, should be in favor of that which serves the people and without profit furnishes that which is essential for their well-being.

Mr. President, electricity today has become not only something which is appropriate, convenient, and something which ought to be accorded, it has become today substantially a necessity. From 1900 until the present time the increase in the number of electrical users has been so great, has been of such tremendous proportions, that I do not dare from memory to state the figures. Electricity now to our people is like furnishing water to them, like giving to them any other necessity of life, for it has become, substantially, certainly in some of the cities of the land, an absolute necessity.

Who here would dare tax a municipal water supply? The only reason why we do not tax them is because they are governmental activities, erected, constructed, maintained, and operated by the people, under the inherent right which the people have to maintain themselves, and to have that which constitutes a necessity in the matter of a public utility. Electricity now being in the same category, it ought to be judged and taxation of it ought to be determined by the same rules.

Mr. President, there is only one thing that prevents it, and that is the profit making of the privately owned plant. It is the dividends of the privately owned plant which would tax the municipally owned plant. The people would not do it, of course. The Congress ought not to do it. There are profits on the one hand, no profits on the other. Profits which are made by the private institutions are the controlling force by which, indeed, ultimately it is sought to extend the same rule to the publicly owned plant that, in the first instance, is applied to the privately owned plant.

Taxed is the privately owned plant, it is said, and it is contended this is discriminatory and unjust. Not so. Taxed? To be sure; an involuntary payment, which the privately owned plant makes to the Government, is the tax which is levied upon it. A voluntary payment by the municipally and publicly owned plant is its contribution to government.

There is no difference in the payment itself; the difference is in the manner in which the payment is made. The profit-making institution is required in its involuntary payment to contribute to the Government. The non-profit-making institution has to take every dollar it makes above that which is essential for its maintenance, and put it into the hands of the people themselves. The one may be called a tax; the other may be asserted to be merely a voluntary payment by virtue of the fact that the plant is maintained, owned, and operated wholly by the people themselves.

The methods of the conduct of the two plants are essentially different. The publicly owned plant is underpaid, it may be said, the officers receive but small salaries, and it is run and maintained for the benefit of all the community and solely for the benefit of the people. The privately owned plant, with its pyramiding investment corporations, with its mode of propaganda and the like, runs another course entirely, and the privately owned plant, thus pyramiding its investment and selling its stock, and watering that stock as well, maintains a different existence entirely from the underpaid publicly owned plant, which just serves the people.

The line is drawn sharply on an amendment such as that I have presented here. It is the old, old, age-long fight. It is the struggle between those things which the people have the right to have, and which they would be denied by privately owned institutions, and in the making of money and the paying of dividends the privately owned institution is none too scrupulous, and even worse in its use to prevent the people having what they need and what they want and what is their right. How different are wages, hours of labor, and the like in the publicly owned plants as contrasted with those in the privately owned plants! How different are salaries that are paid by the publicly owned plants compared to the enormous salaries that are paid by the privately owned institutions; and how different are the ideals of a public-welfare enterprise when compared to those of a private, profit-making enterprise! So what legitimate argument can be made in favor of taxing the privately owned plant in the fashion that is sought to be done by this conference report and by the gentlemen who represented the Senate in rendering that conference report unto the Senate?

I will mention some of the little differences that exist. I wonder if Senators realize that there are now about 100 cities—not very large cities, some of them—in the United States that are tax free because they own their power and light plants? That is a fact, and the number is gaining every day. The struggle, of course, is against them; they have to fight against the efforts by the privately owned plants to throttle and hamstring them; and yet the figures show that the privately owned plants have made large dividends and that they have been able during even a period of depression to remain fairly prosperous.

Compare the great Insull organization with a publicly owned plant in a city of ten, fifteen, twenty, or thirty thousand people; compare the one with the other, and then, because the privately owned plant may assert that it pays taxes and the publicly owned plant does not, shall we yield to their blandishments or to the specious arguments that they make and tax this public institution that is designed to administer to its people, and to its people alone?

We have had this fight out in the State from which I come; it is not over. "Eternal vigilance is the price of liberty" with those individuals who believe as we do regarding these public utilities. We cease our activities for a moment; they cease their activities never. They are able, of course, in the State from which I come, in some instances, I am sorry to say, to pay the election expenses of some legislators, and they are able to maintain their very large and very richly endowed lobbyists wherever there is public work to be done. We who believe in the people after all, we who think that, after all, such things as are necessities should be furnished by the people for themselves, and that they have a right to go forward as they see fit in that regard, relax our vigilance at times, and only sporadically are we aroused. The others never forget, and they never forget for a single instant or under any circumstances.

Here I read from an article by a gentleman of standing and probity in our State, Mr. Louis Bartlett, who was mayor of the city of Berkeley at one time, some little interesting things of what may have occurred or what has occurred in California.

(At this point Mr. JOHNSON yielded to Mr. LA FOLLETTE to present an amendment to House bill 5755, the industrial recovery bill, and also to Mr. NORRIS to submit a report from the Committee on the Judiciary on Senate bill 752, relative to the jurisdiction of district courts, etc., which appear under appropriate headings.)

Mr. JOHNSON. Mr. President, may I ask the Senator from Nebraska if the measure which he has just reported is what is known as the "jurisdictional bill"?

Mr. NORRIS. It is.

Mr. JOHNSON. It is a very interesting measure, and I am going to digress for 2 minutes merely to tell the Senate about it. I have had pending before the Judiciary Committee for a year and a half now a bill which would require a public utility contesting a rate which had been fixed by the public-service commission of any State to exhaust its rights in the State courts; and I would preclude the public utilities from going into the Federal court, except, as a last resort, to the Supreme Court of the United States. I would preclude them from having two bites at a cherry as they now do have. The course now pursued, which will be pursued no longer if we can secure the enactment of the bill, is that the public utility goes before the public-service commission of a particular State; the State commission hears the testimony at very great length and, after the commission of the State has heard the testimony and is about to render its decision, then the public utility goes into the State court for injunctive relief. It pursues that injunctive relief until it becomes obvious that a decision may be rendered against it, and then it hops over into the Federal court and makes the same plea; and, because of diversity of citizenship, the Federal court takes jurisdiction and disregards all the work that has been done and all the expense that has been incurred by the public-service commissions of the various States; and the case is interminably then in the Federal court. I would deprive them of the later procedure, and make them go on through the State court where once they have invoked the relief which they seek.

That is just another angle of this question. Regulation by a State commission is a difficult thing at best. I do not know whether or not Senators have read the last Supreme Court decision that involved the Los Angeles case. If they have, and if they are able to determine from it all that is decided, they will have all the wisdom, the acuteness, and the ingenuity of the famed Philadelphia lawyer. Difficult it is to deal with utility companies; difficult it is to deal with them in the fashion in which the service commissions have sought to deal with them. They enter our politics; all of us know that; they enter our schools, the wickedness of which I have never ceased, indeed, to denounce; they enter our churches; they enter our women's clubs, and they hire men in our colleges to preach their doctrine, and God knows what else they do with the coin that is theirs.

Here is an opportunity where we have a line of demarcation plain before us. On the one hand, the people's right to maintain a governmental agency to minister to its people, not for profit, and, on the other hand, the privately owned institution paying its enormous dividends and its extraordinary salaries.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. NORRIS. Inasmuch as the Senator has referred to the bill which I have just reported, will he permit me to call attention to a case that is described in the report on that bill, exemplifying just what the Senator has said about delay and about pursuing two different remedies by utility companies?

Mr. JOHNSON. I am glad to yield to the Senator for that purpose.

Mr. NORRIS. The case described in the report occurred in the State of Montana, where the public-service commission, of its own motion, took up the question of the rates charged by a utility company for gas in the city of Shelby, Mont. The utility company asked for and obtained a hearing before the Public Service Commission of Montana. The investigation ran over a considerable time, in order to get evidence, I presume, to find the value of the utility company's property. At the close of the hearing the public-service commission fixed a rate that was unsatisfactory to the company, and the company appealed it, and went into the District Court of Montana, where the case was tried. The district court held with the utility company and reversed the order of the public-service commission.

Then the public-service commission appealed the case from the District Court of Montana to the Supreme Court of Montana. It was tried there and finally decided by the Supreme Court of Montana, reversing the district court and upholding the order made by the public-service commission. It was a unanimous decision of the five judges of that court. Later on a motion for a rehearing was made by the utility company. That was granted, and they went into the Supreme Court of Montana and reargued the case. It was decided by the Supreme Court of Montana, again reversing the district court and reinstating the order of the Public Service Commission of Montana.

The mandate of the Supreme Court of Montana went to the District Court of Montana; but before the mandate was carried out, reinstating the order for the rates fixed by the Public Service Commission of Montana, the utility company dismissed their case; but prior to its dismissal they commenced a case de novo in the Federal district court and secured an injunction from the Federal district court restraining the public-service commission from putting its order into effect.

The public-service commission then asked that the case be dismissed in the Federal court. The Federal district court refused to dismiss it. The State commission took an appeal to the Supreme Court of the United States, and the Supreme Court of the United States affirmed the order of the District Court of Montana, and held in effect that the company had a right to pursue their remedy in both courts at the same time. Then they went back to Montana, and after another long delay the case was tried by the Federal District Court of Montana, which decided in favor of the utility company, and made the injunction permanent. Then the commission again appealed to the Supreme Court of the United States, and sometime during this year the Supreme Court of the United States took it up, and after argument reversed the Federal district court and reinstated the order of the commission that was made just about 6 years before.

So after weary years of travel, going up to the Supreme Court of Montana then back again and up again to the Supreme Court of Montana, then starting at the bottom and going up to the Supreme Court of the United States and back again, and then up to the Supreme Court again and back again, we have the same order that we started with made by the public-service commission 6 years earlier. It may be that the order now will not apply to the conditions that exist. Many of the people who engaged in that suit have died of old age while the proceedings were going on; but in the meantime the utility company was secure during all these years by reason of the injunction, that we hope will soon be set aside and the original order put into effect.

Mr. JOHNSON. Mr. President, I thank the Senator from Nebraska, because the bill which he has reported is an extremely important one. Twenty-four public-utility commissions in as many States have written me in respect to the bill, and are anxious for it to pass. It is exactly the sort of bill that the President of the United States, when he was Governor of New York, praised in the highest terms, and hoped would ultimately become a law.

Mr. President, before proceeding to read from Mr. Bartlett's article let me refer to what I recalled in the first words that were spoken in this argument this afternoon. The conferees in their report have written:

> (c) No tax shall be imposed under this section upon electrical energy sold to the United States, or to any State or Territory, or political subdivision thereof, or the District of Columbia.

Why? Because a governmental function that was engaged and that was involved in that kind of exemption. That could be the only reason; and yet when it comes the other way around and we have an exemption for a governmentally owned electric plant, the governmentally owned electric plant is to pay the 3-percent tax and is denied any exemption. If we sell electric current to the Government, if we sell it to a State, to a city, to a county, or to a dis-

trict, an exemption is accorded; but if we make it governmentally and we use it governmentally for our people, it is to be taxed. The very principle for which I am contending is recognized by the conferees who denied it to a governmentally owned non-profit-making electric plant in a municipality or otherwise.

Let me pursue just a moment the methods of compensation of our great public utilities. In a recent investigation before the Railroad Commission of the State of California the activities of gentlemen who are running the privately owned plant were illustrated by the number of clubs to which they belong. This is just an incident. It is related by Mr. Bartlett in his recent article in the Nation. The query was, Who paid for all the memberships in the various organizations. It was ascertained that they were paid for by the utility and charged to operating expenses. The company in question paid the following club dues and expenses for its employees: 22 in the Commercial Club, 5 in the Exchange Club, 4 in the Rotary Club. Can anyone wonder about propaganda and the manufacture of public opinion when one single utility in our State was paying for these memberships in the various organizations that were manufacturing the public opinion of our particular territory?

I continue: One membership in the Round Table. They ought to rebel and insist that they are being discriminated against in favor of the Exchange Club and the Rotary Club. Five in the Lions Club; 3 in the Bakersfield Club, which is outside of the territory the company serves; 1 in the Optimists Club, 4 in the Engineers' Club, 3 in the University-Sequoia Club, 1 in the Businessmen's Club, 1 in the Petroleum Club, 1 in the Kiwanis Club. Every Kiwanis member ought to rise in his might and dignity and demand that they have just as many memberships from a public utility as the Rotary Club or the Lions Club. They ought not to tolerate any such discrimination as that.

The list continues: 4 in the Fresno City Farm Center, 7 in the Ad Club, 1 in the American Legion, 1 in the Dairymen's Club, 1 in the Press Club. There was a fatal blunder!

"Besides being a member of many of these clubs, the president of the company, which operates in the vicinity of Fresno, 200 miles from San Francisco, had the rate payers pay his club dues in the California Club, Commercial Club, Family Club, and Bohemian Club of San Francisco, as well as in other clubs lumped together under the title 'Miscellaneous.' One wonders when he found the time to earn his salary of $22,900 a year."

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Louisiana?

Mr. JOHNSON. I yield.

Mr. LONG. Does the list include a poker club and a church club?

Mr. JOHNSON. As to the latter I could not say. As to the former I think a wise discrimination would have been exhibited if there had been a membership there. [Laughter.]

Mr. BONE. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. BONE. I am a bit jealous on behalf of the great State of Washington. I want the Senator from California to know that his own State is not the only one where the benevolent and patriotic 100-percent-American Power Trust has invaded everything in sight.

Mr. JOHNSON. The Senator is certainly right.

Mr. BONE. Out in the great State of Washington, the great Evergreen State, the benevolent Power Trust has invaded everything in sight—churches and clubs and societies of all kinds. The boys have gone into everything that requires dues, where they could be generous and help pay the expenses of the organization. If there is any institution of the kind in my State which the Power Trust has not permeated, I am not aware of it now.

I merely wanted the Senator from California to know that his State is not the only one that receives the attention of the Power Trust.

Mr. JOHNSON. Upon the roll of honor of States to which these gentlemen pay such marked attention, I will see that Washington follows California! [Laughter.]

Mr. BONE. I thank the Senator.

Mr. JOHNSON. Mr. President, there is another aspect to this as well. The salaries we pay in our municipally owned public utilities, of course, are small. They amount to but little, because we are running close to the wind in order that we may do our duty by our people and that it may be possible for us to bring down exorbitant electric rates. But not so with the gentlemen who run their private concerns. Strangely enough, the gentlemen who run the private concerns and receive their salaries are the heads, generally—certainly the directing geniuses—of our economy societies and of our taxpayers' associations. They preach economy with an eloquence that seldom can be found, certainly not in this individual or in this body. They preach economy for everybody else and for every single activity in life save their own.

The list of salaries of over $5,000 a year recently reported to the California Legislature by the railroad commission is interesting, to say the least, says Mr. Bartlett. A. F. Hockenbeamer, president of the Pacific Gas & Electric Co., the largest electric utility in the State, receives $75,000 a year, or enough to pay the seven salaries of the supreme court, at the figure the California Taxpayers Association thinks just, for a period of 1 year and 4 months. Paul Shoup, president of the Southern Pacific Railway Co., listed at $100,000, reported by the press to have been kicked upstairs at a salary of $125,000, gets enough to support the entire supreme court for 2 years. Other presidential salaries reported are: Pacific Telephone & Telegraph Co., $60,000; Southern California Gas Co., $50,000; Western Pacific Railroad, $43,500; Southern California Edison Co., $68,500. The total of salaries of over $11,500 paid by the last-named company would pay the reduced salaries of the seven supreme court justices of California for 7 years.

Oh, it is a fine thing that they have. Then somebody will have the audacity to stand up here and prate of the poor, miserable, hard-bitten, privately owned companies which require the charity of the Government of the United States and demand for their protection that the little plants of all the people in the little cities shall be taxed to the limit. The same people will be heard to say that it is discriminatory when we have a superintendent receiving $5,000 or $6,000 or $7,000 from a publicly owned plant, while the president of a privately owned plant receives a salary of $75,000; that it is discriminatory if a governmental agency like the electric plant that supplies its people shall not be taxed, just as we do not tax the cooperative in farming areas and just as we do not tax any other aspect of various public agencies that do work for the people, and for the people alone.

Mr. President, I have said enough on the subject to make anyone understand the difference that exists. It is a fundamental difference—this difference for which we fight today. Of course we recognize the difficulties of sending back to conference a bill brought here from conference, but we ought to do it. We ought to do it because it is right. We ought to do it because we deal with a governmental agency inherently with the right to serve its people and to serve them as governmental agencies do and which ought not to be penalized by the Government of the United States and ought not to be taxed.

Mr. President, I hope the Senate will send the bill back to conference and will refuse absolutely to agree to the conference report.

REDUCTION OF VETERANS' COMPENSATION

Mr. CUTTING. Mr. President, I agree with every word uttered by the Senator from California [Mr. JOHNSON]. I wish for a moment to advert to another subject, though one which equally concerns the honor and dignity of the Senate.

On Friday last this body adopted an amendment to the independent offices appropriation bill allowing the President to make a reduction of not to exceed 25 percent in cases of veterans disabled in service connection, as opposed to the economy bill which set no limit on his power of reduction.

Since that time the metropolitan press of the country has almost unanimously condemned the action of the Senate. Every newspaper which is controlled or owned by the great interests has come out with editorials denouncing the action of the Senate and decrying the motives which impelled the Senate to act.

We are told over and over again that only a few cases have been treated with brutality and barbarism and that in the majority of cases the Veterans' Administration have used good judgment in the way in which they have administered the cuts.

Mr. President, no one on this floor has attempted to defend the action of the Director of the Budget or of the Veterans' Administration in the way that individual cases have been handled. I refer to cases which have been brought to our attention by numerous Senators on the floor of the Senate.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Massachusetts.

Mr. WALSH. I think the public sentiment of the country is overwhelmingly in favor of the action taken by the Senate.

Mr. CUTTING. I think so, too; but the Senator from Massachusetts will agree with me that we would not get that impression from reading the editorials in the metropolitan press.

Mr. WALSH. I am sorry to say I have to agree with the Senator; but, as for myself, I have not received a single, solitary letter of criticism of my vote in that matter.

Mr. CUTTING. Neither have I.

Mr. WALSH. The only criticism I have heard is that we delayed too long in acting.

Mr. CUTTING. Mr. President, we can go on quoting individual cases until doomsday, and we still will not be able to get away from the possible criticism that the cases quoted are exceptional.

My own judgment is that the cases quoted are so far from being exceptional that they may be considered typical, and that the cases in which veterans were drawing compensation for undeserved causes are extremely few and far between, although they again have been magnified by the press as though they were typical and characteristic cases.

Mr. President, I come from a State to which tuberculars are sent from all over the country. The calculations which some of us have made show that somewhere between three and five thousand of these men will be thrown out of hospitals, or will cease to get the compensation which they are now getting, on the 1st of July. Who is going to take care of these men? They are not native New Mexicans. They come from every State in the Union. My State has not the financial resources to take care of them. We are going to try to do what we can.

The Governor of my State is attempting to find out precisely how many of these men will have to be taken care of by the State of New Mexico. In order to do that, the Governor of New Mexico recently wrote to the Veterans' Administrator in Washington asking him for a list of the men now drawing compensation in my State. That reasonable request—reasonable, as it seems to me—was refused. There is only one explanation for such a refusal, and that is that those who are administering the Bureau, under the direction of the Director of the Budget, are unwilling to have the people of the United States know the real facts.

Without that information, the State of New Mexico is proceeding on its own to get the information which it needs. It has to get it here and there, from little town and little village and little ranch house. We are being severely hampered in obtaining that information.

I received today a communication from the Adjutant of the Disabled American Veterans of the World War at Fort Bayard, which, as Senators know, is a large tubercular hospital. This adjutant, Mr. Doty—whom I know personally and who is a man of high standing—tells me that he has already contacted 50 men in the hospital. Those 50 men were contacted at random.

Of those 50, this investigation shows that 4 men were not drawing compensation at all; that 4 of them were Spanish-American War veterans who had not yet been notified as to any change in their compensation. Of the remainder, one was cut the small amount of 12½ percent. Every other one of the 50 was cut more than 50 percent—1 of them 51 percent; 1 of them 66⅔ percent; 1 of them 75 percent; 1 of them 77½ percent; 2 of them 85 percent; one of them 87½ percent; 7 of them 94 percent; and 27 of them, more than half the total number contacted, were cut 100 percent.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. CUTTING. I yield to the Senator from Texas.

Mr. CONNALLY. Referring to those percentages, the Senator is giving the percentage of cut?

Mr. CUTTING. The percentage of cut.

Mr. CONNALLY. And not the percentage of compensation that they still receive?

Mr. CUTTING. No. Those who were cut 100 percent will receive zero in compensation.

Mr. CONNALLY. If a veteran was getting $100, and got a 75-percent cut, he would get $25 now?

Mr. CUTTING. Exactly.

Mr. CONNALLY. That illustrates it.

Mr. CUTTING. So it will be seen that out of these 50, if we are to consider them typical—and I think they are typical of the condition in tubercular hospitals all over the country—54 percent were cut 100 percent. They were cut totally in their compensation. Eighty percent of them were cut more than 75 percent.

I ask that the entire table, as reported by Mr. Doty, be printed in the RECORD at this point of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

JUNE 2, 1933.

MY DEAR SENATOR: I have contacted some 50 patients in this hospital for the purpose of determining the results of the cuts under the proposed economy law. They are compiled herewith for your information:

Number of men	Drew, old law	Cut to—	Percentage of cut
3	$100.00	$0.00	100
1	96.00	.00	100
1	90.00	.00	100
3	80.00	.00	100
1	56.00	.00	100
1	50.00	.00	100
1	40.00	.00	100
4	12.00	.00	100
1	125.00	15.00	87½
7	100.00	6.00	94
2	100.00	15.00	85
1	80.00	15.00	77½
1	26.00	6.00	75
1	60.00	20.00	66⅔
1	72.00	60.00	12½
1	50.00	24.00	51

4 drew nothing; 4 Spanish-American War veterans not notified; 12 draw $40 disability allowance. This class of beneficiary will probably be cut off entirely.

NOTE.—These figures show you there is no such thing as a 20-percent cut.

MICHAEL A. J. DOTY.

Mr. CONNALLY. Mr. President, will the Senator yield again?

Mr. CUTTING. I yield to the Senator from Texas.

Mr. CONNALLY. Let me inquire of the Senator whether or not those cases were service-connected cases.

Mr. CUTTING. Of those who were cut 100 percent—that is, of the 27—15 were service-connected and 12 came under the disability allowance. The partial cuts were all made in service-connected cases.

In view of the fact that it has been repeatedly represented that service-connected cases would not be cut more than 20 percent, I commend to the attention of the Senate the note which this adjutant of the Disabled American Veterans puts at the end of his communication:

NOTE.—These figures show you there is no such thing as a 20-percent cut.

Mr. President, in this connection I should like to read a few words from an editorial which appeared in today's Philadelphia Record:

The American people are lucky that Lewis Douglas was not Director of the Budget during the World War.

If he had been, the Germans would have taken Paris, Wilhelm II would still rule at Berlin, and the United States would face a formidable foe across the Atlantic.

Because there were no Douglases in the Government or the Treasury, we did not stop to balance the Budget. We went ahead and won the war.

The article goes on to show, in rough figures, that in 1917 the Federal receipts were slightly over $1,000,000,000, and the expenditures were over $2,000,000,000; that in 1918 the receipts were $4,000,000,000, and the expenditures close to $14,000,000,000; that in 1919 we received $4,500,000,000, and spent $19,000,000,000; and, as the Philadelphia Record goes on:

Had Lewis Douglas been Director of the Budget during the war, General Pershing's famous remark would have been changed to read:

"Lafayette, we'll be there as soon as we balance the Budget."

[Laughter.]

Millions of young men leaving their dearest ones to shed their blood for their country would have been told:

"Awfully nice of you to risk your lives, but don't expect us to risk our balanced Budget to help you in sickness or old age when you get back."

For Lewis Douglas, Director of the Budget, knows only one idea.

The Budget must be balanced.

The jobless may go hungry, veterans may be in grave need, depositors in closed banks may be penniless but the Budget must be balanced.

Even if balancing the Budget only causes more deflation, intensifies depression, slows up business.

I shall not read the whole article, which ends:

Lucky for us that we did not fight the war as we are now fighting the depression.

Let's fight the depression as we fought the war.

Mr. President, I ask that the entire editorial be published in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

[From the Philadelphia Record of Tuesday, June 6, 1933]

"LAFAYETTE, WE'LL BE THERE AS SOON AS WE BALANCE THE BUDGET"

The American people are lucky that Lewis Douglas was not Director of the Budget during the World War.

If he had been, the Germans would have taken Paris, Wilhelm II would still rule at Berlin, and the United States would face a formidable foe across the Atlantic.

Because there were no Douglases in the Government or the Treasury we did not stop to balance the Budget. We went ahead and won the war.

In 1917 our Federal receipts were $1,124,325,000 and our expenditures $2,086,042,000.

In 1918 our Federal receipts were $4,180,425,000, but we spent $13,791,908,000.

In 1919 our receipts were $4,654,381,000—and we spent $18,952,141,000.

Our expenditures in those 3 years were almost four times as great as our receipts.

* * * * * * *

Had Lewis Douglas been Director of the Budget during the war General Pershing's famous remark would have been changed to read:

"Lafayette, we'll be there as soon as we balance the Budget."

Millions of young men leaving their dearest ones to shed their blood for their country would have been told:

"Awfully nice of you to risk your lives, but don't expect us to risk our balanced Budget to help you in sickness or old age when you get back."

For Lewis Douglas, Director of the Budget, knows only one idea.

The Budget must be balanced.

The jobless may go hungry, veterans may be in grave need, depositors in closed banks may be penniless, but the Budget must be balanced.

Even if balancing the Budget only causes more deflation, intensifies the depression, slows up business.

No falser economic principle ever governed a nation in a great crisis; a crisis as great as war.

The Hoover administration, in attempting to balance the Budget, at least had the excuse that it wished to keep the country on the gold standard.

But the Roosevelt administration insists on trying to balance the Budget, even though we are off the gold standard, even though the overturning of the gold fetish has left us free to fight the depression as we fought the war.

It presents the spectacle of the greatest and richest Nation on earth balking at $170,000,000 for its veterans, turning its back on depositors in the banks it closed, cutting its underpaid employees 15 percent.

The balance-the-Budget delusion threatens to undermine public confidence in the Roosevelt administration.

The only way to balance the Budget is to increase the national income.

The only way to increase the national income is to put more buying power in the hands of the masses.

The only way to put more buying power in the hands of the masses is by creating new credit to help jobless, veterans, and depositors in closed banks.

To attempt to revive business by piling on new taxes and decreasing Government expenditures is like trying to get a horse and wagon uphill by putting new loads in the wagon.

The Federal Budget cannot and will not be balanced until the Nation's economic balance is restored.

Attempts to balance the Budget in hard times, as John Maynard Keynes points out, can only end in a budget like this:

Receipts, 0; expenditures, 0.

Mr. Hoover's attempts to balance the Budget only resulted, as the Record predicted, in making business worse and finally forcing us off the gold standard.

Mr. Roosevelt's advisers of the Douglas type are driving him to similar disaster.

Present rises in the security and commodity markets are in anticipation of inflation.

Failure to inflate will depress those prices again, as surely as it did in England.

Lucky for us that we did not fight the war as we are now fighting the depression.

Let's fight the depression as we fought the war.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. BONE. Mr. President, I desire to say just a word about the conference report dealing with the matter of a tax on publicly owned power systems.

The report of the conference committee strikes from the measure, as passed by the Senate, the protection and exemption given to municipally owned plants in the bill.

The senior Senator from California [Mr. JOHNSON] has so completely and so thoroughly expressed my own attitude of mind toward this problem that I do not care to repeat any of his arguments. I merely wish to say that they wholly express my own attitude on the subject.

I desire to call the attention of the Senate to one thing that has a distinct bearing on this question of a tax on publicly owned power systems.

Some 3 or 4 years ago a rate expert in the city of Seattle joined with me and we made some comparisons of light and power charges in the city of Seattle, Wash., with those in a city in this section of the country comparable in size to Seattle. This will entertain the Senator from California, because it so forcibly illustrates the force of his argument.

We found that if the people of the city of Seattle had been compelled to pay for electric energy, all schedules combined, the same average prices that were being exacted from the people of this eastern city by a private power company, the charges for electric energy would have added over $11,000,000 a year to the light and power bills in the city of Seattle, which has a publicly owned power system; and that $11,000,000, which was literally gouged out of the pocketbooks of the light and power consumers in the eastern city, was as much as or more than the entire tax budget of the city of Seattle that year.

In other words, the people of the city of Seattle in one year, by the cheap light and power rates of that city, saved enough money to run the city without the levy of a dollar of tax. If they had cared to raise their light rates to the level of the eastern city and utilize that money for the purpose of doing away with taxation, they could have done so. But they did what all cities with publicly owned power systems strive to do; that is, the simple, elemental, and wholly desirable thing of giving the people the lowest possible light and power rates.

In my own city of Tacoma we are giving our people an average price for electric energy of a little over 1 cent a kilowatt-hour. The average in the United States is be-

tween 5 and 6 cents. If my city of Tacoma chose to make a profit-making venture out of our light and power system, we could, from the revenues of the light system, run the city without the levy of a dollar of city tax. But we are giving our people the advantage of cheap light and power, and as a consequence we probably have more electric ranges per capita and more of the accessories that make life sweeter and pleasanter and happier for the mass of the people, for the housewife in particular, than any other large city. We can make it possible for the citizen there even to heat his home, if he wants to, by electricity. The housewife can turn a switch and have at her disposal every agency which the scientific achievements of this age have given to us.

Life has become fuller and sweeter and happier out there because we are doing that; and now we are to be penalized under this bill because we have done that very humane, that very just thing which cements men to their governments!

If there was ever a time in the history of this country when we should attempt to cement to this thing we call "government" the people themselves, grapple them to government with hooks of steel, now is the time, because it is the last agency to which they can turn in their hour of trouble and perplexity.

Because of that, I am fearful that we are making a bad mistake in striking this protection from these public plants that are not being operated for profit, but are being operated solely for service to the people.

Mr. President, the report of the conference committee wholly strikes from the measure the provision exempting publicly owned electric power plants from the tax. The Senators will recall the extensive and illuminating debate which occurred on this floor when the provision exempting publicly owned plants was adopted here. It was pointed out then that the publicly owned plants are mutual, non-profit-making instrumentalities of local government.

I do not know why the conferees struck out this provision. Had I thought that the conference report would include the elimination of this provision, I should have submitted to the conference committee certain information which proves conclusively: First, that failure to exempt public-owned plants is in effect a tax upon aid to the destitute; second, that the private power companies, by the operation of the law and the rulings of the Reconstruction Finance Corporation, have succeeded in securing a preference which would hardly be offset by exempting publicly owned plants from the operation of this bill.

Let me read to the Senate a letter received from the Reconstruction Finance Corporation on May 16, and I call the attention of the Senator from Mississippi particularly to this communication. The letter is in answer to one of my own, in which I ask why the Reconstruction Finance Corporation made money available for the payment of individual electric-light bills to private power companies but refused to do as much for those of our citizens who are unable to pay their bills to publicly owned light systems. This is what the Reconstruction Finance Corporation replied:

RECONSTRUCTION FINANCE CORPORATION,
Washington, May 16, 1933.

Hon. HOMER T. BONE,
United States Senate, Washington, D.C.

DEAR SENATOR BONE: Receipt is acknowledged of your letter of May 13, 1933, in which you enclosed a letter from the commissioner of public utilities of Tacoma, Wash., relative to the use of funds made available by the Reconstruction Finance Corporation for destitution relief in the payment of light and water charges for destitute persons.

As you know, the Emergency Relief and Construction Act of 1932 provided that the moneys advanced under title I thereof should merely be supplementary to those provided by the State and local communities.

The Corporation has taken the position that in the case of municipally owned light and water plants it would not seem within the spirit of the law for these funds to be used in paying the city to care for its own destitute, which would be the result were these moneys used in paying charges of the kind referred to.

Of course, the Corporation has no way of securing these services from privately owned companies other than by paying for them and in cities where these public utilities are not owned by the city there is no method of providing these essentials for destitute persons except by payment therefor.

Very truly yours,
FRED C. CROXTON,
Assistant to the Directors.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. JOHNSON. I am not entirely clear that I followed the letter as understandingly as I should have. Do I understand that the letter from the Reconstruction Finance Corporation indicates that they deny any relief to publicly owned utilities, while granting relief to privately owned utilities?

Mr. BONE. That is the substance of the letter, and I will send the letter to the Senator to peruse while I finish my remarks, so that he may note what it says. I should be glad to have the Senator comment on it when I shall have finished.

Mr. JOHNSON. We ought to promote these gentlemen, I think.

Mr. BONE. Mr. President, it will be noticed from this that the Reconstruction Finance Corporation takes the position that publicly owned light plants ought to furnish light to their customers whether or not they get paid by the customers, but that Government money may be used to pay the light bills of the destitute, if the light is furnished by a private company. As a result of this position of the Reconstruction Finance Corporation, adoption of the conference report would mean the placing of a tax on aid to the destitute. Publicly owned plants would not only be compelled to serve those who cannot pay for the service but would be compelled to pay a tax to the Federal Government for giving free—or perhaps not getting paid for—the same sort of service for which Government money is provided for the private companies.

Mr. President, adoption of the conference report, with exemption of publicly owned plants omitted, will be the rankest sort of discrimination in favor of privately owned utility companies. It would tax local government for taking care of its own destitute, while it would leave Government money available for private operators furnishing the same service to the destitute.

I move that the conference report be recommitted, and I urge upon the conferees on the part of the Senate, in view of the rulings of the Reconstruction Finance Corporation making a preference for privately owned utilities, to help to balance the scales by doing everything in their power to induce the conferees of the other House to agree to the original Senate provision affecting the publicly owned plants.

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington to recommit the report to the committee of conference.

Mr. NORRIS obtained the floor.

Mr. BONE. Mr. President, I should like to have a quorum present, and should like to have a roll call vote on my motion.

Mr. NORRIS. I hope the Senator will not make the point of no quorum now. I think there is a quorum present.

Mr. President, it is always difficult to defeat a conference report. Since it is impossible to amend it, it is necessary to take it as a whole, or reject it as a whole. I dislike very much to feel as though it were my duty to vote against the pending conference report solely upon the ground of what the report contains relating to taxation of publicly owned, municipal electric-light plants.

It is generally believed, and has been so held, I understand, by the Supreme Court of the United States, that Congress has no constitutional right to tax a State, or a county, or a municipality, or any of the governmental activities of any of such subdivisions. Yet in this particular instance we are levying a direct tax against every municipal corporation in the United States which makes its own electricity and supplies it to its own citizens.

It would be exactly the same if we levied a tax upon every municipality for the amount of revenue it received for the sale of water from a publicly owned system of water distribution. Almost every municipality now owns its own water system. There was a time, years ago, when very few of them owned their water systems. Water is known to be a necessity of human life, but it is not necessary that people should get water through a municipal plant. It can be obtained

otherwise. Electricity now, in this civilized age, is as much of a necessity in the ordinary home as is the supply of water from the city, and we propose now to tax every municipality which supplies its own people with electricity.

Mr. President, it seems to me that if the Supreme Court should follow the reasoning which brought it to the conclusion that we have no power to tax a subdivision of Government, they would necessarily have to hold that this provision was unconstitutional. But I prefer to argue the matter from a different standpoint. While it seems to me clear that it is unconstitutional if the prior decisions of the Supreme Court are to be followed, yet there is a better reason why we ought to refrain from this method of taxation.

A municipality which supplies its own citizens with electricity does so for exactly the same reason which leads the municipality to supply its own citizens with water. Electricity is a human necessity in the modern home. It is cheaper and more economical to supply the citizens of a city through the instrumentality of a plant which covers the entire city than it would be to let each family supply itself from individual wells, in the case of water, or from other private sources, in the case of electricity. In neither case is a citizen compelled to take the supply offered him by the municipality. The citizen may take water from the municipality or may get it in some other way. He can take electricity from the municipal plant, or he can get electricity in some other way, or go without electricity.

The municipality supplies its citizens with electricity to enable its people to escape from the clutches of monopoly. It is because the municipality wants to give to its people cheaper and better service in the matter of this modern necessity of human existence. There is no other reason. We are to tax them now, if this conference report is agreed to, for doing that thing. We are to make it more difficult for them to supply their people with a necessity of human existence. We are to make it more difficult for them to give to their people cheaper electricity and better service.

Mr. President, suppose a municipal plant, if this report shall be agreed to and the bill enacted, shall supply its own people with electricity upon the streets of the city. We will penalize them for doing so. We will tax them for performing a public service. We will tax them for doing something which every modern city in our present civilization must do.

The idea of getting electricity through the instrumentality of municipal plants, as I have said, is for the purpose of supplying the citizens of the municipality with this necessity of modern existence. There is no reason on earth why we should tax a municipality for making electricity which supplies its streets and thoroughfares any more than that we should tax the municipality on the amount of money it pays to its mayor, its policemen, or any of its officials, and no one will contend for a moment that we ought to do that, or that we have any constitutional right to do it.

It is said, in defense of this proposal, or at least I suppose it has been said, although it has not been said here, because so far no defense of this particular provision has been made, that it would be unfair to tax the privately owned institution which makes a profit out of its business and not tax the municipal plant which makes no profit, and which in many cases, as the Senator from California has said, pays the taxes of the municipality.

Mr. President, lest we shed too many crocodile tears over the hardships of the private power companies, let me say that if these privately owned corporations, the Morgan companies, the United Corporation, which Morgan controls, the holding company which supplies more than one half of the electricity consumed in the homes of the United States; if companies like the Insull Co., for instance; the Southern Commonwealth Holding Co.; the Alabama Power Co.; the Tennessee Light & Power Co.; the Potomac Electric Power Co., all of the great combinations united in the greatest monopoly of modern times, would withdraw their agencies, discharge their secret envoys who have entered the lodge rooms, the churches, the Kiwanis clubs, the commercial clubs, the women's organizations, and other kinds of organizations, withdraw their emissaries who, through stealth, are trying to practice deception upon the American people; if they would stop their propaganda, and save the expense which they now incur in the effort to control the municipal political convention, the county political convention, the district political convention, the State political convention, and, last but not least, the great national conventions of our country, they would be able to pay this tax and never feel it.

They are spending more money now, Mr. President, for the contamination of the youth of our land, for instilling into the minds of the coming generations poisonous doctrines, false doctrines, against municipally owned power plants, than it would cost them to pay the tax and stay where they belong—out of politics. We all know that; their political activity is no secret.

We all know that in the two last great Republican National Conventions they dominated, and they came very near dominating the last Democratic National Convention. One loses his breath when he thinks of the narrow escape. If it had not been for the man who is now Vice President of the United States, and who every day for a portion of the time graces the Presiding Officer's chair with his presence, withdrawing at the psychological moment, Franklin D. Roosevelt would not be in the White House today; there would be a Power Trust Democrat there. I am not telling the Senate anything it does not know. I am not giving them any news; they know it is true.

How much did it cost? Every cent was paid by those at the firesides of millions of homes, by those who had nothing to say except to foot the bill, although it may have been contributed in pennies in millions of instances. The great power and utility combinations held the country by the throat; they were able to demand and the country had to deliver.

I think I have shown how they have spent millions of dollars of their money. They are interested in every congressional contest; in every senatorial contest; in every contest over the governorship of every State in the Union. They have emissaries dominating colleges and college professors and State legislatures; they spend every year in this unlawful business hundreds of millions of dollars which they have taken from the people of the United States, money which they have drawn from every fireside and from every home. They have the money they have thus acquired with which to pay these taxes many times over, and then, contrary to what they are now doing, they might be doing an honest, legitimate, patriotic business.

Mr. LONG. Mr. President——

Mr. NORRIS. I yield to the Senator.

Mr. LONG. I have never heard the Senator mention in the course of his addresses on this subject the fact that the private utility companies litigate at the expense of the public. In other words, they have the right to charge into operating expenses the costs of litigation. They may in any kind of a case hire all the experts they want to hire, and all the lawyers they desire, and put the expense in their operating costs. Even though they lose the lawsuit, they can fight a dozen times, and their expenses are assessed in their operating costs.

Mr. BONE. Mr. President, will the Senator from Louisiana yield?

Mr. NORRIS. I have the floor, but I yield to the Senator.

Mr. BONE. Mr. President, I should like to suggest also to the Senator from Louisiana that this shell game is a great deal better for the utility companies than he suggests. There never has been any shell game like it from the beginning of time. They not only add such expenses to their operating costs but they are clever enough to add them into their rate base and thus make the people pay interest and dividends forever on all this manipulation. They go beyond anything the Senator from Nebraska has ever suggested in any statement he has made.

Mr. NORRIS. Yes, Mr. President; in the case that I referred to when I interrupted the Senator from California, and which Senators will find mentioned in the prepared report on the bill reported by me this afternoon, if it shall

be printed by that time, the litigation traveled up and down the pathway from Shelby, Mont., to the Supreme Court of Montana, back again and up again and back again, and then to the Supreme Court of the United States and up again and back again and up the second time and back the next time, costing an almost unlimited amount of money to the people who pay in that case for gas; but it is the same outfit that owns electric light and power plants. It was the people who paid the expenses on both sides in that very expensive litigation. They not only paid in the way of increased rates for the attorneys and the experts and their assistants who were working for the utility company but they paid in the way of increased taxes for their own servants, their own attorneys, their own experts whom they utilized in making preparation for the lawsuit and in trying it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Louisiana.

Mr. LONG. I think it is a fair statement to say that municipalities and States litigate with utility companies in this kind of a way and under this kind of handicap. I remember a case where a public-utility company spent over $200,000 for the estimates alone, whereas the entire appropriation for the State body, including the salary of the members of the commission for that year undertaking to fight the private utility, was $21,000. One concern spent over two hundred thousand and some odd dollars in preparation of one case alone, and the State commission had to fight them with an appropriation to the commission for all expenses amounting to $21,000. By accident, the State won that case, strictly upon technicalities alone, because it could not have met the other side and made the estimates and necessary preparation for that amount of money. Under the decisions of the Supreme Court of the United States, the value of the property in its present state, less depreciation as determined from the estimates, was the controlling value, necessitating, if we were to fight the case at all, that we be able to hire the same kind of experts and make the same kind of estimates and the same kind of investigation, costing over $200,000.

Mr. NORRIS. I thank the Senator. It reminds me that I probably ought to make one more reference to the Montana case referred to by me several times. One of the necessary things to find in fixing a rate is the valuation of the property. That requires a great deal of expert labor and expert testimony. I am not informed as to how much the State of Montana paid for its experts and its investigators, in finding the value of the property used in the distribution of natural gas in the Shelby case, but, undoubtedly, it cost them a large sum of money, not one cent of which would have been necessary if the State had been dealing with somebody who was ready to do the square thing.

To regulate these great corporations which cover this country with a network of monopoly costs millions and hundreds of millions to the taxpayers. The utilities must be regulated; everybody concedes that; they themselves concede that if they were not regulated they would run rampant and the people of the country would be at their mercy. They know that; they hold up their hands and say, "Regulate us; if you do not, we will rob you." And often they get control of the regulators and rob them, anyway. But it is a great expense to maintain all the State commissions, and the taxpayers foot the bill. The utility companies employ the best attorneys and the greatest experts that money can buy, knowing that they do not pay the bill, knowing that the ratepayer foots the bill, knowing that, whatever the price is, they will filch it from the consumer.

So, Mr. President, we ought not to shed any tears about these privately owned companies because they will be required to pay a tax if we relieve the municipal plants from taxation. All they will have to do is to stop their illegal political activities, be good citizens, and they will save much money by the operation.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HARRISON. Mr. President, before we vote, I want to say to the Senator from California that while I agree with the Senator's philosophy that conferees should carry out the wishes of the body which they represent, there were in this instance many different phases to the conference. We were forced to yield to the House with reference to the 3-cent tax on domestic and commercial energy. We presented the Senate's viewpoint with reference to the publicly owned power plants. I think we had at least a half dozen conferences and did not agree on the conference report for at least 3 weeks. At every meeting held the House conferees absolutely refused to accept the amendment of the Senator from California. I say that in defense of the conferees who represented the Senate. I ask for a vote on the report, Mr. President.

Mr. JOHNSON. Mr. President, may I express my thanks to the Senator from Mississippi for his statement. I have no doubt that he did the best that could be done under the circumstances. My complaint is not that he did not do the best that could be done under the circumstances, but upon a question of this sort the enthusiasm of advocacy is essential in order to accomplish results.

Now just one word, and then we will go to a vote if we are able to get a vote upon the report. Do Senators realize that this is the only governmental function that has been singled out for taxation? This is the only place where there has been an attempt to afford protection to the little municipally owned utility plants. Why are they singled out here in the Senate or elsewhere to be made the mark and to pay the price, the price demanded by those privately owned plants which have been maintained in the fashion that has been described today? I submit the case to the Senate.

Mr. BONE. Mr. President, I wonder if the Senator from Mississippi would answer a question?

Mr. HARRISON. I will gladly do so if I can.

Mr. BONE. I should like to know if the Senator can answer why it is that the Reconstruction Finance Corporation has adopted the policy of refusing to pay light and power bills in States where they have municipally owned light and power systems which are selling power as nearly as possible at cost, while, on the other hand, it is utilizing public money to pay the bills due to privately owned power companies? Why should that policy be continued? That is the reason I made the objection here today.

Mr. HARRISON. Mr. President, may I say that I am not familiar with the policy of the Reconstruction Finance Corporation. I know that in the original Reconstruction Finance Corporation Act they were not authorized to loan money directly to electric-power companies. It may now be that under some later relief legislation we passed some States have adopted that method. I am not familiar with that phase of the question and cannot answer the Senator's question.

Mr. BONE. The Senator from Mississippi and other Senators will understand that in approving this conference report they are penalizing the publicly owned plants which are selling cheap power for daring to sell the cheap power, and they are making possible the payment of bills for private power companies out of the Public Treasury. My city is being penalized by this.

Mr. HARRISON. As it is today, the consumer pays the tax whether he gets the energy from a municipally owned plant or whether he buys it from a privately owned institution. Of course, now the matter will be changed, and the power companies will pay the 3-percent tax. The municipality that has a publicly owned power plant for the lighting of its streets and similar functions will not pay a tax. Upon the current which they sell to the private consumer they will have to pay the tax.

Mr. JOHNSON. Mr. President, I think I ought to say in justice to the Reconstruction Finance Corporation that the Los Angeles municipally owned utility has either borrowed or made arrangements for the borrowing of a very large sum to build a transmission line from Boulder Dam to the city of Los Angeles. What this amendment does is this: That

loan was arranged for or made or consummated prior to the passage of this particular measure. What the Los Angeles municipal plant is required to do is not only to amortize the money that it owes for the construction of its plant and its maintenance but is required as well to amortize the indebtedness to the Reconstruction Finance Corporation. It is perfectly obvious that the private plants in southern California know just what they are doing. This tax puts an additional $400,000 per year upon that municipal utility.

Mr. BONE. Mr. President, I hope I have not been misinformed, I hope for the sake of the good name of the country I have not been misinformed, but may I ask the Senator from California if it is not a fact that the loan could not have been made to the publicly owned company in Los Angeles if the private companies down there had not agreed to it?

Mr. JOHNSON. I am not justified in saying that.

Mr. BONE. The city of Los Angeles had to get the consent of the privately owned power companies there before it could get this loan, according to my information.

Mr. JOHNSON. I am not justified in saying that because I do not know the facts.

Mr. HARRISON. Mr. President, may I say that while now a publicly owned institution might not be able to borrow the money, yet when the industrial-recovery legislation is enacted, while the private institutions cannot then borrow money, the municipality or the county or the State can borrow money to finance such enterprises as this.

Mr. LONG. Mr. President, the Senator from Washington referred to the Reconstruction Finance Corporation. I have heard that kind of a rumor, and I took occasion to make some investigation, and I do not think the rumor is based upon facts.

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington to recommit the report to the conference committee.

Mr. JOHNSON. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON. May we have the question stated?

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington to recommit the report to the conference committee.

Mr. HARRISON. Mr. President, was a motion made to recommit the conference report?

The PRESIDING OFFICER. The motion was submitted by the Senator from Washington [Mr. BONE].

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRISON. Is it not more in order to vote to adopt or reject the report?

The PRESIDING OFFICER. The motion to recommit is in order, in the opinion of the Chair.

Mr. BARKLEY. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Is not a vote against the conference report equivalent to recommittal of the report to the conference committee? If the conference report is not adopted, it goes back to the conference committee.

The PRESIDING OFFICER. Not automatically, in the opinion of the Chair. If the conference report is defeated, it is defeated.

The question is on the motion of the Senator from Washington [Mr. BONE] to recommit the conference report, on which the yeas and nays have been ordered.

Mr. BONE. Mr. President, is a vote in the affirmative a vote to recommit?

The PRESIDING OFFICER. It is.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRISON. To whom are we recommitting the report?

Mr. BONE. To the conference committee.

Mr. HARRISON. The conference committee, when they made their report, were discharged.

The PRESIDING OFFICER. Will the Senator from Mississippi permit the Chair to make a statement? The conference report has not been acted upon in the House, and until it is acted upon in the House it can be recommitted. The motion is in order. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). On this matter I have a pair with the senior Senator from New Hampshire [Mr. KEYES]. Therefore I withhold my vote.

The roll call was concluded.

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote the same as I shall vote, and I am therefore at liberty to vote. I vote "nay."

Mr. McGILL. I have a general pair with the senior Senator from Connecticut [Mr. WALCOTT]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. AUSTIN (after having voted in the negative). I have a general pair with the Senator from Virginia [Mr. GLASS], who is necessarily absent. I have already voted. I understand the Senator from Virginia, if present, would vote as I have voted, and therefore I allow my vote to stand.

Mr. PATTERSON (after having voted in the negative). I have a general pair with the junior Senator from New York [Mr. WAGNER]. As that Senator has not voted, I feel that I should make an announcement of our pair. However, I am informed that if present he would vote as I have voted, and, therefore, I feel at liberty to let my vote stand.

Mr. KENDRICK. I wish to announce the general pair of the Senator from Kentucky [Mr. LOGAN] with the Senator from Pennsylvania [Mr. DAVIS].

I also wish to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from New York [Mr. WAGNER], the Senator from Nebraska [Mr. THOMPSON], the Senator from Illinois [Mr. LEWIS], the Senator from New Mexico [Mr. BRATTON], the Senator from California [Mr. McADOO], the Senator from Virginia [Mr. GLASS], and the Senator from Mississippi [Mr. STEPHENS].

Mr. HEBERT (after having voted in the negative). I am advised that my general pair, the Senator from Illinois [Mr. LEWIS], would vote as I have voted. Therefore I will let my vote stand.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I understand he has not voted. Being unable to obtain a transfer, I am forced to withdraw my vote. I understand if the junior Senator from Mississippi [Mr. STEPHENS] were present he would vote "nay", and if permitted to vote I should vote "yea."

Mr. JOHNSON. Mr. President, the senior Senator from Idaho [Mr. BORAH] is necessarily absent. The Senator can transfer his pair to the Senator from Idaho.

Mr. ROBINSON of Indiana. I am informed by the Senator from California that I can transfer my pair to the senior Senator from Idaho [Mr. BORAH]; and upon his authority I am very glad to do that. I so transfer my pair and vote "yea."

Mr. HEBERT. I desire to announce that the Senator from Vermont [Mr. DALE], has a general pair with the Senator from California [Mr. McADOO], that the Senator from Delaware [Mr. HASTINGS] is paired with the Senator from Missouri [Mr. CLARK], and that the Senator from Maine [Mr. HALE] is paired with the Senator from Nevada [Mr. PITTMAN]. The Senator from Maine [Mr. HALE] and the Senator from Delaware [Mr. HASTINGS], if present, would vote "yea."

I also desire to announce that the Senator from Idaho [Mr. BORAH] is necessarily detained. If present, he would vote "yea." He has been paired with the Senator from Mississippi [Mr. STEPHENS] by the transfer stated by the Senator from Indiana [Mr. ROBINSON].

The result was announced—yeas 41, nays 31, as follows:

YEAS—41

Adams	Bachman	Black	Brown
Ashurst	Bankhead	Bone	Bulow

Byrd	Gore	Overton	Thomas, Utah
Capper	Hayden	Pope	Townsend
Caraway	Johnson	Reynolds	Trammell
Costigan	La Follette	Robinson, Ind.	Vandenberg
Cutting	Long	Russell	Van Nuys
Dill	McCarran	Schall	Wheeler
Duffy	Neely	Shipstead	
Erickson	Norris	Smith	
Frazier	Nye	Steiwer	

NAYS—31

Austin	Coolidge	Hebert	Reed
Bailey	Dickinson	Kean	Robinson, Ark.
Barbour	Dieterich	Kendrick	Sheppard
Barkley	Fess	King	Thomas, Okla.
Bulkley	Fletcher	Lonergan	Tydings
Byrnes	George	McNary	Walsh
Carey	Goldsborough	Murphy	White
Connally	Harrison	Patterson	

NOT VOTING—24

Borah	Davis	Lewis	Norbeck
Bratton	Glass	Logan	Pittman
Clark	Hale	McAdoo	Stephens
Copeland	Hastings	McGill	Thompson
Couzens	Hatfield	McKellar	Wagner
Dale	Keyes	Metcalf	Walcott

So Mr. BONE's motion to recommit the conference report was agreed to.

Mr. HARRISON. Mr. President, I happened to be a member of this conference committee. We made an honest, persistent effort to carry out the wishes of this body. As I stated—and many Senators on the other side of the aisle were not here at the time I made the statement—we had no less than half a dozen meetings during these very busy days when we were working on many other matters.

The House absolutely refused to accept the so-called "Johnson amendment." So far as I am concerned, I know that I cannot do any more in the conference than I have already done; and I ask unanimous consent that I may be relieved as one of the conferees representing the Senate.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that he may be relieved as one of the conferees on House bill 5040. Is there objection?

Mr. REED. Mr. President, I hope the Senator will not make that request tonight. It seems to me that of all the Members of the Senate who ought to represent the Senate in such a conference, the Chairman of our Finance Committee is the outstanding Member.

Mr. HARRISON. Mr. President, may I say to the Senator that a statement like this is not made in play upon my part. I have no sore toe about it. I know that I did my part. The Senate, however, feels that the conferees are not really representing them, since they voted the other way, as I did. I voted against the Senator's amendment when it was offered here. He feels, and the great majority here who have just voted to recommit the conference report, after we labored to try to get together in an agreement, feel that the Senate should not be represented in a conference by those of a different line of thought.

The Senator from Pennsylvania will recall that in the conference, after the House conferees refused to accept the so-called "Johnson amendment", I made an effort to have the tax removed even in those cities that had a publicly owned institution in competition with a privately owned one, and that that phase of the matter was debated for some time. I tried to go the whole length. I could not go the whole length, and I went half the length on the proposition.

So far as I am concerned, I cannot conscientiously take part in a conference, when Senators on my own side are unwilling to have confidence in the conferees.

Mr. JOHNSON. Mr. President, I ask the Senator from Mississippi to let the matter of his request ride until tomorrow. I ask him to do that; and I shall be very glad to confer with him, if he will permit me, in the morning.

Mr. HARRISON. May I say that I should have no objection in the world to the Senator from California himself being appointed in my place. I have no pride of opinion about these matters.

Mr. JOHNSON. That is very kind of the Senator; but I ask the Senator simply to let the matter ride until morning.

Mr. DILL. Mr. President, when one House refuses to agree to a conference report on some issue of this kind, is it not customary to have it submitted to the other House for a vote? That has not yet been done.

Mr. HARRISON. No; that is not the customary procedure.

Mr. DILL. It would be now.

Mr. REED. Mr. President, I desire to say for the Senator from Mississippi that he did loyally and persistently try to carry out the will of the Senate in the conference. When he could not get all that the Senate asked he did suggest a compromise, and tried to get part of it. When the House flatly refused to give that—and we discussed it for a considerable time—the conference broke up, and I thought the bill was dead. So did a good many of us. There was an interval of a week or 10 days when the conferees did not meet. We had reached an impasse; and, as I say, I thought the bill had died, because it was perfectly evident that the House would not give in.

As far as I am concerned, I am not going to serve on the conference committee unless the chairman of the Finance Committee serves. If new conferees are to be named, I suggest that they all be new. Let them go and try out the matter with the conferees from the House; and I shall be very much entertained to see how they get along.

Mr. ASHURST. Mr. President, I believe that the Senator from Mississippi has acted handsomely. There is no Senator here whose intellectual integrity, diligence, and research as a statesman could excel the Senator from Mississippi.

Certainly it is known that on an issue of this kind men vote their convictions, and not their friendships. If it were a matter of friendship, the entire Senate would vote with the Senator from Mississippi. He is, as I say, one of the most popular of all our Senators. He has done the handsome thing; and while I did not vote with him I believe he is doing the right thing, when he finds that a task of this sort, the result of his laborious and honest work, does not meet with the approval of his colleagues, in letting someone else eat the toadstools thinking they are mushrooms. [Laughter.]

Mr. GEORGE. Mr. President, I rise because of some things said by the Senator from California [Mr. JOHNSON] in the course of his argument.

The Senator from California said that all of the Senators who were on the conference committee were opposed to this particular amendment. Before I make reference to that, however, let me call the attention of the Senate to the fact that there were many controversial features in the bill. There were several amendments on which the House and Senate were at variance. I met with the conference committtee for a number of days, and went away to attend the funeral of one of the Congressmen from my State.

I desire to say to the Senator from California that I am not opposed to exempting municipal plants from taxation; but I want to remind the Senator from California of the form of his amendment when we voted on it upon this floor. I say without hesitation that I should vote against it again in that form, and I do not see how any Senator could vote for it in that form if he analyzed it.

This was the status of the matter:

The Senate committee had divided the tax into a tax on domestic and commercial energy at 2 cents, to be paid by the producing company; and 1 cent on industrial energy, to be paid by the consumer. The amendment offered by the Senator from California exempted the municipal plant from the tax, whether levied on commercial energy, domestic energy, or industrial energy. Therefore the manufacturer of shoes or hats buying his power from a municipal plant would pay the Government no tax. Bear in mind that the Senate amendment was that the industrial tax was levied upon the consumer, not the producer; but the shoe manufacturer or hat manufacturer buying his industrial energy from a private corporation would pay to the Government a tax.

Obviously that is unjust. Obviously it is unfair; and that would be true in the same town. Suppose we say, however, that the manufacturer in the same city had the right to buy, free from tax, all of his industrial power. You cannot answer why the shoe manufacturer in Washington City, for

instance, should pay no tax to the Government because he buys from a municipal plant; but over across the Maryland line, where there is no municipal plant, the shoe manufacturer is compelled to pay a tax to the Government.

The Senator's amendment, as he will see if he will examine it, expressly exempted all power sold by the municipal plant from the taxation imposed by the two specific provisions of the bill; and I therefore voted against the amendment. I am not, however, opposed to exempting municipal plants. Therefore I am in position to say to the Senator from California that I certainly in good faith undertook, so far as I could, to carry out the wishes of the Senate, and I am pleased to say that the Senator from Mississippi [Mr. HARRISON] did; and I saw no disposition upon the part of any of the Senate conferees not to carry out fully the Senate's expressed wishes upon this as upon every other amendment.

I desired to make that statement because I thought it was a matter of justice to myself and to my own position in this matter, and as illustrating that I certainly was free, because in sympathy with it, to advocate the exemption of municipal plants. I may say to the Senator from California that his own colleague [Mr. MCADOO] called me before I went into the conference on the 2 days that I was able to meet with the conferees, and made a particular request of me, and I undertook to carry out that request with reference to this particular amendment.

I hope the Senator from Mississippi will not retire from the conference; but if there is to be a change in the conference committee, of course I am quite glad to go off the conference committee. I express the hope that the Senator from Mississippi will not retire, however, because he certainly ought to remain on the committee.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

THE CALENDAR—ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Under an order of the Senate heretofore entered, the calendar is in order.

Mr. ROBINSON of Arkansas. Mr. President, unless some Senator insists upon a call of the Calendar, I am going to ask unanimous consent that that order be vacated for the present.

The PRESIDING OFFICER. Without objection, the order will be vacated.

Mr. FLETCHER. Mr. President, will the Senator from Arkansas allow me to call up a conference report? I do not believe the consideration of the report will take very long.

Mr. ROBINSON of Arkansas. Certainly; but I wish to make a brief statement. The proceedings regarding the conference report just voted on have taken a much longer time than was anticipated, and a number of Senators are anxious to conclude this session of the Senate. So, when certain details have been attended to, I shall move a recess.

PURCHASE OF PREFERRED STOCK AND BONDS OF INSURANCE COMPANIES—CONFERENCE REPORT

Mr. FLETCHER. I ask the Chair to lay before the Senate the conference report on Senate bill 1094.

The PRESIDING OFFICER laid before the Senate the following conference report, which had been submitted by Mr. FLETCHER on June 2, 1933:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 6.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 3, 4, 7, 8, 10, 11, and 12, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert: "The total face amount of loans outstanding, preferred stock subscribed for, and capital notes purchased and held by the Reconstruction Finance Corporation, under the provisions of this section and section 2, shall not exceed at any one time $50,000,000, and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section and section 2" and a period; and the House agree to the same.

Amendment numbered 5: That the Senate recede from its disagreement to the amendment of the House numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert "The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company, (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital stock, or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be subscribed for or purchased by the Corporation, equal to the amount of said preferred stock or capital notes so subscribed for or purchased by the Corporation: *Provided*, That the Corporation may make loans upon said preferred stock or capital notes, if, in its opinion, such loans will be adequately secured by said stock or capital notes, and/or such other forms of security as the Corporation may require"; and on page 3, line 13, of the Senate bill, strike out "acceptance" and insert in lieu thereof "loan"; and the House agree to the same.

Amendment numbered 9: That the Senate recede from its disagreement to the amendment of the House numbered 9, and agree to the same with an amendment as follows: On page 6, line 16, of the Senate bill, after the period, insert quotation marks; and the House agree to the same.

That the title of the bill be amended to read as follows: "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes."

DUNCAN U. FLETCHER,
ALBEN W. BARKLEY,
R. R. REYNOLDS,
JAMES COUZENS,
HAMILTON F. KEAN,
Managers on the part of the Senate.

H. B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to.

Mr. BLACK. Mr. President, I think that before we agree to the conference report, the Senator from Florida should explain the effect of it.

Mr. FLETCHER. Mr. President, one of the principal items in the bill was a condition imposed upon the Reconstruction Finance Corporation against subscribing to the stock of insurance companies until they were afforded certain assurances regarding the capital stock of the applying companies. That remained in the bill just as the Senate agreed to it.

There was another provision in the bill, however, to the effect that no loans or renewals of loans could be made by the Reconstruction Finance Corporation where any officer or employee of the company seeking to borrow received an annual salary in excess of $17,500. That was changed, and it was provided that the Reconstruction Finance Corporation must find that the compensation was reasonable before

they made loans. Instead of limiting any salary to the specific sum of $17,500 with reference to all renewal loans and all loans made by the Reconstruction Finance Corporation, the House provision was that the compensation should be considered reasonable by the Reconstruction Finance Corporation. That is a change which the House made, and the Senate conferees accepted the change. Those are the main features as to which there was any difference.

Mr. BLACK. Mr. President, I do not desire to delay the Senate at this late hour, but I assume there will be no record vote, and I want it known that I shall vote against the conference report.

The Senate adopted an amendment to the bill which would have prohibited the payment of salary in excess of $17,500 to the officer of any company borrowing money from the Government. That amendment has been stricken out. There has been substituted for it a provision that no salary shall be paid by any company borrowing from the Reconstruction Finance Corporation in excess of that deemed reasonable by the Reconstruction Finance Corporation.

Personally I desire to congratulate the Reconstruction Finance Corporation on the very forward step it made a few weeks ago in this regard. It did provide for a very drastic curtailment of salaries, in some instances as much as 60 percent of the salaries. Unfortunately, when that 60-percent reduction was made, the salary of the president of the railroad which was borrowing money was still near the $60,000 mark. I still take the position which I took on this subject last year when the Reconstruction Finance Corporation measure was before us—that when any business enterprise comes to this Government with its hat in hand to borrow money, it should reduce the salaries paid its officers to somewhere near those paid officials of the United States. I am of the opinion that $17,500, the amount fixed by the Senate, was liberal with reference to the salaries of officers of corporations operating their business on loans from the United States.

I make no criticism of any kind or character of the conferees in connection with this report, but I did want it known that, insofar as I am concerned, I believe that if the House of Representatives had had an opportunity to vote upon this proposal when the matter was sent to conference, the House would not have voted in favor of salaries in excess of $17,500 for officials of corporations borrowing from the United States Government money of the taxpayers.

I want it expressly understood that I approve of the forward step taken by the Reconstruction Finance Corporation in the reduction which they did exact, but I am of the opinion that the reduction is not enough. I do not think the president of a railroad company which has allowed his corporation to reach such a stage that it comes to the Government to dig down into the taxpayers' money is justified in drawing a salary of anything like $60,000 a year. For that reason, for myself, without asking for a record vote, but merely that my position may be made known, I want it understood that I shall vote against the conference report because it would permit the drawing of a salary of as much as $60,000 a year on the part of officials of corporations which cannot successfully operate their own business until they dig down in the pockets of the taxpayers of this country.

Mr. TRAMMELL. Mr. President, I am heartily in sympathy with the views expressed by the Senator from Alabama. I never criticize conferees, and have no thought or desire to do so in connection with this report, nor did I have with respect to the report just acted on. But in order to express my own views and my own sentiments, I have either to vote for conference reports submitted or I have to vote against them. Had I been persuaded by my esteem and my high regard—I might say affectionate regard—for the Senator from Mississippi, I would certainly have voted for the last conference report we acted upon, but I was voting purely upon the policy involved. I am going to vote upon the pending conference report with the policy in view. I am against the policy of striking from the bill this limitation of $17,500, and therefore I want it understood that I am against that part of the report of the conferees.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. REYNOLDS. Mr. President, I should like to move, at this time, that we reconsider the vote by which the conference report was just agreed to. In connection with that I want to say that I am not in favor of permitting the large corporations of this country, paying huge salaries to their officers, to avail themselves of the opportunity to secure money from the Reconstruction Finance Corporation in any amount, at any time. I have always been opposed to the money of the taxpayers of this country, in the hands, as it were, of the Reconstruction Finance Corporation, being given out in any amount, at any time, to any company whose officers are permitted to draw salaries in excess of $17,500. I think we have arrived at the time when a stop should be put to that, and I am thoroughly in accord with the views expressed here this afternoon, to my delight, by the eminent Senator from Alabama [Mr. BLACK]. I hope we may have a reconsideration of the vote.

Mr. LONG. Mr. President, there are probably not enough Senators here to enable us to get a yea-and-nay vote. Unless we can get our good friends to consent to this reconsideration, we want to have a yea-and-nay vote, but I do not want to call for a quorum, because I do not believe we could get a quorum at this time, and it would force an adjournment. Therefore I suggest that the motion to reconsider go over until tomorrow.

Mr. FLETCHER. No; let us dispose of it now.

Mr. LONG. Then I will have to call for a quorum, because we want to have a yea-and-nay vote.

Mr. FLETCHER. Very well, call for a quorum. I should like to have it settled now, because I will be very much occupied tomorrow. I have to attend a meeting at half past 9 and another at 10 o'clock, and I should like to have this matter disposed of now.

Mr. McNARY. Mr. President, I hope the motion will not be pressed at this time. A great many Senators have left the Chamber to go to their offices, upon the theory that we would take a recess after disposing of the first conference report brought up. It would be exceedingly unfair at this time to take a vote on this motion. I think it should go over until tomorrow. Therefore I shall object at this time to a vote being taken.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina to reconsider the vote by which the conference report was agreed to.

Mr. TRAMMELL. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. I did not understand the Senator from North Carolina to make a motion to reconsider. I understood him to say that he hoped that the vote would be reconsidered.

Mr. REYNOLDS. No; I made the motion.

Mr. LONG. The Senator from North Carolina made a motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Carolina to reconsider the vote whereby the report was agreed to.

Mr. LONG. I suggest the absence of a quorum.

Mr. McNARY. Mr. President, will not the Senator withhold that suggestion?

Mr. LONG. I withhold it.

Mr. McNARY. I appeal to the Senator from North Carolina, in view of the many Senators who are absent from the Chamber on personal and public matters, that he allow the matter to go over until tomorrow.

Mr. REYNOLDS. I should be very glad to agree to that.

The PRESIDING OFFICER. Does the Senator desire that the motion be entered?

Mr. REYNOLDS. I am merely agreeing that the matter may be delayed until tomorrow.

Mr. LONG. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The Senator from North Carolina would have a right to withdraw his motion today and renew it tomorrow, would he not?

Mr. REYNOLDS. I ask for the opinion of the Chair on that question.

Mr. McNARY. The Senator has a right to enter his motion and ask that it go over until the next day.

The PRESIDING OFFICER. Does the Chair understand that the Senator withdraws his motion?

Mr. REYNOLDS. I will renew the motion in the morning.

The PRESIDING OFFICER. And the Senator withdraws it at this time?

Mr. REYNOLDS. That is correct.

Mr. ROBINSON of Indiana. The Senator may enter his motion and it will go over.

Mr. LONG. No; do not do that. Someone will move to lay it on the table. The Senator must be careful about that.

The PRESIDING OFFICER. The motion is withdrawn.

REGULATIONS PERTAINING TO VETERANS' ALLOWANCES

Mr. ROBINSON of Arkansas. I ask unanimous consent that there may be printed in the RECORD a statement relating to changes in the regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Important changes were made today by the President in regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War. These changes were approved by the President by an Executive order which he signed.

The object of the changes made was to reduce the severity of cuts originally proposed under the so-called "Economy bill" passed by the Congress to maintain the credit of the United States.

The new regulations set forth in the Executive order were made possible by the President's original direction that the tentative regulations be carefully reviewed and amended to specifically prevent cuts in compensation of service-connected veterans which would be deeper than was intended and to effect more equitable levels of payment.

Under the new regulations no directly service-connected veteran will be reduced in payment by more than 25 percent, and the average reduction will approximate 18 percent. This regulation applies not only to World War veterans but to Spanish-American War veterans with directly connected disabilities and to peacetime veterans who have incurred a disability while with an expeditionary force engaged in a campaign or expedition such as Nicaragua, China, Russia, or Haiti and who have incurred injuries or disease in line of duty.

Under this regulation the service-connected Spanish-American War veterans and some of the peace-time veterans will receive payments substantially in excess of those which they were receiving prior to the passage of the Economy Act.

With respect to World War veterans, this regulation increases the payments to those suffering from specific injuries, such as $150 a month for those who have lost both hands or both feet or one hand and one foot, or in any case where the person is so helpless as to be in need of regular aid or attendant, and, in addition, in the case of the more severely injured, the President's new regulations increase the allowance from $150 per month to $175 per month.

In the case of the Spanish-American War veterans over 62 years of age and who have served 90 days of more, even though they may be suffering from nonservice-connected disabilities, rates are increased from $6 to $15 a month; and in the case of either Spanish-American War or World War veterans who are permanently and totally disabled, the rate is increased from $20 to $30 a month.

The new regulations also liberalize allowances pertaining to burial and funeral expenses to veterans; provide that pensions shall continue to be payable to children of deceased veterans up to the age of 18 years, and, in the event of a child being in an approved school or college, the pension may continue for an additional period until the completion of the course, but not beyond the age of 21 years.

The original regulations only authorized payment of pensions up to 16 years in such cases. This regulation also includes a provision exempting from the prohibition against payment of pensions to Federal employees the widows of deceased veterans and those veterans whose pay is $50 per month or less.

PUBLIC-WORKS PROGRAM

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD a letter I have just received from a man who for years has been interested in building low-cost houses and who has made an offer to the District of Columbia that may be of interest to Members of the Senate in connection with the construction project proposed by the pending Capper bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *June 5, 1933.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.

DEAR SENATOR SCHALL: Having corresponded with you before relative to the public-works program and the need for a national housing program to promote the building of low-cost homes and having been employed by the Federal Government and others to produce equipment for producing materials for such homes in the Panama Canal Zone and elsewhere, I am taking the liberty of writing you of my proposition made to the District of Columbia in the program it is about to undertake in the event the pending Capper bill becomes law. This bill, of course, aims to clear slums and alleys.

My proposition was made to the Senate District Committee and to Col. U. S. Grant, who has charge of public buildings and parks in the District, to produce material and superintend the building of houses as was done in the Canal Zone, Youngstown, Ohio, and other places at cost. The District would advance the money for the plant to manufacture the products and the money thus advanced would be repaid through the sale of products and machinery to other sources. A bond would be put up to carry out the construction project and other guaranties given that the salary advanced and cost of plant would be repaid to the District during the time that the housing program was carried out, not to exceed 10 years.

Further details could be worked out by the District officials and the corporation counsel. I am sure I can work out similar housing programs in any city in the country.

Thanking you in advance for anything you can do to support this bill, I am,

Sincerely yours,

A. A. PAULY MANUFACTURING CO.,
By A. A. PAULY.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McKELLAR in the chair) laid before the Senate messages from the President of the United States transmitting several judicial nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Rear Admiral William D. Leahy, United States Navy, to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years from the 1st day of July 1933, which was ordered to be placed on the calendar.

Mr. BLACK, from the Committee on the Judiciary, reported favorably the nomination of Jim C. Smith, of Alabama, to be United States attorney, northern district of Alabama.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of Paul E. Ruppel, of Illinois, to be United States marshal, southern district of Illinois.

The PRESIDING OFFICER. The Chair is informed that there are no nominations on the calendar as printed.

RECESS

Mr. ROBINSON of Arkansas. Then, as in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 2 minutes p.m.) the Senate, as in legislative session, took a recess until tomorrow, Wednesday, June 7, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 6, 1933

UNITED STATES ATTORNEYS

John A. Carver, of Idaho, to be United States attorney, district of Idaho, to succeed Hoyt E. Ray, resigned.

William J. Barker, of New Mexico, to be United States attorney, district of New Mexico, to succeed Hugh B. Woodward, term expired.

William McClanahan, of Tennessee, to be United States attorney, western district of Tennessee, to succeed Dwayne D. Maddox, resigned.

Carl C. Donaugh, of Oregon, to be United States attorney, district of Oregon, to succeed George Neuner, term expired.

UNITED STATES MARSHAL

John M. Comeford, of Wisconsin, to be United States marshal, western district of Wisconsin, to succeed Charles H. Rawlinson, term expired.

SOLICITOR FOR THE DEPARTMENT OF COMMERCE

South Trimble, Jr., of Kentucky, to be Solicitor for the Department of Commerce, to succeed E. F. Morgan, resigned.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 6, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Gratefully, blessed Lord, do we acknowledge Thy love and mercy, which have given us all this day, with its privileges and opportunities for service and joyous, useful hours. Animated by Thy wonderful providence, may we approach our labors with conscientious zeal and with hearts full of sympathy with the calling needs of our land. Feed us, Heavenly Father, with the bread of life that shall enrich our minds and hearts, and lead us not to forget those precious treasures that help the common man. Humble us amid our manifold blessings, and may we ever aim to be among the pure in heart, who alone shall be permitted to see Thee face to face. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, the bill (H.R. 5240) entitled "An act to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes"; that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. BULKLEY, Mr. WAGNER, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. CONNALLY a member of the committee of conference on the part of the Senate upon the disagreeing votes of the two Houses to the amendment of the Senate to the bill of the House, H.R. 4220, for the protection of Government records, in place of Mr. PITTMAN, excused.

RELIEF OF HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table this bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection?

There was no objection.

The Speaker appointed the following conferees: Mr. STEAGALL, Mr. GOLDSBOROUGH, Mr. LUCE.

MEMORIAL DAY

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an address delivered by myself at the Confederate memorial services at Arlington Cemetery on Sunday last.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under leave granted me to extend my remarks, I insert an address delivered by myself at the Confederate Memorial Day exercises in Arlington Cemetery, Washington, D.C., on Sunday, June 4, 1933.

The address is as follows:

General Wilkinson, Confederate Veterans, Daughters of the Confederacy, Veterans of the Spanish-American War and of the World War, ladies and gentlemen, if I had known that these exercises were to be broadcast I would have reduced my speech to writing and tried to devote more time and attention to its preparation. As it is, I am sorry to say that I have no address "cut and dried." I feel, however, that by the time I have finished, the verdict will be unanimous to the effect that it was dry enough.

It is not my desire to open afresh the healing wounds of war or to stir the dying embers of sectional strife. I would not for the world utter one word to hurt the feelings of a Federal soldier, or of one who stands in the same relation to him that we of the South do to the men who wore the gray in that unfortunate conflict. I agree with the southern poet who said that—

"None but a coward would revile
An honest soldier's dust."

I have often heard it contended that either the soldiers of the South or those of the North were wrong in that contest. My answer to that contention is that they were both right. They were both fighting the battles of their country in a conflict produced by causes over which they had no control. They are both equally entitled to the love, admiration, and respect of the people of our reunited country.

I want to pause for a moment to pay my tribute to the Daughters of the Confederacy, under whose auspices these exercises are held, and to congratulate them on their splendid achievements, one of which is the erection of this magnificent monument, in the shadow of which these exercises are being held.

I once had the pleasure of taking an airplane flight over Washington with Col. Charles A. Lindbergh, and as I looked down upon the many wonderful things to be seen in the Nation's Capital, the most attractive of them all to me was this beautiful cemetery of Arlington—the bivouac of our heroic dead. The most beautiful object in this great cemetery was this splendid monument, dedicated to our Confederate dead, and erected by the generous, patriotic, loving, and loyal Daughters of the Confederacy.

If I were a Southern woman I would rather be listed among your members than to be a member of any other civic or patriotic organization on earth. You are not only the daughters of the greatest soldiers of all time, but you are the daughters of those glorious women of the South who sustained our soldiers in times of war and shared their burdens in times of peace.

You have another monument to your credit which time cannot efface, and that is Memorial Day. On April 25, 1866, about 1 year after the close of the War Between the States, the women of Columbus, Miss., in the district which I have the honor to represent in Congress, went out to decorate the graves of Confederate soldiers. They were the wives, the widows, the mothers, the sisters, and daughters of Confederate veterans—many of them still in the weeds of mourning. There were about 40 Federal soldiers buried in that cemetery. With a generosity that has few, if any parallels, those noble women decorated alike the graves of the Confederate and the Federal dead.

A report of that incident got into the press and inspired from the pen of the Honorable Francis Miles Finch, a distinguished northern jurist, a little poem called "The Blue and the Gray" that will live as long as the Stars and Stripes continue to float over a free people, as long as the sweet strains of old Dixie shall stir the southern heart with its "sweet but melancholy pathos", in which he said:

"By the flow of the inland river,
Whence the fleets of iron have fled,
Where the blades of the grave grass quiver,
Asleep are the ranks of the dead;
Under the sod and the dew,
Waiting the judgment day;
Under the one the blue,
Under the other the gray.

"These in the robings of glory,
Those in the gloom of defeat,
All with the battle-blood gory,
In the dusk of eternity meet;
Under the sod and the dew,
Waiting the judgment day;
Under the laurel, the blue;
Under the willow, the gray.

From the silence of sorrowful hours
The desolate mourners go,
Lovingly laden with flowers
Alike for the friend and the foe;
Under the sod and the dew,
Waiting the judgment day;
Under the roses, the blue;
Under the lillies, the gray,

"So with an equal splendor
The morning sun rays fall,
With a touch, impartially tender,
On the blossoms blooming for all;
Under the sod and the dew,
Waiting the judgment day;
Broidered with gold, the blue;
Mellowed with gold, the gray.

"So, when the summer calleth
On forest and field of grain,
With an equal murmur falleth
The cooling drip of the rain;
Under the sod and the dew,
Waiting the judgment day;
Wet with the rain, the blue,
Wet with the rain, the gray.

"Sadly, but not with upbraiding,
The generous deed was done;
In the storm of the years that are fading,
No braver battle was won;
Under the sod and the dew,
Waiting the judgment day;
Under the blossoms, the blue,
Under the garlands, the gray.

"No more shall the war cry sever,
Or the winding rivers be red;
They banish our anger forever
When they laurel the graves of our dead!
Under the sod and the dew,
Waiting the judgment day;
Love and tears for the blue,
Tears and love for the gray."

This poem was first published by Judge Finch in the Atlantic Monthly for September 1867, under the following notation:

"THE BLUE AND THE GRAY

"The women of Columbus, Miss., animated by nobler sentiments, than are many of their sisters, have shown themselves impartial in their offerings made to the memory of the dead. They strewed flowers alike on the graves of the Confederate and of the National soldiers." (New York Tribune.)

From this humble beginning came our present Memorial Day, which was later adopted by the Grand Army of the Republic under General Logan, and is today observed throughout the land.

Sufficient time has elapsed since the close of that war for us to pause and take an impartial inventory of the causes by which it was produced and the questions it involved. The three great causes of that conflict were slavery, secession, and the differing political philosophies, coupled with different commercial and economic conditions of the two great sections of the country.

We are not apologizing for slavery in the South; we were not responsible for it. We bought those slaves from the people of New England. They now call slavery a "moral" issue. I have often wondered how long it was after the slave trade became unprofitable in New England before it became "immoral." It is well known that in the Constitutional Convention of 1787 Southern men desired to put a stop to the slave trade at once, but pressure from the Northeastern States prevented them from placing a limitation on it to take effect earlier than the year 1808. To hear some of the tirades that have been made against the South one would think that we reduced a race of people to slavery and that the people of the South were the worst enemies the Negro ever had. As a matter of fact, we elevated the Negro from a position of savage to that of servant, civilized and Christianized him, and showed him for the first time the light of a Christian civilization, through the unfortunate institution of slavery. I say unfortunate, because it was unfortunate for the white people of the South, but it was the greatest blessing the Negro had ever known.

The people of the South have been the Negro's best friends. We are the best friends he has today. In the great depression through which we have been passing since 1929 the Negro, as a rule, has been better cared for in the Southern States than anywhere else under the American flag.

We are glad that human slavery has disappeared from the face of the earth, as we are glad our country is reunited, in spirit and in truth; but we must deplore the efforts of the agitators to stir up strife between the two races, which can only result in detriment to the Negroes as a whole, whenever those peaceful and friendly relations that exist between the two races in the South are interrupted or disturbed. It seems impossible for people of the North to understand the friendly and even affectionate relationships that existed in the South between the masters and their slaves, and even today they fail to grasp it.

I read, I believe, in the New York Times, a few years ago an editorial on that old southern song, Way Down Upon de Swanee Ribber. The editor thoroughly convinced himself that no such language was ever used by the Negro, and that while the music was only fair, the sentiment was entirely overdrawn. It occurred to me that no man who was reared north of the Mason and Dixon's line ever really heard that song. Few, if any, of the generation of today ever heard it, or ever will hear it. In order to have caught the real pathos of this soul-stirring melody one would have had to sit in the gathering twilight at the end of a summer day before a humble Negro's cabin door back in the "years that are fading" on the impoverished estate of a bankrupt planter and heard it sung by an old-time darky, conscious of the impending desolation of helpless old age, instead of the assurance of that care and protection he had hoped to look forward to at the hands of his beneficent master in his declining years.

Slavery was a grievous fault, and grievously has Dixie answered it; and in doing so we have answered for the sins of the very ones who have presumed to mete out our punishment.

But our critics tell us that we were guilty of "treason" because of our secession from the Union. I have often wondered when secession became treason—whether it was before or after the pen of Jefferson, the sword of Washington, and the voice of Adams proclaimed it as a divine right in separating these united Colonies from the dominion of the mother country. I have wondered whether it became treason before or after the Hartford convention in December 1814, where representatives of the New England States met for the purpose of seceding from the Union, in the dark hours of the War of 1812, after an invading enemy had ruthlessly burned the Capitol of our country, and at a time when old Andrew Jackson was leading his southern and western volunteers on to New Orleans, where he "taught the newly fledged American eagle to match its talons with the lion's strength", and raised America for the first time to the dignity of a world power.

No one questioned the right of secession for more than 50 years after our Government was formed. In fact, the American people supported secession in the case of Texas, they condoned it in Cuba, they encouraged it in Panama. Abraham Lincoln himself, the great war President of the United States, in a speech made by him in the House of Representatives of the National Congress on January 12, 1848 (60 years after the adoption of the Constitution), as reported in the Congressional Globe of that date, at page 94, volume 17, Thirtieth Congress, first session, in defending the right of Texas to secede from Mexico, said:

"Any people anywhere, being inclined and having the power, have the right to rise up and shake off the existing government, and form a new one that suits them better. This is a most valuable, a most sacred right—a right which, we hope and believe, is to liberate the world. Nor is this right confined to cases in which the whole people of an existing government may choose to exercise it. Any portion of such people that can may revolutionize and make their own of so much of the territory as they inhabit. More than this, a majority of any portion of such people may revolutionize, putting down a minority, intermingled with, or near about them, who may oppose their movements. Such minority was precisely the case of the Tories of our own Revolution. It is a quality of revolutions not to go by old lines, or old laws, but to break up both, and make new ones."

I submit that the right of secession was never more clearly or more forcibly expressed by Jefferson Davis or Robert Toombs than it was by Mr. Lincoln in that address. Was it treason then?

The South did not want to secede. They were nagged into it. A few years more and slavery would have fallen of its own weight, as it had done in England. But there were great, selfish interests that desired not only to subdue the South but to drive a wedge between the agricultural States of the South and West in order to plunder them through high protective tariffs and other discriminations that, carried out over a period of more than 60 years, have impoverished those sections, bled their peoples white, provoked retaliation on the part of every nation under the sun, crowded our population into congested centers, and brought to the people of America the present direful depression—the greatest economic calamity in all the tides of human history.

We must get back to the fundamental policies laid down by the founders of the Republic and advocated by the great statesmen of ante-bellum times, reinstitute the rule of common honesty for that of selfish greed, readopt the Golden Rule, instead of the rule of gold, in all our national and international relationships if we are to enjoy in the future the respect of mankind as well as those inherent blessings of civilization which the God of nature and the God of nations intended for us to enjoy.

I wish to say just a few words about our great leaders during those perilous times. While there are many whose names are written among the immortals, I shall mention only four: Jefferson Davis, Robert E. Lee, Nathan Bedford Forrest, and Stonewall Jackson.

Stonewall Jackson, the matchless soldier of the Shenandoah, whose marvelous achievements in his valley campaigns thrill the world today, and whose name and fame will live as long as that majestic stream bears its wanton tributes to the sea.

Nathan Bedford Forrest, the Achilles of the Confederacy, the greatest genius of them all, whom Lee pronounced "the outstanding soldier developed by the war", the greatest fighter of ancient

or modern times. He never had on a uniform until he was 40 years of age, yet in 4 short years he rose to the rank of lieutenant general. Disregarding the didactic precedents of military pomp, he ground his sword to the keenest edge, and invariably led the charge. He killed more men with his own hand than did any other general who ever commanded an army. He had 38 horses shot from under him and was wounded many times. He said no soldier was worth killing who went into battle expecting to come out alive. It is said that he fought more open engagements than any other commander of that war, that he never lost a battle when he was in supreme command, and never bucked a line he did not break. With a genius unsurpassed even by the great Napoleon, he invariably divided his ragged band of "mounted infantrymen" into two or more separate parts on the march, and then successfully concentrated them on the field of battle, inspired them with an enthusiasm akin to living fire, and swept all opposition before him with the fury of a storm.

In the unfolding decades that are before us, as the passions and prejudices of war pass away and America comes to recognize the greatness of this illustrious man, his matchless genius, his marvelous courage, his invincible dynamity will furnish a subject for musicians, painters, and poets. The children of future generations will behold him mounted upon his fiery steed, rising in his stirrups as in the heat of battle, his eyes flashing, his body tense, his countenance ablaze, waving his sword as if inspiring his men to victory or death, as he goes charging down the centuries.

Probably the three greatest Christian soldiers of all time were Robert E. Lee, Jefferson Davis, and Stonewall Jackson. Jackson, the Puritan; Lee and Davis the cavaliers—what a picture that will be for a Rembrandt of the future to give to the world—those three devout Christian leaders in solemn counsel on the eve of a great battle.

Lee was undoubtedly the greatest commander of his day, and easily takes his place among the leading military marshals of all time. Old Senator Ben Hill, of Georgia, once said that—

"When the future historian shall come to survey the character of Lee he will find it rising like a huge mountain above the undulating plane of humanity, and he must lift his eyes high toward heaven to catch its summit. He possessed every virtue of other great commanders without their vices.

"He was a foe without hate; a friend without treachery; a soldier without cruelty; a victor without oppression; and a victim without murmuring.

"He was a public officer without vices; a private citizen without wrong; a neighbor without reproach; a Christian without hypocrisy; and a man without guile.

"He was Caesar without his ambition; Frederick without his tyranny; Napoleon without his selfishness; and Washington without his reward.

"He was obedient to authority as a servant, and royal in authority as a true king. He was gentle as a woman in life; modest and pure as a virgin in thought; watchful as a Roman vestal in duty; submissive to law as Socrates; and grand in battle as Achilles."

In the words of Oliver Goldsmith—

"As some tall cliff that lifts its awful form,
Swells from the vale, and midway leaves the storm—
Though round its breast the rolling clouds are spread
Eternal sunshine settles on its head."

He stands out today the most commanding, the most masterly, the most serenely inspiring figure upon the horizon of human history.

No man has ever been so much and so unjustly maligned as has Jefferson Davis, the great President of the ill-fated Confederacy, "the noblest Roman of them all."

The Honorable Caleb Cushing once said of him that he was "eloquent among the most eloquent in debate, wise among the wisest in counsel, and brave among the bravest on the battlefield."

He was the outstanding hero of the Mexican War. At the most critical moment in that conflict, during the terrible battle of Buena Vista, it was Jefferson Davis, the young colonel of Mississippi riflemen, who executed his famous "V" formation and saved the day by a military maneuver which the Duke of Wellington said was "something new and masterly." He was the ablest Secretary of War this Nation has ever had. He towered like a giant in the United States Senate, standing at all times by the fundamental principles of the Constitution, and defending against all comers the rights of the sovereign States.

As President of the Confederacy, during the dark and stormy years of war, as a prisoner, suffering indignities that would have been spared even the vilest criminal, as a proscribed citizen during the darker years of reconstruction, he never wavered in his devotion to the principle for which he fought and suffered, but stood at all times as—

"* * * constant as the Northern Star
Of whose true-fix'd and resting quality
There is no fellow in the firmament."

As Bishop Galloway once said of him, "Marvelous, many-sided, masterful man, his virtues will grow brighter and his name be writ larger with each passing century. Soldier, hero, statesman, gentleman, American—a prince of Christian chivalry—the uncrowned chief of an invisible republic of loving and loyal hearts—when another hundred years have passed, no intelligent voice will fail to praise him, and no patriotic hand will refuse to place a laurel wreath upon his radiant brow."

As to the rank and file of the Confederate Army, I do not hesitate to say that they were the greatest soldiers, taken man for man, who ever wore a nation's uniform or followed a country's flag.

Someone has said that many a Robert E. Lee was born to die unknown to fame, that many a Stonewall Jackson lies beneath the sod of mother earth, with no other monument to mark the last resting place upon which a brave hero fell than the green grass that feeds its hungry roots upon his decaying bones. As Hamlet said of his sainted father, "They were men, take them for all in all, we shall not look upon their likes again."

But their monuments are in our hearts. As long as valor is esteemed a virtue, courage is admired, and patriotism is prized, the loyal children of the South will cherish as a most priceless heritage the sacred right to claim kindred with their spirits.

What shall I say to this broken band of veterans in gray, this lingering remnant of the great armies of the Confederacy, who sit before me at this hour? How shall I express to you our gratitude, our love, our admiration?

Fifty years to a day after the Battle of Bunker Hill, in addressing the Veterans of the Revolutionary War, who were gathered to witness the laying of the cornerstone of the great monument that crowns that historic eminence, Daniel Webster said:

"Venerable men! You have come down to us from a former generation. Heaven has bounteously lengthened out your lives that you might behold this joyous day. You are now where you stood 50 years ago this very hour, with your brothers and your neighbors, shoulder to shoulder, in the strife for your country. Behold, how altered! The same heavens are, indeed, over your heads; the same ocean rolls at your feet; but all else, how changed! You hear now no roar of hostile cannon; you see no mixed volumes of smoke and flame rising from burning Charlestown. The ground strewed with the dead and the dying; the impetuous charge; the steady and successful repulse; the loud call to repeated assault; the summoning of all that is manly to repeated resistance; a thousand bosoms freely and fearlessly bared in an instant to whatever of terror there may be in war and death—all these you have witnessed, but you witness them no more. All is peace; and God has granted you this sight of your country's happiness ere you slumber in the grave."

What a consolation it must be to you venerable men who have "come down to us from a former generation", who now stand where you were 70 years ago—in the midst of a devastating, fratricidal war—how gratifying it must be to you to behold our reunited country and to see our beloved Southland recovering from the wounds of war and the scars of reconstruction, growing in strength and influence, filled with the happy homes of your children and your children's children, and taking the lead in the new development, as well as in the onward march of our glorious country. What a solace it must be to know that the passions of war have passed away, that the world is coming to understand the great principles for which you fought and for which your comrades died. What a comfort it is to us, your children and your children's children, your neighbors and your friends, to have this opportunity to greet you on this occasion, to manifest to you in our humble way a meager portion of our gratitude for the service you have rendered and the sacrifices you have made, to lay at your feet the undying flowers of filial love and affection, to add them to your laurels of fame which will live and brighten with the passing years,

"Till the sun grows cold,
And the stars are old,
And the leaves of the Judgment Book unfold."

ACTIVITIES OF THE NEW ADMINISTRATION

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address made by Hon. Harlee Branch, executive assistant to the Postmaster General, at Ocala, Fla., on May 30.

The SPEAKER. Is there objection?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Hon. Harllee Branch, executive assistant to the Postmaster General, at Ocala, Fla., Tuesday evening, May 30, 1933:

We are living in a time of unprecedented events which at the inception of the Roosevelt administration had been threatening to overwhelm not only the welfare of our own Nation but the welfare and peace of the world. The situation that confronted President Roosevelt when he took office called for immediate and continuous action in dealing with many problems. It called also for drastic treatment, necessarily along new lines and by new methods, for most of the formulas that had been advanced had proved futile, and some of them had only aggravated the conditions from which we suffered.

It is my purpose to narrate to you in some measure what has been going on in Washington during this strenuous period since March 4 and the unexampled activity of the administration in its application of new remedies under the new deal to relieve the Nation from the most acute phases of the depression.

The platform upon which Governor Roosevelt was elected Chief Executive last fall specifically pledged his administration to put

into effect definite principles, policies, and reforms advocated therein, and to eradicate the policies, methods, and practices therein condemned. So far as the policies favored could be put into effect by legislation and those denounced could be abolished by Executive action, the pledges of that platform have all been practically kept and will be wholly completed by the time Congress adjourns in June.

President Roosevelt's first official act on the first working day of his administration displayed the courage and the foresight expected of him by the people. By an Executive order he put an end to a Nation-wide run on the banks which, had it continued, would have closed all the weak and insolvent banks in the country and in turn would have brought about the closing of the strong and solvent ones. By an Executive order he declared a bank holiday to enable the Federal authorities to determine what banks were solvent and able to continue business. To allay the suspense created by this drastic action, the President in a radio address took the people into his full confidence and explained the situation in such plain and simple terms that every man and woman with common understanding realized the necessity for his act and also that it was in behalf of the people themselves. It is no exaggeration to say that public confidence was almost immediately restored. With the lifting of the ban the people knew that the banks which opened were able to remain open and that those whose solvency could be restored were being aided to resume.

Simultaneously with the bank-holiday order, the President called Congress to assemble 4 days later, and on the opening day presented an emergency bill which gave him full authority over the banking situation and provided additional currency to meet all demands.

On the second day of the new Congress President Roosevelt submitted a message demanding that the Budget be balanced within a year, and transmitted an emergency economy bill to that effect. Under this economy legislation the Government, beginning the next fiscal year, July 1, will be in receipt of enough revenue to meet its current expenses. In addition to this, the total savings effected are estimated above $1,000,000,000. A large part of this economy is in the Veterans' Administration, and the remainder in reduction of salaries and in reorganizing the departments and bureaus, eliminating waste and duplication. This total is in excess of the pledge in the platform to reduce governmental expenditures 25 percent.

Then came the beer bill before the President had been in office a week, and on April 7 the States whose laws permitted it had beer. The revenue from the beer bill is an important factor in the balancing of next year's Budget and for the future. It was originally estimated that it would bring the Government from $125,000,000 to $150,000,000 annually. From the returns so far it is now estimated that the revenue from this source alone will be between $250,000,000 and $300,000,000, or twice the original estimate.

No time was lost by the administration in dealing with farm relief. This is a problem that has confronted the Government ever since the World War, and while legislation has been enacted in previous administrations it proved inadequate, and in one instance, an expensive experiment, known as the Federal Farm Board. Under this administration that futile agency has been abolished, and all the fiscal activities relating to agricultural aid have been merged into the Farm Credit Administration under one head.

Under the farm bill the President was delegated the widest powers over the production and distribution of basic agricultural commodities, and at the same time has been authorized to expand credit and the currency to meet all necessary demands that may be made by the agricultural program. The farm legislation also includes a provision for refinancing the farm debts, so that holders of farm mortgages will have the privilege of exchanging them for Federal land-bank bonds, the interest upon which is guaranteed by the Treasury of the United States. The President made a special appeal to mortgage creditors when he signed the bill to abstain from bringing foreclosure proceedings or to dispossess farmers who are in debt to them. Favorable response has already been made by large financial institutions, including insurance companies directing the suspension of farm-mortgage foreclosures.

In less than 3 weeks before he took office, President Roosevelt set in motion his plan for unemployment relief by a reforestation bill placing 250,000 unemployed young men in forestry work, providing them with food, quarters, clothing, and medical attendance, and a cash allowance of $30 a month. A subsequent provision adds 25,000 men from the bonus army who are able and willing to work.

This was followed by a measure appropriating $500,000,000 among the States for the maintenance and succor of the unemployed, thus relieving to this extent charitable organizations and the taxpayers of the commonwealths.

The major blow at unemployment is a gigantic one sent to the Congress on May 17, which provides for a $3,300,000,000 public-works program and the control of industry designed to obtain wide reemployment, to shorten the working week, to pay a decent wage, and to prevent unfair competition and disastrous overproduction.

Under this measure sections of the antitrust laws which have restrained effective industrial agreements are automatically suspended for the period of the emergency, which is 2 years.

This program is to be financed by an issue of public bonds, to be retired over a period of years at a cost of $220,000,000 annually. It is estimated that the entire cost of this gigantic project could be met by the increased revenues that would follow the repeal of the eighteenth amendment, which is being urged by the administration. This bill has met with the favor of the large industrialists of the country, and is estimated to give at least 3,000,000 men reemployment.

In behalf of wage earners already employed, President Roosevelt recently addressed the Chamber of Commerce of the United States, representing the principal employers, asking them to refrain from further reduction in wages and to increase wage scales in conformity to the rise in prices for the purpose of achieving a well-rounded national recovery. This met with a favorable response in many sections of the country, and numerous increases of wages have since been recorded. In addition to this he sent messages to the Governors of the 13 industrial States suggesting the adoption of laws similar to the new minimum-wage act of New York State.

A large measure of recovery from the depression will be noted in the valley of the Tennessee River through the immediate revival of the great plant at Muscle Shoals, practically abandoned since the war.

This project includes a broad plan for the improvement of the whole Tennessee Valley and is designed to add comfort and happiness to hundreds of thousands of people there and be generally beneficial to national recovery.

Another evidence of relief is found in the act for the refinancing of mortgages on homes.

The railways of the country, which have suffered heavily from competition of motor transports and through the general decline of business, have been aided by the administration bill providing for a Federal coordinator of transportation and the repeal of the recapture clause of the Interstate Commerce Act. This bill makes certain definite planning by the railroads themselves with the aid of the Government, eliminates the duplication and the waste resulting in railroad receiverships, and is expected to overcome operating deficit.

Effective steps have been taken to prevent recurrence of the enormous losses to the American people in the purchase of securities by an administrative measure providing for Federal control over such issues.

In what I have said I have tried to give a record of the major measures proposed by the administration. Most of them have already been enacted and the remainder are in process of passage by Congress. This record has no parallel that I can discover in the formulation of a legislative program in great detail and its prompt consideration and enactment by the Congress. While untoward events of the depression have occurred with great rapidity, they have been met with equal speed since the present administration came into power.

Heretofore, the Democratic Party has been criticized for a lack of party discipline and party cohesion. The opposition has emphasized this criticism in an effort to create the impression that, because of a lack of these things, the Democratic Party was unfit to govern the country. I cannot resist the temptation at this juncture to observe that not in the history of this country has there ever been a better example of party discipline, party cohesion, and party cooperation than now exists in Washington.

Throughout the session the President has had prompt and effective cooperation by the House and the Senate. There have been differences of opinion concerning some of the legislation proposed, but this was only natural when it is recalled that Mr. Roosevelt himself has frankly stated that some of the measures were necessarily experimental. But it can be said that in this program many new points of view have been evolved and developed, and that disastrous experiments of the past have not been included in any of the legislation presented.

If this were all of what has been going on in Washington since the 4th of last March, it would be a record of Executive skill and diligence and statesmanship unrivaled in our history, but this is only a major part of the domestic program. As far back as April 4, 1 month after he entered the White House, President Roosevelt began issuing invitations to foreign nations to send representatives to Washington for preliminary discussions concerning the World Economic and Monetary Conference to be held in London on June 12. Since then he has held conversations with the leading men of the nations of Europe, Canada, Mexico, South America, and Asia. The official statements issued by the Executive and his visitors all indicate a harmonious spirit and desire to solve international problems. Among these are international monetary stability and exchange and international trade as affected by tariffs. These conferences have been supplemented by interviews between the visitors and Secretary of State Hull, who will head the American delegation to the international meeting in London.

While these Washington conferences were being held, a situation developed abroad which seemed to threaten the placing of obstruction in the way of harmonious action at the conference and perhaps to endanger world peace. At the very outset of expected harmonious action at the conference, the President was faced with a crisis. Mr. Roosevelt immediately threw himself into the breach and sent a message to 54 nations in behalf of disarmament and world peace. Already the entrenched leader of a great Nation, by this dramatic act of high statesmanship he made himself a world leader. He asked for a solemn, definite pact of nonaggression and that they should individually agree that they will send no armed force of whatsoever nature across their frontiers. By this act he has brought about the best assurance that could possibly be had of the success both of the World's Disarmament Conference in Geneva and of the International Economic and Monetary Conference in London, and has possibly averted the worst of human plagues—war.

He has brought home to the nations of the world through this display of his courage and genius a clearer understanding that economic world recovery must have as its accompaniment the greatest of human blessings—peace.

PROSECUTION OF JEWS IN GERMANY

Mr. SUTPHIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by placing therein a statement made by several prominent lawyers opposing the persecution of the Jews. The statement is signed by Ogden L. Mills, Elihu Root, and several others.

The SPEAKER. Is there objection?

There was no objection.

Mr. SUTPHIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article protesting against the action of the German Government toward the Jews:

[From the New York Herald Tribune, May 29, 1933]

LAWYERS HERE PROTEST NAZI EXCLUSION OF JEWS—TELL HULL THEY RESENT HITLER BAN ON HEBREW ATTORNEYS

Protest against the action of the German Government in prohibiting Jewish lawyers and judges from practicing their profession has been sent to Cordell Hull, Secretary of State, in behalf of 51 members of the New York bar, it was announced yesterday.

The letter, dated May 9, said the signers hoped that reports were exaggerated and that racial or religious bars had not been set up. "The first reports have, however, been confirmed authentically", it said. "We deeply sympathize with Jewish judges and lawyers thus deprived of their means of livelihood.

"We protest against the action of the German Government as without precedent in modern times and as not only a reproach on the juristic system of Germany, which has hitherto been rightly regarded as representing as high standards of learning and honor as any in the world, but as a violation of the elementary principles of justice.

"John W. Davis, C. C. Burlingham, Samuel Seabury, James Byrne, Bainbridge Colby, G. W. Wickersham, Henry W. Taft, Wilson M. Powell, Charles H. Strong, Kenneth M. Spence, John Godfrey Saxe, Victor J. Dowling, Amos J. Peaslee, George W. Alger, Otto C. Wierum, Morgan J. O'Brien, Henry de F. Baldwin, William J. Donovan, James A. O'Gorman, Charles E. Hughes, Jr., W. A. W. Stewart, Walker D. Hines, Samuel H. Ordway, John A. Garver, James W. Gerard, J. G. Schurman, Jr., Lewis L. Delafield, Joseph H. Choates, Jr., Ogden L. Mills, Elihu Root, Albert Rathbone, Eldon Bisbee, Frank L. Polk, Walter E. Hope, Edwin de T. Bechtel, Raymond B. Fosdick, Paul D. Cravath, Carl Taylor, Bronson Winthrop, Charles S. Whitman, Nathan L. Miller, Robert T. Swaine, Boykin Wright, George S. Franklin, Grenville Clark, Wm. Travers Jerome, Geo. Gordon Battle, Roscoe H. Hupper, Charles R. Hickox, T. Catesby Jones."

George Gordon Battle and Sidney Hillman, president of the Amalgamated Clothing Workers, have accepted the invitation of the American Jewish Congress to serve as joint honorary chairmen of the campaign to raise a $1,000,000 defense fund in behalf of the German Jews. In a joint appeal yesterday the two men termed the drive a campaign of enlightenment. "Nothing, we maintain", said their statement, "must be permitted to take precedence over this effort. On Hitlerism's defeat or advance rests the fate of world economic recovery and international peace—the victory of moral forces over evil."

The New York Buyers' Association announced that its members had pledged themselves "to totally abstain from purchasing any merchandise the source of which, or any part thereof, can be traced as emanating from the German Nation until such times when * * * persecution shall have ceased."

COMMITTEE ON THE JUDICIARY—LEAVE TO SIT DURING SESSIONS OF THE HOUSE

Mr. RUFFIN. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may sit the remainder of the day during the session of the House.

The SPEAKER. Is there objection?

There was no objection.

PURCHASE OF BONDS AND STOCK OF INSURANCE COMPANIES BY RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I call up the conference report upon the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Alabama calls up a conference report and asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insurance companies, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 6.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 3, 4, 7, 8, 10, 11, and 12, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert "The total face amount of loans outstanding, preferred stock subscribed for, and capital notes purchased and held by the Reconstruction Finance Corporation, under the provisions of this section and section 2, shall not exceed at any one time $50,000,000, and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section and section 2" and a period; and the House agree to the same.

Amendment numbered 5: That the Senate recede from its disagreement to the amendment of the House numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert "The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company, (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital stock, or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be subscribed for or purchased by the Corporation, equal to the amount of said preferred stock or capital notes so subscribed for or purchased by the Corporation: *Provided*, That the Corporation may make loans upon said preferred stock or capital notes, if, in its opinion, such loans will be adequately secured by said stock or capital notes, and/or such other forms of security as the Corporation may require"; and on page 3, line 13, of the Senate bill, strike out "acceptance" and insert in lieu thereof "loan"; and the House agree to the same.

Amendment numbered 9: That the Senate recede from its disagreement to the amendment of the House numbered 9, and agree to the some with an amendment, as follows: On page 6, line 16, of the Senate bill, after the period, insert quotation marks; and the House agree to the same.

That the title of the bill be amended to read as follows: "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes."

H. B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

DUNCAN U. FLETCHER,
ALBEN W. BARKLEY,
R. R. REYNOLDS,
JAMES COUZENS,
HAMILTON F. KEAN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House, at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of the preferred stock and/or bonds and/or debentures of insur-

ance companies, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

On amendment no. 1: The Senate bill increased the borrowing power of the Reconstruction Finance Corporation by $50,000,000 in order to provide funds to carry out the provisions of the bill. The House amendment provides that the total face amount of loans, subscriptions to preferred stock, and purchases of capital notes which the Reconstruction Finance Corporation may have outstanding at any one time under sections 1 and 2 of the bill shall not exceed $50,000,000 and increases the borrowing power of the Reconstruction Finance Corporation by an amount sufficient to carry out the purposes of the bill. The Senate recedes with clarifying amendments.

On amendments nos. 2 and 3: The Senate bill authorized the Reconstruction Finance Corporation, where restrictions are imposed by State law upon the issuance of preferred stock, to purchase the legally issued notes, bonds, or debentures of insurance companies, which may be subordinated in whole or in part or to any degree to claims of other creditors. The House amendment limits this authority to the purchase of legally issued capital notes; and the Senate recedes.

On amendment no. 4: This amendment provides that in addition to the powers referred to under amendments nos. 2 and 3 the Reconstruction Finance Corporation may make loans secured by capital notes as collateral; and the Senate recedes.

On amendment no. 5: The Senate bill imposed as a condition upon the subscription, purchase, or acceptance as collateral for a loan, of preferred stock, notes, bonds, or debentures of the applicant insurance company, that the applicant show to the satisfaction of the Corporation that it can furnish an amount of new capital equal to that for which application is made to the Corporation. The House amendment, in conformity with amendments nos. 1, 2, and 3, confines this provision to preferred stock and capital notes, and eliminates this condition with respect to the acceptance of preferred stock or capital notes as collateral for a loan; and provides that the Corporation may make loans upon common or preferred stock or capital notes if, in its opinion, such loans will be adequately secured by such stock or capital notes and/or such other forms of security as the Corporation may require. The House amendment also changes the condition upon the purchase of preferred stock or capital notes by requiring the applicant company to show that it has unimpaired capital stock, or will furnish new cash capital which will be subordinated to the preferred stock or capital notes to be purchased by the Corporation, equal to the amount of preferred stock or capital notes so purchased. The conference agreement does not require the new capital to be cash capital and omits the authority to loan on common stock. The condition is also extended by the conference agreement to subscriptions to preferred stock.

On amendment no. 6: This amendment provides that the limitation on compensation of officers, directors, and employees of an applicant insurance company shall include compensation received from the applicant and/or any of its affiliates. This duplicates language already in the Senate bill, and the House recedes.

On amendments nos. 7 and 8: The Senate bill provided that the Reconstruction Finance Corporation should not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, first, if at the time of making, renewing, or extending the loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500 per annum, and, second, unless the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of $17,500 per annum while the loan is outstanding and unpaid. The House amendments strike out the $17,500 limitation in each case and provide that the compensation shall not be in excess of what appears reasonable to the Reconstruction Finance Corporation. On these amendments the Senate recedes.

On amendment no. 9: This amendment limits the application of the amendments contained in the Senate bill to paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended (relating to earthquake loans), to "the area defined in" such paragraph. The existing law accomplishes this purpose. The Senate recedes with an amendment correcting punctuation.

On amendment no. 10: This amendment includes within the definition of "insurance company" corporations engaged in the business of writing annuity contracts, and the Senate recedes.

On amendment no. 11: This amendment requires the loans authorized to be made to State workmen's compensation insurance funds to be adequately secured; and the Senate recedes.

On amendment no. 12: This amendment makes a clerical change; and the Senate recedes.

The committee of conference recommends that the title of the bill read as follows: "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes."

H. B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. BLANTON. The Senate has receded on amendments numbered 7 and 8?

Mr. STEAGALL. Yes.

Mr. BLANTON. Under those provisions and under the regulations prescribed by the Reconstruction Finance Corporation, insurance companies like the New York Life and the Mutual Life can still pay their presidents $50,000 a year salary and borrow money from this $50,000,000, and the Metropolitan Insurance Co. under these regulations can still pay its president $80,000 a year and borrow part of this $50,000,000 fund. That may suit the gentleman and it may suit my other colleagues, but I am not agreeing to that. If I had my way I would reduce that further and go back to the reasonable Senate amendment and restrict them to a maximum salary of $17,500 a year, which is comparable to the salary that we pay our Ambassador to the Court of St. James's.

Mr. STEAGALL. Mr. Speaker, the gentleman is in error.

Mr. BLANTON. In what way? The Reconstruction Finance Corporation said it would require them to reduce salaries 60 percent. If you reduce a $200,000 salary paid by the Metropolitan Life Insurance Co. to its president by 60 percent, that still permits that company to pay its president a salary of $80,000 per year. If you reduce by 60 percent the $125,000 salaries paid by the New York Life and the Mutual Life to their presidents, it would still permit them to pay their president $50,000 a year, which is unconscionable, which is inexcusable, and is scandalous to this Nation.

Mr. STEAGALL. Mr. Speaker, the conference report adopts the House provisions in toto respecting the limitation on salaries to be paid officials of borrowing institutions.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question right there?

Mr. STEAGALL. The provisions are the same as passed upon by the House.

I assume that Members of the House are familiar with those provisions. The requirement is that any borrowing institution in the future may not receive a loan unless there is a limitation placed upon the salaries of its officials, which shall not exceed the sum of $17,500 a year. That limitation applies to future loans. There is no similar limitation as to the renewal of existing loans, but in the latter case the Reconstruction Finance Corporation is left to the exercise of

the discretion of its officials in determining whether or not a loan will be refused or a renewal will be refused because of the payment of salaries by borrowing institutions which are in excess of reasonable sums. That is the situation.

Mr. BLANTON. But I know the gentleman will be fair enough to say that much of this $50,000,000 will be used in renewals of existing loans, so that the $17,500 limitation will not apply to them. It only applies to future loans.

Mr. STEAGALL. I hardly see how the gentleman can contend that it takes new money to renew an existing loan. If we were doing nothing but renewing loans it would not require one dollar of additional funds. It would simply require the execution of new paper covering such transactions.

Mr. BLANTON. But they can get an enlargement of existing loans.

Mr. STEAGALL. No. Not a dollar may be loaned under this bill without the application of the limitation as to salaries. That is quite clear, and the conferees have succeeded in securing the adoption of the precise provisions of the bill incorporated by the House, and for that reason I do not think the gentleman should be content with the action of the conferees.

Mr. BLANTON. I am in favor of reducing these outrageous salaries. When the Senate did it, the House certainly ought not have undone improperly what the Senate properly did.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HANCOCK of North Carolina. Will the gentleman let the House know what happened to the fifth amendment placed in the bill by the House, which provided the only protective provision as far as the security behind the money to be advanced was concerned? In other words, the conferees agreed to eliminate the word "cash", although the House overwhelmingly wanted it in the bill, which omission will permit these applicant companies to come in and convert their claims or debts in supposedly new capital, then go to the Reconstruction Finance Corporation and have them furnish the only new live capital that they will have.

In effect this means private stockholders incur no liability whatever, but place the entire burden of capital rehabilitation on their creditors and the taxpayers of the country. The conference committee struck out the word "cash", which leaves this bill, I am afraid, in a very dangerous form, the results of which may lead us into serious difficulties and make for great embarrassment. If you are going to do that, you might as well open the floodgates and let every worthy institution slightly affected with a public interest and in trouble come to this corporation and seek similar assistance. Its elimination confirms my first position, and I felt it my duty to let the House know what they were doing and where we are going in voting to adopt this conference report. My statement should at least serve to keep us from acting blindly.

Mr. McFARLANE. Will the gentleman yield on that point?

Mr. STEAGALL. I yield.

Mr. McFARLANE. I noticed in the New York Times of last Sunday where the Globe & Rutgers Insurance Co., mentioned by the gentleman from New York, Mr. O'CONNOR, an article which showed that they have been in a bankrupt condition and before the State Insurance Commission of New York since last March. They are mentioned specifically as the company that is going to be one of the beneficiaries of this bill. They are in a bankrupt condition now, and this bill is being passed for just such bankrupt companies as that company.

Mr. STEAGALL. Now, if anybody has any more questions, I shall be glad to yield.

Mr. HANCOCK of North Carolina. Does the gentleman know that that same company to which he has referred, however worthy it may be, has already borrowed from the Reconstruction Finance Corporation over $12,000,000?

Mr. McFARLANE. They have borrowed all they can, and now we are asked to be Santa Claus to them again in this bill. I think we ought to kill the bill.

Mr. TRUAX. Will the gentleman yield?

Mr. STEAGALL. I decline to yield for the moment. I want to answer one or two of these questions that have been propounded.

This bill follows the same plans for aid to insurance companies that were adopted in the emergency banking bill for aid to banks. The emergency banking bill provided that the Reconstruction Finance Corporation should be permitted to make loans on the preferred stock of banks or purchase preferred stock in banks. That is identically what is accomplished by this bill as to insurance companies.

Now, the gentleman calls attention to the rejection by the conferees of an amendment incorporated by the House. That amendment provided that before the Reconstruction Finance Corporation might purchase preferred stock, there should be an equal amount of unimpaired capital stock or that new capital of that amount should be supplied. The word "cash" was not employed in the language adopted in the provisions of the bill which applies to banks.

There are States where capital stock may be furnished incorporations in other forms than cash. The requirement is that no such purchase of preferred stock may be made unless the corporation has unimpaired capital of like amount, or will supply new capital stock of like amount. That follows exactly what was done in the case of banks.

The only thing in that provision of the bill that in any way liberalized the requirements as between this bill and the bill that provides for similar aid to banks, was in the clause which would permit loans on the capital stock of insurance companies on either "common or preferred stock." That provision seems to have escaped the attention of gentlemen in the House who fear that this provision of the bill is too liberal. The word "common" was stricken out in conference, and as it now stands loans are allowed only on preferred stock. This places the claim of the corporation ahead of holders of common stock and protects the corporation against loss.

This action of the conferees tightens up the requirements at the only point at which they had been liberalized as between the provisions of this bill and the bill which provides for aid to banks.

Mr. HANCOCK of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HANCOCK of North Carolina. Is not the gentleman willing to admit to the House that there is a vast difference between a bank with public deposits and a private insurance company?

Mr. STEAGALL. The gentleman, of course, invites me into a discussion of the merits of the original legislation, and I decline to go into that question. The House has passed on it, and the conferees carried out the will of the House.

Mr. HANCOCK of North Carolina. Will the gentleman yield for another question?

Mr. STEAGALL. I yield for a question, but not for a return to the discussion of the general merits of the original legislation.

Mr. HANCOCK of North Carolina. Let me ask the gentleman if he himself thinks that this is a good and sound piece of legislation.

Mr. STEAGALL. Mr. Speaker, I will answer the gentleman by saying that as one Member of the responsible organization of this House I gave my endorsement to this legislation. I gave it unhesitatingly. I will say to my friend that we inherited the Reconstruction Finance Corporation from the former administration. That administration used the powers of the Corporation in its efforts to find temporary relief from the distressed condition under which the people of this country suffer. I think it is only fair and just that the small amount of aid provided for in this bill should be used by this administration as a temporary measure in its

efforts to relieve conditions which confront the new administration.

I think it is a wise and constructive thing to do. I gladly take the responsibility so far as I am concerned.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PARSONS. I wish to get this thing straight, Mr. Speaker. Under the banking bill that was passed to permit the Reconstruction Finance Corporation to make loans to closed banks, the closed banks must raise an equal amount of local stock before the Reconstruction Finance Corporation will step in and subscribe to stock in any of those institutions. The people themselves, the stockholders, or the depositors, must raise an amount of stock and match the Reconstruction Finance Corporation loan dollar for dollar.

As this bill was originally passed it provided for a loan on either common or preferred stock. I know these insurance companies have preferred stock. So they can borrow of the Reconstruction Finance Corporation without raising any additional money to repair their capital structure.

Mr. STEAGALL. That is not the provision of the bill. I may say to the gentleman that I am not prepared to say just exactly what rule has been applied to every borrowing bank that has asked aid from the Reconstruction Finance Corporation.

Mr. PARSONS. I have been down there. I know what the rules are.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. TRUAX. Is it not true that this loan is designed for four or five casualty companies instead of life-insurance companies?

Mr. STEAGALL. No; that is not the fact. The provision applies to all insurance companies and to annuity companies, and it is limited in amount to $50,000,000 which, compared to what has been done by the Reconstruction Finance Corporation in the case of banks is certainly moderate and conservative. In individual instances banks have obtained loans in excess of the total amount of loans that are authorized to be outstanding to all the insurance companies of the country.

Mr. Speaker, I move the previous question on the conference report.

The question was taken; and on a division (demanded by Mr. MCFARLANE) there were—ayes 107, noes 24.

So the previous question was ordered.

Mr. MCFARLANE. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

Mr. Speaker, I withdraw my objection.

The SPEAKER. The question is on the adoption of the conference report.

Mr. HANCOCK of North Carolina. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. GREEN and Mr. MCFARLANE) there were—ayes 113, noes 36.

So the conference report was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

GOVERNOR OF HAWAII

Mr. BANKHEAD, from the Committee on Rules, presented the following privileged report for printing in the RECORD under the rule:

House Resolution 176

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5767, a bill to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Territories, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. GRAY] may have 20 minutes in which to address the House, and that following his remarks the gentleman from Michigan [Mr. DINGELL] may have a similar amount of time to address the House.

Mr. SNELL. Mr. Speaker, I reserve the right to object in order to get some information. Is there any other regular business to come before the House this afternoon?

Mr. BYRNS. Nothing that I know of.

Mr. CONNERY. Mr. Speaker, reserving the right to object, I would like the gentleman to amend his request by giving me 10 minutes.

AMERICA PROTESTS RACIAL PERSECUTION IN GERMANY

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. O'CONNOR] have leave to extend his remarks by placing in the RECORD a speech delivered by him at the Mayflower Hotel last night.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by me at the Mayflower Hotel June 5, 1933, at the dinner of the American Society Against Racial Persecution in Germany:

Mr. Chairman, ladies, and gentlemen, it was with pleasure that I voted for the bill in the House of Representatives for the ultimate return of all property of the German nationals held by the Alien Property Custodian and for the equitable apportionment amongst all claimants of certain valuable funds held by our Government. I fought and voted for our Nation's gift of $10,000,000 to feed the starving babies of post-war Germany. At that time I felt that the bitterness and rancor of war had disappeared, and was supplanted by the great humanitarian heart and soul of America, desirous of doing justice to the nationals of Germany who suffered untold hardships in the loss of life, limb, and property when caught in the whirlpool of war.

Through the passage of these bills we were not assisting the Imperial Government of Germany but we were helping to rescue Germany that has given to the world such eminent men as Goethe, Schiller, Heine, Lessing, Kant, Shopenhauer, Erlich, Hademan, Wassermann, Koch, Einstein, Wagner, Beethoven, Mendelssohn, Holbein, many of whom were Jews and all of whose names are famous in the roles of science, art, literature, philosophy, medicine, economics, music, and painting. The German Nation that has produced such wonderful scholars was proudly welcomed by America in the forefront of the civilized nations of the world.

Today the German Government has been seized by the Ku-Klux Klan of that nation as exemplified through the non-German Hitler. Every ideal and virtue that was symbolized by the great German people has utterly collapsed through the temporary influence wielded by the burlesque Nero of the twentieth century.

Since the World War Germany has been appealing to the world for justice, tolerance, fair play, and a square deal for all its people. It is clamoring and crying for these considerations at this very moment, but while it seeks this humane consideration from the world, its leaders have denied justice, tolerance, fair play, and a square deal to thousands of its own citizens because they are of Jewish extraction.

Since the dispersal of the Jews by Hadrian twelve hundred years ago the Jews have become citizens of the whole world. Wherever they have been found, in every nation of the world, they have contributed to science, art, literature, philosophy, statesmanship, music, medicine, and law. The world has been enriched through their contribution to every deserving cause.

Mr. Chairman, because of the cruel, barbarous, and iniquitous treatment of the "madman of Germany", Hitler, against its racial minorities, I desire publicly to join in proclaiming the present German Government working under Hitler as an outlaw in the family of humanity and unworthy of any consideration because of the inhuman, barbarous treatment it has accorded to the Jewish citizens of that nation.

In this the twentieth century of civilization the time has come when we Americans, liberty loving as we have always been, must raise our voices, through the Membership of the House and Senate, so that religious and racial intolerance, practiced through economic injustice, persecution, and prosecution of any racial or religious minority in any country of the world must cease. In the name of the people of the United States I raise my voice in the chorus which demands that the Hitler despotism grant equal political and economic protection to all of its subjects under its jurisdiction, and, above all, once and for all, that it stop the barbarous and cruel treatment of innocent Jewish citizens and protect their life and

property in accordance with the covenants of existing treaties between the Imperial German Government and the Jewish nationals in its domain. That protest should be concurred in by every liberty-loving citizen of every nation on the globe.

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an editorial printed in the Santa Barbara Daily News, which points out that President Roosevelt is not a radical.

Mr. SNELL. Mr. Speaker, I am going to object to inserting in the RECORD editorials from various papers.

The SPEAKER. Objection is heard.

ORDER OF BUSINESS

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the gentleman from Indiana [Mr. GRAY] be permitted to address the House for 20 minutes, and following that, the gentleman from Michigan be permitted to address the House for 20 minutes. Is there objection?

Mr. CONNERY. Mr. Speaker, reserving the right to object, I should like to have 10 minutes.

Mr. BYRNS. I am sure there will be no objection.

Mr. KOPPLEMANN. Mr. Speaker, I should like to have 5 minutes to address the House.

Mr. BYRNS. Then, Mr. Speaker, I will include in my request that the gentleman from Massachusetts [Mr. CONNERY] may have 10 minutes and the gentleman from Connecticut [Mr. KOPPLEMANN] may have 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GRAY. Mr. Speaker, I have observed the custom of returning to Congress every 16 years. I was here 16 years ago, I have come back to make some observations, and I expect to come back in the next 16 years to make further observations. [Applause.] I have generally come here on a landslide and have gone out on a landslide [laughter], and it may be from the telegrams I am receiving about the economy bill that the tide is about to ebb.

However, I propose at this time to speak on the progress of farm-relief legislation under four administrations.

For 12 long years the farmers of the country have been producing and selling under falling values and price levels; have been suffering a failure of earnings and income, forcing down and destroying their tax-paying power, their interest, debt, and mortgage-paying power, their buying and consuming power, their power to provide themselves with the necessaries and to maintain farm upkeep and the improvements and to pay the costs of farm operations. For 12 long years the farmers of the country have been sinking in a vortex of hopeless and irreparable debt, of insolvency, foreclosure, and bankruptcy, living in suspense, dread, and apprehension. For 12 long years the farmers of the country have been pleading, praying, supplicating for relief from the blight of this panic. They have pleaded, prayed, and supplicated to silent Calvin Coolidge, the Sphinx of the White House, but pleaded without recompense, prayed and supplicated all in vain. They have pleaded, prayed, and supplicated to President Herbert Hoover, who gave them the Farm Board, with $500,000,000 appropriation and salaries and overhead galore, bringing a loss and deficit but no farm relief. And now they are pleading, praying, and supplicating to President Franklin D. Roosevelt, who tells them to raise less and have more, to wait in patience and Christian fortitude, and he will act "if, as, and when necessary."

When the blight of this great panic fell upon this fair land of ours, the farmers of the country were a prosperous, happy, and contented people. They were selling or giving up one fourth or not more than one third of their products with which to pay taxes, interest, and fixed charges, and leaving them the other three fourths or two thirds of their earnings, income, or the fruits of their toil to pay with, to buy and consume with, to live with, to provide themselves with the necessaries and some of the comforts and conveniences of life and to lay away a saving for the winter of their declining years. And while they so remained in this prosperous and happy condition they were great and liberal consumers of all the products of factory, mill, and workshop, and industry was kept busy and speeding up to meet their wants and their demands.

But suddenly there came a change to interrupt and reverse this order, this prosperous and happy condition of the people, coming like a bolt from the clear sky, like an avalanche from the mountain, like a devastating tide from the sea. And in the language of the Prairie Farmer:

> In 1920 in almost the twinkling of an eye the condition was reversed. Prices fell to a ruinous low level. The exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price in 8 months from $3 to $1.60 per bushel. Corn fell from $1.50 to $0.35 per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

This panic came in 1920 and not in 1929. The so-called "stock-market crash" in 1929 was not the cause or beginning of the panic. It did not bring on the panic. It was one of the disasters of the panic. It was the result of the panic. It was the culminating effect of the panic, which had begun 8 years before with the fall of values and the price level. The panic began in 1920 and not in 1929.

And values and the price level, beginning then to fall, continued to decline and fall until and before the year 1924. Two million farmers had lost their farms by foreclosure, 2,000,000 more were in default and subject to foreclosure, 7,000,000 acres of farm land had been abandoned for want of sufficient income to live and pay the cost of production. Until and before the year 1924, 2,000,000 people had left the farm in quest of a living wage, only to compete in the bread lines of public and private charity and benevolence for the unemployed in the great cities; until and before the year 1924 farm debts had increased and multiplied until farm debts exceeded the valuation of all farm lands and property, until farmers as a class were insolvent and bankrupt.

Until and before the year 1924 farm values had fallen over $40,000,000,000, farm land falling $20,000,000,000, farm crops and stock falling $19,000,000,000, or an average loss of $5,000 to each and every farmer, or over $1,000 to every man, woman, and child on the farm. Until and before the year 1924, 6,000 farm banks had failed, thousands of farmers had gone insane, others had committed suicide, seeing their life savings fade away and facing want and poverty in the coming winter of old age. And continuously from and since 1924 and from year to year up to this time the farmers have been failing and sinking deeper and deeper into hopeless debt, deeper and deeper into insolvency and bankruptcy.

And until today if all the farm property were sold under the hammer, if all the farm lands were sold, if all the farm crops were sold, if all the farm stock were sold, if all the farm implements were sold, the proceeds would not pay farm debts. Until today, to this time, 10,000 farm banks are insolvent, 5,000,000 farmers are bankrupt, farm land is a crushing liability, farming operations are carried on at a ruinous and disastrous loss. Until today the continuance of the panic has not only destroyed borrowers and mortgagors, who can neither pay interest nor principal, but is destroying the lenders and mortgagees as well, who cannot collect but must take farm land without value in payment of their claims, and the farmers have been left writhing, suffering, in bewildering, confusing mystery as to the cause of the misfortune and distress, as well as to the remedy for relief.

But the panic is no longer a mystery, it is now known, realized and understood as coming, following and in obedience to economic and monetary laws, as fixed, certain, unchanging, and inevitable as the laws of life and death. And the remedy for the sudden fall of values and the price level stand out as clear, open, and apparent as the distinct form of objects in the glare of the noonday sun. And following the Bibical injunction: "Seek and ye shall find, ask and ye shall receive, knock and it shall be opened unto you", on investigation it has been found that following an apparent trivial amendment passed by Congress April 13, 1920, amending section 14 of the Federal Reserve law, the section taking the control of money away from private bankers and financiers and placing that control in the Government, a secret bankers meeting was held May 18, 1920, in Washington, D.C., behind closed doors and drawn curtains

and in the very shadows of the Capitol, and in the name and style of "The Orderly Deflation Committee of the American Bankers Association", a secret resolution was passed declaring for the contraction of money and credits and then they folded their tents and as silently moved away. Following this secret bankers' meeting of May 18, 1920, under order of the Federal Reserve Board, the discount rate was raised again and again, the open-market operations functioned and the reserve banks sold bonds and securities, and under the means and mechanism of the Federal Reserve money system the money and currency of the country was contracted and withdrawn from circulation until almost one half of the money and credits was taken and withdrawn from circulation.

No one knew of the meeting. No one knew who attended. No one knew of the resolution passed. And for 2 years, 8 months, and 4 days this meeting was kept a guarded secret. But true to an old saying, "Murder will out", and on the 22d day of February 1923, the manipulating bankers and financiers became involved in a dispute and contention over certain Liberty Loan bonds affected by the resolution passed. In retaliation or revenge the proceedings of the secret meeting was published in the Manufacturer's Record, a newspaper of Baltimore, Md., and for the first time the proceedings of this meeting and the names of the bankers attending were known to the outside world.

It was during these 2 years, 8 months, and 4 days, with the proceedings of this bankers' meeting hidden, covered, concealed, and withheld, that the propaganda was started to confuse, bewilder, and mystify the cause and under which the manipulating financiers led their tools, cat's-paws, and puppets to speak as parrots speak, and to repeat after them in blind, vacant servient stare before the people of the country, this panic is all a mystery. Bandit raiders of the range never hied to deeper caverns. Gang murderers of a city never crept to blacker darkness to cover highway robbery or conceal cold-blooded murder than the international financiers and bankers who maneuvered from afar or pulled the manipulating wires from behind screens and curtains, directing their tools and puppets in the secret bankers' meeting and on the servient Federal Reserve Board fawning to do their will and bidding. [Applause.]

But now after their appeals to Coolidge and after their supplications to Hoover in vain, the farmers are at last to be rewarded for their Christian fortitude and endurance, for their long wait and vigil. They have appealed to President Roosevelt. He has called Congress in special session charged with the one first and paramount duty of providing for farm and industrial relief. Congress has convened in obedience to the call and has determined and agreed upon the cause, the deflation and contraction of money and credits; and has likewise agreed and prescribed the remedy, expansion of the volume and supply of money. The farm bill has been enacted providing for a $2,000,000,000 loan in the name of farm relief, available to somebody, and for crop control by the allotment plan; and Congress has conferred upon the President special powers to expand the currency and thereby raise values and the price level and restore the buying and consuming power. But the powers delegated and conferred are subject and dependent upon the "assent" of the Federal Reserve Board and banks, and further upon international agreement and the discretion of the President to issue currency non-interest-bearing notes to expand the volume and supply of money.

We are now in the administration of the bill, and the farm-mortgage holders are being paid with interest guaranteed. But the farmers are still left owing the debt. The allotment-plan provision for raising less to have more is being postponed for another year. The international financiers and bankers, the misers, and grasping Shylocks, who brought the panic upon the country and who are still controlling the Federal Reserve banks, remain stubborn and hard-hearted, still claiming their relentless pound of flesh and refusing their "assent" and will not let the people go; and the revaluation of gold and the remonetization of silver, alternative measures to expand the currency, are held to await international agreement and the consent of other nations; and the President has not seen fit to exercise the powers conferred in his discretion to issue United States currency notes for the purpose and object contemplated as provided in the farm relief bill.

But now without the expansion step taken, the farmers are called to witness the rise of values and the price level as the fulfillment of a promise of relief. But faith without works is dead. If the powers conferred are not promptly exercised or if there is any wavering to create a doubt as to what remedy will be resorted to, the higher values thus gained will decline and fall to the level from which the rise was taken. But this higher price level is not only psychological, wavering, and uncertain, it may be augmented by speculative maneuvers, always temporary and hazardous, unreliable, undependable as a stable basis. And it may be, and probably is, supported by secret Federal Reserve operations or a concerted bank-credit movement to prevent the issue and circulation of actual money more difficult of manipulation and control.

There is nothing in this higher price level to warrant hesitation or delay in resorting to the expansion measure as agreed, determined upon, and provided for as the means to increase the volume and supply of money and raise values and the price level, and thereby restore the buying and consuming power. This same price rise has occurred and even advanced to higher stages at three different times since the year 1920 and as often has been traced to the secret operations of the Federal Reserve Board and has always been followed by a decline. After the drastic slump and price fall in 1920, beginning early in the year 1924, by the time of the Presidential election in November, prices had been suddenly increased and doubled following which prices fell again. This price rise of 1924 has been shown caused by the Federal Reserve Board, through the open-market operations and the discount rate, as appears at pages 1114 and 1115 of the hearings on H.R. 7895 of the Sixty-ninth Congress. The same rise of values and the price level was brought again in 1928, preceding the Presidential election in November, only beginning earlier and continuing until 1929 and then was followed by the slump, the drastic decline and fall, with the spectacular stock-market crash.

This price rise is different from the preceding movements, because it came following or coincident with the announcement or declaration for an increase in the volume and supply of money, while other movements came secretly, unawares, but following an actual increase of money. While this mere announcement and declaration for an increase in the volume and supply of money has been sufficient to start an upward price movement, it will not of itself sustain higher prices; and unless followed by an actual increase of money, the price level will recede and fall and the advantage gained will be lost. If values and the price level, raised on anticipation, are now allowed to recede or fall, the magic spell of faith and confidence in the new administration will be broken, as confidence was broken in the Hoover administration and the public mind will be left to drift, wandering in quest for a new leader and with hope of relief waiting or deferred, the country will be facing the hazard of chaos and disorder.

The house is afire and burning. The fire engines are arrived at the scene. The water hose is connected. Smoke is pouring and flames are leaping. Why stop to investigate new fire apparatus? Why not start the engines, throw on the water, and then save the building and contents? The ship has foundered and is sinking. The water is fast creeping upon the deck. The crew and passengers are shouting and calling. The life boats are standing by. Why stop to investigate a new life-saving service or a new form of life savers? Why not make the rescue and save the imperiled human life? A man lay sick of a fever. The doctors are in consultation. They have diagnosed the disease. They have agreed upon the remedy. The sick man is sinking. Why wait, postpone, or delay to consider a new theory of medicine? Why not administer the prescription and save the patient?

We are in the throes of panic and depression. Millions are unemployed and suffering. Millions are losing their homes and all. The year of redemption is expiring. Chaos and disorder is menacing, threatening. A new administration has been inaugurated. Congress has been called in special session. The cause has been considered and found. The remedy has been agreed and provided, reflation or expansion of the currency in circulation. The power to administer has been conferred. All is ready and waiting. Time is vital and is running. Why delay, postpone, or wait longer on slow, uncertain, international agreement? Why not exercise the powers conferred? Why not issue and distribute the money, raise values, the price level, restore the buying and consuming power of the people, stop the panic, and avert a crisis?

If the powers conferred by Congress upon the President of the United States to expand the volume and supply of money, to restore the relative value of money and commodity prices, and thereby to raise values, the price level, and the wage scale, and the same distributed through channels to reach evenly the masses, to restore the buying and consuming power of the multitude, the great consuming public—if these powers conferred were now exercised promptly, without hesitation or delay, values, commodity prices, and wages, which have already started upward, rising on the mere announcement and declaration of the step agreed upon and to be taken, would swing upward to a higher and to a normal stage and level, increasing earnings and income of the people, restoring the tax, interest, and debt-paying power and the buying and consuming power of the people.

The effect upon the people and the country would be like magic. The doors of factory, mill, and workshop would stand ajar, swing open; the wheels of industry would start; the whir of machinery in motion, the din of saw and hammer, would sing a song of prosperity returning amid the glad hosannas of rejoicing of 120,000,000 of people, beginning in 30 days. And the farmers of the country would realize and enjoy a rise of values and farm prices and an increase of farm earnings and income by the next grain- and stock-market time.

But the step has not been taken. The farmers are still waiting—now waiting for the "assent" of the Federal Reserve Board and banks, for which they have waited for 12 long years; now waiting for international agreement in the far-away, distant, hazy future; waiting for the consent of other nations. And when the fateful question for what is possible, ready, and at hand, when the currency notes will be issued, the only answer coming back is the echo of their plaintive cry, "If, as, and when necessary."

A $2,000,000,000 loan provided in the name of farm relief is to be used to pay farm lenders, leaving farmers still owing the debts. And the so-called "allotment plan", under which farmers can raise less and have more, is postponed for another year. The farmers are still waiting, still waiting at the farm gate, still waiting at the mail box for the letter that has never come.

When I come to realize the plight of agriculture and the independent individual farm-home owners, millions losing their farms by foreclosure, and other millions by delinquent tax sales, and all sinking in insolvency, bankruptcy, and hopeless debt; when I come to witness and observe the plans and preparation of corporations to take these foreclosed lands and combine these farms and 20,000-acre tracts under corporation-landlord estates; when I see the Agriculture Department taking evidence to create a farm manager bureau to educate and train men as managers to take charge of these foreclosed lands for corporation landlords, with former farm owners as their tenants; when I come to consider my duty in the face of this great farm crisis, I can see our forefathers in the clearing. I can see the dead timber line marking the fertile fields of the future. I can hear the measured stroke of the ax and the echo against the forest wall. I can see the fires burning. I can see the smoke rising. I can sense the charred wood and the burned earth. I can hear the he-o-he of the pioneer calling to his neighbors to roll the log heaps. I can see the flash and glow of heated faces. I can see the great beads of perspiration standing out upon the pioneer's brow. And above and beyond all this, I can see the courage and resolution, the grim determination of these brave men to conquer the forest and the prairie sod for their children and their children's children.

Little did our forefathers dream when they were clearing the forests and breaking the sod that they were clearing the forests and breaking the sod for corporations; that they were clearing the forest and breaking the sod for corporation-landlord estates, where their sons and children were to toil as tenants under corporation managers, under the lash of corporation taskmasters. They believed and were inspired by the belief that they were clearing the forests and breaking the sod for homes for their children and their children's children; that they were clearing the forests and breaking the sod for a community of home owners; that they were toiling to leave a heritage for the future and for the generations to come. And I cannot reconcile my conscience and sense of duty to show these pioneers the honor, respect, and gratitude which is due them as great benefactors without defending this heritage with all my strength and every power I can command.

I have a farm in Indiana with forests and streams, with fields and pasture woodlands. I love that farm home above all I have, but not more than other farmers love their farms. I want to live there my own way. I want to worship God there my own way. I want to serve my country and humanity and my fellow man there my own way. I want to toil and labor in the open sunlight. I want to earn my bread by the sweat of my brow, free and untrammeled, in my own way and as I love to labor to live. I want to take solace and consolation there in my last retiring years from the falling leaves, from the fading flowers, from the ripening grain, from the sear and yellow leaf, from the closing seasons declared in various changing colors, there abiding nature's eternal plan, and there to lay down the burdens of life for the last long response to sleep in the bosom of Mother Earth, which gave me birth and being and to embrace me and to claim me back again. [Applause.]

You ask me what I will do in the face of this great farm crisis, this menace to the individual farmers, to the independent farm-home owners. I will tell you what I will try to do. I will try to expose this piracy of American agriculture, this conspiracy to break down the independent, individual farmers, and to make them tenants under corporation landlords. I will first resort to all civil and peaceful means. I will try to warn the farmers of the impending danger. I will try to arouse them in defense in time before the chains and shackles are forged upon them.

Then I will be ready to say the last word and take the last steps in the cause of farm relief. I will then be ready to join my farmer neighbors in Indiana, and with them the farmers of Wisconsin, Minnesota, and the Dakotas, and with them the farmers of Iowa, Kansas, and Illinois, and with them the farmers of the Middle West and great Northwest, and with them I will be ready to meet the landlord corporations at the gateway of American agriculture, at the threshold of the farm gate. And with them I will be ready to say to these invading landlords these lands are sacred, hallowed grounds, and every inch of which will be defended with life's last lingering throb and to the death.

I will be ready to say with them, "Before you gain a foothold here you will have to wade your way through a sea of fire, flame, of flesh and blood; and before you take these lands for a corporation-landlord estate, with our sons and children as your tenants to toil under corporation managers, under the lash of corporation taskmasters, you will have to walk over the prostrate forms of our dead bodies."

And when farm relief fails here, I will be ready to take up farm relief there; there under the higher laws of life; there under the first law of nature; there under the law of self-defense; there under the law of self-preservation; there under the law of life and existence; there under the magna carta ordained by a higher power, guaranteeing the right of men to live upon the earth, to labor to live, and to take

the fruits of that labor for their own support and for the support of those who by nature are dependent upon them. I would rather die fighting, I would rather sacrifice these few last remaining years in defense of the heritage left by our forefathers, than to live one day upon these lands as a tenant under corporation landlords. [Applause.]

Mr. Speaker, I therefore ask unanimous consent for the present and immediate consideration of the resolution which I offer and ask consent for it to be read in my time.

[Seventy-third Congress, first session. In the House of Representatives of the United States]

Mr. GRAY submitted the following concurrent resolution, which was referred to the Committee on Banking and Currency and ordered to be printed:

"House Concurrent Resolution 22

"Whereas the country remains suffering and in the throes of an industrial depression in which millions are held in enforced idleness, in want, distress, humiliation, and despair; and

"Whereas millions are losing their property, homes, and their all by judgments on default of debts, foreclosure of mortgages, tax sales, and involuntary bankruptcy, with the exemption year or period expired or expiring; and

"Whereas the disorders of the panic have continued and have been prolonged until the people have been exhausted of their means to live and until the temper of the public mind is fast becoming wavering, unstable, and threatening chaos, and disorder is impending; and

"Whereas a new governmental administration has been called and commissioned by the people to restore normal prosperity conditions, to act with deliberate promptness, without delay, and Congress has been summoned in special session to consider the cause and determine upon the remedy and to act with diligence and in accordance with the emergency to be met; and

"Whereas Congress on full inquiry concluded has found the cause to be the fall of values, prices, and the wage scale, which has destroyed the buying and consuming power of the people and has likewise agreed upon the remedy for relief, the expansion of currency and credits as the means to raise values and the price level and restore the buying and consuming power; and

"Whereas the Congress on such determination to facilitate and expedite the remedy for relief has delegated and conferred its vested powers and jurisdiction upon the President of the United States to act for and in its stead; and

"Whereas on such announcement and declaration of policy, psychologically and in anticipation of the step to be taken, values and commodity prices have advanced and raised to higher levels and are now so held wavering in abeyance, awaiting the conferred powers to be exercised or a declaration of the time and manner the step will be taken; and

"Whereas the fall of values and the price level now would destroy psychological force so exerted which prompted and now sustains the higher values and the price level and the magic spell of confidence inspiring the people with buoyant hope would be greatly impaired or broken; and

"Whereas in the nature of the situation and the economic state and condition of the country time is a vital, critical element and has become the very essence of the remedy: Be it

"*Resolved by the House of Representatives of the United States of America in Congress assembled (the Senate thereof concurring)*, That in pursuance with and in obedience to the purpose and intention of Congress in surrendering and conferring upon the President of the United States certain powers under and by virtue of section 43 of an act of Congress entitled 'An act to increase agricultural purchasing power and for other purposes', approved May 12, 1933, the same being powers vested in Congress under section 8 of article I of the Constitution, the President proceed in the immediate exercise of such power to cause the remonetization of silver or the revaluation of gold or the expansion of the volume and supply of money by resort to the instrumentalities of the Federal Reserve System, if the powers thereof can be invoked in the exercise of positive governmental force and without the delay and uncertainty of obtaining the 'assent' of the Federal Reserve Board and banks, or by causing to be issued United States non-interest-bearing currency notes, all as provided for in said act, and accordingly as one or the other as such currency means and agencies can be resorted to under such delegation of powers which will accomplish the object and purpose of such provisions of said act most speedily, promptly, and without delay."

[Applause.]

THE OLD QUESTION—EXTENSION OF REMARKS

Mr. STRONG of Texas. Mr. Speaker, I ask unanimous consent to place in the RECORD a telegram from the Texas Railroad Commission on the oil question.

The SPEAKER pro tempore (Mr. PARSONS). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STRONG of Texas. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following telegram from the Texas Railroad Commission on the oil question:

AUSTIN, TEX., *June 3, 1933.*

Hon. STERLING P. STRONG,
House of Representatives:

East Texas oil field now under control since 3-judge Federal court refused injunctions against our last order. Production yesterday 20,000 barrels under the allowable. Commission is now making exhaustive pressure tests to ascertain whether alleged excessive pressure declines are true and has called hearing for June 12 to examine results of these tests and such corrective measures as are shown necessary by proof will be taken.

TEXAS RAILROAD COMMISSION,
ERNEST O. THOMPSON.

The SPEAKER pro tempore. The gentleman from Michigan [Mr. DINGELL], under a previous arrangement, is recognized for 20 minutes.

Mr. DINGELL. Mr. Speaker, ladies and gentlemen of the House, you are all aware of the financial storm which leveled the fortunes of the people of Michigan. You may not, however, know that the losses involved nearly 800,000 bank depositors in Detroit alone, and have largely destroyed in assets between seven and eight hundred million dollars. The paralyzing effect of this unheard-of bank failure cannot be described nor comprehended. Its effect touched every merchant, every manufacturer, and every parish and congregation in Michigan. Commerce and industry throughout the Middle West was jarred to the foundation and trade recovery delayed. This financial quake swallowed the life savings of the industrious, provident worker. It has snatched from the widow and from the estate left for the benefit of the widow and her children the patrimony which a thoughtful and considerate husband left to provide for her future and for the education of his children.

This historical failure, without precedent in the history of banking, has caused a trail of broken hearts and suicides that cannot be estimated. Its killing effect can never be appraised. It has stifled progress and withered the confidence of the people of Michigan to the point of hopelessness.

Involved in this colossal failure without culpability are hundreds of small up-State banks which failed to reopen because their money was tied up in this gigantic Detroit combine which crashed of its own weight. Banks located in Toledo, Cleveland, and other nearby cities were jeopardized by the unprecedented demands which might be called "runs." Hoarding and the use of safety-deposit boxes as repositories of withdrawn cash caused a stringency which endangered the structure of banking within a radius of hundreds of miles of Detroit.

Sorely needed welfare funds of the city of Detroit and pension funds of the Detroit police, of superannuated teachers, of firemen, of the Couzens crippled children's fund, cash balances of other organizations have been tied up and in most instances hopelessly impaired, and yet there seems to be very little attention paid to the liability of those who were directing the destinies of the Detroit Bankers Co., the First National Bank of Detroit, the Guardian Union Group, Inc., and the Guardian National Bank of Commerce before the fatality occurred.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. Yes.

Mr. BLANCHARD. In order to ask one question with reference to the percentage of banks that have reopened.

Mr. DINGELL. I could not tell the gentleman that at this time, but the greater percentage of them are still closed.

Mr. DONDERO. Can the gentleman tell the amount involved in the banks that have opened and in those that are still closed?

Mr. DINGELL. No; but I say that the major portion of the banks of Michigan are still closed, and they are very largely tied up in this smash that occurred in Detroit.

Mr. DONDERO. And that applies to the rest of the country?

Mr. DINGELL. I would not say it applies to the rest of the country.

I might digress here for a moment to state that at this moment a former Governor of the State of Michigan, Mr. Alex Groesbeck, now receiver for the Guardian-Union Na-

tional Bank group, said that he intends to oppose any movement or any action which would place the responsibility upon the stockholders, by which a levy would be assessed against them on the ground that the legal basis for assessment is unsound. This gentleman is drifting far afield. It does not make any difference what was the cause of the failure, the double-liability laws should apply and the stockholders must assume their responsibility for the benefit of the depositors who are above all others the innocent sufferers.

There was apparently no intention to levy an assessment, which is provided for under the law. Pressure and wide-spread demand forced a belated consideration of such action. The double-liability assessment would make available additional payments to the depositors, and any delay of a 100-percent levy would be criminal in view of the wide-spread losses and the need of the unfortunate depositors.

In this connection I must add that I was amazed when I read in Detroit newspapers recently the statement made by a Federal judge which shows about the way officials and higher-ups generally feel toward the unfortunate depositor. I am not here to do any "skinning" or to "hang any pelts on my barn door", but the statement of Judge Arthur J. Tuttle, of the United States district court, as regards the unfortunate depositors who have lost their savings in the defunct Detroit banks cannot go unchallenged.

He referred to those who lost their money through no fault of their own as the "luckiest people in the world", and that "these depositors do not deserve all of the tears they are giving and getting." His remarks would shock anyone of even crude sensibilities. My reaction is that Judge Tuttle was prejudiced in favor of the banking fraternity, and I do not wonder, because he is himself a banker. His comparison of the depositor in a bank with holders of stocks and with purchasers of real estate is grotesque and very unbecoming. He should be the first to concede that the relationship between a bank and its depositors is the sacred relationship of a creditor and a debtor.

The fact that a 50-cent piece will buy more ham and eggs at Judge Tuttle's farm, as he stated, had no bearing on the case before the court, as far as I can see; and while it is true that the bankers, by their short-sighted policy of deflation and merger encouragement, brought this condition about, yet they should not be given any credit when an important case is being considered in Judge Tuttle's court. However, by his remarks the judge automatically disqualified himself from sitting in the case of Depositors against Bankers when he revealed his attitude of prejudice. Yet, as a banker, with the arrogant view of a banker, he sat and rendered a decision against the depositors.

In view of the suspicions and the general resentment on the part of the sorely tried and financially exhausted people of my State and city, and in view of the fact that the atmosphere is surcharged with a sentiment that is dangerous if confidence is not restored, I believe that the banking situation in Detroit requires some very thorough sifting.

Mr. BLANCHARD. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. BLANCHARD. Is the gentleman dealing with the national-bank situation or with State banks?

Mr. DINGELL. I am dealing specifically with the bank situation in Detroit which indirectly has affected the entire country. They are both members of the Federal Reserve System; and on numerous occasions witnesses in our Federal and State courts have testified that Governor Comstock was persuaded to call the "bank holiday" in Michigan by Mr. Leyburn, a national-bank examiner, and his Federal Reserve associates, after which these banks and hundreds of others have never again opened their doors.

At any rate, the people of Michigan are entitled to know at least what has happened to their banks and what was the cause of the wrecking. Congress should go into this matter as the only agency that will not be hemmed in by petty local influences and as a body which will recognize no limitations, which can summon witnesses from beyond its own State borders, and as a tribunal which will render a decision solely and only upon its findings irrespective of whom it might harm or favor. The President of the United States in his inaugural address has said that the money changers must be driven out of the temple, but here we have an example, forsooth, where they have been kicked from the temple into the sanctuary.

Members of the boards of directors of the defunct banks are in partnership with the United States Government which created the lone governmental bank which exists in Detroit today and the genius of the wrecked structure is the power and the directing force of the new institution.

Nobody but the depositor seems to be concerned about the underlying cause which wrecked the greatest banking systems between Chicago and New York and which was the greatest financial failure in the history of the world. Will the governmental agencies in smug complacency assume that whatever happened was inevitable and, therefore, all right?

It is my contention, and I know that the Members of this House will agree with me, when I say that it is mandatory that this matter be thoroughly investigated in order that we may, through the findings and experience, prevent the repetition of similar failures in the future. That is the least Congress can do. The people will not be satisfied with less.

It is inconceivable that any considerable opposition could be mustered to prevent an investigation of this kind.

At this place I should like to read a letter from Chairman FLETCHER, of the Committee on Banking and Currency of the Senate, which has done so much in the interest of the public and for good government:

JUNE 5, 1933.

Hon. JOHN D. DINGELL,
House of Representatives.

DEAR CONGRESSMAN: Referring to yours of the 3d, I would say that in my opinion there is a real need for a thorough investigation in reference to what has transpired in connection with the banks in Detroit.

Our committee is restricted in its authority, and although we have been appealed to by various localities to look into their banking situation, it would extend our inquiry far beyond its original purpose and consume an enormous amount of time and lead to very considerable expense.

Your resolution bears directly on this particular situation, and I hope you will succeed in having it adopted.

Incidentally, I observe by the press that the attorney general of Michigan is taking steps, which, no doubt are fully warranted, and you will probably be able to cooperate with him.

Very respectfully and sincerely yours,

DUNCAN U. FLETCHER, *Chairman.*

Let me point out to you that the people who are concerned directly and vitally in the crash believe, and information from reliable sources seems to support their beliefs, that "wise money" was withdrawn after the declaration of the bank holiday. It is also charged that unsecured loans amounting to millions of dollars were made to members of the board of directors and certain influential stockholders.

The First National Bank of Detroit made loans of $180,000,000—sixty million of the amount was past due and in technical default. Its mortgage-loan department was negligent; it is admitted that the bank did not make tax searches to see that borrowers were keeping up tax payments, though they knew taxes constituted a prior lien and amounted to a first mortgage.

Insurance companies make tax searches every 6 months on all real-estate loans.

That the new National Bank of Detroit had a difficult time in selecting $21,000,000 in mortgages out of a $150,000,000-mortgage portfolio indicates the condition of this institution as regards their mortgages.

There is a wealth of information cropping out at the surface; more can be had without any difficulty. The Detroit Times in a series of articles called "Vanishing Millions", which should be followed up, makes some startling disclosures. A magazine called "The Real Detective", for the month of June tells "The Truth About Michigan, the Plundered State." I would advise Members of the House who are interested to read some of the statements and charges made in this publication.

Farsighted and well-informed citizens of Detroit believe that the holding companies and their dummy stockholders

will never yield a single solitary cent under the double-liability provision of the law. This belief is based upon the financial standing of the dummy stockholders. There can be no question but that the Government is morally responsible and should be interested in recovering for the depositors every available cent, because the Government of the United States did not raise its finger to block the creation of the bank trust, namely, the Detroit Bankers Co., which controlled the First National Bank of Detroit, and the Guardian Union Group, Inc., which controlled the Guardian National Bank of Commerce. There was no earthly excuse for its existence except to control the destinies of the great metropolitan city of Detroit and of the State of Michigan, and which were organized for the purpose of being able to dictate on a parity with other arch combines of this Nation.

In the heyday of its glory, before mergers, combines, and consolidations were tolerated and became popular, Detroit had wellnigh onto a score of prosperous, well-managed, separate, and independent banks with hundreds of branches established for the convenience and for the service of the people.

Gradually this selfish hysteric movement toward centralized financial control applied heat and pressure which welded into two readily controllable masses nearly all of the independent banks, which became known as the "Detroit Bankers Co." and the "Guardian Union Group, Inc."

Some time ago the United States Senate undertook to investigate the stock market and some of the big bankers of the East. They assumed, as a matter of senatorial privilege and for the benefit of the people, to delve into the practice and the policy of banking institutions that were going concerns, that were operating, and which at this time are still doing business—institutions wherein the public has not lost its deposits. On the surface everything appeared orderly, and there was no outward sign of illicit practice in the conduct of the business; yet in spite of this reassuring surface appearance, the Senate investigators, under the able direction of Senator DUNCAN U. FLETCHER, and assisted by Ferdinand Pecora, discovered one Charles E. Mitchell, chairman of the National City Bank, of New York City, a sneaking, sniveling thief, and a cutthroat, who has been picking the pockets of an unsuspecting, generous American public. He posed as a gentleman banker and moved in select, respectable circles, but he did not fool the Senate, nor is the Senate yet satisfied. It proposes to carry on its investigation still further. Other banking institutions may yield some very valuable front-page matter to enlighten the American public as to our banking system in America and as to its treasonable practices.

For the past few days J. Pierpont Morgan, whose name has been connected with American banking and finance for many years, has been cross-examined by Mr. Pecora, and we learn that among the select clientele of the Morgan interests are such illustrious names as that of Charles Gates Dawes, who, by the way, gained his reputation through profanity and by the use of an underslung pipe, and whose pedigree dates back to the Lorimer bank scandal in 1911. He was smart enough to shed his silk breeches in London and rush home in time to place as collateral a lot of worthless Insull securities and obtain some eighty or ninety million dollars from the Reconstruction Finance Corporation for his faltering bank system in Chicago. Incidentally Mr. Dawes was at one time Vice President of the United States of America.

We also find listed as preferred customers of Mr. Morgan the names of the late Calvin Coolidge, John J. Raskob, Joseph R. Nutt, William H. Woodin, Norman H. Davis, Richard Whitney, and the illustrious Charles E. Mitchell, formerly of the National City Bank, who is now on trial for tax evasion; E. Brooke Lee, the stalwart Maryland political leader; Myron C. Taylor, of the United States Steel Corporation; and a list of other very prominent men.

At the insistence of the Morgan aides, the name of John W. Davis was also included.

Mr. McFADDEN. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. McFADDEN. Referring to the investigation that is taking place in the Senate, the gentleman is aware of the fact that the committee has today decided not to go into the tax matters, which Mr. Pecora was trying to go into, which is some indication that this whole investigation is being whitewashed.

Mr. DINGELL. That may be entirely possible. There is a great deal of pressure to stop it and has been all the way through.

Mr. McFADDEN. Information which comes to me in the last few minutes indicates that the hearing is to be postponed until September. I should like to call the gentleman's attention to the fact that this committee cannot well afford to stop the investigation now. There are other houses that are equally guilty in tax matters, as well as in the exploitation of the public.

Mr. DINGELL. It is my belief that public sentiment will see to it that that investigation will not be stopped. As a matter of fact, in all probability, its scope of operation will be enlarged.

If the Senate continues its well-planned work and if the House adopts Resolution 58, I predict that stretcher bearers who will bring to our courts sick bankers will be so much in demand as to solve partially the unemployment question.

Recently Mr. John W. Pole, former Comptroller of the Currency, shocked the Nation and the Senate investigators when he stated that "defalcations are common matters in the Comptroller's office." He calmly admitted that "defalcations of bank presidents are common." Charles Mitchell's peculations and outright thievery, along with Harriman's shady deals and false entries, however, might be likened to the fruits of a petty pickpocket as compared with the tremendous losses sustained by the people of Detroit and of Michigan.

If there are irregularities which caused the ruin of the banks of Detroit, the people of this Nation are entitled to know what they are and who permitted them.

In an interview the Secretary of the Treasury, William Woodin, admitted to me and to my Detroit colleagues that the Detroit banks were hopelessly insolvent and could not possibly be reorganized. This was shortly after March 4. Bank examiners a short time before pronounced these same institutions as sound. What then has happened so suddenly that paralyzed and laid low this giant of finance? Was it perhaps the withdrawal of huge sums of money of "wise depositors who were tipped off"? Did large sums of American money withdrawn from Detroit banks reach English banks for safe-keeping?

The SPEAKER pro tempore. The time of the gentleman from Michigan [Mr. DINGELL] has expired.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington [Mr. ZIONCHECK]?

There was no objection.

Mr. DINGELL. The Bank of England at or about that time issued a statement that the amount of American money that was arriving by transfer was proving an embarrassment.

A persistent rumor is rampant that the Morgan interests took a hand in the establishment of the National Bank of Detroit, and, in spite of all denials to the contrary, there are some very interesting sidelights that might well be taken into consideration. We have a man in Detroit by the name of Henry Ford. I think most of the Members of this House have at some time or other heard the name. It is invariably connected with the well-known initials "f.o.b." In fact, he was the man who made "f.o.b. Detroit" a common, everyday expression the world over. Mr. Ford had, in several instances, brushed against Wall Street and against the Morgan interests. I do not know that he won his battle each time, but I do know that he remained the untamed master of his own destinies.

When the Governor of Michigan declared a bank holiday at the request of one of the two large banks, it became an evident fact that at least this bank would not be able to reopen, and within a few days it was conceded that the situation was hopeless for both banks. Mr. Ford agreed to take over both institutions and planned to rehabilitate them with sufficient new capital to serve the community, but he stipulated certain conditions. First, he stipulated that the presidents and the boards of directors of both banks must abdicate unconditionally and as stockholders become subject to an assessment; second, Mr. Ford, as the sole and undisputed owner, reserved the right to nominate the new president and the board of directors. There was no intention on the part of the motor magnate to recede from the original plan or to modify his conditions in the slightest degree. The people were hopeful, but just when it appeared that abject submission on the part of the boards of directors of both institutions was at hand an unseen force entered into the negotiations and the Ford plan was completely dissipated—blown to the four winds without leaving a trace.

The Membership of the House knows that Mr. Ford is a man of positive convictions. He is a man of rugged honesty, self-made, and concededly quite successful and old-fashioned enough to believe that banks are public-service institutions and are to be conducted for the benefit of the community and of its people. Naturally there would be a clash of interests if Mr. Ford entered the banking field on a large scale, and the question arose whether the professional Wall Street bankers' influence should prevail in Detroit or whether a Ford idealism should take root.

If Ford were to be as successful in banking as he was in the conduct of the Ford Motor Co., of the railroad business, and in the production of steel, then the future of Wall Street's domination and of Morgan influence in the field of finance was challenged, if not seriously threatened.

I am wondering if the Mills-Ballantine-Awalt combination in the Treasury Department had any connection with the substitute plan under which Mr. Ford was definitely and completely eliminated. Of course, no one would be foolhardy enough to deny that Mr. Mills knows anything about Morgan's wishes. In fact I think it will be quite generally conceded that they are rather close in their associations and that the Wall Street king knows him by his first name. It would have been a very dangerous and needless exposure and risk on the part of the board of directors of these institutions to permit Ford to delve into the records, assuming, of course, that there might have been something wrong. It would have been like placing your neck into the stocks without a struggle; and so the new bank was proposed, and today the last chapter of Detroit's inglorious banking history is about to be written.

The SPEAKER. The time of the gentleman from Michigan has again expired.

Mr. SIROVICH. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SIROVICH]?

There was no objection.

Mr. DINGELL. The good people of Detroit were ravished by a scoundrel system that has fed upon humanity like an ogre. This organized method of thievery, gross violation of confidence, the wrecking of fortunes, gambling, manipulations, and carelessness has grown consistently at a greater pace than the Nation itself has grown. Each time that this curse of mismanagement and banketeering descended upon an unfortunate community—and frequently it struck twice in the same place—the toll was greater, the devastation more shocking.

Will Congress assume the fearless course as a tribunal of the people or will Congress, like the ostrich, bury its head in the sand? I am pleading for the truth. If these indications are but mere coincidents, if the banks were properly administered, if the depression alone was responsible for the ruin of the First National Bank and of the Guardian National Bank of Commerce, then the people are entitled to know and the bankers should be given a clean bill of health; but I am not so certain as to the outcome if the statement is true which Mr. Woodin made to me in the presence of my colleagues, "that when the truth is known, a lot of people are going to jail."

It appears, now that destruction is complete, and that the courageous people of my State and of the dynamic city of Detroit are striving to reestablish and to rebuild their ruined fortunes, that an unfriendly, disappointed political element, and a bitterly partisan press, in several instances, have attempted to make political capital by building, upon suspicions and misinformation, a structure in which it is hoped they might revitalize lost political power. Obviously they seek to convey to the people of my State the impression that the banks were solvent, that they were unimpaired, and that the Roosevelt administration had bungled and deliberately mishandled the situation. They are trying to convey to the public the impression that the liquidation of assets should have brought more to the depositors than the amount thus far paid under governmental direction.

They feign to believe that the banks should never have been closed when as a matter of fact, if the truth is known, these banks should have been closed 6 months prior to March 4, rather than by proclamation of President Roosevelt.

Screaming headlines in the newspapers, "United States wrecked two big banks here by official bungling, both before and after holiday edict, Groesbeck charges"; "Public bank hearing approved"; "Charges United States ruined bank"; convey the impression that the administration has bungled this entire bank set-up. All the way through political demagogues are making political capital of a very tragic situation in the State of Michigan. Every day in some Michigan newspaper we find charges that things have been bungled. The conservative press of Detroit is anxious that we have an investigation and, I add that an unfriendly, bitterly partisan press is trying to make capital of this situation. I believe the House should at the earliest possible date consider Resolution No. 58 and by its passage clarify the entire situation.

Certain newspapers of the State, true to the traditions of journalism, are standing by and printing the truth irrespective of whom it might harm or favor, and I predict that long after the paupers of the newspaper world are buried in the Potter's field of journalism, in unmarked graves, and forgotten, the virile, upstanding, fearless press of Detroit and of Michigan will continue to live for the best interests of our people. [Applause.]

PERSECUTION OF THE GERMAN JEWISH PEOPLE—EXTENSION OF REMARKS

Mr. MONAGHAN. Mr. Speaker, last night at the Mayflower Hotel our brilliant and distinguished majority leader made a very brilliant and eloquent address on a subject in which I am very greatly interested and with which I totally agree. I ask unanimous consent that his address, delivered before the American National Conference at the Mayflower Hotel, may be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana [Mr. MONAGHAN]?

There was no objection.

Mr. MONAGHAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered last night before the American National Conference at the Mayflower Hotel by the distinguished majority leader of the House, Mr. BYRNS:

Mr. Toastmaster, ladies, and gentlemen, I want at the outset of my brief remarks to register my opposition to intolerance wherever it shows its head.

Society has been in the making for centuries and all people of reason and understanding look forward to the day when human conflict will have finally reached the end of a trail which has left blood and tears in its wake.

There is no place in what might be called "the Book of Life" that gives one people the right to maim and outlaw another people except by the right of might.

You are met to protest against racial persecution in Germany.

The persecution of the German Jewish people as reported is incomprehensible when one considers the contributions made to German civilization by this people. Anyone who is even superficially acquainted with the record of German Jewry in the fields

of art, letters, jurisprudence, medicine, and science in general, as well as various other endeavors, cannot help but wonder why the German people do not pay homage to this great race for all its contributions that it has made to German culture, to the German State, and to humanity in general. Instead of this, we learn that these people are being singled out and persecuted under the new German Government, and that this persecution is definitely a governmental policy—I repeat it is incomprehensible.

The Jewish people possess a longer and probably more interesting history when viewed from every angle, than any other race which has lived on this earth; they have made vast contributions to human development. True, like every other people, they have faults, but if a race is to be crucified for its shortcomings, I know of no race that would be permitted to survive. We who accept the Christian teaching of the brother of man and the fatherhood of God as a precept upon which to build the good life must remember that St. Paul, the founder of Christianity, was a Jew. I do not want to touch upon the religious side of the question. I am one of those who believe that man has the right to worship in his own way. I would much rather approach the subject from the human standpoint. However, it would be well on this occasion to touch upon some phases of Jewish history.

The history of the Jewish people is an open book; from the day of their birth as a nation they have not lived for a day in seclusion. What they have done for their own race and humanity in general are facts that cannot be controverted by racial theories.

In the ancient period it is the Bible that stands out as a monument of cultural enlightenment which served as the foundation of European and American civilization.

But Jewish accomplishments were not confined merely to the Bible. Their influence has been felt in every field of human endeavor throughout the ages. In the Alexandrian civilization the Jews were in the forefront. Civilization for centuries obtained great benefits from the source of Philo and his contemporaries, who matched their brains with the brains of the Greeks of the period of Aristotle and Plato. In the Middle Ages they kept the torch of civilization burning. It was to a great extent Semitic genius that saved for us the blessings of culture; and it was due partially to their influence that the two great movements, the Renaissance and the Reformation, were born, which launched humanity upon a new way of life.

When we speak of the Reformation every student of history knows that this movement had its roots in a proper understanding of the Old Testament, which became popular due to the realistic interpretation of Jewish savants and teachers, who because of their knowledge of Hebrew made the old Bible and its blissful ideals accessible to Christianity.

In modern times wherever Jews were permitted to drink at the source of knowledge they have helped to enrich culture with their great genius and originality. The Jew has been impressive not only in the realm of finance and commerce, but also in poetry, the arts, science, and inventions. In fact, there is no field in which Jewish genius has not made its mark. I believe that the Jew, assertions to the contrary notwithstanding, is not a materialist but an idealist. He seems to have the quality of linking idealism to realism, which is a far cry from materialism. The Jews have suffered martyrdom reminiscent only of the first Christians, who were largely Jews. Martyrdom is the badge of the race. A race that has stood united for 2,000 years and clings to its ideals and race in spite of all persecutions cannot be characterized as a materialistic people.

But it is not only in abstract science that the Jews have excelled; not only in philosophy and mathematics in which they are leaders. They have excelled in physics as well as in chemistry. They have an illustrious record in the field of invention. In this very city of Washington we had one of the greatest inventors, who hailed from Germany, Emil Berliner, who could rightly be compared to our great Edison. And under Edison, as everyone knows, worked a man who helped to create these marvelous inventions which have changed the face of our country. The man I speak of was the late and lamented Steinmetz, who was a German Jew, the wizard of electricity, as he was justly called.

We in the South know that the Jew proved to be patriotic under the most trying circumstances, and that his loyalty is unmatched and his ability unexcelled. As one example, I may mention Judah Benjamin, who not only was a great statesman but made a contribution, in the last century, to English jurisprudence which called for the admiration of all lawgivers.

With us in the United States at present are upward of four and one half millions of the Jewish race. They are part of us and we recognize them as such. In our country they have equal opportunity to move forward, and because of their exceptional ability, and in many instances their brilliancy, we find them holding some of the most important posts in our country. In the highest court of our land, the Supreme Court of the United States, there are two members of this race whose legal talents shine with luster.

There are several members in the House of Representatives. They are represented in our individual States from the governorships down. We find them in our universities and at other institutes of learning. In every line of endeavor they have decided upon in this country they have, without exception, proved their worth. They are a loyal people and have rendered real service in the development of our country and I want to take this opportunity to pay my respect and tribute to them and to say that any experience that I have had with the members of this race is to their credit.

We who know that our American civilization was founded by Puritans, who were imbued with the Biblical spirit, fail to understand this nefarious philosophy of Jewish inferiority. Why fear this people when it helped Germany excel in every field of human enterprise? How can we speak of them as inferiors and at the same time degrade them on the theory that if left alone they will become a dominant race? The Nazi government in its attempt to isolate the Jew may find itself isolated. They endeavor to paint the Jew as a low sort of being, but by reading the list of names of scientists and artists they have expelled, they prove to the world that they have expelled men of a superior race, who helped to make German universities, German art centers, and German civilization great and famous.

I am not at all afraid for the future of the Jewish people. I do not believe that the Nazi government, even with the acquiescence of the German people, which I deny, can destroy the Jewish race. Whoever the Almighty has not cursed no Balaam could curse. It is humiliating and pitiful to see a great people at its lowest ebb. There is justice in the world and there is a day of reckoning. The former German government found that out almost 2 decades ago and it behooves the present German Government to think twice before deciding to destroy a great race in whose existence humanity itself is interested.

It is a friendly warning. The treatment of the Jew in Germany is not a domestic affair. It concerns us all as Christians and as friendly neighbors. The Nazi government or any other form of government which is oppressive must fail, and in this instance I hope that the German people will call a halt to it before it is too late.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. CONNERY] is recognized for 10 minutes.

Mr. CONNERY. Mr. Speaker, the newspapers a day or two ago carried a story that the Senate Finance Committee had seen fit to strike out of the public recovery bill the licensing provision. I have the bill before me now, which was reported yesterday by the Senate Finance Committee to the Senate, and I see that that licensing provision has been put back in the bill but has been limited to 1 year instead of 2 years.

I should like to call the attention of the House to a few facts showing why it is necessary to keep that licensing provision in the bill. I should prefer to see it provide for 2 years; but, at any rate, I think if it goes for 1 year it will remedy conditions which are very bad in industry, as well as labor conditions in industry today, will do much to help out unemployment in the country, and will be kept permanently in the law thereafter when the people realize what it really means. I do not believe in bringing up other States only as examples of bad labor conditions. I believe in going to my own State first.

Massachusetts is supposed to have possibly the best labor laws of any State in the Union, yet under these fine labor laws we have conditions such as are set out in the following excerpts, for instance, from newspapers in Springfield, Mass.:

SPRINGFIELD, May 20.—Sweatshop conditions which have crept into Springfield, at one time one of the wealthiest cities in the western part of Massachusetts, have caused a 50-percent reduction in the weekly earnings of Springfield working girls.

Miss Ruth Fisher, industrial secretary of the Springfield Young Women's Christian Association, conducted a survey to find the exact reductions girls have been forced to assume during these critical times.

Her findings, in addition to the investigation conducted by the Boston Evening American, the Boston Sunday Advertiser, the Massachusetts Bureau of Industries, the Consumers' League of Massachusetts, and the Simmons College of Social Work, reveal that the sweatshops have taken their toll of girl labor and caused the general breakdown of industrial standards in Springfield.

"Because the public as a buyer has sought sweatshop goods in sales, the general level of wages formerly paid in legitimate industry has dropped tremendously", she told the Sunday Advertiser.

BELOW COST OF LIVING

"Even the early reports from industrial workers attending the 'Y' who have been keeping a record of their hours and wages have shown that the purchasing power of the average worker is far less than required for a minimum standard of living. The average weekly amount thus far is $10.09. And this amount must be used to look after members of her family who have been unable to obtain work.

"Hand in hand with the depression has come the general breakdown of industrial standards in Springfield. Although the workers engaged in representative industries, from electrical equipment to jig-saw puzzles, have managed to survive far better than those in a mill town, the standard of living has been forced to a low level and wages which ordinarily would afford a minimum standard to the worker have suffered tremendously.

"Due to the sweatshop and unscrupulous employers taking advantage of the plight of labor and girls whose philosophy is that a little money is better than none, competitive industry has been forced to reduce its wages to less than a living standard.

$10.09 AVERAGE WAGE

"In most of the cases reported in the study the girl is contributing her money to a family budget and in some instances is the only wage earner. In many instances the minimum wage law has been completely ignored by employers who ordinarily would meet its provisions."

We have a minimum wage law in Massachusetts. In the hearings before the Committee on Labor on the 5-day week, 30-hour bill, I brought out the fact that in one case where the cost of living was shown to be $14 a week the minimum wage board declared the minimum rate to be $13.50. In other words, I do not know how they figured an employee was going to live when having said that the lowest amount on which they could live was $14 a week, they then set the wage at $13.50.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. ZIONCHECK. Was the minimum wage of $13.50 enforced?

Mr. CONNERY. No; they had no way of enforcing it. The employers were supposed to post the wage they were paying, but the authorities could not follow it up and put them in jail, as they ought to.

Mr. GRANFIELD. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. GRANFIELD. I am in thorough sympathy with the gentleman's attitude on the subject he is discussing.

Mr. CONNERY. This is just Springfield. I am going to refer later to other cities in Massachusetts—Lawrence, New Bedford, and Fall River.

Mr. GRANFIELD. Springfield is a city in my district. Does the survey the gentleman referred to give the names of any of the sweatshops located in Springfield?

Mr. KOPPLEMANN. Or in Connecticut?

Mr. CONNERY. No names of the firms referred to are given as to Springfield. The Milchen Shoe Co. is mentioned, but that is in Lawrence, in my own district. My own home city of Lynn has labor conditions which are just as bad. I shall read a few more excerpts whether they are in my district or not. If they are in my district, I shall be very glad to show them up.

Mr. GRANFIELD. If we have these conditions in Springfield, I should like to have the names of the manufacturers or the industries operating under sweatshop conditions. I have always opposed sweatshops and I stand ready to go the very limit to drive them out.

Mr. CONNERY. The names of companies in Springfield are not mentioned; their names are not given.

Mr. KOPPLEMANN. How about Connecticut? Does it mention the names of any sweatshops in Connecticut?

Mr. CONNERY. I refer the gentleman to the hearings before the Committee on Labor. We have tons of this sort of stuff in the report of that hearing.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DUNN. Does the article say anything about the dirty, rotten sweatshops in Pennsylvania?

Mr. CONNERY. Of course we all know that Mrs. Pinchot, the wife of the Governor of that State, went out on picket duty with the strikers of that State as a protest against the infamous condition of little children working in the State of Pennsylvania.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. HOEPPEL. Does the gentleman know the Government is imposing sweatshop conditions here in the Reconstruction Finance Corporation? They are working their employees, who are paid a low rate, 2 and 3 hours a night overtime. Only yesterday the Treasury Department posted a notice that its employees would be required to work 2 hours every evening without extra compensation.

Mr. CONNERY. The gentleman will remember that we had that question up at the last session in reference to the furlough plan. I brought out at that time that Government workers in the Customs Department, Immigration Bureau, and Border Patrol worked long hours overtime and got paid nothing extra for it at all.

Mr. KOPPLEMANN. And in the Congressmen's offices?

Mr. CONNERY. And in the Congressmen's offices, Congressmen and their secretaries, as well as clerks of committees, are willing to work long hours, but they work voluntarily and are not forced to such work.

Now, let me read some more from this newspaper article:

If the average girl working in Springfield can be said to be a composite of clerk, stitcher, stenographer, cellophane worker, assembler, wrapper, machine operator, connector of small motors, packer, rag picker, printer, folder, filer, bundle girl, labeler, bookkeeper, trimmer, inspector, pantry worker, then we shall say that the reports of 32 Springfield working girls, based on a 4 weeks' wage and hour study, reveal that 38.1 is the number of hours Miss Average works, and $10.09 is her average wage.

In this study, which is still being made by the industrial department of the "Y" we find that the highest-paid girl receives $22.50 as a stenographer for 41 hours of work, while her sister at the bottom of the ladder, employed as a clerk, gets $5 for 33 hours of labor. One girl operating a power machine has the highest number of hours, that being 52.5, for which she received $9.15 for her efforts.

IGNORE WAGE STANDARD

Another girl during the 4-week period records only 2 weeks' work, one of 26.1 hours for which she received $6 and the second week of 9 hours at $2.80. For the remaining 2 weeks she was unemployed. The five office girls reporting show a steadiness in the regularity of their jobs, and their average weekly wage is much higher. For them as a group $15.18 is the average.

The minimum wage set for the pocketbook industry to maintain health and decency standards is $13.50. However, in most of the cases studied in this particular type of work, a complete ignoring of such wage standards has been in effect.

The sweatshop, you see, has taken its toll of the production of young girls, working at below living standards.

What I have read has been from Springfield. Now, I read an article with reference to Lawrence:

Margaret, 16, who worked at the bench for the Milchen Shoe Co., Lawrence, earned at times 90 cents, $2.03, and $2.79 for three different weeks of work, though she did work at home.

She said she paid 10 cents a week for drinking water and snatched moments from her noon hour to swell her weekly earnings.

Working at the same factory, her sister, who also did home work, earned as top price for 6 days of labor $6.47, although she had made as low at $1.91 once, and at another time 9 cents more. At another time, for a day and a half of bench work, she earned 40 cents.

[Here the gavel fell.]

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. CONNERY. Now, New Bedford:

For a Friday afternoon and a Saturday morning's work at Mutterpearl's, a pocketbook factory in New Bedford, one girl was given 97 cents. Switching for the New Bedford Manufacturing Co. she made $2.70 for 4 days' work.

A girl ironing all day in this factory gets only $2.75, even though her hands are blistered. Some girls reach $3.25 at the same type of work. And table girls at this plant earn from $3 to $3.25, "depending on how the boss feels", one girl added, "A 17-year-old boy at Mutterpearl's is earning $3.25 a week."

* * * * * * *

Jane, now 19, left school at 16 and began to work. She first went to the Monarch Wash Suit Co. plant, remaining for 6 months. She first earned $4.80 a week as regular pay, then by switching to piece work made $5.

"I left because I was so scared that I blushed. The swearing and shrieking was horrible", she said.

Now she is at the Harwood Underwear Co. stitching the closings on running pants at 1¾ cents a dozen. When she works on pajamas she earns 3½ cents a dozen.

"But the most I can make a week is around $4", she pointed out.

There is a lot of this along the same line and here is one further significant statement:

"But if we go too fast and we are able to make a fairly decent amount, the rate gets cut", a woman said.

This woman, mother of daughters, one of whom works at this factory with her, has years of experience as a stitcher. Yet with all her ability she earns about $9 and $10 a week, and a church

organization must help her that she may decently keep her home together so that a younger daughter may go to school.

If oil gets on the garments the workers must buy them.

Now, Fall River—

* * * The Shelburne Shirt Co., of Fall River, has twice been prosecuted by the Department of Labor for working girls overtime, and at present is under probation for the second of these two offenses. This period of probation does not end until next August 9.

Gertie is a textile worker and only goes into the factories when textiles are slack. She is the sole support of her mother, so has to try to find work when her own shop is closed. Last summer she worked at the Shelburne Shirt as a presser. She got around $2 for her first week and her last pay was $4. Found it extremely tiring, so much so that she couldn't eat when she got home at night, because she had to stand all day holding a heavy pressing iron, and was bothered by the gas from the iron tube; she gave up her job.

Sadie, who is a rapid worker and stitches shirts with top speed, makes $10 for a full week.

However, the pressers make less, some of them only $5 and $6.

I have simply brought out these facts to show some of the conditions in my State, which is supposed to have fine labor laws and is supposed to protect the workers. You can readily imagine conditions in other States which have poorer labor laws than Massachusetts.

In the hearings before our committee we had many, many instances brought out of sweatshop conditions in the country, real slavery conditions, and I am now pleased to say they have put back the licensing provision in the Senate Finance Committee in their report to the Senate. This licensing provision is the real weapon to force unscrupulous manufacturers to observe decent hours and pay decent wages. I hope it will pass, and hope the House will agree to it when it comes over here.

Mr. LOZIER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. LOZIER. According to a report of the Treasury Department, in 1929, 36 supermillionaires in the United States had a net income of $350,000,000, which was $22,000,000 in excess of the total wages paid to 425,000 textile workers in America. I want to propound this question to the gentleman: Is there not something radically wrong with our industrial system when the net income of 36 men exceeds the total wages of 425,000 workers in America?

Mr. CONNERY. Not only is there something radically wrong, I will say to the gentleman from Missouri, but there is something radically wrong with the Congress of the United States taking $400,000,000 from disabled veterans when they could get that money by taxing securities that are now tax exempt and by calling in the bonds now outstanding and by reducing the interest rate to 2 percent, and in this way raise all the money they need to balance the Budget. [Applause.]

Mr. ZIONCHECK and Mr. KVALE rose.

Mr. ZIONCHECK. Then the gentleman feels that for radical wrongs radical remedies are required?

Mr. CONNERY. That is right; yes.

Mr. KVALE. To return to the query of the gentleman from Missouri [Mr. LOZIER], with reference to net income, should it not be noted for the RECORD that that net income is net for taxable purposes only, and represents what is taxable after all the generous allowances and exemptions and deductions and exceptions are taken into account that the administrative sections of the Revenue Act allow?

Mr. CONNERY. That is right.

[Here the gavel fell.]

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. DONDERO. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. DONDERO. Can the gentleman tell the House whether or not the firms he has mentioned in his district are American firms and owned and operated by American citizens?

Mr. CONNERY. As far as I know they are, yes; if the gentleman means by "American" whether they have been naturalized or not.

Mr. DONDERO. And hold the position of American citizens under the Government of the United States?

Mr. CONNERY. I do not know. I will say to the gentleman that I have found this out in my experience. It does not make any difference whether they are American citizens or English citizens or Irish citizens or French citizens, or anything else; when they get into these industries, without any control over them, with many of these manufacturers human beings become slaves to them from then on. It does not make any difference what their nationality is, race, creed, or color; money becomes their god.

Mr. DUNN. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Pennsylvania.

Mr. DUNN. The gentleman from Michigan asked whether the people operating these mills are American citizens. It does not make any difference whether they are American citizens; the fact that the United States Government permits it indicates there is something radically wrong, not in Denmark but rotten in the United States.

Mr. LOZIER. Will the gentleman yield further?

Mr. CONNERY. I yield to the gentleman from Missouri.

Mr. LOZIER. The gentleman is making a very interesting and instructive speech. What I intended to develop by my previous interrogation is this: Under our industrial system there is not a fair division of the profits that accrue from the processing of raw materials into the manufactured products. In other words, labor in the last 3 or 4 decades has not been receiving its fair and just proportion of the new wealth that annually accrues to the American people as a result of labor, because, in the last analysis, all wealth that there is in the world, if not the gift of Almighty God in the form of natural resources, is the result of labor. Labor is the only thing that can create wealth.

The banks never created any wealth; the railroads never created any wealth; the merchants have not created any wealth—they merely accumulate, manipulate, concentrate, control, and direct wealth, but in the last analysis the only thing that creates wealth is labor, and labor, in the last few decades, has not received its fair proportion of wealth that annually accrues to the American people.

Mr. CONNERY. The gentleman is absolutely correct. When times are good, they overcapitalize and water the stock, and then when times are bad the only thing they can think of is to cut wages.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman.

Mr. DICKSTEIN. I am in sympathy with the gentleman's argument. The gentleman brought up the question of the minimum wage. You have a minimum wage in your State; why not bring them into court?

Mr. CONNERY. We have a minimum wage, but we cannot bring them into court. The only thing that can be done under the State law is to publish them.

Mr. DICKSTEIN. Why can you not have a minimum wage in the Federal law?

Mr. CONNERY. There is a provision for a minimum wage in this bill, in the industrial recovery bill.

Mr. DICKSTEIN. And that will be a check on all the States and on all labor throughout the country.

Mr. CONNERY. Yes.

Mr. BLANTON. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BLANTON. The gentleman has been speaking of ways and means for paying pensions and the compensation for disability allowances, and so forth, which ought to be paid, and also paying the bonus, which ought to be paid. I want to call attention to another means of helping to raise the funds. The big oil monopolies have countless huge storage tanks in their numerous tank cities, and they have a storage capacity almost measureless. In order to fill their storage with cheap oil, they force oil down to 25 cents a barrel, and even in some places down to 10 cents a barrel.

Then, after filling their storage tanks with cheap oil, ultimately, when they get ready, the price takes a rise, and they reap millions in profits. If we should tax the storage of that oil, say, 5 cents, or even more, per barrel for every 30 days it is stored, it would break up those storage monopolies and be the best thing in the world ever done for the independent oil companies.

Mr. CONNERY. I agree with the gentleman.

Mr. BLANTON. Under permission I will get later, I will extend my remarks at the conclusion of the gentleman's speech and insert a short statement from one of the oilmen in my district on this subject.

Mr. CONNERY. Now, it is not a nice thing to say, "I told you so", but it is human nature. We all like to feel that others finally come around to legislation which we initiated. I am not speaking for myself, but only for the Committee on Labor, of which I have the honor to be chairman. The Committee on Labor worked long days and long hours, night and morning, in discussion and hearings on the 5-day week and 6-hour day bill. Also, last year, in the last session of Congress, the Labor Committee reported out a bill which passed the House of Representatives and passed the Senate and was known as the "Metcalf-Connery bill", and which provided for predetermination of wages.

That was vetoed by President Hoover. In the public recovery bill the Senate reported out today they have a provision which pleases me very much, because it carries the provisions of the Metcalf-Connery bill. I take no credit for the name; it was due to the fine work and cooperation of my committee that the bill was reported out.

On pages 27 and 28 of the public recovery bill you find this provision:

(b) All contracts let for Federal construction projects pursuant to this title shall contain provisions for minimum rates of wages, to be predetermined by the awarding authorities, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in the proposals for bids for the work. The awarding official shall have power to revise the predetermined wages if in his judgment changed conditions so justify. In event the rate of wages is increased, an amount equal to the amount of such increase in wages in any one month shall be paid at the end of such month to the contractor by the United States upon a satisfactory showing by the contractor as to the amount thereof, and in the event of a decrease in the rate of wages, the contract price shall be decreased by the amount of such decrease in wages, and such decrease in the contract price shall be computed on the basis of satisfactory evidence submitted by the contractor.

So there we have one proposition which the Committee on Labor brought out and is now being incorporated in this bill. But far more important to the Committee on Labor at this time is the fact that we reported unanimously, favorably to this House a short time ago a 5-day week 6-hour-day bill. It went on the calendar. It stayed on the calendar. We were not allowed to get action in the House, and the reason we were not allowed to have that bill come up, to the best of my knowledge, is this: I called up Miss Perkins, the Secretary of Labor. She went to the President and asked him if he was in favor of the foreign proposition in the bill which applied the same regulations to foreign as to American manufacturers and workers. He said, "no"; that he was against the bill applying to foreign imports. So, to the best of my knowledge, that is the reason that the bill was not allowed to come up in this House. In this bill which is reported by the Senate Finance Committee today we have language which puts the foreign-imports proposition into the bill without any "ands", "ifs", or "buts"; so the Committee on Labor has the satisfaction today of knowing that, while we were not allowed to bring that bill up on the floor of this House, the body at the other end of the Capitol realized the necessity of such a provision and put it in the bill. We did not go over there and ask them to do that, so we feel that our work has not been in vain.

Mr. KOPPLEMANN. Does that include agricultural products?

Mr. CONNERY. I will read it for you. I am not sure under this reading whether or not it applies to agriculture. On page 5 (e) of the bill I read:

(e) If any labor organization, or any trade or industrial organization, association, or group, which has complied with the provisions of this title, or any person, shall make complaint to the President that any commodities, articles, or materials are being imported into the United States, and that such importation is detrimental to the effectuation of the policy of this title in that the business of any industry, trade, or subdivision thereof, as to which a code of fair competition under this title is in effect, is adversely affected thereby and unfair methods of competition in the United States are resulting, the President may cause an investigation to be made of such complaint, and if after such public notice and hearing as he shall specify the existence of such unfair methods of competition shall be found he may, in order to effectuate the policy of this title, direct that the commodities, articles, or materials concerned in such unfair methods of competition shall be excluded from entry into the United States, and upon information of such action by the President, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the President shall be conclusive. Any refusal of entry under this subsection shall continue in effect until the President shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

May I say this to the House? I made the suggestion in the committee to have that provision put into the bill before we reported it to the House, and my reasoning was very simple. I did not see how you could possibly make any manufacturer in Detroit, Topeka, Kansas City, San Francisco, Dallas, Tex., Philadelphia, or any other American city go on a 5-day week 6-hour day, thereby raising his costs and tell him that he must do that under penalty of law, while at the same time the Czechoslovakian manufacturer, the British manufacturer, the German manufacturer, who is competing with him in the same products, can work his labor any number of hours he chooses and pay as low wages as he wishes and then ship his goods into this country to undersell our Americans. My committee agreed with me, and they put that in the bill. This foreign-import provision is the reason that the bill did not come before this House for action, and it is extremely pleasing to me to know that the action of our Committee on Labor was endorsed by the Finance Committee of the Senate. Opponents of the foreign-import provision said to me, "You are tying the hands of the President when he goes into this conference on June 12, you are interfering with his tariff policy, with the reduction of tariff, or you are placing an embargo." In reply I said, "We have seen what the European nations have been doing in the last 2 or 3 months.

Great Britain, France, Germany, Italy—all the rest of them have been making tariff treaties with the other nations of the world, and then they are going into this economic conference and they are going to say to us, "All right; we have our matters fixed up; now what are you going to give us? We want some more from you." But if the 5-day week 6-hour day with the foreign-import provision had become a law, the President would have had a club, and he could have said to them, "If you do not work a 5-day week 6-hour day in Europe, you cannot send your goods into our country in competition with our manufacturers, who are working their labor 5 days a week and 6 hours a day." This would have benefited labor not only in the United States but throughout the world. From my experience, when you go into a conference, it is much better to have a trump to play than to go in there with the other fellow holding all the good cards. What is there left for us on which to trade, now that all these tariff treaties have been made by other countries between themselves? It is the old story. It is true, as Will Rogers said, that America never lost a war and never won a conference.

Mr. DONDERO. Can the gentleman explain to the House by what means this Government can determine whether or not goods made in a foreign country were made under a 30-hour week law?

Mr. CONNERY. It is the easiest thing in the world. Under the present tariff law you have the consular invoice telling you what the value of 25 or any number of different articles is. General knowledge of what hours a shoe factory in Czechoslovakia is working or a textile factory in England, or their hours of labor, is a simple thing for the consul to find out; under the present law he has to find out that the

value of a pair of shoes, for instance, is $1.47 before that shoe can be admitted to the American market. It would be much easier to determine what hours of labor factories were working.

Mr. DONDERO. He would have no right to go into factories in a foreign country to find out from the people there.

Mr. CONNERY. He would not have to. The workers would tell him pretty quickly. Furthermore, before they could ship their goods into the United States a consular invoice must be O.K.'d by the consul. The foreign manufacturer would be obliged to state the hours of labor of his factory before he could get a license. It is a very easy matter to handle that.

Mr. DUNN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DUNN. I noticed when the gentleman read the bill that it is not made mandatory upon the President to see that that law is enforced, because as the gentleman read it, the President "may." The word "shall" should be substituted.

Mr. CONNERY. Yes. It is not mandatory. I am willing to leave it to the President as they have it in the bill. I feel confident when he looks over the situation thoroughly that he will see the necessity for such action. I would rather see "shall", but if "may" is as much as we can get, I shall be glad to accept that. I want to protect the American worker.

The SPEAKER. The time of the gentleman from Massachusetts has again expired.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the gentleman may be allowed to proceed for 5 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CONNERY. I hold no brief for the Aluminum Trust or for the big concerns which are getting tariff protection and do not need it at all. I believe in the tariff policy of the Democratic Party as enunciated in our national conventions of the past, wherein it is stated that we believe in equal protection as to the difference in wages and cost of production for the American manufacturers as against foreign importers. If we are going to keep up our standards of living, we must have protection for the American workers. We have radios, we have bathtubs, we have washing machines, and various other things in our homes that they do not have in European countries or Asiatic countries, and if we are going to keep up the American standard of living we must protect the worker and the manufacturer and the farmer in the United States against the importation of goods made abroad under sweatshop conditions, poor wages, and then sent into this country and sold under the American market prices.

We cannot keep up our standard of living unless we have this weapon of defense in this bill. Under the public recovery bill we are to license manufacturers. The President will be able to say to them, "Unless you work 40 hours a week, you do not get a license", or it may be 35 hours or 30 hours or 45 hours, whatever he says. Whenever you put that manufacturer on a 35-hour week, for instance, and you let the manufacturer in Manchester, England, or Czechoslovakia or Russia or in any other foreign nation work 60 hours a week, you are penalizing the American manufacturer and workers and eventually you will drive our American manufacturers out of business and put millions more American unemployed workers on the streets.

So in conclusion on this matter I simply want to state that our logic, after our study of this matter in the Committee on Labor, has amply justified itself when the Senate Finance Committee announces that in order to protect American industry and American workmen the President may put on an embargo, if necessary, thus regulating these products which are coming from foreign countries which employ sweatshop labor, long hours, and pay starvation wages.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WEIDEMAN. The gentleman made the statement that Will Rogers said we never won a diplomatic victory and never lost a war. I do not think we won the last war. If enslaving our people and making them carry the burden of the private bankers in foreign countries is winning the war, then I hope we do not win any more wars like that.

Mr. CONNERY. I think the gentleman is absolutely right. All he has to do is to ask the first disabled veteran who is a battle casualty and has had his compensation cut by the economy bill who he thinks won the war. The veteran's answer will be very illuminating.

Mr. WEIDEMAN. If we won the war, who did we win it for?

Mr. CONNERY. Well, I might answer that in many ways. I think we won it mainly for the profiteers and the international bankers. Ask the man who went up in the Argonne and lost his leg or arms, was gassed or blinded. He will tell you that he fought the war and the big-moneyed interests won the war.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SHOEMAKER. We cannot collect our debts. We furnished the money to win the war and we cannot collect our debts.

Mr. CONNERY. We gave them a present of the first eleven billion they borrowed and now they want the other eleven billion canceled.

Mr. SHOEMAKER. And Sunday night at midnight I understand we gave the Chinamen fifty million more.

Mr. CONNERY. I hope not, although China always gave us a better break than most of the others.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. ZIONCHECK. The economy bill is coming before the House again, and it is my understanding that if we do not agree to the Connally amendment they will bring it back with a sales tax on it and we will have to vote for a sales tax in order to help the veteran. Is that right?

Mr. CONNERY. Well, I do not know. Of course, I would not want to say anything about the House conferees who are going to confer on the matter. As I feel now, if something at least as good as the Connally amendment is not offered, I am going to vote not to send it to conference, but to accept the Connally amendment. I would rather vote for the Trammell amendment, but under parliamentary procedure doubt if I can get the opportunity. The Connally amendment provides a 25-percent cut; the Trammell 15 percent.

Mr. ZIONCHECK. It is almost common knowledge that that is a fact, is it not?

Mr. CONNERY. I would not say that.

Mr. Speaker, I thank the House very much for its indulgence. I did not intend to take up so much time. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has again expired.

Mr. BLANTON. Mr. Speaker, under the unanimous consent that was granted me to extend the remarks I made during the speech of the gentleman from Massachusetts [Mr. CONNERY], I want to discuss a little further the tax I proposed that Congress should levy upon petroleum stored by monopolies. Oil should be worth at least $1.25 per barrel. These huge combines with their countless tank fields beat down the price of oil to 10 cents per barrel, and then garner it away in their storage tanks, and then when they get ready to cut their melon and to declare their dividends they allow the price to go up and then unload. They should pay a tax on this storage.

My constituent, Mr. A. A. Spencer, is the general manager of the Exchange Petroleum Corporation, refiners and marketers of Liberty gasoline, and motor oil and greases, at Albany, Tex. I have an interesting statement from him which I want to pass on to the President and to the Ways and Means Committee for their consideration. It is the following:

THE EXCHANGE PETROLEUM CORPORATION,
ALBANY, TEX., *June 2, 1933.*

Hon. THOS. L. BLANTON,
Member of Congress, Washington, D.C.

DEAR SIR: In a discussion with your son, Thos. L. Blanton, Jr., it was suggested that I write you, outlining a matter which I believe has merit and which will at this time serve to simplify a few of the problems which confront the oil business today.

The measure which I wish to propose would be revenue-producing to the Federal Government which, of course, is something that is now being given vital consideration.

As you are doubtless aware, it has been the custom of the major oil companies for the past 15 years, and even before the World War, annually to run the price of crude petroleum anywhere from 50 cents to $1 per barrel, running millions of barrels to storage and then advancing the price, making a tremendous profit on this one operation at the expense of thousands of independent oil producers. In fact, this very thing is what is going on right now throughout the United States, with a mid-continent posting of 25 cents per barrel on crude oil.

Using the present time as an illustration, the major companies have reduced the price of crude petroleum within the last few months nearly $1 per barrel, which will mean a profit of 300 percent to the major companies. This operation costs them practically nothing since gathering lines are a part of their normal operation, the only extra investment necessary being storage. All major companies have a tremendous amount of storage which was built years ago and paid for, doubtless, by the profits of one crude oil storage period. The upkeep on storage is very small, and the depreciation likewise is of small consequence.

Since the storing of oil is such a profitable transaction and the major companies have used this particular means to make the larger portion of their profit, and also have not actually made profit from refining and producing operations (as their independent competitors have been forced to do), they have made this profit wholly at the expense of the small producer. It certainly is, therefore, in line that the Federal Government should levy a tax which would be payable monthly on each and every barrel of oil carried in storage in excess of 30 days.

To my knowledge, no one has ever suggested such a measure—a tax which would be beneficial to the entire industry; a tax that would be borne by the party who is certainly able to bear it. If you will investigate, I am sure that you will find that practically every year since 1918 the major oil companies have forced the price of oil down, storing oil and then raising the price back up within a period of 12 months, making a profit from this price "juggling" operation of from 50 cents to $1.50 per barrel.

If we are to believe the propaganda that the major oil companies have put forth to the effect that there is far too much production today, and by reason of that tremendous overproduction crude oil has declined in value to where it is only worth 25 cents per barrel, then I say that this crude oil should remain underground in its natural reservoir and should not be run and stored in tanks subject to tremendous evaporation loss of that valuable part of the crude oil—gasoline.

A tax of say 2, 3, or 5 cents per barrel per month on storage oil would permit the Federal Government to share in some of the large profits which are made in the storage of crude petroleum and at the same time discourage that wasteful and extravagant method which has been employed in the past, accruing profit to the major oil company, and at the same time would encourage the conservation of our natural resources by forcing nonproduction at times of unjustifiable market.

Such a tax would also force the major oil companies to compete in business with their small independent competitors to make profit from their refining and marketing operations, as well as their production activities, a thing which they are not doing today, and have not been doing for the past several years.

The writer has watched with interest the present administration's efforts in their endeavor to rehabilitate, so to speak, industry, and there is one thing that is of great consequence and one that should by no means be overlooked, and that is the encouragement of the small industry, for I am convinced that this country is suffering not alone from a world-wide general economic depression but also that many, many men are out of employment as a result of consolidations, amalgamations, and mergers which were so popular a few years ago. The small oil concern employs more men per unit of production than the major companies, and this must not be lost sight of, for the more small concerns that are fostered and encouraged, the more men will be employed. The above suggestions with reference to the tax on storage oil are along this line.

This is a rough outline, and I have not taken time to go into the matter in detail, realizing that time for consideration of matters of this nature is limited in Washington. However, if you feel that this matter has merit—and I believe that you will find it has—I certainly should like to see this measure introduced at the present session of Congress and a law of this nature enacted at this time.

Very truly yours,

A. A. SPENCER.

Mr. BLANTON. Mr. Speaker, there seems to be great merit in the suggestions made by Mr. A. A. Spencer. Careful consideration should be given to same, both by the Senate committee and our House committee. We must break up these big monopolies. They are throttling the very life out of the people. With oil down as low as 25 cents per barrel, there can be no new development. All development is at a standstill. And thousands of men who formerly had employment in oil fields as tool dressers, casing crews, truck drivers, and helpers are idle. This Congress should levy this tax on all oil storage.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendment of the House to the bill (S. 1580) entitled "An act to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DILL, Mr. SMITH, Mr. WHEELER, Mr. FESS, and Mr. METCALF to be the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 1562) entitled "An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HAINES, for 2 days, on account of important business.

EXTENSION OF REMARKS

Mr. SOMERS of New York. Mr. Speaker, I would like to ask unanimous consent to insert in the RECORD speeches made by my colleagues, Mr. BLACK and Mr. O'CONNOR, last night at the American National Conference at the Mayflower Hotel.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SOMERS]?

There was no objection.

LETTER OF REPRESENTATIVE FISH PROTESTING ECONOMIC AND RACIAL PERSECUTION OF GERMAN JEWS

Mr. FISH. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter I wrote to that conference, together with a copy of a resolution I have introduced in the House which was adopted by that conference.

Mr. McFARLANE. Mr. Speaker, reserving the right to object, what was the gentleman's request?

Mr. FISH. The gentleman just asked permission to put in 3 speeches, a speech by the majority leader, 1 by Mr. BLACK, and 1 by a third gentleman, at this meeting last night.

Mr. BLANTON. The request in regard to the speech of the majority leader was granted this morning.

Mr. FISH. It is the same as the request made on behalf of some others.

Mr. SOMERS of New York. Mr. Speaker, I withdraw that request.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks, I am including herewith a copy of House Concurrent Resolution 19, introduced by me, which was approved by the American National Conference Against Racial Persecution in Germany at their meeting held on Monday, June 5, 1933, at the Mayflower Hotel, Washington, D.C. I am also including a copy of the letter which I addressed to Justice Stafford, one of the sponsors of this conference:

House Concurrent Resolution 19

Whereas the German Government is pursuing a relentless and ruthless policy of economic persecution and repression of Jews in Germany; and

Whereas it is the avowed intention of the German Government to deprive the Jews of their civic, political, and economic rights; and

Whereas the comparatively small number of Jews in Germany, not exceeding 600,000, or 1 percent of the German population, constitute a peaceful, law-abiding, industrious, and defenseless element of the population: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States regrets the continued persecution of the Jews in Germany and expresses its

sympathy for them in their hour of trial, humiliation, and economic discrimination, and requests the President of the United States to use his good offices and make friendly representation to the German Government in the interest of humanity, justice, and world peace, to respect the civic and economic rights of their citizens of Jewish origin, and to put an end to racial and religious persecution.

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 5, 1933.

Justice WENDELL P. STAFFORD,
American National Conference, Suite 863,
Mayflower Hotel, Washington, D.C.

DEAR JUDGE STAFFORD: I regret exceedingly that, owing to a previous engagement, I will be unable to attend your protest meeting against the tragic and inhuman attempt of the Hitler Government to destroy the economic rights of German Jews and deprive them of citizenship.

No nation, or no people, particularly the American people accustomed to equal opportunities under the law, can remain silent at the cruel, brutal, and systematic policy being pursued by the German Government to turn the hands of progress back 2 centuries and force peaceful and law-abiding Jewish citizens to return to the poverty and disease of the Ghetto.

The American people are shocked and horrified that any civilized government, and I speak as a tried and true friend of the German people, could in our day and generation undertake to outrage civilization by strangling through economic weapons a whole race. Stupid and ruthless leadership turned the world against Germany 20 years ago, and God forbid that it should again come to pass. By encouraging and promoting intolerable injustices to the Jews, the German rulers are prejudicing their own demands for justice before world public opinion.

The fight has just begun and must continue until human rights and Jewish rights prevail. I would appreciate the active and militant support of your congress toward securing a favorite report and action on my resolution requesting the President of the United States to make friendly representation to the Hitler Government regarding the economic and racial persecution of 600,000 German Jews, in the name of justice, humanity, peace, and friendly relations between nations.

Wishing your congress every success, and assuring you of my earnest cooperation, I am,

Sincerely yours,

HAMILTON FISH, Jr.

UNDER WHOLESOME AND JUST LAWS WISELY AND SYMPATHETICALLY ADMINISTERED, THE SO-CALLED "COMMON" PEOPLE AND "MIDDLE CLASSES" MAY NOW WITH CONFIDENCE HOPE FOR BETTER TIMES AND A MORE EQUITABLE SHARE IN THE NEW WEALTH THAT ANNUALLY ACCRUES TO THE AMERICAN PEOPLE

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LOZIER. Mr. Speaker, when the record of this administration is written, the future historian will say that when Franklin D. Roosevelt became President the American people were facing an economic abyss; that our mills and factories were idle, our industrial structure disintegrating, our railroads seemingly facing inevitable receiverships, our merchants, shopkeepers, and small tradesmen dangerously close to if not already in the pit of insolvency, agriculture bled white and prostrate, our banking system broken down by maladministration and unconscionable practices, our commerce stagnant and unremunerative, our business activities unprofitable, our masters of finance and captains of industry stupid, impotent, and devoid of constructive leadership, the masses mercilessly exploited and plundered, and social injustice in the saddle in every one of the 48 States.

He will not fail to record the amazing fact that in a great nation of limitless resources and boundless wealth 13,000,000 men and women who previously had been gainfully employed were idle, walking the streets seeking employment, and begging for bread; that millions of men, women, and children were underfed and undernourished, though our granaries and warehouses were filled to overflowing with food commodities that could be bought at cutthroat prices. In short, that the people of the United States were facing ruin; that our agricultural, industrial, financial, and commercial structures were tottering, our institutions threatened, and our social order endangered. And after accurately describing conditions on March 4, 1933, the unprejudiced historian will say that on his accession to office President Roosevelt resolutely set himself to the task of bringing order out of chaos. That he laid a strong hand on the helm of the almost stranded ship of state, promptly initiated remedial policies that were benevolent and revolutionary but not dangerous nor destructive; that he boldly attacked waste and extravagance in the expenditures of public funds, quickly effected numerous and far-reaching economies in the operation of boards, bureaus, and commissions, abolished useless Government activities, and the first year of his administration reduced operating expenses of the Government more than a billion dollars; that he formulated and secured the enactment of numerous measures that amazed slow-going statesmen and students of political economy, and which marked a radical departure from long-established formulas for the treatment of national ills; that he accepted no principle or policy simply because it was ancient or long-approved, nor did he reject any formula, theory, or program on the sole ground that it was new and untried; that he measured every governmental policy by the yardstick of economic soundness, its workability, and its adaptability to accomplish the desired purpose; that with the stroke of a pen he cut the Gordian knot of bureaucracy and untangled age-old departmental red tape; that his policies, boldly conceived, carefully formulated, and wisely administered, lifted the pall of depression, restored normal conditions, and revitalized and revivified every vocational group and every branch of human industry.

Probably no Congress in our national history ever enacted more constructive, comprehensive, forward-looking, epoch-marking, and benevolent legislation than the one now in session. Under the leadership of President Roosevelt, Congress created agencies to restore our national credit, refinance our bankrupt National Treasury, tremendously reduce our Government's operating expenses, conserve, strengthen, and stabilize our banking institutions, refinance and otherwise rehabilitate agriculture, quicken industrial activities, stimulate the flow of commerce, dissipate fear, establish confidence of the masses in their Government, and encourage the people to right-about-face and begin their march toward better and more prosperous times.

When I contemplate the recently enacted legislation, measuring my words and speaking deliberately, I assert that in all the tide of time, no other self governing nation has ever accomplished so much in such a short space of time. The attitude of the American people toward their Government, their Congress, their institutions, and toward one another has materially changed in the last 3 months. Confidence has displaced despair. Courage has supplanted fear and indecision. Then they were controlled by doubt and desperation. Now they are inspired by a new hope, a new initiative, and a bold resolution to cut a pathway out of this wilderness of serfdom to ease and economic independence. Then they saw only clouds and storms. Now the sun shines, fortune smiles, and the future promises adequate rewards for their labors. Then they were a discouraged and defeated army in disorderly retreat. Now they are united, confident, and militant, advancing all the line. Then they were weary with the disappointments and disasters of an unfriendly destiny. Then they were in the shadow of a starless night. Now the sun of prosperity is rising with healing in his wings. Every vocation is taking on new life.

Under wholesome and just laws, wisely and sympathetically administered, the so-called "common people" and "middle classes" may now with confidence hope for better times and a more equitable share in the new wealth that annually accrues to the American people. A new spirit inspires and dominates the people. A new purpose actuates those intrusted with the administration of our national affairs—a purpose to rule wisely, righteously, and justly; an inflexible determination to conserve our national welfare, promote the well-being of the people, not of a favored few people only, but to bring to the myriad millions of forgotten men and women equal enjoyment of the blessings and benefits of our free Government and their just and proper share of the wealth and prosperity of the Nation.

In the history of the world, in the experience of every nation, there have come times of peril and emergencies of such magnitude as to shake the foundations of society and threaten national disaster. In every great crisis a heroic

figure has arisen, generally from the ranks of the common people, whose personal and political integrity, genius, vision, patriotism, and far-seeing statesmanship saved a nation from the evil consequences of their own folly, preserved the state, and averted social and political revolution. Our beloved country is no exception to this rule. On frequent occasions, in periods of Nation-wide unrest, when the perpetuity of our institutions hung tremblingly in the balance, a Jefferson, a Jackson, a Lincoln, a Wilson, or a Roosevelt has boldly challenged the forces of destruction, averted disaster, and preserved inviolate our benign institutions.

And but recently, in a period of unprecedented danger, when seemingly every vocational group was being rapidly reduced to penury and impotence, when the ability of our Government to solve our economic problems was being seriously challenged, the American people in their desperation and despair, with practical unanimity drafted another Roosevelt to lead them out of the miry slough of despond, and out of the bogs and quagmire of financial, economic, and political idiocy and impotence. Judging by the phenomenal accomplishments of the first 3 months of his administration, we may with assurance assert that he will not disappoint the expectations of the American people.

As Chairman of the Committee of the Whole House on the state of the Union, I presided while the National Industrial Recovery Act was being debated. This is one of the most important of the President's proposals for the restoration of prosperity and to return to normal national life. It is essentially an emergency measure, and I supported it on that theory, although I doubt the wisdom, workability, and constitutionality of some of its provisions. The President requested its enactment without substantial amendments. It is my conviction that the good that will be accomplished by its enactment and sympathetic administration will amply justify our acceptance of the objectional features of the bill. It is predicated on the admitted fact that we are suffering from a national emergency of stupendous and unprecedented proportions; that adverse economic conditions have been productive of wide-spread unemployment; that industry is disorganized, discouraged, and staggering toward prostration and the bottomless pit of disaster; that interstate commerce is burdened and sluggish; that the standards of living of the American people have been undermined and fallen to distressingly low levels, and that their purchasing power has been amazingly reduced, and in many instances entirely destroyed.

The National Industrial Recovery Act proposes to remove obstructions to the free flow of commerce, provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, induce and maintain united action of employers and employees under adequate governmental sanction and supervision, eliminate unfair competitive practices, reduce and relieve unemployment, improve standards of labor and otherwise rehabilitate industry, and conserve our national resources.

This measure includes what is known as the public-works program, for which the sum of $3,300,000,000 is provided, of which sum $400,000,000 is allocated by an equitable method among the several States to be expended in the construction of highways.

The public-works program is exceedingly comprehensive and embraces practically all varieties of public construction by the Federal Government, States, municipalities or other public bodies, including projects aided under previously enacted emergency-relief measures, as well as all projects made eligible for loans under the Reconstruction Finance Corporation Act. It is conservatively estimated and generally believed that under this Industrial Recovery Act within a short time approximately 6,000,000 men and women will be given employment.

It would be difficult to overappraise the beneficial effects of this measure. The employment of 6,000,000 workmen will add tremendously to the buying power of the American people. The benefits will be reflected in the rapidly expanding activities of every vocational group. There will be a greater demand for all kinds of food products, which will mean a substantial advance in farm commodity prices. All lines of industry and business will share in the prosperity and increase of purchasing power which will inevitably flow from transferring 6,000,000 people from idleness to the grand army of employed and contented wage earners.

The agricultural classes are already receiving substantial benefits from the legislation enacted by Congress on the recommendation of the President. The Agricultural Credits Act of 1933, which provides for the refinancing of farm mortgages over a long term of years at a low rate of interest, and which also provides for emergency loans to farmers, will go down in history as the most benevolent, progressive, and far-reaching legislation ever enacted for the agricultural classes in the entire range of human history. It will tremendously aid in the rehabilitation of the American farmer and a restoration of agriculture to its rightful place among prosperous occupations. By a reduction of governmental expenses an indirect tax burden of $25,000,000 will be lifted from the shoulders of American farmers. Livestock and grain prices, in fact all farm commodity prices, are steadily advancing. In the last few weeks the aggregate increase in farm-commodity values is approximately as follows:

Livestock increased	$530,000,000
Wheat increased	200,000,000
Corn increased	550,000,000
Oats increased	120,000,000

In other words, since Mr. Roosevelt became President, under the inspiration of his commanding and magnetic personality, and as the direct result of his wise and wholesome policies, approximately $1,400,000,000 have been added to the ultimate probable income of American farmers which will be materially augmented from substantial increases in prices of dairy products, poultry, and other minor farm commodities. This means hard cash in the pockets of the producers and furnishes convincing evidence that better times are coming for the agricultural classes.

SAFE AND SANE NATIONAL DEFENSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks by printing an address which I delivered yesterday to the National Association of Reserve Officers.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, under leave to print, I offer as my remarks the following address delivered by myself June 5, 1933, to the National Association of Reserve Officers at Chicago, Ill.:

Mr. President and Reserve officers, in that admirable volume by Richard Stockton entitled "Inevitable War", recently off the press, he summarizes our national-defense policies in these few words: "Thirty successive Presidents of the United States, beginning with George Washington and including Herbert Hoover, have given us six cardinal principles of military policy. We must be peaceable; we must be prepared; preparedness tends to prevent war; our main Army must be citizen soldiers; we must have some soldiers on permanent duty; and we must have an adequate Navy. These are good principles, and I am glad to follow them." To this I would respectfully add that we should have an air force equal to that of any other nation in the world. With some small countries, occupying the same continent, as in the case of Europe, aircraft may constitute a weapon of offense, and may be used for destructive and surprising invasion. But not so with America, due to our detached position, occupying the expanse of half a continent, with great oceans to the east and to the west, and with friendly republics to the north and to the south, for us an air force is essentially defense. Furthermore, I believe that for every dollar invested in air power we obtain a higher percentage of defense than a dollar invested in any other form of defense. With aircraft based upon our shores we could meet an enemy fleet and a hostile convoy 500 miles at sea and beat down enemy aircraft operating in conjunction with the enemy fleet, and then the fleet would be at the mercy of our aircraft and of our fleet. We could be sure of beating down the enemy aircraft, because necessarily the enemy planes would be limited in number, whereas with ours based upon land, and with our entire air forces at our instant command, we could sacrifice plane for plane until there would be complete annihilation of the enemy air force, and we would still have remaining sufficient force to prevent the invasion of our shores.

NATIONAL DEFENSE A PARAMOUNT DUTY

The preamble to the Constitution of the United States expressly declares that one of the four primary objects for the formation of a more perfect Union by the abandonment of the Articles of Con-

federation and the adoption of the present Federal Constitution was to "provide for the common defense." It is a significant fact that every President of the United States from Washington down has solemnly declared that national defense is a national duty that we dare neglect at the peril of our national life. Relatively few of our Presidents have been soldiers as such. Not one of them was a professional soldier. A few were conspicuous citizen soldiers, but with striking unanimity they agree that an unarmed nation is an invitation to war. To the practical man, this is complete confutation to every proposal of the pacifists and the idealists that urge abandonment of arms and armaments as being themselves provocative of war. The messages of the Presidents reflect the thought of the picked men constituting their Cabinets. It is safe to say that every Presidential message is a representative cross section of the best opinion of the statesmen of the time. If, therefore, every Cabinet of every President has approved of the expressions that national defense is a paramount duty, then we may safely conclude that convictions of our duty to arm and to prepare to defend ourselves against any possible enemy from any quarter do not arise from militaristic and professional sentiments of ambitious soldiers, but are the sober feelings of the masses of men and women who love their country.

PEACE THE PRIMARY OBJECTIVE

Reverting to Mr. Stockton's résumé, we recall that the first policy to be pursued by our Nation is that of peace. We are a peaceful nation. We seek neither the territory, nor the wealth, nor the commerce of any other nation. We have vast untouched resources that for generations will tax the energies of our people to develop. Our very form of Government inhibits any aggressive militaristic policy. Annual appropriations for the Army and the Navy keep our armed forces in constant control of Congress, and therefore instantly responsive to the popular judgment. No war can be declared except by Congress, and our history shows that Congress has never precipitately rushed into war, but as a matter of fact has, in each instance, been virtually pushed into war by wellnigh unanimous popular sentiment. So long as our Constitution stands and is respected, and our representative system of government continues, then just so long will it be impossible for this country to begin any aggressive and imperialistic war. The desire of the people is for peace; the hope for our prosperity is peace; the object of our prayers is peace; the aim of our defense policies is peace; the purpose of our Army and our Navy is to preserve peace.

PREPAREDNESS FOR PEACE

The common sense of responsible public men dictates adequate preparedness to prevent war. Ofttimes the idealist thinks he has answered the arguments for preparedness by asking the questions, "Where is the enemy you expect to fight? What nation has made hostile gestures? Why waste all this money while the whole world is at peace and while other nations seek peace with the same sincerity that we do?" I invariably answer: "I do not know where the enemy is, but I do know that when I do learn where the enemy is, when I do know who the enemy is, then it will be too late to prepare." It is too late to take out insurance after the house is on fire. It is too late to take out life insurance after death rattles are in the throat. It is too late to begin to build a fleet and to organize and train its crews, and to build martial aircraft and to train men to use them, and it is too late to train men in the use of land armaments after the enemy appears and darkens the skies with his air forces and blockades our ports with his fleet and sets his foot upon our shores. The wise man keeps his property and his own life adequately insured all the time. Mark you, the significance of the word "adequate." Overinsurance of property tempts to incendiarism. Overinsurance of one's life tempts to suicide. In like manner excessive equipment for war and inordinate training for war may undoubtedly precipitate war. Hence the title of this address: "A Safe and Sane Policy for National Defense."

WHAT IS A SAFE AND SANE POLICY FOR NATIONAL DEFENSE?

All men agree that defense forces, agents, and instrumentalities should be big enough to make the country safe. On the other hand, they should be small enough to keep the country sane. Very heavy armaments and very large military establishments are apt to breed overconfidence and to develop an aggresive spirit. There must be a middle course somewhere, and that is the course for all disinterested, forward-looking Americans to seek and to take. All history teaches that aggressor nations, nations with imperialistic policies, are doomed to die. In like manner history demonstrates that defenseless nations, nations unprepared to meet aggressor neighbors, also die. But nations like Switzerland, that keep themselves ready to beat off an invader and yet pursue a policy of mere self-protection, live on in peace, and with the minimum of burdens for military service and military expenditures.

The National Defense Act is limited in its application to land forces. But a true National Defense Act would contemplate every agency, instrumentality, and force to be employed in defending the Nation against aggression. Thus an all-comprehensive National Defense Act would include the fundamental policy of defense, and would organize the forces for the administration of that fundamental policy, whether such forces be operating on the water or under the water, or cperating upon the land or above both land and water. Thus the totality of national defense comprehends submarines, sea mines, surface ships, land troops, and air forces, whether said air forces be operating with land troops or with the fleet or independently.

To the mind of the ordinary citizen national defense is a single thought. If invading forces may be beaten back from the air, it is air force that the ordinary citizen is concerned with. If, however, invasion may be prevented by water craft, then it is ships the ordinary citizen is concerned with. If the enemy lands either from the air or from the water, and if its advance to the interior may be prevented by land troops, then it is land troops that occupy the center of the stage with the ordinary citizen.

It is true that under our organization defense forces are cut up into the Army and the Navy, and each, in turn, is subdivided; but such subdivision is for more convenience of administration, and all are subject to the unified command centering in the President as Commander in Chief.

Before we lay emphasis upon any one branch, it is necessary for us to ascertain what is our national policy, as determined by our history, by the nature of our institutions, by our industrial and economic and commercial needs, and by our geographic situation. The size of our country, with its variety of climate, of soil, of resources, renders us almost self-sufficient. Ninety percent of our commerce is domestic commerce. For our future development, even until we shall number 300,000,000 or 500,000,000 people within our frontiers, it is not necessary for us to contemplate dependence upon any other part of the earth's surface for our subsistence and happiness. We have barely scratched the surface of our national resources. This applies particularly to agriculture. As we shall enrich our somewhat impoverished lands, as we shall develop marginal lands, as we shall bring new lands under the plow, by clearing and by draining and by irrigation, we will be able to feed and care for several times our present population.

Our fixed and invariable policy has been mere defense. By our power we drove Spanish authority from the island of Cuba, and then set Cuba free. We acquired the Philippine Islands, and are now setting them free. We do not desire one single foot of foreign soil. We do not seek dominion over any alien people. We wish for all the nations of the earth the same independence, the same progress, and the same happiness we are earnestly seeking for ourselves. We believe that our own true economic prosperity can be achieved only as our sister nations are prosperous. Fortunately we are situated between two great oceans, with friendly neighbors to the north and to the south; and if ever there was a nation qualified to feel and to exercise true neutrality, to be impartial umpire in world affairs, to be the friend of all and the enemy of none, that Nation is America. It would seem that Providence has placed us in this situation in order that we might lead mankind out of the narrowness, the prejudice, the selfishness, the fear and the dread that fill the minds, and dominate the policies of the nations of the Old World, occupying relatively small areas, living close to each other, that are arrayed against each other by age-old tradition, and unfading memory of invasion, of frightfulness and of injustice perpetrated by unequal treaties, signed by the point of a bayonet.

What, then, is the defense policy of America? Let us think of the problem as a whole, and not of its several parts, however important each may be. The American statesmen must declare and administer that policy. War has been defined as a means of accomplishing a nation's policy by force. So far as America is concerned, war may appropriately be defined as the means of preventing another nation from accomplishing its policy at the expense of America, either of American territory or of America's rights. We have no land-grabbing policy. We seek no commerce, save that which we can win by good will and merit. But we must be realists. We must recognize the lessons of history. We must know that in the course of events situations do arise whereby uncontrollable passions are provoked, when the voice of reason is hushed, and when war seems the only alternative. Due to the situation above described, we believe that America can keep cool the longest, that she may be able to reason, after others fail. But America must be ready if another nation, prompted by greed or hatred or revenge, shall defy our rights and make war upon our people.

In contemplation of such a situation, what is our plain duty? Manifestly our duty is to be reasonably well prepared, to be both safe and sane.

OUR CHIEF RELIANCE IS THE CITIZEN SOLDIER

All our Presidents and public men have emphasized the importance of our policy of relying upon the citizen soldier in time of war. It is true that we must have some soldiers on permanent duty; some soldiers must devote their whole lives to the study of military problems, in order to instruct and the better train citizen soldiers through the years of peace, and especially to staff the huge armies of citizen soldiers in time of war. Just how large this Regular Army should be is a practical question and must be solved like every practical problem. The National Defense Act of 1916, as amended in 1920, is not sacrosanct. It was not formulated by inspired men, but by practical, common-sense men. It has been amended many times and in many important respects, and will undoubtedly be amended in the future. The Congress that enacted it had no better nor broader information, nor any purer motives, than the Congress now sitting nor the Congress that will sit 10 years hence.

But one thing that all must agree upon, relative to the Regular Army, and that is that it should at all times be at the highest possible state of efficiency. There should be the minimum of drones and deadwood within its personnel. Each individual should be constantly and instantly stimulated to make of himself the very best teacher-soldier possible. He is not merely training to lead in war, but he is training to instruct and to inspire

citizen soldiers who are training in time of peace. With this principle in mind, I have long insisted that wholesale lopping off of Army officers by any arbitrary standard of age or length of service is unwise, prejudicial, and demoralizing. Many an officer at the age of 60 is better than some other officer at the age of 40. It is a personal question and not a group question. Therefore, I advocate the more efficient functioning of class B boards. I insist that the officer who does not measure up in character, in ability, and technical skill, should be eliminated. The Regular Army should be a great continuous competitive contest. Those who strive hardest and exert themselves the most should win the honors and receive the emoluments. Any other system leads to stagnation and drifting and inefficiency. In this complicated and practical problem of what is "adequate" defense, the taxpayer must be considered. Every dollar taken from the taxpayer above that which is absolutely necessary to maintain adequate defense, is an unjust burden. No city would wisely have an unnecessarily large and expensive fire department, nor police department, nor health department. These must be large enough to prevent or check fires, to preserve order, and to protect health, and no larger. The business man must solve this problem in fixing his fire insurance and life insurance. He not only wants a solvent company, but he wants the lowest rates, and the minimum amount, commensurate with adequate protection.

And so it is with the Congress which represents the people who produce the Nation's wealth, who perform its work, who bear its burdens, and who pay its taxes. Undoubtedly the people, as voiced by every President, and as dictated by common sense, demand adequate, safe, and sane national defense, and are willing to pay every dollar necessary to insure it. But at the same time the people resist extravagance, wastefulness, duplication of effort, inefficiency, and any system that leads to stagnation, drifting, and dry rot. For these reasons the sound judgment and the practical sense of the statesmen of America have from the first relied upon the citizen soldier for our chief defense. There is nothing so mysterious about the art of war as to make it impossible for a citizen, while engaged in his ordinary business pursuits, to acquire both the knowledge and the training necessary to render him ready to take the field the instant that war breaks. Washington, while busy as a farmer and legislator, was incidentally acquiring the knowledge and experience necessary to equip him to lead the armies of independence and to place him among the foremost soldiers of history. Thus it was that Andrew Jackson, while practicing law and farming and merchandising, acquired the information and training to become such a soldier as to destroy the force and break the pride of British regulars that had followed Wellington. The war between the States developed many soldiers of conspicuous ability and of commanding personality, who came fresh from the walks of civil life. So the rank and file of American armies in every war have been quickly recruited from the civil population. In the World War the ratio of citizen soldier to Regular Army soldier in the ranks was about 30 to 1.

THE NATIONAL GUARD COMPOSED OF CITIZEN SOLDIERS

Notable among the citizen soldiers are the officers and men of the National Guard. These citizens are taking a part of the time that might otherwise be devoted to business or pleasure, and are equipping themselves for that unknown moment when war may burst. It is the highest patriotic service. It is strictly volunteer. To volunteer after war breaks may be the sure way of escaping a subsequent draft. Certainly, the stimulation and enthusiasm of the moment, with the tocsin sounding in every ear, with the bugle blast upon every breeze, with the flag meeting every gaze, make it easy then to volunteer to help defend the Nation's life. But during all these dull years of peace, when the heedless millions seem to decry even the thought of war, when the masses yield to the delusive suggestion that there is no enemy and there will be no more war, the National Guardsman, conscious of the lessons of history, knowing the realities of life, tears himself from his family and fireside and selfish pleasures and goes out to train for that unknown zero hour. Hats off to the National Guard. Hats off to the peace-time volunteer. Hats off to the officers and men who, at the minimum of expense, are preparing the maximum of defense.

PATRIOTIC SERVICE OF RESERVE OFFICERS

All that we have said about the citizen soldier and the National Guard applies with equal force and emphasis to the Reserve officer. He, too, is a volunteer in peace time. He receives no drill pay, except when at the annual encampment. He devotes his evenings to military correspondence studies. He reads his service magazines and reads the latest books of military policy, and especially books dealing with his particular arm of the service. The Reserve officer is a stabilizing force in his community. He forms sentiment among his business and social friends for adequate defense. He is not prompted by personal ambition nor the hope of high military honors. He knows that when war breaks he will be the flotsam and jetsam of organization. He will be thrust here and there, as convenience and necessity may dictate. He is subject to call by Presidential order, and must leave business and family on shortest notice. But from rather intimate contacts with the Reserve officers since the close of the World War I can testify with the greatest sincerity and without any desire to flatter my audience, and as I have often testified before my colleagues in Congress, that the Officers' Reserve Corps is not only an indispensable part of our national defense program but that matching dollar for dollar of investment in preparation we get more genuine defense, more efficient preparedness, out of the Reserve officers, taken as a group, and including every branch and arm of the service, than from any other constituent of national defense.

The last item in the summary by Colonel Stockton is an adequate Navy. Truly all men must agree that in this modern world, with the oceans, more than ever before, lanes of commerce, and with our ships steaming over all the seas and our aircraft flying in all the skies, a navy adequate for the defense not only of our shores but of our far-flung commerce is absolutely necessary. Our peace-loving and unselfish people are perfectly willing to agree to treaties to restrict our armaments to any fair basis of parity, in keeping with the enlightened thought of the world and economic requirements.

But we will not lead in disarmament. Others may not follow our example. Disarmament must proceed equally by all nations, at the same time. We consider the taxpayers' burden, but we must look far into the future, lest the intolerable burdens of indemnities, imposed by victorious foe, and the unspeakable humiliation of defeat, would set back the progress of freedom and civilization. The example of America, her freedom for the individual, her opportunity for the poor and friendless, her devotion to high ideals, have for a century and a half been the sustaining hope of all humanity. Our duty to ourselves, and our duty to the whole world, call upon us to face the grim realities of the times, and to be reasonably prepared for such emergencies as may happen at any moment.

With malice toward none, and with charity for all, America must continue in the way pointed by Washington, and repeated by every great American that has followed him in the leadership of our people. The safe and sane middle course must be pursued. Excessive militarism and aggressive wars are unlikely, but certainly must be avoided. On the other hand, we must not surrender to mere idealism. We must not forget that humanity is essentially what it has been throughout history. If we neglect the lessons of history now, then America's rise and fall may be but another chapter in history's long list of powerful nations gone down to ruin, and America prove but a mournful lesson to other nations that shall in time rise upon the ashes of our ruins.

TAX ON STORAGE OIL

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks made with respect to placing a tax on storage oil, and in this connection I should like to incorporate a short statement made by one of the leading independent oil men in the South.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

THE ST. LAWRENCE PROJECT

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the St. Lawrence waterway.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, on the reading of Senators ARTHUR H. VANDENBERG, of Michigan, and ROBERT M. LA FOLLETTE, of Wisconsin, both Republicans, prepared arguments in the Senate on Monday, May 29, as to why action on the treaty should not be longer declared, I cannot understand why the Wisconsin Senator led an attack upon Senator ROYAL S. COPELAND, Democrat, of New York; but after a little study I have come to the conclusion that the strenuous efforts which have been made to aline a Senate majority against consideration of the treaty at this present session are meeting with results, and as the time goes on "the compelling reasons, grounded in public welfare and in sound public policy", are not as sound and compelling as was at first believed.

In the 6-point argument advanced by Senator VANDENBERG in which he pointed out, first—

Because it offers direct and specific encouragement to the economic welfare of the great American mid-continent.

By the great American mid-continent, I conclude the Senator referred to the 23 States of the Mid West which have expressed a desire that the seaway shall be built. The roll includes California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Ohio, Oregon, South Carolina, Utah, Washington, West Virginia, Wisconsin, and Wyoming.

The Senator was in error when he included Illinois in the roll, for on May 16, 1933, a joint resolution of the Senate and General Assembly of the State of Illinois passed a reso-

lution petitioning the Senate of the United States to disapprove and refuse to ratify the proposed treaty.

The following is a copy of the resolution:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of Senate Joint Resolution No. 27, the original of which is now in file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 25th day of May A.D. 1933.

[SEAL] EDWARD J. HUGHES, *Secretary of State.*

STATE OF ILLINOIS,
Fifty-eighth General Assembly, 1933.

Senate Joint Resolution 27

Whereas a treaty relating to the St. Lawrence waterway has been negotiated between the United States and Canada which is now before the Senate for ratification; and

Whereas this treaty internationalized Lake Michigan, a body of water entirely within the limits of the United States, and places the control in an international joint commission; and

Whereas it embodies the order of the Supreme Court reducing the flow of water from Lake Michigan into the Chicago River to 1,500 cubic feet per second, and thereby makes this order unchangeable except by international agreement; and

Whereas 1,500 cubic feet per second, as provided in the treaty, is inadequate for the needs of the waterway from the Great Lakes to the Gulf, and is therefore injurious to the entire Mississippi Valley; and

Whereas by the terms of this treaty the cost of the undertaking is borne mainly by the United States and the benefits therefrom are received mainly by Canada; and

Whereas not only are valuable rights of the whole United States surrendered by the treaty for no adequate consideration, but it constitutes a gross injustice to the State of Illinois against which Illinois should have the joint protection and support of its sister States; and

Whereas our two United States Senators, LEWIS and DIETERICH, are making a steadfast fight on behalf of the people of this State against the treaty in its present form: Now, therefore, be it

Resolved by the Senate of the Fifty-eighth General Assembly of the State of Illinois (the house of representatives concurring herein), That the General Assembly of the State of Illinois petition the Senate of the United States to disapprove and refuse to ratify the proposed treaty, to the end that a fair to just agreement may be negotiated between the United States and Canada; and be it further

Resolved, That copies of this preamble and joint resolution be transmitted forthwith to the President of the United States, the Secretary of State of the United States, and to each Senator and Member of the House of Representatives of Congress from the State of Illinois.

Adopted by the senate May 16, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

Concurred in by the house of representatives May 16, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

In the annual report of the Commissioner of Internal Revenue for the fiscal year June 30, 1932, on page 66 will be found a summary of internal-revenue receipts, by States. Of the 22 remaining States named in the Senator's roll, the total tax paid by them was $307,053,074.66, or 19.71 percent of the total tax, while New York State alone paid $394,989,203.91, or 25.36 percent of the total tax, and 55.93 percent was paid by the remaining 25 States.

Now let us turn to the Commissioner's report of the same year and make a study of the summary of income-tax receipts from corporations and individuals paid by the 22 States on the Senator's roll. Of the total amount paid, $1,056,756,697.54, only $235,019,676.19 was paid by the 22 States while New York State alone paid $348,550,738.13.

From the above figures it will and can be readily seen that the great American mid-continent would benefit, as far as their proportionate share of cost is concerned.

It does not appear that there would be any benefit to the American people sufficient to outweigh the burden of debt and taxation which will necessarily result from the cost of the projects. The cost is summarized by the Institute of Economics of the Brookings Institution as follows, the cost incurred jointly for navigation and power being allocated entirely to power:

For navigation:	
Improvements in St. Lawrence River	$159,000,000
Improvements in interconnecting lake channels	90,000,000
Improvements in lake harbor and port facilities	250,000,000
Welland Ship Canal (under construction by Canadian Government)	115,000,000
Total	614,000,000
For power:	
Improvements in International Rapids section	301,000,000
Improvements in Sonlanges section	84,000,000
Total	385,000,000
Combined navigation and power costs	999,000,000

The annual charges against the shipway—that is, interest and depreciation on the capital investment and maintenance and operation of the route—are estimated at approximately $40,000,000 a year. If the so-called "joint costs" common to both navigation and power were allocated entirely to power, the charges would amount to approximately $36,000,000 a year.

It will in all probability exceed the present estimates by hundreds of millions of dollars.

The officially published costs of the complete St. Lawrence project have been greatly understated, to such an extent as to be badly misleading. As far as they have gone, the engineering reports are understandable. Instead of a total cost of $543,429,000 [1] it is believed that the public should be apprized by the fact that the total eventual cost will aggregate not less than $903,829,000, as follows:

Engineers' estimate (as published)	[1] $543,429,000
Lock duplication	[2] 18,700,000
Compensating works	[3] 100,000
Channel deepening	[4] 25,000,000
Welland Canal deepening	[5] 25,000,000
Power projects in Canadian territory	[6] 262,000,000
Montreal Harbor	[7] 4,600,000
Private capital required to improve harbors	[8] 25,000,000
Total	903,829,000

Upon whom will the original cost fall and upon whom will the cost of maintenance and operation fall? In giving consideration to the probable ultimate cost to each State and having at hand the various and divergent estimates, recourse should be made to the average of estimates prepared by different individuals or organizations who have given study to this project. Including President Hoover's figures, the average would be $914,857,250. If based upon the same percentage as internal-revenue receipts are based, the cost to each State would be as follows:

State or Territory	Percent of total	Amount
Alabama	0.17	$1,545,257.33
Alaska	.01	91,488.57
Arizona	.06	548,914.35
Arkansas	.07	630,400.00
California	4.90	44,828,005.25
Colorado	.35	320,200.04
Connecticut	1.31	11,984,629.98
Delaware	1.06	9,697,486.85
District of Columbia	.54	4,940,229.15
Florida	.54	4,940,229.15
Georgia	.28	2,561,600.30
Hawaii	.24	2,195,657.40
Idaho	.03	274,457.18
Illinois	6.85	62,667,721.63
Indiana	.79	7,127,373.28
Iowa	.41	3,750,914.73
Kansas	.46	4,208,343.35
Kentucky	1.69	15,461,087.53
Louisiana	.40	3,659,429.00
Maine	.28	2,561,600.30
Maryland	1.51	13,814,344.48
Massachusetts	3.16	38,909,489.10
Michigan	3.85	34,810,318.36
Minnesota	.92	8,416,686.70
Mississippi	.05	457,428.63

[1] Great Lakes-St. Lawrence Deep Waterway Treaty (publication no. 347, Department of State, p. 17).
[2] St. Lawrence Waterway project, Ottawa, 1932 (pp. 10, 11).
[3] For 32-foot depth, derived from S.Doc. 183 (69th Cong., 2d sess., pp. 27, 28), H.Doc. 253 (70th Cong., 1st sess., p. 4).
[4] For 32-foot depth, derived from H.Doc. 253 (p. 7).
[5] For 32-foot depth, derived from S.Doc. 183 (p. 28).
[6] S. Doc. 183 (p. 48, tables II and III).
[7] S.Doc. 183 (p. 52).
[8] H.Doc. 253 (p. 5).

State or Territory	Percent of total	Amount
Missouri	2.22	$20,309,830.95
Montana	.06	548,914.35
Nebraska	.20	1,829,714.50
Nevada	.09	823,371.53
New Hampshire	.11	1,006,342.98
New Jersey	4.52	8,416,686.70
New Mexico	.02	182,971.45
New York	25.36	232,007,798.60
North Carolina	14.84	135,764,815.90
North Dakota	.02	182,971.45
Ohio	3.97	26,309,832.83
Oklahoma	.65	5,946,572.13
Oregon	.16	1,463,771.60
Pennsylvania	7.02	63,222,978.95
Rhode Island	.43	3,933,886.18
South Carolina	.11	1,006,342.98
South Dakota	.03	2,744,571.75
Tennessee	.58	5,306,172.05
Texas	1.18	10,795,315.55
Utah	.09	823,371.53
Vermont	.06	548,914.35
Washington	.47	3,374,971.83
Virginia	6.42	58,733,835.45
West Virginia	.45	4,116,857.63
Wisconsin	1.06	9,697,486.85
Wyoming	.03	274,457.18
Philippine Islands	.02	182,971.45

In addition, New York is to pay $89,000,000 because of power rights.

In his second point the Senator says:

Because it is a practical and primary contribution to farm relief.

Now, who gets the benefit of the reduced freight rates to Europe as the result of the building of this waterway? Does the American producer get the benefit or does the European consumer get the benefit of the reduced freight rates? That is a question that cannot be answered definitely. It all depends upon the question whether in the terminal market it is a buyer's market, at the time the freight arrives or whether it is a seller's market at that time.

In 1929 the American railroads reduced the cost of transporting wheat to the Atlantic seaboard for foreign export, in order to help the wheat situation, and immediately in the Liverpool market Argentine and Australian wheat was reduced in the same amount that the freight rates were reduced in the United States, so that the benefit of the freight reduction and the loss of railroad revenues went to the European consumer and not to the American wheat grower. That could readily apply and would no doubt generally apply with reference to reduced water freight rates on wheat originating in Duluth or automobiles originating in Detroit, South Bend, Cleveland, or Buffalo.

I want to ask another question. If, after we have built this seaway through Canadian territory, in large part with our money, what is then to prevent Great Britain from putting a tariff on American wheat and excluding it from the Liverpool market and letting Canadian wheat go over this seaway, built with our money, free of charge? What is to prevent her doing that? If she does do it, we become the international boobs of the world. What is to prevent her putting a tariff upon automobiles made in Detroit, after we have built the seaway, and allow Canadian-made automobiles to go freely to the English market over a seaway built with our money, contributed in part by the American automobile manufacturers?

That is exactly what Great Britain has done by the Ottawa compact. She has put a duty on American wheat and allows Canadian wheat, if shipped through Montreal, to go in without duty; but if that same Canadian wheat is brought down to New York or Philadelphia and shipped, then she puts a duty on it.

The third reason advanced was—

Because it is a practical and primary contribution to the recapture of American export trade.

The commerce of the Great Lakes is recorded in such large figures that it stirs the imagination of the rest of the world. In normal times from 120,000,000 to 135,000,000 tons are transported annually. The accomplishment is more startling when it is realized that this is done in a short period of 7½ months, beginning sometime in April and ending in the fore part of December. The amount of business that passes up and down the Detroit River in the same time of year approximates 100,000,000 tons. This will give you an idea of the size and magnitude of the trade on the Lakes.

If I may make just 1 or 2 comparisons, in the year 1928 there passed through the Suez Canal approximately 32,000,000 tons, representing a big part of the trade between the East and the West. In the same year there passed through the Panama Canal 29,000,000 tons. Now, you will bear in mind that I said that the passage through Detroit is a hundred million tons in normal times.

Now, to the outside world it is easily believable that a large part of this business is seeking an outlet to the sea. I should like to analyze it.

As the biggest commodity carried on the Lakes in a big year is iron ore, which originates back of Lake Superior in the ore mines there and back of Lake Michigan in the ore mines behind Escanaba and finds its way down the Lakes, some of it through the Soo and Mackinac to the steel plants at Chicago, the rest of it going on to Lake Erie for the great steel plants in the Mahoning Valley and Pittsburgh, while some of it goes to the steel plants at Buffalo. In a big year that totals anywhere from 60,000,000 to 65,000,000 tons. That is the eastbound traffic. As far as that is concerned, it is not connected with the St. Lawrence River project. It has nothing to do with it and has not any interest in it.

There are 40,000,000 tons of coal that originates largely in the West Virginia and the Pittsburgh districts, with a very small amount of anthracite from the Pennsylvania district, that finds its way to Lake Superior and Lake Michigan points, and from there is distributed into the interior. As far as those 40,000,000 tons are concerned, they do not seek an outlet to the sea.

The next big item is stone. In a big year we move about twelve or fifteen million tons of stone. It originates largely in Michigan and is shipped out of ports like Alpena, Rogers City, and Rockport. It follows in the wake of the iron-ore cargoes. It is used for fluxing purposes. Most of it is used in steel plants for that purpose. There is a small amount of it used for road building and for making cement, but that is the minor part of it.

The next item of importance is grain. In a big year we will move anywhere from 10,000,000 to 15,000,000 tons of grain on the Lakes. At least two thirds of that is Canadian grain, and I venture to say that we are not interested in that proposition.

Translated into bushels, the range in difference is anywhere from two hundred and fifty to three hundred million bushels.

As I said before, at least two thirds of that is of Canadian origin, and we have no concern with it. Probably one third is American grain. Now, we cannot say that all of that one third of the American grain is interested in an outlet to the sea. We will admit that with the big population we have in this country a substantial part of that grain is never intended for export. It is used for milling purposes in our own country. The city of Buffalo has become the greatest milling center in the world. The shipments of large amounts of grain come down the Lakes to Buffalo and end there. The grain is converted into flour and used locally.

I do not think it is difficult for anyone to visualize that the amount of grain that this country is going to dispose of will not become less with the population increasing.

The fourth reason is the weakest one offered:

Because it is one of the greatest make-work projects which can be dedicated to our war upon unemployment.

I may be mistaken, but I can visualize, if the St. Lawrence River project is developed and the gates are thrown wide open, that we can have the foreign ships built by cheap labor in foreign countries, labor that is not accustomed to the standards we have in this country, vessels manned by Chinese coolies in many cases, or others worse, that such

ships could when times are bad send their boats up occasionally to the Lakes and try to eke out an existence on the low rates that have developed.

As a temporary work-relief measure the St. Lawrence appears in no better light. Nobody knows definitely how much labor would be employed, but it is definitely known that Canadian labor would profit more than American labor.

Only 115 miles of the route, from Prescott to Cornwall, is in international territory. The rest of the route is entirely within the Dominion. Obviously Canadian labor only would be used for work within the Dominion. American labor presumably would have to share opportunities for employment in the international section.

In the fifth reason the Senator says:

Because the criticisms of the undertaking are always more apparent than real.

One of the many objections to the Government's engaging in this tremendous speculation seems conclusively to require that we should continue to oppose it, as it should not be forgotten that in the event of the United States being at war with some other country international law would prohibit England from allowing the United States to use the St. Lawrence channel. It is not permissible for belligerents to ship through neutral territory. The moneys of the United States should be spent in developing waterways which would be available under all circumstances when a war emergency arose, for it is during such emergencies that great transportation congestion develops. Nations always avoid, if possible, having their foreign trade move through a port located in a foreign country.

It can be further stated that the canal is more likely to result in import merchandise being laid down in the West at lower prices. For instance, Scandinavian pulp for paper mills is already shipped to Great Lakes ports and is proving a great injury to this industry in the United States.

The Montreal Star, which no doubt represents the opinion in that section of Canada, appears very pleased with the treaty, according to an editorial published soon after its conclusion. Among other things it states:

The cost of Canada could not well be less. We get a half-billion enterprise, not counting the expenditures on power plants, for less than forty millions. Thirty-eight million dollars, to be exact.

Senator VANDENBERG says:

A sixth reason might well find itself in the aspirations of the New York Power Authority to extend to the great northeastern section of the Nation another of the great public-power developments which may have within it such vast advantages for the people.

The Joint Board of Engineers report outlines a complete development of the power resources of the river by the construction of additional power works with an inflated capacity of approximately 5,000,000 horsepower at a total cost of from $620,000,000 to $650,000,000.

The existing water power and steam plants in the section of the United States which could be economically reached from the St. Lawrence territory by the transmission lines are quite adequate to meet the industrial development for many years to come.

The power production contemplated cannot be counted upon to liquidate the canal outlay. The value of hydroelectric power has in the last 10 years heavily depreciated, owing to the remarkable developments in efficiency of steam-power electric plants. So there is not likely to be a market for power in the large cities which have steam plants located at tidewater. In substance, the Government would be engaging in a most hazardous power speculation when the taxpayers of the Nation are already overburdened as a result of the enormous increase in recent years of Government services and public improvements, Federal, State, and local.

Senator LA FOLLETTE represents that Wall Street is the villain in the plot to defeat the St. Lawrence treaty. Dwelling upon the fact that the Chamber of Commerce of the State of New York has reported against the project as economically unsound, he points out that J. P. Morgan & Co. is represented in that organization by 13 members. Therefore, he argues that this "superdirectorate of American business" is leading the fight to defeat the treaty.

It is all just as simple as that to the Senator from Wisconsin. But interesting as his representations may be, they are far from convincing. Elon H. Hooker, who was chairman of the committee of the chamber of commerce that made a study of the St. Lawrence project, declares that the Morgan firm "never made any statement or suggestion of any kind to the chamber or to my committee" regarding the enterprise. As to that, there is nothing on record covering all the years that the seaway plan has been under discussion to show an interest in it on the part of the Morgan firm.

The representations that Senator LA FOLLETTE makes in regard to Morgan influence as to the seaway can be set down as plain blather. It is an attempt to capitalize for the project the situation that finds Morgan's firm under fire before the Senate Banking Committee. No thinking person will be fooled by his pyrotechnics. Senators WAGNER and COPELAND accurately express the sentiment of New York State in opposing the seaway treaty as economically unsound.

Before we spend our taxpayers' money in Canada we ought to see to it that the rivers, harbors, and the lakes of our own land are properly developed and improved. What will the total estimated damages to our railroads, our seaports, our canals, and our mills, elevators, terminals be as a result of the necessary readjustment which will take place if the St. Lawrence Canal is opened?

Our policy and slogan should be "United States money for the United States waterways, built by United States labor, and wholly within the United States."

AMERICA—ON THE SEA AND IN THE AIR

Mr. BRUNNER. Mr. Speaker, I ask unanimous consent to print in the RECORD a speech delivered by former Gov. Alfred E. Smith on the maritime bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BRUNNER. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following radio address of Alfred E. Smith, editor in chief of the New Outlook Magazine, over radio station WEAF and the National Broadcasting Corporation network, Maritime Day, May 22, 1933:

It is a pleasure for me to cooperate with the men interested in furthering the cause of the American merchant marine in the celebration of a national maritime day. I can make no claims to a seafaring youth, but ships and the meaning of ships were things not unknown to the youth of my generation which enjoyed playtime adventures along the docks of the East River years ago. We saw ships there in those days. I remember that they entered in a very useful and practical way into one of my favorite sports. That sport was the using of the bowsprit of a ship as it overhung a dock as a sort of trapeze. There was one very interesting lesson about shipping which I learned in my search along the docks for a bowsprit to be used as a trapeze. The boats that were loaded were the ones to look for. A boat without cargo rode so high that it was impossible for us youthful trapeze artists to reach the bowsprit. The trick was to find either those which had not yet been unloaded or those which had been loaded preparatory to clearing for sea again. We came to know those ships which came in well loaded and those which, loading and unloading, made a quick turn-around. We came to see from our own viewpoint that cargo was an important factor in shipping.

We have a habit, however, of forgetting the lessons of the past. There was a very important lesson concerning shipping which was taught us as a result of the World War. When we went to war in 1917 we were woefully lacking in ships.

A merchant marine and an air transportation system play an important part in the scheme of national defense.

In case of a war where we are involved it is of invaluable assistance to have an adequate merchant marine for the transportation of troops and supplies and for use as auxiliary armed cruisers. The personnel is also of the greatest utility in furnishing a proper reserve of men trained in the ways of the sea for the Navy.

In event of a war, such as the beginning of the Great War in 1914, a merchant marine is of equal use in assuring us of transportation for our products in keeping up our foreign trade (we had but 17 ocean-going vessels available in 1914, and when ships of the other countries that had been carrying more than 90 percent of the American exports were withdrawn for use by their own countries, millions of dollars were lost by American farmers

and manufacturers through inability to get shipping for their products).

As a result of our unpreparedness we spent 3½ billion dollars, through the Shipping Board, building 2,300 ships, which, as usual when things are done that way, resulted in the waste of hundreds of millions in the building and the waste of most of the balance in the end, as the ships were entirely unsuited for commercial traffic in peace time. Some of our rivers have been clogged for years by the hundreds of ships moored in them, useless for anything except scrap.

And here is what this error of our ways really cost us:

Building program, $3,500,000,000.

Annual interest on the bonds put out to finance the building, $100,000,000.

More than a hundred-million-dollar loss to American farmers and manufacturers through inability to export their products.

The Jones-White Act of 1928 provided for Government loans to companies at low rates of interest to build ships and 10-year mail contracts on a basis that would enable them to be operated successfully upon American wage and living standards.

Due to American wage scales and living standards it costs more to build ships here than abroad and it also costs more to operate them. As a result of the Jones-White Act, in the past 5 years American ship lines have constructed 42 fine new ocean-going vessels costing more than a quarter of a billion dollars, giving employment during the depression to thousands of workmen. In these same 5 years, private initiative, backed by intelligent legislation, has added a new arm to American commerce with a national system of airways between this country and the markets of 32 nations. Today this merchant marine of the air has attained world leadership. Our aircraft factories are building a fleet of flying clipper ships, the largest merchant aircraft, to hold this supremacy and to win for America its rightful place on the fast developing trade airways of the world.

We have put the American flag back upon the world's main trade routes and created a reservoir of men and ships available for national emergency. It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—that he must lend his support and patronage to his country's shipping.

In the North Atlantic trade, which is the most active in the world, of the 20 or 25 percent of the passengers who are foreigners, the proportion selecting American steamers is almost negligible, while of the remaining 75 or 80 percent who are Americans, more than half use foreign vessels. In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency.

We have a half-billion-dollar annual bill for marine freight and passenger service, which the American public pays. Of this amount, fully two thirds goes to foreign shipping and the bulk of this share, estimated at 85 percent, is not spent in this country. In other words, upward of 60 percent of the amount we pay for shipping service in the international trade leaves our country and is spent abroad. Add this sum to our national income, and thouands of Americans could be put to work.

The statistics here given are intended to awaken lively interest in our merchant marine on the part of our citizens. It means much to the country, adds materially to our prosperity, should be a large part of our national concern for trade both at home and abroad, and let us hope that this celebration of Maritime Day may influence all who can be brought within our influence to the end that this important national and business question be the concern of all of our citizens.

REDUCTION OF VETERANS' PENSION

Mr. STUDLEY. Mr. Speaker, I ask unanimous consent to insert a letter regarding a flagrant case of injustice to a veteran, the letter being from the veteran, together with some exhibits and telegrams.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STUDLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter regarding a flagrant case of injustice to a veteran, the letter being from the veteran, together with some exhibits and telegrams:

NEW YORK CITY, *June 3, 1933.*

Hon. ELMER E. STUDLEY,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE STUDLEY: Feeling that you are interested in matters affecting veterans and particularly in connection with the ruthless and unjust cuts being accomplished under the so-called "Economy Act", I herewith present my own case, which I believe shows up the manner in which the work is being carried out.

In 1930 I was examined and rated 50 percent disabled as a result of a fracture of the skull, which resulted in residuals of intercranial injury, impairment of sight, hearing, etc. The disorder was classed as neuropsychiatric and my compensation was fixed at $40 a month. It has remained at that figure till now (see copy no. 1 annexed).

In 1931 I was informed by the Veterans' Bureau that I was suffering from a service-connected injury, being 50 percent disabled (see copy no. 2 annexed).

In 1932, being aware of the so-called "advantages" open to disabled veterans in the Civil Service, I applied for and took an examination for the position of assistant attorney. I was granted a percentage of 92.24 and my name should have gone to the head of the list (see copy no. 3 annexed).

On June 12 I received a letter from the Civil Service Commission notifying me that my condition as reported by the Veterans' Administration showed me to be physically unfit for employment, and as a result my name was removed from the list (see copy no. 4 annexed).

I have just received a letter from the Veterans' Administration notifying me that I am now cut to $8 a month for my direct service-connected disability.

This has been done despite the fact that there has been no change in my physical condition since the Civil Service refused to employ me. As a matter of fact, no physical examination was had to determine if there had been any change in my condition.

I fail to see that proper provision is being made for the war disabled, and I urge that the matter be taken up on the floor of the House to the end that a percentage limitation be placed on the cuts affecting service-connected cases authorized under the act in order to insure just treatment.

Respectfully,

GODFREY VON HOFE.

No. 1

UNITED STATES VETERAN'S BUREAU,
New York, N.Y., January 9, 1930.

RAD–4A. Von Hofe, John Godfrey. C–1052586

Mr. JOHN GODFREY VON HOFE,
24 Colonial Avenue, Forest Hills, Long Island, N.Y.

DEAR SIR: By reason of review and decision of rating board on January 3, 1930, your award of compensation in the above-entitled claim has been amended as follows:

Forty dollars per month from January 3, 1930.

This award is made in accordance with the schedule of disability ratings authorized by the War Risk Insurance Act, as amended, and the World War Veterans' Act, 1924, as amended, and is based on reports of medical examinations and other evidence on file. Your occupation at the time of your enlistment is shown to have been student, college.

If you should change your present address, the regional office must be immediately notified. All future communications with reference to this case must bear the compensation number C–1052586 as well as your full name and complete rank and organization.

By direction:

W. T. FITZGERALD,
Regional Adjudication Officer,
Regional Office, New York, N.Y.

No. 2

VETERANS' ADMINISTRATION,
UNITED STATES VETERANS' BUREAU,
225 West Thirty-fourth Street, New York, N.Y.

RAD–4. C–1052586

Mr. GODFREY VON HOFE,
Forest Hills Post, No. 630, the American Legion,
24 Colonial Avenue, Forest Hills, Long Island, N.Y.

DEAR SIR: This will acknowledge receipt of your communication dated November 18, 1931. In reply thereto, please be advised that the records in this office indicate that you are in receipt of an award of disability compensation. This award is based on disabilities incurred in or aggravated by service which are found to disable you to the extent of temporary partial 50 percent.

If there is any further information that you desire relative to your claim we shall be glad to furnish it to you.

All future correspondence relative to this case should bear your full name, correct address, and C number, as given above.

By direction:

W. T. FITZGERALD,
Regional Adjudication Officer, New York, N.Y.

No. 3

REPORT OF RATINGS, ASSISTANT ATTORNEY EXAMINATIONS, VETERANS' ADMINISTRATION

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D.C., June 13, 1932.

GODFREY VON HOFE,
24 Colonial Avenue, Forest Hills, Long Island, N.Y.:

It is important when you write or make personal inquiry of the Commission relative to your standing or chances of appointment that you state the date and title of the examination and your correct rating. To do so will hasten a reply to your inquiry.

Your ratings in the examination taken on February 16, 1932, are as follows:

Questions in law	81.67
Education, professional experience, and fitness	83.00
(Subject to oral and character investigation.)	
Average percentage	82.24
Disability preference allowed (10 points added)	92.24

Very respectfully,

UNITED STATES CIVIL SERVICE COMMISSION.

No. 4

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D.C., July 11, 1932.

Mr. GODFREY VON HOFE,
24 Colonial Avenue, Forest Hills, Long Island, N.Y.

SIR: As the result of information recently received from the Veterans' Administration regarding your physical condition, the Commission is of the opinion you are not physically qualified for the position of assistant attorney, and regrets, therefore, to inform you that your eligibility on that register with a rating of 92.24 has been canceled.

By direction of the Commission.

Very respectfully,

E. C. BABCOCK, *Secretary.*

No. 5

VETERANS' ADMINISTRATION,
225 WEST THIRTY-FOURTH STREET,
New York, N.Y., May 25, 1933.

In reply refer to RAD-4-A. C-1052586.

Mr. JOHN GODFREY VON HOFE,
24 Colonial Avenue, Forest Hills, Long Island, N.Y.

DEAR SIR: A review of all claims in which payments of benefits were being made on March 20, 1933, was undertaken for the purpose of determining entitlement to benefits provided by Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government."

Your claim has been carefully reviewed in accordance with the provisions of the above-entitled act, and on the evidence of record in your case it has been determined that you are entitled to and there is being approved in your favor, effective July 1, 1933, an award of pension in the amount of $8 monthly on account of injury incurred in war-time service.

Regulations promulgated pursuant to the provisions of Public, No. 2, Seventy-third Congress, provide that, except as to degree of disability, an application for review on appeal may be filed within 6 months from the date of this notice, or July 1, 1933, whichever is the later date. In the event you contemplate filing such an application it is suggested that it be deferred until after July 1, 1933, when the condition of the work incident to the review of claims will permit of expedited action on application of this character.

OTTO G. ELBLE,
Adjudication Officer, New York, N.Y.

Mimeo. A-3796.

WASHINGTON, D.C., *June 5, 1933.*

Hon. ELMER E. STUDLEY,
House Office Building, Washington, D.C.:

As commander in chief of the United Spanish War Veterans, I am urging you to give your support to the Connally amendment to the independent offices appropriation bill, which limits the reduction of pensions to Spanish War veterans to not more than 25 percent. While I feel this is a most drastic cut, the fact remains that by the adoption of the amendment thousands of Spanish War veterans will be able to live without the necessity of applying to local charity organizations, which would be the case after July 1 if present regulations are put into effect. As President Roosevelt stated in his regulation no. 12, veterans of the Spanish War are severely handicapped—in fact, almost debarred—from proving service connection 35 years after their muster out of service, and we feel that the Connally amendment meets the existing problem in an acceptable manner to both the veterans and the taxpayers.

WILLIAM J. OTJEN.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 5, 1933, present to the President, for his approval, a bill and joint resolution of the House of the following titles:

H.R. 5329. An act creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that I may be privileged at any time within the pleasure of the Speaker to address the House for perhaps 30 minutes with reference to the subject of pending orders by the Interior Department with reference to the closing of all the Indian boarding schools in the United States. I feel this is a problem which my colleagues ought to understand better than they do, and I should like to have this privilege at the pleasure of the Speaker at any time except today.

The SPEAKER. Under the rule we are observing with respect to requests to address the House, a request may not be made to address the House except on the day the Member expects to speak.

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FISH. The Speaker pro tempore during the absence of the Speaker wrote down a list of Members in sequence.

The SPEAKER. The Chair has the list.

Mr. FISH. Will it be followed?

The SPEAKER. Yes; it will be followed.

Mr. HOWARD. Mr. Speaker, I might speak a little now if I may be permitted.

The SPEAKER. The Chair cannot recognize the gentleman at the present time. There are four or five ahead of him. After the speech of the gentleman from Minnesota [Mr. SHOEMAKER], the Chair can recognize the gentleman from Nebraska.

Mr. FISH. Mr. Speaker, I ask unanimous consent that the speech made by Representative BLACK, of New York, yesterday at this conference which has been referred to be inserted in the RECORD.

The SPEAKER. The Chair may state to the gentleman from New York that such a request has been granted twice already.

Under the previous order of the House, the Chair recognizes the gentleman from Connecticut [Mr. KOPPLEMANN] for 5 minutes.

Mr. KOPPLEMANN. Mr. Speaker, before proceeding I ask unanimous consent that the remarks made by the gentleman from Pennsylvania [Mr. BECK] at the Mayflower Hotel last night may be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. KOPPLEMANN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address by Representative JAMES M. BECK, of Pennsylvania, at a dinner at the Hotel Mayflower, Washington, D.C., Monday, June 5, 1933:

THE HITLER PERSECUTION OF THE JEWS

We are met as the representatives of many religions to add our protest to that of innumerable others against the harsh and cruel treatment which the present rulers of Germany have seen fit to give to a section of their own people.

If we are challenged to give a reason why we should concern ourselves with the internal affairs of Germany, it is enough to say that when any nation enters upon a course which violates the fundamentals of liberty, it becomes a matter of the deepest and legitimate concern to the whole civilized world. Such was the attitude of the great nations of the world, including Germany, when Russia, under its Czarist regime, entered upon a like persecution of the Jews, not because of anything they had done but because they were Jews.

Ordinarily it is better that this or any nation should not interfere with the domestic affairs of another nation, and ordinarily such interference is calculated to do more harm than good. Such,

however, is not the fact when a nation is guilty of an affront to the moral conscience of mankind. It then truly becomes the concern of civilization, which is a reasonable entity—even though now an inchoate organization—and no nation is so great or powerful that it may not be haled to the bar of the high court of civilization.

No one ever expressed this thought more nobly than Thomas Jefferson in the immortal Declaration of Independence. It is an error to suppose that the great Declaration was the formal act of severance which created the United States a new Nation.

This severance had been effected by the formal resolution of July 2, and indeed our Nation came into existence when the Continental Congress declared war. As this act of severance could only be justified by moral and not legalistic causes, it required a justification at the bar of history, and it was for this purpose that the eloquent pen of Jefferson was employed. Jefferson himself recognized this, for in the noble opening sentence of the Declaration he said that when a nation enters upon an unusual course "a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation."

This necessarily implied that there was a law of right and wrong which governed nations as well as individuals. It suggested a belief in a universal conscience of mankind, which would judge any nation, however great in power. The very essence of this moral conscience is the great ideal of the Jewish prophet that nations, as well as individuals, should "do justly, love mercy, and walk humbly before our God."

Those who have regarded this moral conscience of the world as a mere rhetorical phrase or an idle illusion should take note how swiftly its great court of world opinion has pronounced sentence upon the cruel treatment by the present German dictator of one section of the German people.

Trajan once said that the possession of absolute power had a tendency to transform even the most humane man into a wild beast. Judge Black, in his great argument in the case of ex parte Milligan, recalled the fact that Robespierre in his early life resigned his commission as judge rather than pronounce the sentence of death, and that Caligula passed as a very amiable young man before he assumed the imperial purple. The story is as old as humanity that the habit of cruel persecution "grows by what it feeds upon."

In his inner conscience Hitler must now be hearing the beating of the wings of those avenging angels of history, who, like the Eumenides of classic mythology, are the avengers of the innocent and the oppressed. As the great Greek dramatist, Æschylus, said: "Greatness is no defense from utter destruction when a man insolently spurns the mighty altar of justice." This is as true today as when it was written, more than 2,000 years ago. It is but a classic echo of the old Hebraic moral axiom that "the Lord God of recompense shall surely requite."

The most powerful and self-willed ruler of modern times learned this lesson to his cost. Probably no two instances contributed so largely to the ultimate downfall of Napoleon as his ruthless assassination, under the forms of military law, of the Duke d'Enghien, and the equally brutal murder of the German bookseller Palm. The one aroused the undying enmity of Russia, and the blood that was shed in the moat of Vincennes was washed out in the icy waters of the Beresina. The fate of the poor German bookseller, whom Napoleon caused to be shot because his writings menaced the security of French occupation, developed as no other event the dormant spirit of German nationality, and the Nuremberg bookseller, ruthlessly shot as was Miss Cavell in the World War, was finally avenged when Blücher gave Napoleon the coup de grâce at Waterloo. No one more clearly felt the invisible presence of his nemesis than did Napoleon. All his life, and even in his confinement at St. Helena, he was ceaselessly attempting to justify to the moral conscience of the world his ruthless assassination of the last Prince of the House of Conde.

This terrible judgment of history was never better expressed than by Lamartine in the following language:

"A cold curiosity carries the visitor to the battlefields of Marengo, Austerlitz, Wagram, Leipsic, Waterloo; he wanders over them with dry eyes, but one is shown at a corner of the wall near the foundations of Vincennes, at the bottom of a ditch, a spot covered with nettles and weeds. He says, 'There it is.' He utters a cry and carries away with him undying pity for the victim and an implacable resentment against the assassin. This resentment is vengeance for the past and a lesson for the future. Let the ambitious, whether soldiers, tribunes, or kings, remember that if they have hirelings to do their will and flatterers to excuse them while they reign, there yet comes afterward a human conscience to judge them and pity to hate them. The murderer has but one hour; the victim has eternity."

Thus we may say of those unhappy victims of the present persecution in Germany, who are being proscribed, beaten, robbed, and exiled by Hitler and his Nazi band, that the latter have at the moment their one hour, but the victims of this persecution, which, in this twentieth century, is a monstrous anachronism, have an eternity to hale their oppressors to the bar of justice.

I doubt very much whether the German people are sympathetic with these persecutions. I prefer to think that they are silent because they are powerless and in despair. Germany is the land of Goethe and Schiller; of Bach, Beethoven, Shubert, and Wagner; of Kant, Humboldt, and Koch; and it is hard to believe that a land that has contributed so much to civilization could be sympathetic with the persecutions of a peaceful and unoffending race. I prefer to think that Germany's unparalleled misfortunes have led a despairing people to acquiesce in the cruel reign of a dictator. My admiration for German art, literature, and science makes me believe that if the German people are not today ashamed of the acts of Hitler, they will be so in the near future.

It is true that Germany's too-easy triumph over France in 1870 developed in the German mind a spirit of megalomania, which was one of the great causes of the World War. During that titanic conflict the German people, encircled by a world of enemies, developed a baleful spirit of racial hatred. With the downfall of the Empire there came into being a nobly conceived Republic, and, under the masterful spirit of Stresemann, it gave promise of a better day for Germany and the world. In it lay the real hope of peace in Europe had other nations, and especially our own, lent to the infant German Republic a helping hand. This the allied nations failed to do, and in this lies our share of responsibility for the present moral debacle in Germany. A little magnanimity on the part of the Allies in their hour of triumph might have laid the foundations for an enduring peace, but the war psychosis of 1918 made it impossible to have any sane solution at that time.

Unfortunately, it was not possible to defer the Versailles Conference until civilization had regained its sanity. The Versailles Treaty was one of the colossal crimes of history.

Even then a lasting peace might have been secured if the European nations had extended to the German Republic a helping hand. This they refused to do, and Germany was driven to despair. The Republic perished, and with it the best hope for future peace. Until the Republic can be restored let the other nations, conscious of their share of responsibility, protect the German Jew, so far as possible, by the mighty force of world opinion. The Jewish race in Germany has made great and noble contributions to civilization, and their illustrious writers, musicians, and philanthropists will be gratefully remembered when the name of Hitler will be, even in Germany, a shameful memory. To believe otherwise would be to disbelieve in God, who is the common Father of us all. With faith in Him, we may recall the words of the old Teutonic verse:

"Though the mills of God grind slowly, yet they grind exceeding small;
Though with patience He stands waiting, with exactness grinds He all."

Mr. KOPPLEMANN. Mr. Speaker, it is becoming increasingly apparent from expert testimony before committees of Congress and expressions in speeches and papers throughout the country that the present income tax laws are breaking down.

In this House of Representatives an effort was made to authorize a general manufacturers' sales tax in order to prevent any increase in income-tax rates, but it was defeated by a vote of approximately 2 to 1. It is now certain that this question of taxation to balance our Budget must be met. For this purpose I introduced a bill, and regarding this bill I desire to make a few remarks.

Equitable distribution of the costs of government and balancing of the Federal Budget by collecting revenues from sources best able to pay should be the prime objectives of sound taxation legislation.

With this in mind, I have introduced a resolution to authorize the Committee on Ways and Means to investigate the expediency of a gross income tax as a substitute for the present net income tax. The committee is requested to report its findings, together with recommendations for legislation, within 90 days after the present Congress reconvenes.

Abundant evidence that the man with small income pays his Government an amount far out of proportion to that which comes to the Treasury from corporations and individuals with large incomes is found in every income-tax inquisition to date. A system of taxation which allows such a condition to continue cannot be justified.

Corporations and recipients of large incomes, armed with expert advice, have found it possible to obtain deductions and employ bookkeeping devices which leave but a skeleton of their earning structure subject to a Federal levy. This has been amply proven in the current hearings before the Senate Banking and Currency Committee. I seek to correct these and other objectionable features of the income tax law through the adoption of a more equitable method of taxation. [Applause.]

The income tax, while desirable on the principle of ability to pay, does not conform with that principle in its practical application.

A law which requires every person, corporation, partnership, and business association to file a return showing the gross incomes for the year avoids the annoyance of filling out the complicated document now demanded by the Gov-

ernment in its collection of net income taxes. It removes from the man unable to employ experts the penalty of losing the benefit of deductions which the manipulation of books and accounts has proven possible in the case of his more fortunate brother. It places all taxpayers on a basis of equality.

The man whose trade, business, or occupation brings him the largest return from the general public should pay most for the public institution of government.

[Here the gavel fell.]

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SHANNON. Mr. Speaker, will the gentleman yield?

Mr. KOPPLEMANN. I yield.

Mr. SHANNON. Has the gentleman any figures to show what the son of J. Pierpont Morgan, the magnificent, would pay under a gross income tax? He does not pay any income tax now.

Mr. KOPPLEMANN. My bill calls for an investigation of this very subject and will develop that fact.

Mr. SHANNON. Has the gentleman any idea what he would pay?

Mr. KOPPLEMANN. I have not.

A gross income tax removes the incentive to make erroneous return—erroneous because of unjustified deductions—and makes the administration of the income tax law more simple and less expensive. In short, it taps every source of revenue in a proportion and manner that leaves little ground for attack or criticism.

I have no desire to force my beliefs in this matter upon the Congress without due consideration. Therefore I am asking that a thorough inquiry be made by the Ways and Means Committee, the tribunal best acquainted with such matters. I am satisfied that the propriety and justice of the gross income tax as a substitute for the net income tax will readily be recognized. [Applause.]

Mr. BOYLAN. Mr. Speaker, will the gentleman yield?

Mr. KOPPLEMANN. I yield.

Mr. BOYLAN. The gentleman says his bill will tap every source of income. Will it not also tap the sources of income of men who have not enough income to provide the wherewithal to live?

Mr. KOPPLEMANN. Yes; on the same principle that the taxing powers of a community or State tax all property.

Mr. BOYLAN. Under the present income tax law certain exemptions are made. Under the gentleman's plan, even though a man had not enough income to provide food, he would have to pay a tax on it.

Mr. KOPPLEMANN. He would have to pay on his gross income; but under my proposition there would be no such exemptions as would permit Mr. Morgan or any other individual or corporation to evade paying a tax in support of his Government.

Mr. BOYLAN. Would the gentleman's bill provide for any exemptions; and if so, what?

Mr. KOPPLEMANN. My bill would provide for no exemptions.

Mr. BOYLAN. Then, if a man did not have money to buy food, but if he had $10 of income, he would pay a tax, would he not?

Mr. KOPPLEMANN. The only way I can answer that question——

Mr. BOYLAN. Yes or no—would he or would he not?

Mr. KOPPLEMANN. I think it is fair for me to answer the question in my own way.

Mr. BOYLAN. That is true.

Mr. KOPPLEMANN. And my own way to answer the question is this: If you own a piece of property that is not paying you a net income you must pay taxes on that property regardless.

Mr. BOYLAN. Let us take the case of a man who has an income of $1,000 a year and it is costing him $2,000 to live and support his family. Under the gentleman's bill, would he have to pay a tax on the $1,000?

Mr. KOPPLEMANN. Yes; but you cannot prove a rule by such exceptional instances as the gentleman now states. It is presumed that the people, with rare exceptions, will be able to earn a living.

Mr. BOYLAN. In other words, the gentleman's bill taxes poverty and want, does it not?

Mr. KOPPLEMANN. No.

Mr. BOYLAN. The gentleman admitted that it did.

Mr. KOPPLEMANN. I certainly did not.

Mr. HEALEY. Will the gentleman yield?

Mr. KOPPLEMANN. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Does not the gentleman think his bill would be more equitable if it exempted foodstuffs, medicines, clothing, and the necessaries of life under a general manufacturers' sales tax?

Mr. KOPPLEMANN. To my mind this bill is a substitute for a general manufacturers' sales tax and a substitute for a net income tax, and meets the objections to both systems in such a manner as to make it equitable and fair, as near as any taxation system can possibly be made fair.

[Here the gavel fell.]

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HEALEY. Will the gentleman yield for a further question?

Mr. KOPPLEMANN. Yes.

Mr. HEALEY. Does not the gentleman think that if the necessaries of life were exempted from any tax under a general sales tax, this would take care of the man mentioned by the gentleman from New York [Mr. BOYLAN], and whatever income he had would not be taxed to any great extent if the necessaries of life were exempted?

Mr. KOPPLEMANN. That may be so; but it is my opinion that if we are going to pass legislation, we should pass it in the first instance under such arrangements as will leave no room for doubt or argument. If you allow exemptions, you leave holes in the bill. Let us include everything, and in this way reach a more equitable arrangement than in any other possible way.

Mr. WEIDEMAN. Will it not work out something like the economy bill? You left a lot of latitude in that bill.

Mr. KOPPLEMANN. The gentleman is not accusing me of that?

Mr. WEIDEMAN. I do not know. I have not checked up on the gentleman.

Mr. DOUGHTON. Will the gentleman yield?

Mr. KOPPLEMANN. I yield.

Mr. DOUGHTON. Is it not a very difficult matter to determine just what are the necessaries of life? The gentleman has referred to exemptions of necessaries of life. One of the most difficult things I can imagine is to determine in a satisfactory way just what are necessaries of life; and, moreover, is it not a fact that if you exempt food and clothing and medicines, as suggested by the gentleman from Massachusetts [Mr. HEALEY], then you must levy a higher rate on other things that are equally as essential. The more exemptions you have the higher rate you must put on things that you do not exempt that are equally as important as the necessaries of life that are exempt.

Mr. KOPPLEMANN. I am obliged to the very able chairman of the House Ways and Means Committee for his observation.

Mr. ELTSE of California. Will the gentleman yield?

Mr. KOPPLEMANN. I yield.

Mr. ELTSE of California. Under the gentleman's plan, would all charitable relief, for example, be taxed? Is the gentleman going to provide for any exemption at all?

Mr. KOPPLEMANN. I had not thought of charitable relief, and I am very much interested in organizations of that

kind, as I serve on several boards; but for the purpose of making this a real bill, I would include everything.

Mr. DUNN. If the gentleman will yield, I should like to know from the gentleman, who asked the question as to whether charitable agencies would be included, where those organizations are that are charitable agencies?

Mr. KOPPLEMANN. That is outside the question involved here.

Mr. HOEPPEL. I can answer that question if the gentleman will permit.

Mr. KOPPLEMANN. No; we are getting away from the subject.

Mr. HOEPPEL. Will the gentleman permit me to answer the question?

Mr. DUNN. Go ahead and answer it.

Mr. HOEPPEL. The international charitable agency is the United States Government. [Laughter.]

Mr. KOPPLEMANN. I thank the Members of the House for their attention. [Applause.]

VALIDATION OF COLLECTION OF INTERNAL-REVENUE TAXES

Mr. DOUGHTON, Chairman of the Committee on Ways and Means, submitted a favorable report on the bill (H.R. 5905) to validate collections of internal-revenue taxes, stayed by requests or claims for credit, and for other purposes, which was read a first and second time, and with the accompanying papers, referred to the Committee of the Whole House on the state of the Union.

INVESTIGATION OF THE ACTS OF RECEIVERS, TRUSTEES, AND REFEREES IN BANKRUPTCY

Mr. SMITH of Virginia. Mr. Speaker, I present a privileged report from the Committee on Rules, to accompany House Resolution 145, authorizing the Judiciary Committee to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, and referees in bankruptcy, and so forth.

REPORT

(To accompany House Resolution 145)

The Committee on Rules having had under consideration House Resolution 145 reports same back to the House with the recommendation that the resolution do pass.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. HOWARD). The gentleman will state it.

Mr. BLANTON. There are several Members here who have been waiting to hear the speech of the gentleman from Nebraska, who now occupies the chair, and I want to ask the Chair if he thinks it is fair to us for him to allow the Speaker thus to shelve him and put him into the chair where he cannot speak?

The SPEAKER pro tempore. The Chair does not consider that a parliamentary inquiry, but he will answer it. The Chair will say that the gentleman from Nebraska is a little old-fashioned and his first object is to be of service to the Speaker. [Laughter.]

The gentleman from New York [Mr. FISH] is recognized.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, many of us who voted for the economy bill—and were glad to vote for the economy bill—at the outset of this administration believed what the President said—that the veterans would be treated justly, fairly, and humanely; and further, when we voted for it, not one Member of Congress suggested that there be any cut whatever in the service-connected cases.

Mr. McFARLANE. Will the gentleman yield?

Mr. FISH. Not until I make a connected statement. Not one single person on the floor of this House made any suggestion whatever that the service-connected veterans should have their compensation cut at all. So far as I can remember, the Economy League never made any suggestion at any time to reduce compensation of service-connected veterans. I do not know that anyone in the country urged that service-connected cases should be cut.

Mr. McFARLANE. I want to ask the gentleman a question right on that point.

Mr. FISH. The gentleman will have plenty of time after I get through. So the Members, at least on this side, voted for the economy bill under a misapprehension as regards service-connected cases.

Mr. McFARLANE. Mr. Speaker, I dislike to do this but I will be forced to make the point that no quorum is present. If the gentleman cannot yield for a question I make the point that there is no quorum here.

Mr. BLANTON. Mr. Speaker, the gentleman from New York has been waiting since 12 o'clock to address the House in the time allotted to him. I am sure my colleague is fair, and I hope he will withdraw his point of no quorum. Every Member here should be accorded the right to be heard, regardless of whether his colleagues agree with him or not.

The SPEAKER pro tempore. The Chair will count.

Mr. McFARLANE. Mr. Speaker, I withdraw the point of order.

Mr. FISH. Now I will yield to the gentleman from Texas for a question.

Mr. McFARLANE. I was going to ask this question. The National Economy League has been for 3 or 4 years giving the breakdown where they expected to make the cut, and every Member of Congress has been charged with the knowledge for 3 years at least of knowing where the cut would be made.

Mr. FISH. I deny the statement of the gentleman from Texas absolutely. The Economy League did not suggest a cut in the service-connected cases of 50 percent or, in some cases, of 60 percent, or any cut whatever.

Mr. McFARLANE. They suggested a cut of $450,000,000, and you could not make that without cutting the service-connected cases.

Mr. FISH. I repeat that they never suggested a cut in the service-connected cases, particularly the combat-service cases at any time.

Mr. HEALEY. Will the gentleman yield for one question?

Mr. FISH. Yes; if the gentleman will make it brief.

Mr. HEALEY. The gentleman was told over and over again, as were other Members of Congress, that it was the intention to save $400,000,000. So it was only a problem in arithmetic that to save $400,000,000 it would be necessary to make a cut in the veterans' service-connected cases.

Mr. FISH. The gentleman will not find a single statement emanating from any spokesman of the administration, including Mr. Douglas, the Director of the Budget, prior to the passage of the economy bill even suggesting a cut in the compensation of the direct service cases.

The fact is that compensation in the direct service-connected cases and battle casualties have, under Executive order and Veterans' Administration regulations, been reduced from 29 percent to as much as 68 percent. Is that dealing fairly with those disabled in the World War?

The reason I rose to speak today is the fact that the people back home do not understand the facts and may reach an erroneous conclusion. They do not realize that the Congress is discussing only the service-connected cases. They do not realize that over 450,000 veterans have been cut off the rolls already, and that they are non-service-connected cases. Not a single Member of this House, and, so far as I know, practically no veteran, has raised a question as to cutting these 450,000 non-service-connected veterans from the Government pension lists, but the people back home do not realize that we have already agreed to this action. They do not realize that all that we are discussing now is the question of how much we should cut the service-connected cases. I feel confident, and I believe you gentlemen representing your districts must realize, that the American people who made promises and pledges to the disabled veterans, who said that nothing was too good for them during the war and just after the war, never for a minute would propose or sanction any such drastic action as to cut down the compensation of the service-connected veterans regardless of what

was said about saving $400,000,000 at the expense of the veterans by the Economy League.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. CONNERY. The gentleman says that no Member of this House has thought of these cases except the service-connected cases. At the White House, at the first conference, when this bill was read, I called to the attention of Mr. Douglas, when he was reading the bill, the fact that when you take these non-service-connected cases, where they get $12 a month and could not have paid an income tax the previous year—and it took 25-percent permanent disability in order to get the $12 a month—when you took them off the rolls of the Federal Government you put them on the rolls of the small cities and on the backs of the small taxpayers to look after them.

Mr. FISH. That is true, of course.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. McCORMACK. Are we not all personally responsible for the natural consequences of our own votes?

Mr. FISH. Absolutely; and I am not apologizing for the vote that I cast or for the vote of any Republican for the economy bill. We would have done the same thing, and would do it over again upon the face of the facts presented to us. We followed the President. We believed that he would treat these veterans fairly and justly and humanely, as he said he would. But he has failed to do so in the direct service connected disability cases.

I have no patience with all this talk of saying, "Oh, it is somebody else", the President is not to blame. The President is responsible; he asked for this power and we gave him the authority, and it is on his responsibility that these drastic cuts are made. It is not the responsibility of the Director of the Budget or the Administrator of Veterans' Affairs. It is the President of the United States who is entirely responsible, and I am glad to see that he now acknowledges that responsibility and says to Congress that he will keep Congress in session all summer unless we provide sufficient revenue to take care of the Connally amendment.

Mr. McCORMACK. Is it not our own responsibility also?

Mr. FISH. It certainly is.

Mr. McCORMACK. The gentleman is big enough, and I respect and I admire him——

Mr. FISH. And I admire the gentleman from Massachusetts also, and know that he is a good friend of the disabled veterans.

Mr. McCORMACK. The gentleman from New York is big enough to assume his own responsibility, and each and every one who voted for the bill is responsible in part for its passage. I am responsible for my vote. I voted against it. I voted for other bills that probably I could be criticised for, but I cannot pass the buck by handing it over to the President in my own individual case. He may be responsible to some extent, but in the first instance are not we all responsible individually for that which naturally and properly belongs to our own vote, irrespective of what we personally intended?

Mr. FISH. Of course that is our own responsibility. The vote has been cast. The only thing that we can do is to remedy the situation and correct a wrong and an injustice to the disabled veterans. I know I am speaking the truth when I say that there are a great many Members on both sides of the House who never for a moment realized that the service-connected veterans would be compelled to take cuts averaging from 30 percent to 70 percent. Is not that the fact? The situation before the country is simply this: If the President comes down here before Congress and appeals to the country the people will simply have presented to them a plea to balance the Budget and a request for additional taxes. The fact that 450,000 nonservice veterans have already been cut off the rolls will not be known back home. Nor will the American people realize that the service-connected veterans have had their compensation cut on the average of 50 percent. They will not realize that no business organization, no Economy League, no other group has ever asked for these cuts to direct service-connected cases that have been wished upon us. I for one believe the Connally amendment does not go far enough. If I get a chance, I shall vote to amend the Connally amendment and limit the cut to 15 percent. I see no reason why we should go beyond 15 percent when we failed to reduce our own salaries and the salaries of other public officials and Civil Service employees beyond 15 percent. That is sound, and at least a logical deduction.

Mr. McDUFFIE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McDUFFIE. The gentleman knows, of course, that the experts who have been dealing with this question for the President—the President's agents—have been studying a revision of the regulations for 6 or 8 weeks. I am informed that today revised regulations are being promulgated and published by the President. Under those regulations I understand that no man whose disability is directly connected with the service is cut more than 25 percent, and the average cut is 18 percent for service-connected cases. Would that satisfy the gentleman?

Mr. FISH. Well, that is a great improvement, and it might satisfy a majority of the House and Senate. So far as I am concerned, if I have a chance to vote, I will not vote to cut any veteran with service-connected disability beyond 15 percent.

Mr. WITHROW. Will the gentleman yield?

Mr. FISH. I yield.

Mr. WITHROW. Probably the information given by the gentleman from Alabama [Mr. McDUFFIE] is on a par with the information that was given us before when we were about to vote on the economy bill, that the President was going to treat the veterans right.

Mr. McDUFFIE. I think he will.

Mr. BLANTON. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANTON. Does the gentleman from Wisconsin intimate that he does not have confidence in the President?

Mr. WITHROW. I have confidence in the President, but the President is not handling this. General Hines, Veterans' Administrator, and Mr. Douglas, Director of the Budget, are handling this, and I do not have confidence in those two men when they are dealing with veterans' affairs.

Mr. BLANTON. If the gentleman has confidence in his President, why does he not give him a chance?

Mr. WITHROW. The President is not handling this.

Mr. BLANTON. The President is handling this entire Government just now. And the people have confidence in him. And I believe that he will remedy these injustices.

The SPEAKER pro tempore (Mr. HOWARD). The time of the gentleman from New York [Mr. FISH] has expired.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for an additional 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. FISH. I yield.

Mrs. ROGERS of Massachusetts. The gentleman knows that every one of the regulations is signed "Franklin D. Roosevelt"?

Mr. FISH. And all Executive orders, too.

Mrs. ROGERS of Massachusetts. Every single one.

Mr. FISH. There is no question about the President's responsibility, except so far as the press is concerned. They place the responsibility on General Hines and former Congressman Douglas and on almost everybody but the President.

Mrs. ROGERS of Massachusetts. I should like to ask the gentleman this question: Does the President include in his recommendations leniency for the poor men who are suffering from tuberculosis in the hospitals and who are now

hemorrhaging as a result of fear that their compensation will be taken from them, as the gentleman knows, some of whom have already died?

Mr. McDUFFIE. Is that a permanent and total disability?

Mrs. ROGERS of Massachusetts. Yes. Also, does he include compensation for the men who are not permanently and totally disabled, but who are too ill to earn a livelihood?

Mr. McDUFFIE. I have not seen the regulations. They are to be published in the afternoon papers, I understand; and the permanently totally disabled ex-service man, whether service connected or not, is taken care of in accord with and as set out in the ratings and figures set forth in the regulations. I have not seen the rates and figures.

Mrs. ROGERS of Massachusetts. The gentleman from New York [Mr. FISH] feels that in the Connally amendment a cut of not more than 25 percent applies to the presumptives, the TB's and the NP's who were taken in as presumptively connected with the service, if developed before 1925? Such cases were given presumption upon very good medical authority and after careful study by veterans' committees of the Senate and House. It, of course, includes pensions for the Spanish War veterans.

Mr. FISH. I do, and I prefer the Connally amendment as it is, if they are going to put in some new regulations eliminating presumptives, as suggested.

Mr. BOILEAU. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BOILEAU. The gentleman from Alabama [Mr. McDUFFIE] said that men who are totally disabled will be taken care of. That is what they said under the first regulations issued by the President, and those men are receiving the magnificent sum of $20 a month. I cannot see where they are taken care of by such a small amount.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. FISH. I yield.

Mr. ROGERS of Oklahoma. I do not think it is quite fair for anyone who voted for the economy bill to blame the President for it, because, as far as I am concerned, the thing has come out just as I expected it would come out. Neither do I think it is fair for the gentleman from Alabama [Mr. McDUFFIE] now to say that no case will be cut more than 25 percent, and all those other cases will be taken care of, unless we are willing to put more money into that appropriation.

Mr. BLANTON. Will the gentleman yield for one other question?

Mr. FISH. Very well. I yield.

Mr. BLANTON. Whatever anyone may say about the President and whatever the President may do, no Member certainly can charge him truthfully with passing the buck or shifting responsibility or not assuming responsibility for what he does. No one will deny that he is courageous.

I am in hopes that these regulations, whatever they may be when they come out, will show just what the President has promised us: That he is going to be fair and just and take care of the disabled veterans, and particularly of those afflicted with tuberculosis, and we hope also that he will be fair and just to the Spanish-American War veterans.

Mr. FISH. I will say to the gentleman that I think this whole proposition will work out all right if the Members of Congress will stop pussyfooting and speak their own minds and tell the President and the administration that the Congress of the United States is against the proposed drastic and unfair cuts to direct service-connected cases.

Mr. KVALE. Will the gentleman yield for one question?

Mr. FISH. I yield.

Mr. KVALE. Regardless of where the responsibility may be placed and regardless of where the buck is passed, the statement that veterans will be taken care of does not apply to three veterans from my own State who have committed suicide and who are in their graves today as the result of the application of this Economy Act.

Mr. FISH. And I may add that there has been a number of suicides at the veterans' hospital at Castlepoint, in my district, since the Executive orders and new regulations went into effect under the economy bill.

The President of the United States is well within his powers when he informs the Congress as to his views on veterans' legislation. He is well within his rights if he vetoes any legislation passed by the Congress of the United States. But we are within our rights to pass any legislation we want in justice to the veterans suffering service-connected disabilities, and I say to the Members of this House if we are given a chance, given a free and full opportunity to vote for a limit of a 15-percent cut on the service-connected veteran cases it will pass this House by a 2-to-1 majority, and it will be passed over the head of the President if vetoed.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. HOEPPEL. I have here a copy of the report from the Surgeon General of the United States to the Secretary of War under date of June 30, 1898, in which the Surgeon General of the United States stated that it had been impossible in the case of the Spanish War veterans, from the medical records, to show the service-connected nature of the disabilities of many veterans. Does not the gentleman think he should give like consideration to veterans of the Spanish-American War who are unable to prove the service-connected nature of their disabilities?

Mr. FISH. The Connally amendment provides a 25-percent cut. If I had my way, I would stick to the Connally amendment, as far as Spanish-American War veterans are concerned and as requested by their national commander, leaving the reduction in their case at 25 percent. But in the case of World War veterans with service-connected disabilities I cannot see how we can go back home to the veterans and to the public and say to them that Congress has taken a 15-percent cut, the Civil Service employees have taken a 15-percent cut, all the employees of the Federal Government have taken a 15-percent cut, but we are going to take a 25-percent slice out of the compensation received by World War veterans with service-connected disabilities.

It amounts to more than 25 percent, as we proposed in this Congress to depreciate and devaluate the dollar. We also proposed to inflate the currency by $3,000,000,000, which will depreciate the dollar. Suppose we devaluate the dollar 15 percent. That would make another 15-percent cut to the veterans who receive compensation from the Federal Government.

The Congress aims to increase the cost of commodities, particularly foodstuffs from the South and from the Middle West, to increase the cost of living by at least 15 percent. Therefore the veteran has to take a cut of 25 percent, his dollar is devaluated 15 percent, the cost of living goes up 15 percent, and it amounts to a 55-percent reduction in buying power in the case of the disabled veteran. When the administration is through with him, the American disabled veteran has become the forgotten man.

[Here the gavel fell.]

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that the gentleman from New York may proceed for 3 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. CONNERY. The statement has been made here this afternoon in the form of a question, on whose shoulders should the responsibility rest, whether the President's, Mr. Douglas', or somebody else's. The gentleman from New York has been here a good while. I have been here 10 years. The gentleman from New York knows that veteran legislation is a very complicated matter.

I think it is only fair to the new Members who have come into this House to say that when the economy bill came up, with all the knowledge it would take to know what was in that bill and what it would do to the disabled veterans,

when these new Members were called upon to vote in this Chamber when the cry went up, "Stand by the President", those men certainly are not in the same situation as the rest of us who have been here for the past 3 years and knew exactly what we were voting on.

Mr. FISH. I want to go a little further than the gentleman from Massachusetts. The entire American public was demanding the passage of the economy bill. In that crisis the American people demanded banking legislation and the economy bill, and naturally the Members of the House representing the viewpoint of the people back home voted for both, but they had no idea how far the administration would go to reduce service-connected cases. They are not apologizing for their vote. They are only saying they want an opportunity to remedy by their vote the injustice and wrong done service-connected cases and nothing else.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. PARSONS. In the Veterans' Administration there are about 35,000 employees. Does not the gentleman think that is a sufficient personnel that the Veterans' Administration could send men into the field to investigate these cases and see that justice is done?

Mr. FISH. I think they could, of course.

Mr. PARSONS. Is not that the only way justice is going to be done these men?

Mr. FISH. But they refuse to do it.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANTON. I want to ask the gentleman from New York, who speaks about the attitude of Congress, if he does not believe the President of the United States clearly understands right now that there are enough men in this Congress who are going to refuse to adjourn until these great inequalities and injustices are remedied? Does he not know that?

Mr. FISH. I may say to the gentleman it would save a lot of time of the Congress of the United States and we could adjourn within a week if the President understood these facts, because they are the facts, and everyone in Congress knows them to be so.

Mr. BLANTON. He already understands them; and I feel confident that you will see that he does when he revises the present unjust regulations.

[Here the gavel fell.]

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, the gentleman from New York and others have referred to the changes that have been made by the President in the regulations which have been issued. I have just been sent a copy of this statement referring to these changes and which will be published in the press. I believe it would be of interest and value if it were published in the CONGRESSIONAL RECORD, so as to appear in the morning's RECORD.

Mr. Speaker, I ask unanimous consent that this statement be printed in the RECORD for the information of the Members.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CONNERY. Mr. Speaker, these do not seem to be very long. I should like to ask if they may not be read now.

Mr. BYRNS. I have no objection.

Mr. CONNERY. Has the gentleman any idea how much money this will cost?

Mr. BYRNS. I do not know. I am simply making the request that they be printed in the RECORD tonight.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent that the Clerk now read the matter referred to from the rostrum.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read as follows:

JUNE 6, 1933.

Important changes were made today by the President in regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War. These changes were approved by the President by an Executive order which he signed.

The object of the changes made was to reduce the severity of cuts originally proposed under the so-called "economy bill" passed by the Congress to maintain the credit of the United States.

The new regulations set forth in the Executive order were made possible by the President's original direction that the tentative regulations be carefully reviewed and amended to specifically prevent cuts in compensation of service-connected veterans which would be deeper than was intended and to effect more equitable levels of payment.

Under the new regulations no directly service-connected veteran will be reduced in payment by more than 25 percent, and the average reduction will approximate 18 percent. This regulation applies not only to World War veterans but to Spanish-American War veterans with directly connected disabilities and to peace-time veterans who have incurred a disability while with an expeditionary force engaged in a campaign or expedition such as Nicaragua, China, Russia, or Haiti, and who have incurred injuries or disease in line of duty.

Under this regulation the service-connected Spanish-American War veterans and some of the peace-time veterans will receive payments substantially in excess of those which they were receiving prior to the passage of the Economy Act.

With respect to World War veterans, this regulation increases the payments to those suffering from specific injuries, such as $150 a month for those who have lost both hands or both feet or 1 hand and 1 foot or in any case where the person is so helpless as to be in need of regular aid or attendant and, in addition, in the case of the more severely injured, the President's new regulations increase the allowance from $150 per month to $175 per month.

In the case of the Spanish-American War veterans over 62 years of age and who have served 90 days or more, even though they may be suffering from non-service-connected disabilities, rates are increased from $6 to $15 a month, and in the case of either Spanish-American War or World War veterans who are permanently and totally disabled the rate is increased from $20 to $30 a month

The new regulations also liberalize allowances pertaining to burial and funeral expenses to veterans; provide that pensions shall continue to be payable to children of deceased veterans up to the age of 18 years and in the event of a child being in an approved school or college, the pension may continue for an additional period until the completion of the course, but not beyond the age of 21 years.

The original regulations only authorized payment of pensions up to 16 years in such cases. This regulation also includes a provision exempting from the prohibition against payment of pensions to Federal employees the widows of deceased veterans and those veterans whose pay is $50 per month or less.

Mr. KVALE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, I wish to address an inquiry to the gentleman who inserted this statement in the RECORD. Reference is made to direct service connection. I want to know whether that definition of what is direct service connection is to be made by our friend, the Director of the Budget, and his supposed subordinate from the House of Baruch, or whether it is to be made on the basis of the laws enacted by the Congress in the past.

Mr. BYRNS. I hardly think the gentleman in his question has been entirely fair to some of the gentlemen to whom he refers——

Mr. KVALE. That is very important. It will change the entire meaning.

Mr. BYRNS. I may say to the gentleman, and there is not any doubt about it, the President feels that in all borderline cases every element of doubt should be resolved in favor of the veterans, and he has so declared himself repeatedly. I am satisfied that the President, his attention having been called to the objections which have been made to the regulations heretofore issued, will see to it that those who are charged with the settlement of these cases in the future will

give to the veterans the benefit of every doubt, wherever there is any doubt in regard to his condition.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make a statement in regard to the remarks of the gentleman from Minnesota, with the permission of the majority leader.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, I cannot speak with authority for anyone; but I have information which is rather definite, and I think authentic, to the effect that the President is going to have a committee of three visit each State to hear the complaints in every case and submit their reports to him as to any injustices that may arise with respect to any individual case. I think the gentleman from Tennessee is entirely correct when he expresses the attitude of the President. The President of the United States does not wish to see an injustice worked upon a single, worthy, ex-service man.

Mr. KVALE. Let me say to my friend the gentleman from Alabama that the President of the United States does not need to send an investigating committee into my State to find flagrant cases of abuse and injustice. I can lay a hundred of them upon his desk upon 10 minutes' notice if he wishes to have them.

Mr. McDUFFIE. They will have his attention sooner or later. He cannot attend to all of them at once. These gentlemen in the Bureau have been 6 weeks revising these regulations, and I think they have done the work of revision quickly.

Mr. KVALE. But the point I am making is that we do not need to take weeks and months to investigate just how this matter is being handled now, because we can see it for ourselves, and these men are dying; in fact, many of them in the meantime have committed suicide.

[Here the gavel fell.]

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DONDERO. Will the gentleman yield to me for one half minute to ask the distinguished floor leader a question?

Mr. DIRKSEN. I defer to the gentleman from Michigan.

Mr. DONDERO. Can the gentleman from Tennessee inform the House as to just what the situation will be regarding the Spanish-American veterans who have not reached the age of 62. They seem to have been omitted. Can the gentleman inform us about that?

Mr. BYRNS. If they have a service-connected case, I take it they will receive a pension, just as they are receiving it now; but, of course, as the gentleman knows, under the law, if I understand it correctly, until they reach the age of 62 years they are not entitled to any pension unless they have some service-connected disability, and therefore they are not affected.

Mr. DONDERO. They would still come in and have their rights just the same?

Mr. BYRNS. As I understand the regulations, they apply to all service-connected cases.

Mr. VINSON of Georgia. Mr. Speaker, I make the point of no quorum.

Mr. BYRNS. Mr. Speaker, it is very evident there is not a quorum here, and I move that the House do now adjourn.

The question was taken, and the Speaker pro tempore announced the noes seem to have it.

Mr. VINSON of Georgia. Mr. Speaker, I withdraw the point of no quorum.

Mr. BYRNS. Mr. Speaker, I withdraw the motion to adjourn.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

ADJOURNMENT

Mr. CARPENTER of Nebraska. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. BYRNS. Mr. Speaker, evidently there is no quorum present. I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BLANTON and others) there were 39 ayes and 20 noes.

So the motion was agreed to; accordingly (at 3 o'clock and 29 minutes p.m.) the House adjourned until tomorrow, Wednesday, June 7, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DRIVER: Committee on Rules. House Resolution 176. Resolution providing for the consideration of H.R. 5767, a bill to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii; without amendment (Rept. No. 200). Referred to the House Calendar.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 183. Joint resolution extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission; without amendment (Rept. No. 201). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. H.R. 5904. A bill to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes; without amendment (Rept. No. 202). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 145. Resolution authorizing the Judiciary Committee to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, and referees in bankruptcy; without amendment (Rept. No. 203). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WELCH: A bill (H.R. 5941) to change the designation of "laborer" to "operative" in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. BURKE of California: A bill (H.R. 5942) to designate the commander in chief of the United States Fleet as "fleet admiral", and for other purposes; to the Committee on Naval Affairs.

By Mr. SIROVICH: A bill (H.R. 5943) to create the position of liaison officer to investigate and adjust differences between employees and their superiors, and establish a board of appeal; to the Committee on the Civil Service.

By Mr. AYERS of Montana: A bill (H.R. 5944) for expenditure of funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of public building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. TURNER: A bill (H.R. 5945) for the purchase of a post-office site and the erection thereon of a suitable public building at Lawrenceburg, Lawrence County, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. AYERS of Montana: A bill (H.R. 5946) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public building to be available to Indian children of the Fort Peck Indian Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. DRIVER: Resolution (H.Res. 176) providing for the consideration of H.R. 5767, a bill to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii; to the Committee on Rules.

By Mr. DISNEY: Joint resolution (H.J.Res. 197) proposing an amendment to the Constitution of the United States; to the Committee on Ways and Means.

By Mr. DONDERO: Joint resolution (H.J.Res. 198) to authorize the Comptroller of the Currency to aid in the restoration of normal banking conditions in the State of Michigan, and for other purposes; to the Committee on Banking and Currency.

By Mr. GRAY: Concurrent resolution (H.Con.Res. 22) requesting the President to exercise the power granted him by virtue of section 43 of an act of Congress entitled "An act to increase agricultural purchasing power, and for other purposes", approved May 12, 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Territory of Alaska, regarding building of a highway between Seattle, Wash., and Fairbanks, Alaska; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5947) authorizing adjustment of the claim of the Western Union Telegraph Co.; to the Committee on Claims.

Also, a bill (H.R. 5948) authorizing adjustment of the claim of the Rio Grande Southern Railroad Co.; to the Committee on Claims.

By Mr. KENNEY: A bill (H.R. 5949) for the relief of Leonard Delillo; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1303. By Mr. COCHRAN of Missouri: Petition of Rodoph Scholom Lodge, No. 165, Independent Order Brith Abraham, Ben Herman, president; M. Silberman, secretary, 1400 North Euclid Avenue, St. Louis, Mo., urging the Congress to take action that will express its condemnation of the unjust persecution of Jews in Germany with a view to bringing about a speedy termination of such discrimination against the Jews; to the Committee on Foreign Affairs.

1304. By Mr. FORD: Petition of sundry constituents of the Fourteenth Congressional District of California to restore to all service-connected disabled veterans their former benefits, privileges, schedules, ratings, etc.; to the Committee on Appropriations.

1305. By Mr. GIBSON: Petition of Vermont State Association of the National Association of Letter Carriers, urging that the postage rates be increased to a point to cover cost of mail service, and favoring the 30-year optional plan of employment retirement; to the Committee on the Post Office and Post Roads.

1306. By Mr. HOEPPEL: Petition of citizens of the United States and residents of the State of California, protesting certain phases of the Economy Act regulations, particularly insofar as they pertain to the legitimately service-connected disabled veteran, and urging Congress to take such action as is necessary to revise the regulations and/or the Economy Act itself so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the Economy Act; to the Committee on Economy.

1307. By Mr. JOHNSON of Minnesota: Resolution by the Minnesota State Council of Agencies for the Blind, adopted at annual meeting at Faribault, Minn., to reallocate funds under annual appropriation to make available talking books; to the Committee on Appropirations.

1308. Also, resolution adopted by the sixth district executive committee of the American Legion at Brainerd, Minn., June 2, to restore veteran benefits cut by the Economy Act of 1933; to the Committee on Appropriations.

1309. By Mr. KVALE: Petition of 88 citizens of Zumbrota, Minn., urging immediate enactment of House bill 4940 in order to maintain the post office in the second class; to the Committee on the Post Office and Post Roads.

1310. Also, petition of 28 merchants and business men of Cannon Falls, Minn., urging that the post office be maintained as second class so that employees may retain a living wage; to the Committee on the Post Office and Post Roads.

1311. Also, petition of 13 post-office clerks from various second-class offices in Minnesota, urging enactment of House bill 4940, for efficiency in post offices; to the Committee on the Post Office and Post Roads.

1312. Also, petition of Elk River (Minn.) Commercial Club, urging enactment of House bill 4940, and urging that Elk River be continued in the second class of post offices; to the Committee on the Post Office and Post Roads.

1313. Also, petition of Jewish societies of Eveleth and Gilbert, Minn., expressing opposition to the attitude of Hitler toward German Jews; to the Committee on Foreign Affairs.

1314. By Mr. TRAEGER: Petition of 201 citizens of the State of California, urging legislation to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of said Economy Act; to the Committee on Pensions.

1315. Also, petition of the Legislature of the State of California, urging legislation for the relief of the oil industry; to the Committee on Ways and Means.

1316. Also, petition of the Legislature of the State of California, dated May 12, 1933, proposing an amendment to the Constitution of the United States providing for economic planning and regulation; to the Committee on Labor.

1317. Also, petition of the Legislature of the State of California, dated May 10, 1933, relative to the use of granite in Federal construction projects; to the Committee on Public Buildings and Grounds.

1318. Also, petition of the Legislature of the State of California, urging legislation providing for a 2-year suspension of labor on mining claims; to the Committee on Mines and Mining.

1319. Also, petition of the Legislature of the State of California, dated May 12, 1933, in regard to increasing the customs duties on certain fish products, and to negotiate treaties concerning the conservation of fish; to the Committee on Ways and Means.

1320. Also, petition of the Legislature of the State of California, dated May 12, 1933, urging enactment of legislation providing for the suspension in payment of charges due from Federal reclamation-project settlers to the United States, and providing for a loan to the reclamation fund to replace the income thereto thus suspended; to the Committee on the Public Lands.

1321. Also, petition of the Legislature of the State of California, dated May 12, 1933, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust; to the Committee on Banking and Currency.

1322. By the SPEAKER: Petition of United American Veterans' Association of Pittsburgh, urging that Congress amend the Economy Act; to the Committee on Expenditures in the Executive Departments.

1323. Also, petition of Crusaders' antiracketeering mass meeting, regarding racketeering in the United States; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JUNE 7, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dickinson	Logan	Reed
Bachman	Duffy	Lonergan	Robinson, Ark.
Barbour	Erickson	Long	Robinson, Ind.
Borah	Fess	McGill	Russell
Brown	Frazier	McNary	Stephens
Byrd	Gore	Metcalf	Thomas, Utah
Byrnes	Hale	Murphy	Thompson
Caraway	Harrison	Norris	Townsend
Coolidge	Johnson	Nye	Tydings
Cutting	Kendrick	Overton	Wagner
Davis	King	Patterson	White

Mr. KENDRICK. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference.

The VICE PRESIDENT. Forty-four Senators have answered to their names; there is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. BANKHEAD, Mr. CONNALLY, Mr. HEBERT, Mr. POPE, and Mr. WHEELER answered to their names when called.

Mr. HEBERT. I desire to announce the necessary absence on official business of the senior Senator from South Dakota [Mr. NORBECK].

Mr. ADAMS, Mr. ASHURST, Mr. BAILEY, Mr. BARKLEY, Mr. BLACK, Mr. BONE, Mr. BRATTON, Mr. BULKLEY, Mr. BULOW, Mr. CAPPER, Mr. CAREY, Mr. CLARK, Mr. COPELAND, Mr. COSTIGAN, Mr. DALE, Mr. DIETERICH, Mr. DILL, Mr. FLETCHER, Mr. GEORGE, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. HASTINGS, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. KEYES, Mr. LA FOLLETTE, Mr. LEWIS, Mr. MCADOO, Mr. MCCARRAN, Mr. MCKELLAR, Mr. NEELY, Mr. REYNOLDS, Mr. SCHALL, Mr. SHEPPARD, Mr. SHIPSTEAD, Mr. SMITH, Mr. STEIWER, Mr. THOMAS of Oklahoma, Mr. TRAMMELL, Mr. VANDENBERG, Mr. VAN NUYS, Mr. WALCOTT, and Mr. WALSH entered the Chamber and answered to their names.

Mr. VANDENBERG. I desire to announce that my colleague [Mr. COUZENS] is necessarily absent from the Senate en route to the London Economic Conference. I ask that this announcement stand for the day.

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation to facilitate the protection of sardines in the territorial waters of California, which was referred to the Committee on Commerce.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, favoring the passage of legislation limiting the hours of employment of persons on interstate carriers to 12 consecutive hours in any 24-hour consecutive period, and declaring that such employee shall remain off duty at least 12 consecutive hours, which was referred to the Committee on Interstate Commerce.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, favoring the passage of legislation to limit the jurisdiction of the Federal courts in suits brought to restrain State officers in the enforcement of public-utility rate orders, which was referred to the Committee on the Judiciary.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, relative to accepting amendments to permit from the Government of the United States for the construction of approach roads over certain rights of way leading to the Golden Gate Bridge in the Fort Baker Military Reservation, and relating to the retrocession by the Congress of jurisdiction over said rights of way as relocated, which was referred to the Committee on Military Affairs.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Commerce:

Senate Joint Resolution 15, relative to memorializing and petitioning Congress to enact legislation which will facilitate the protection of sardines in the territorial waters of this State

Whereas it has long been the practice of the State of California to protect the sardines which inhabit the territorial waters of this State; and

Whereas, to that end, the reduction of sardines into fish meal, fish oil, and other fishery products has been carefully regulated; and

Whereas there are now operating on the high seas off the coast of California certain vessels which have been equipped to operate as reduction plants; and

Whereas such vessels operate in waters over which this State has no jurisdiction and engage in the unrestricted reduction of sardines; and

Whereas sardines are generally found near the coast line, and not on the high seas; and

Whereas sardines are migratory within a distance of a few miles, and the unrestricted reduction of sardines caught beyond the 3-mile limit is depleting the species as effectively as if such fish were caught within the territorial waters of this State; and

Whereas the number of floating reduction plants is constantly increasing; and

Whereas there are now pending before the Legislature of the State of California measures designed to control the present unrestricted destruction of sardines, which measures, if adopted, could be made more effective should Congress also enact legislation looking toward the preservation of this species of fish: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California earnestly memorializes and petitions Congress to enact legislation which will facilitate the preservation of sardines in the territorial waters of this State; and be it further

Resolved, That a copy of this joint resolution be transmitted to the President of the United States, and the Vice President, and to each Member of the Senate and the House of Representatives of the United States.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Interstate Commerce:

Senate Joint Resolution 28, relative to hours of employment of persons on interstate carriers

Whereas under the provisions of the laws of the United States persons employed on interstate railroads are required to remain on duty 16 consecutive hours; and

Whereas such extended period of continuous employment tends to the physical exhaustion and the consequent inefficiency of such employees, increasing the danger of mishap: Therefore be it

Resolved by the Senate and Assembly of the State of California, jointly, That the legislature of this State hereby urges upon the Congress of the United States the adoption of a law limiting the hours of employment of such persons to 12 consecutive hours in any 24 consecutive hours, and declaring that such employees shall remain off duty at least 12 consecutive hours.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Senate Joint Resolution 27, relative to legislation by Congress to limit the jurisdiction of the Federal courts in suits brought to restrain State officers in the enforcement of public-utility rate orders

Whereas there has been introduced in the Congress of the United States by the Honorable HIRAM W. JOHNSON Senate bill 752, designed to limit the jurisdiction of the district courts of the United States over suits wherein injunctions are sought by public-utility corporations to restrain the enforcement of orders issued by State administrative bodies fixing the rates of public utilities by amending section 24 of the Judicial Code of the United States so as to deprive the district courts of jurisdiction in such suits when an adequate remedy is provided to utilities in the courts of a State; and

Whereas such legislation is deemed to be of vital importance for the preservation of the powers of the various States in the regulation of public utilities and to be in the public interest: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California earnestly urges that the Congress of the United States immediately enact said Senate bill 752; and be it further

Resolved, That a copy of this joint resolution be transmitted to the President and to the Vice President of the United States and to each Member of the Senate and of the House of Representatives of the United States.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Military Affairs:

Senate Joint Resolution 25, relative to accepting amendments to permit from the Government of the United States for the construction of approach roads over certain rights of way leading to the Golden Gate Bridge in the Fort Baker Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights of way as relocated

Whereas on February 13, 1931, the Secretary of War pursuant to authority in him vested by section 6 of the act of Congress approved July 5, 1884 (23 Stat. 104) granted to the Golden Gate Bridge and Highway District a right of way for the extension, maintenance, and operation of a State road across the Presidio of San Francisco Military Reservation, Calif., and across the Fort Baker Military Reservation, including space for toll booths and facilities for regulating traffic, and also the right to erect, operate, and maintain the ends of the Golden Gate Bridge with cable anchorages, upon the said military reservations; and

Whereas said grant has been accepted by the Golden Gate Bridge and Highway District and also by the Legislature of the State of California under the terms of senate joint resolution no. 11, of the forty-ninth session of the Legislature of the State of California; and

Whereas on April 1, 1931, the said permit was amended to grant a right of way of the character and extent and for the purposes therein mentioned across the Fort Baker Military Reservation, the location of the center line of such right of way being shown in red on the photostat of map attached to said amendment and made a part thereof; and

Whereas the said permit as thus amended has been accepted by the Golden Gate Bridge and Highway District and also by the Legislature of the State of California under the terms of senate joint resolution no. 16, of the forty-ninth session of the Legislature of the State of California; and

Whereas said district has made resurveys of that part of the right of way on the Fort Baker Military Reservation extending northerly of the north bridge terminus, and as a result thereof through its chief engineer has made application for a further change in said portion of the right of way on said reservation; and

Whereas on the 1st day of May 1933 the Secretary of War did grant to the Golden Gate Bridge and Highway District a modification of said permit as amended, and being a grant of a right of way of the character and extent and for the purposes in said permit mentioned, across the Fort Baker Military Reservation northerly of the north bridge terminus, the location of the center line and right of way lines being shown in red on the plan attached to said modification of said permit as amended on the 1st day of May 1933, which said plan was dated May 16, 1933, marked "Fort Baker Ground Plan and Center Line of the R/W Sheet No. A4B", the profile and sections thereof being shown on the plan bearing the same date marked "Profile and sections of State highway and north lateral on Fort Baker Res., sheet no. G-104B", also attached thereto and made a part thereof, and which said modification of said permit as amended was filed in the office of the Golden Gate Bridge and Highway District on the 5th day of March 1933; and

Whereas it was, however, in said permit expressly provided that in lieu of the War Department connecting roadways shown on said sheet no. A4B as "relocation of road to Battery Spencer" and "connecting road and gate", the grantee should prior to the commencement of construction of said connecting roadways prepare and submit for approval a revised layout thereof, in accordance with paragraph 4 of said original permit as amended on said 1st day of May 1933; and

Whereas said modified permit further provided for on the Fort Baker Military Reservation was expressly stated to be in lieu of and to supersede the right of way granted across said reservation in the original permit of February 13, 1931, and so much of the right of way in the amendment of April 1, 1931, as lies north of the north bridge terminus, but that all of the provisions and conditions of said original permit except paragraph 4 should remain in full force and effect, and said paragraph 4 was in said modified permit as amended set forth in full, to which said paragraph 4, as set forth in said instrument of May 1, 1933, reference is hereby made; and

Whereas it was, however, in said modification expressly provided that the amendments therein contained should not become effective and the original permit of February 13, 1931, and the amendment of April 1, 1931, should remain unchanged thereby, unless and until the said Golden Gate Bridge and Highway District should have accepted said amendment, and unless and until the State of California should have, with respect to said amendment, taken the same formal action which it was required to take with respect to the original permit, and which is set forth in paragraph 11 and subparagraphs 11a, 11b, and 11c of that instrument, as a condition precedent to the taking effect thereof: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That said modification and amendment dated May 1, 1933, to the said permit dated February 13, 1931, as amended by the amendment dated April 1, 1931, granted by the Secretary of War to the Golden Gate Bridge and Highway District, be and the same hereby is, together with each, all, every, and singular the terms, conditions, limitations, reservations, and requirements therein contained, accepted by and on behalf of the State of California; and be it further

Resolved, That the State of California does hereby make application to the Congress of the United States for a retrocession of jurisdiction over the rights of way as relocated and amended by said modification dated May 1, 1933, in lieu of and superseding the application for retrocession of jurisdiction over the right of way heretofore granted across the Fort Baker Military Reservation in the original permit of February 13, 1931, and as amended by the amendment dated April 1, 1931, in case said relocation of the right of way is finally granted to the Golden Gate Bridge and Highway District; and be it further

Resolved, That the State of California will, in case such retrocession of jurisdiction is granted by Congress, accept such retrocession of jurisdiction and will assume the responsibility for managing, controlling, policing, and regulating traffic thereon, all subject to the following limitations and to such other limitations as Congress may prescribe:

(a) That nothing in said permit contained shall be construed to give to the State of California or any of its agents authority at any time to regulate traffic of military personnel or vehicles upon the said bridge or roads. All traffic upon said roads and upon said bridge shall be free from any tolls, charges, or any form of obstruction by the State or other agencies, against military and naval personnel and their dependents, civilians of the Army and Navy traveling on Government business under military authority, and Government traffic.

(b) That whenever in the judgment of the Secretary of War or his authorized representative any emergency exists which justifies it, he may assume exclusive control and management of said bridge and roads and may then, in his discretion, prohibit, limit, or regulate traffic thereon.

(c) That nothing in said permit contained shall be construed to confer upon the State courts the right to try persons subject to military law for crimes or offenses committed on said roads or upon said bridge within the boundaries of the respective military reservations involved, but the courts of the United States or military tribunals as now or hereafter provided by law shall retain exclusive jurisdiction to try such persons for such offenses; and be it further

Resolved, That the State of California does hereby agree to make such relocated right of way in the Fort Baker Military Reservation in said amended permit described a part of the system of public highways of the State; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to the Secretary of War, to each House of Congress, and to the Senators and Representatives in Congress of the State of California.

Mr. FLETCHER presented a concurrent resolution adopted by the Legislature of the State of Florida, favoring the allocation of Federal funds for the immediate construction of a canal suitable for the operation of self-propelled barges for the completion of the inland waterway from New Orleans, La., to Columbus, Ga., or beyond, to Atlanta, as the case may be, which was referred to the Committee on Commerce.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on the 3d instant, p. 4886, CONGRESSIONAL RECORD.)

Mr. KEAN presented a resolution adopted by the New Jersey branches of the Catholic Central Verein of America and the Catholic Women's Union of America, at Newark, N.J., which was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Whereas the President of the United States and Congress are endeavoring to bring about the necessary improvements in the field of business activity; and

Whereas the economic forces of capital and labor are still in disagreement as to the just distribution of the fruits and endeavors according to the degree of contributions made by these respective forces; and

Whereas it is therefore necessary for the Government to regulate and control the activities of these forces for the purpose of effecting a just settlement of their respective claims, thereby contributing toward the common good; and

Whereas it is imperative that all industrial factors, including machinery, hours, and rates of wages, as well as profits of industry, should be regulated and rationally controlled: Therefore be it

Resolved by the Catholic Central Verein of America and by the Catholic Women's Union of America, New Jersey Branches, That we petition the Congress of the United States for legislation regulating the use of machinery, hours of labor, minimum wages paid labor, both male and female, the amount of profit to be made upon the manufacture, sale, and/or distribution of the products of industry; and

We further petition the Congress of the United States for legislation limiting the use of labor-saving devices, shortening the working week and hours thereof, providing a minimum wage scale

for male and female employees, specifying the amount of profit to be made upon the manufacture, sale, and/or distribution of the products of industry.

Respectfully submitted.

CATHOLIC CENTRAL VEREIN OF AMERICA, NEW JERSEY BRANCH,
LOUIS M. SEIG, *President.*
JOSEPH NADLER, Jr., *Secretary.*
CATHOLIC WOMEN'S UNION OF AMERICA, NEW JERSEY BRANCH,
LOUISA A. BOLCUR, *President.*
ALVINA MADDEN, *Secretary.*

Adopted at Newark, N.J., May 28, 1933.

TILE IN THE WHITE HOUSE SWIMMING POOL

Mr. KEAN presented a letter from the Federal Seaboard Terra Cotta Corporation, by Peter C. Olsen, first vice president and general manager, New York City, N.Y., relative to the tile supplied by that corporation for the President's swimming pool installed in the White House, which was ordered to be printed in the RECORD, as follows:

NEW YORK, *June 1, 1933.*

Hon. HAMILTON F. KEAN,
Kean, Taylor & Co.,
20 Exchange Place, New York City.

MY DEAR SENATOR: It has occurred to me that you might be interested in seeing the high-fire glazed terra cotta we have recently produced for the President's swimming pool now being built in the west terrace corridor of the White House.

The pool is designed in an unusually vigorous and dignified color scheme of terra-cotta glazes—the variegated aquamarine tints remind of the blue sea water of our southern resorts—and not of a bathtub.

Won't you please, when you have the opportunity, stop in the White House and see the pool? It is very much worth while, and we hope you will like it.

Very truly yours.

FEDERAL SEABOARD TERRA COTTA CORPORATION,
By PETER C. OLSEN,
First Vice President and General Manager.

LEAGUE OF NATIONS

Mr. WALSH. Mr. President, I present a petition signed by citizens of the State of Massachusetts, praying that the United States become a member of the League of Nations in the near future, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the petition was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, without the signatures, as follows:

MARCH, 1933.

Hon. DAVID I. WALSH,
United States Senate.

We, the undersigned, registered voters in Massachusetts, because of the greatly needed growth in international understanding and cooperation, do earnestly desire you to do all in your power to have the United States become a member of the League of Nations in the near future.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key (Rept. No. 127);

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa. (Rept. No. 132);

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge (Rept. No. 133);

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo. (Rept. No. 134); and

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929 (Rept. No. 128).

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 1759) granting the consent of Congress to the Mill Four drainage district, in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, reported it with amendments and submitted a report (No. 131) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 1772) for the relief of the Western Montana Clinic, Missoula, Mont., reported it without amendment and submitted a report (No. 129) thereon.

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 3659) to extend the mining laws of the United States to the Death Valley National Monument in California, reported it without amendment and submitted a report (No. 130) thereon.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 87) to pay for certain services rendered to the United States district attorney for Nebraska in the case of the United States against Victor Seymour, reported it with amendments.

He also, from the same committee, to which were referred the following resolutions, reported them each with an amendment:

S.Res. 79. Resolution authorizing an additional expenditure in connection with a general survey of Indian conditions in the United States; and

S.Res. 94. Resolution increasing the limits of expenditures of the investigation of air mail and ocean mail contracts.

Mr. BYRNES also, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S.Res. 89) increasing the limit of expenditures under Senate Resolution 55 to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, reported it without amendment.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 1848) for the relief of Josephine R. Briggs; to the Committee on Claims.

By Mr. TOWNSEND:

A bill (S. 1849) to provide for the purchase by national banks of the assets of closed national banks and State banks and trust companies; to the Committee on Banking and Currency.

By Mr. COPELAND:

A bill (S. 1850) to establish a national military park to commemorate the campaign and Battles of Saratoga in the State of New York; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 1851) for the relief of K. W. Boring; to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 1852) to permit Government use of forfeited property; to the Committee on the Judiciary.

By Mr. HARRISON:

A bill (S. 1853) to authorize the Secretary of the Treasury to execute an agreement of indemnity to the First Granite National Bank, Augusta, Maine; to the Committee on Finance.

By Mr. THOMPSON:

A bill (S. 1854) granting an increase of pension to Mary S. Miller; to the Committee on Pensions.

By Mr. McCARRAN:

A bill (S. 1855) for the establishment, development, and administration of the Boulder Canyon National Reservation, and the development and administration of the Boulder Can-

yon Project Federal Reservation, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. KING:

A joint resolution (S.J.Res. 60) making an appropriation for an investigation of housing conditions and rentals in the District of Columbia; to the Committee on the District of Columbia.

NATIONAL INDUSTRIAL RECOVERY—AMENDMENTS

Mr. KEAN, Mr. BYRNES, Mr. MCCARRAN, Mr. MCGILL, Mr. REYNOLDS, and Mr. WHEELER each submitted an amendment, and Mr. REED and Mr. RUSSELL each submitted two amendments intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were severally ordered to lie on the table and to be printed.

Mr. AUSTIN submitted five amendments intended to be proposed by him to House bill 5755, the so-called "industrial control and public works bill", which were ordered to lie on the table and to be printed.

Mr. GORE. Mr. President, I send to the desk an amendment which I intend to propose to the general industries or recovery bill. It proposes to strike out the increased tax on gasoline. I ask that the amendment lie on the table, but will not ask that it be printed.

The VICE PRESIDENT. The amendment proposed by the Senator from Oklahoma will lie on the table.

Mr. THOMAS of Oklahoma. Mr. President, I submit an amendment intended to be proposed by me to House bill 5755, now pending, which I ask may be printed, printed in the RECORD, and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 14, line 20, beginning with the word "The", to strike out all through and including the word "State" on page 15, line 1, and insert the following:

"(c) The President is authorized to prescribe regulations to supplement State conservation laws regulating the production of crude petroleum, to allocate equitably the national market demand for crude petroleum and the products thereof among the oil-producing States and also between domestic production and importations, and to prohibit the transportation in interstate commerce of crude petroleum and the products thereof produced or withdrawn from storage in violation of any State or Federal law or the regulations prescribed thereunder."

EXEMPTION FROM TAX OF DIVIDENDS OF MUTUAL BUILDING-AND-LOAN ASSOCIATIONS—NATIONAL INDUSTRIAL RECOVERY—AMENDMENT RELATIVE TO TAXES

Mr. WALSH. Mr. President, I present an amendment to the pending bill and ask that it may be printed, printed in the RECORD, and lie on the table. I also present a statement explanatory of the amendment which I ask may be printed with the amendment in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment and the explanatory statement are as follows:

On page 36, at the end of section 212, insert the following:

"(e) The taxes imposed by this section shall not apply to the dividends of any corporation enumerated in section 103 of the Revenue Act of 1932 nor to any insurance company subject to the tax imposed by sections 201 and 204 of such act."

MEMORANDUM RE INDUSTRIAL RECOVERY BILL (H.R. 5755)

Relief taxes—section 212, page 35: Presumably this section was written to tax dividends of industrial and business corporations and not intended to tax the distribution of earnings by mutual or domestic building-and-loan associations, mutual insurance companies, cooperatives, labor, agricultural, horticultural, or such other organizations as are exempted from the tax on corporations in section 103 of the Revenue Act of 1932.

A building-and-loan association is a local, community, mutual organization financing the building and buying of homes. There are 11,442 of these institutions in the United States. Substantially all of their business is confined to making loans to members. Their funds arise from the savings or membership of wage earners and people in the humbler walks of life. In fact, building-and-loan associations are often spoken of as the "poor man's banks."

At this time the associations are experiencing great difficulty, due to unemployment and other conditions, in obtaining money with which to make construction or other mortgage loans and to pay investing members who are out of employment and in need of money. The average amount invested in these mutual institutions by each member is approximately $700 and their average mortgage loan is slightly over $3,000.

Building-and-loan associations have a legal peculiarity in that all of their funds are in the form of shares and the earnings thereon are distributed as dividends. Dividends are paid to borrowing members as well as to investing members, because loans are repaid through payments on shares augmented by dividends earned. Therefore a tax on dividends amounting to 5 percent will further discourage the flow of funds into these worthy institutions, will be an additional burden to the borrower, as well as take very modest amounts from a type of small saver who can ill afford it. The tax will also result in colossal expense and inconvenience to the associations in calculating small amounts, filing the required lists, embracing over 10,000,000 members, and accounting to the Government.

A great discrimination would result from the present language because millions of depositors in banks, mutual savings banks, and trust companies would not be taxed because the payments they receive are called "interest", while the very similar payments of earnings in building-and-loan associations are called "dividends."

Provision was made in subsection (c) of section 214 that the excise or capital-stock tax therein imposed should not apply to corporations enumerated in section 103 of the Revenue Act of 1932. In order to make this same proper exception apply to section 212 the following amendment should be inserted:

AMENDMENT TO AMENDED H.R. 5755, AS REPORTED BY SENATE FINANCE COMMITTEE

On page 36, at the end of section 212, add the following:

"(e) The taxes imposed by this section shall not apply to the dividends of any corporation enumerated in section 103 of the Revenue Act of 1932 nor to any insurance company subject to the tax imposed by sections 201 and 204 of such act."

Submitted by United States Building and Loan League; H. F. Cellarius, Cincinnati, Ohio, secretary-treasurer; C. Clinton James, Washington, D.C., chairman Federal Legislative Committee; Morton Bodfish, Chicago, Ill., executive manager.

TAXES IMPOSED BY THE INDUSTRIAL RECOVERY BILL

Mr. WALSH. I also ask to have printed in the RECORD in connection with the debate on this bill an enumeration of the taxes imposed therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXPLANATORY STATEMENT—TAXES IMPOSED BY THE INDUSTRIAL-RECOVERY BILL

Section 210 increases the 1-cent tax on gasoline imposed under existing law by one half cent, and exempts industrial benzol from the tax.

Section 211 extends the taxes (designated as manufacturers' excise taxes and miscellaneous taxes) imposed by titles 4 and 5 of the Revenue Act of 1932, for an additional year, so that they expire July 1, 1935, instead of July 1, 1934.

Section 212 imposes an excise tax on all dividends paid to any person other than a domestic corporation. The tax is 5 percent of the dividend, and is imposed on the recipient, but is to be deducted and withheld by the paying corporation.

Section 213 is an administrative amendment to penalize the avoidance of the dividend tax by the accumulation of corporate surplus. The penalty is a tax of 50 percent of the corporate income.

Section 214 imposes an annual tax of $1 for each $1,000 of the declared value of the capital stock of every corporation carrying on or doing business.

Section 215 imposes on corporations, subject to the capital-stock tax, an excess-profits tax equivalent to 5 percent of such portion of its net income as exceeds 12½ percent of the declared value of its capital stock. The primary purpose of this tax is to induce corporations to declare a high value for the purposes of capital-stock tax.

Section 216 provides for the expiration by Presidential proclamation of the new taxes imposed by the foregoing sections in the event that the Budget is balanced or the eighteenth amendment is repealed. This expiration date applies to the additional one half cent on gasoline, but not to the 1 cent. The entire gasoline tax expires July 1, 1935, in any event.

Section 217 (a) abolishes the privilege, under existing law, of carrying over a net loss for 1 year to reduce taxable income for the next year. Existing law permits a carry-over of 1 year. The 1928 act permitted a 2-year carry-over.

Section 217 (b) abolishes the privilege of applying losses from dealings in securities against gains from dealings in securities for a subsequent year.

Section 217 (c) abolishes the exemption from the provisions relating to losses from securities dealings, which is given by the existing law to private bankers.

Section 217 (d) provides that partners shall not be allowed to reduce their individual incomes by their distributive share of a partnership net loss, which is attributable to losses from dealings in securities.

Section 217 (e) increases the additional rate of income tax on corporations filing consolidated returns from three fourths of 1 percent to 1 percent, and extends the additional rate to the

taxable years 1934 and 1935. The present law fixes the additional rate at three fourths of 1 percent for the years 1932 and 1933.

Section 217 (f) and (g) are administrative provisions to take care of interest and returns in cases where the income-tax amendments have a retroactive effect.

Section 218 exempts free admissions to the legitimate spoken drama from the admissions tax.

INCREASE IN MEMBERSHIP OF SPECIAL COMMITTEE ON CONSERVATION OF WILD LIFE RESOURCES

Mr. ROBINSON of Arkansas submitted the following resolution (S.Res. 96), which was referred to the Committee on Rules:

Resolved, That the membership of the Special Committee on Conservation of Wild Life Resources shall be increased from 5 to 7 members and that the President of the Senate on the passage of this resolution shall appoint the 2 additional members.

WILLIE MAYES SHUEY

Mr. GLASS submitted the following resolution (S.Res. 98), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for expenses of inquiries and investigations, contingent fund of the Senate, fiscal year 1932, to Willie Mayes Shuey, widow of Theodore F. Shuey, late an Official Reporter of the Senate, a sum equal to 1 year's compensation at the rate he was receiving at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

PROTECTION OF GOVERNMENT RECORDS—CONFERENCE REPORT

Mr. ROBINSON of Arkansas submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4220) for the protection of Government records, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

JOE T. ROBINSON,
WM. E. BORAH,
TOM CONNALLY,
Managers on the part of the Senate.

TOM D. MCKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House insisted upon its amendment to the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RAYBURN, Mr. HUDDLESTON, Mr. LEA of California, Mr. PARKER of New York, and Mr. COOPER of Ohio were appointed managers on the part of the House at the conference.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts and joint resolution:

On May 29, 1933:

S. 73. An act to authorize the Comptroller General to allow claim of district no. 13, Choctaw County, Okla., for payment of tuition for Indian pupils.

On June 5, 1933:

S.J.Res. 43. Joint resolution authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China.

On June 6, 1933:

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

THE CALENDAR

Mr. ROBINSON of Arkansas. I ask unanimous consent that the calendar be now called for unobjected bills under rule VIII.

The VICE PRESIDENT. Is there objection?

Mr. HARRISON. Mr. President, I am not going to object. I understand it will take only about 30 minutes to complete the consideration of bills on the calendar.

Mr. ROBINSON of Arkansas. I understand it will take only a few minutes to call the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the first bill on the calendar.

JOINT RESOLUTION AND BILLS PASSED OVER

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as first in order.

Mr. KING. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. HALE. Over.

The VICE PRESIDENT. The bill will be passed over.

SURVIVAL OF CERTAIN ACTIONS IN FAVOR OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 815) to provide for the survival of certain actions in favor of the United States, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 5, after the word "interested", to strike out "now or hereafter" and insert "and"; in line 6, after the word "pending", to insert "against any defendant prior to the time of his death"; in line 8, after the word "any", to insert "such"; and in the same line, after the word "defendant", to strike out "in such action", so as to make the bill read:

Be it enacted, etc., That no civil action to recover damages, brought by the United States or in its behalf, or in which the United States shall be directly or indirectly interested, and pending against any defendant prior to the time of his death, in any court of the United States, shall abate by reason of the death of any such defendant; but any such action shall survive and be enforceable against the estate of any such deceased defendant. This act shall not be construed to deprive the plaintiff in any such action of any remedy which he may have against a surviving defendant.

Mr. KING. Mr. President, I should like an explanation of the bill.

Mr. NYE. Mr. President, the bill makes no reference to any particular or individual case, but its authors had in mind primarily the case of Edward Doheny, who is at the present time involved in many judgments and claims growing out of the so-called "oil scandals", and the Department of Justice has felt that this proposed legislation was neces-

sary in order to effect the recovery to which the Government is entitled in the event of his death.

Mr. ROBINSON of Arkansas. The bill is asked for by the Department of Justice?

Mr. NYE. It has been asked for by the Department of Justice.

The VICE PRESIDENT. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (H.J.Res. 93) to prohibit the exportation of arms or munitions of war from the United States under certain conditions was announced as next in order.

Mr. ROBINSON of Arkansas. Over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 1403) to authorize the merger of the Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, was announced as next in order.

Mr. JOHNSON. Over.

The VICE PRESIDENT. The bill will be passed over.

TRANSFER OF LANDS IN SAN DIEGO, CALIF.

The bill (H.R. 1767) to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized on behalf of the United States to accept from the city of San Diego, Calif., when said city has been duly authorized to make such transfer by the State of California, free from all encumbrances and without cost to the United States, all right, title, and interest in and to the lands contained within the following-described area: Beginning at the intersection of the prolongation of the northwesterly line of Bean Street with the United States bulkhead line as established in February 1912; thence southwesterly along the prolongation of the northwesterly line of Bean Street to the pierhead line as the same has been or may hereafter be established by the United States; thence northwesterly and southwesterly along the said pierhead line to its intersection with the prolongation of the northeasterly line of Lowell Street; thence northwesterly along the prolongation of the northeasterly line of Lowell Street to the United States bulkhead line as established in February 1912; thence northeasterly, easterly, and southeasterly along the United States bulkhead line as established in February 1912 to the point of beginning containing approximately 242 acres; and also, all of block 16, municipal tide lands subdivision, tract numbered 1; said lands being desired by the Navy Department for national defense and for use in connection with existing naval activities at San Diego, Calif.

The said Secretary of the Navy is also authorized hereby to transfer to the city of San Diego, Calif., free from all encumbrances and without cost to said city of San Diego, all right, title, and interest of the United States in and to the lands contained within that part of the Marine Corps base, San Diego, Calif., described as follows: Beginning at a point on the United States bulkhead line as established in February 1912, distant 300 feet northwesterly from station numbered 104 on said bulkhead line; thence north 7 degrees east a distance of 2,160 feet; thence north 60°34'59" west to an intersection with the prolongation of the northwesterly line of Bean Street; thence southwesterly along the prolongation of the northwesterly line of Bean Street to an intersection with the United States bulkhead line, as established in February 1912; thence south 83° east along said bulkhead line to the point of beginning, containing approximately 67 acres.

IMPROVEMENT OF ALLEY CONDITIONS IN THE DISTRICT

The Senate proceeded to consider the bill (S. 1780) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

The first amendment was, in section 1, page 2, line 23, after the word "determine", to insert "*Provided*, That if any such land is required for the purposes of the government of the District of Columbia such land may be transferred to the said government upon payment to the Authority of the reasonable value thereof", so as to make the section read:

That to enable the President, in the interest of public health, comfort, morals, safety, and welfare, to provide for the discontinuance of the use as dwellings of buildings situated in alleys and to eliminate the hidden communities in inhabited alleys of the District of Columbia, and to carry out the policy declared in the act approved May 16, 1918, as amended, of caring for the alley population of the District of Columbia, the President is hereby authorized and empowered, within the limits of the amounts herein authorized—

(a) To purchase, or acquire by condemnation or gift, any land, buildings, or structures, or any interest therein, situated in or adjacent to any inhabited alley in the District of Columbia, and such other land, buildings, or structures, or any interest therein, within any square containing an inhabited alley as he may determine to be necessary for the replatting and improvement of said square pursuant to the provisions of this act;

(b) To replat any land acquired under this act; to pave or repave any street or alley thereon; to construct sewers and water mains therein; to install street lights thereon; to demolish, move, or alter any buildings or structures situated thereon and erect such buildings or structures thereon as deemed advisable: *Provided, however*, That the same shall be done and performed in accordance with the laws and municipal regulations of the District of Columbia applicable thereto;

(c) To lease, rent, maintain, equip, manage, exchange, sell, or convey any such lands, buildings, or structures upon such terms and conditions as he may determine: *Provided*, That if any such land is required for the purposes of the government of the District of Columbia such land may be transferred to the said government upon payment to the Authority of the reasonable value thereof; and

(d) To aid in providing, equipping, managing, and maintaining houses and other buildings, improvements, and general community utilities on the property acquired under the provisions of this act by loans, upon such terms and conditions as he may determine, to limited dividend corporations whose dividends do not exceed 6 percent per annum, or to home owners to enable such corporations or home owners to acquire and develop sites on the property: *Provided, however*, That no loan shall be made at a lower rate of interest than 5 percent per annum, and that all such loans shall be secured by reserving a first lien on the property involved for the benefit of the United States.

The amendment was agreed to.

The next amendment was, in section 2, page 3, line 23, after the word "or", to insert the words "method of", so as to make the section read:

SEC. 2. (a) The President may designate, for the purpose of carrying out the provisions of this act, such official or agency of the Government of the United States or of the District of Columbia (hereinafter referred to as "the Authority") as in his judgment is deemed necessary or advantageous, and the Authority shall have or obtain all powers necessary or appropriate therefor, including the employment of necessary personal services; but (1) all plans for replatting and/or method of condemnation under the provisions of this act shall be submitted to and receive the written approval of the National Capital Park and Planning Commission and of the Board of Commissioners of the District of Columbia: *Provided, however*, That (a) failure of the National Capital Park and Planning Commission or of the Board of Commissioners of the District of Columbia to formally approve or disapprove in writing within 60 days after a plan has been submitted shall be equivalent to a formal approval, and (b) disapproval shall be accompanied by a written statement giving all the reasons for disapproval; and (2) any plan which shall involve action by any department, bureau, or agency of the United States or of the District of Columbia shall be made after consultation with such department, bureau, or agency.

(b) In the event condemnation proceedings are required to carry out the provisions of this act the same shall be conducted in accordance with the provisions of the act entitled "An act to provide for the acquisition of land in the District of Columbia for the use of the United States", approved March 1, 1929.

(c) If the Authority determines in the case of any alley that it will be more advantageous to proceed in accordance with sections 1608 to 1610, inclusive, of the Code of Laws of the District of Columbia, the Commissioners of the District of Columbia shall be notified of such determination and proceedings shall then be had as provided in such sections for alleys and minor streets, except that if the total amount of damages awarded by the jury and the cost and expenses of the proceedings be in excess of the total amount of the assessment for benefits, such excess shall be borne and paid by the Authority.

The amendment was agreed to.

The next amendment was, in section 7, page 8, line 19, after the word "property", to insert the words "to which it is accessory", so as to make the section read:

SEC. 7. As used in this act—

(a) The term "alley" means (1) any court, thoroughfare, or passage, private or public, less than 30 feet wide at any point; and

(2) any court, thoroughfare, or passage, private or public, 30 feet or more in width, that does not open directly with a width of at least 30 feet upon a public street that is at least 40 feet wide from building line to building line.

(b) The term "inhabited alley" means an alley in or appurtenant to which there are one or more alley dwellings.

(c) The term "alley dwelling" means any dwelling fronting upon or having its principal means of ingress from an alley. This definition does not include an accessory building, such as a garage, with living rooms for servants or other employees; if the principal entrance to the living rooms of the accessory building is from the street property to which it is accessory.

(d) The term "dwelling" means any building or structure used or designed to be used in whole or in part as a living or a sleeping place by one or more human beings.

(e) The term "person" includes any individual, partnership, corporation, or association.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PROMOTION OF FOREIGN TRADE IN APPLES AND PEARS

The Senate proceeded to consider the bill (H.R. 4812) to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 4, after the word "any", to strike out "common"; in the same line, after the word "carrier", to insert "or any steamship company, or any person"; and on page 2, line 12, after the word "act", to strike out "No clearance shall be given to any vessel having on board any apples or pears which are not covered by a certificate complying with the provisions of this act", so as to make the section read:

That it shall be unlawful for any person to ship or offer for shipment or for any carrier, or any steamship company, or any person to transport or receive for transportation to any foreign destination, except as provided in this act, any apples and/or pears in packages which are not accompanied by a certificate issued under authority of the Secretary of Agriculture showing that such apples or pears are of a Federal or State grade which meets the minimum of quality established by the Secretary for shipment in export. The Secretary is authorized to prescribe, by regulations, the requirements, other than those of grade, which the fruit must meet before certificates are issued. The Secretary shall provide opportunity, by public hearing or otherwise, for interested persons to examine and make recommendation with respect to any standard of export proposed to be established or designated, or regulation prescribed, by the Secretary for the purposes of this act.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. COPELAND subsequently said: Mr. President, I ask that following the disposition of Calendar No. 120, being House bill 4812, certain telegrams which I have received regarding that measure may be inserted in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *June 1, 1933.*

ROYAL S. COPELAND,
Senator of New York, United States Senate Office Building.

HONORABLE SIR: We respectfully request and urge your support of Senator BYRD'S apple export bill, No. H.R. 4812.

FRUIT AND PRODUCE TRADE ASSOCIATION,
97 Warren Street.

NEW YORK, N.Y., *June 1, 1933.*

Senator ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We most respectfully and urgently request that you support Senator BYRD'S apple export bill, H.R. 4812. Whether a great many apple growers in this country continue to operate or not depends upon passage of this bill.

T. A. WATSON & Co.

NEW YORK, N.Y., *June 1, 1933.*

Senator ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We respectfully request and urge your support of Senator BYRD'S apple export bill, H.R. 4812. Apple growers' financial success depends upon passage of this bill.

C. C. HESS & Co.

NEW YORK, N.Y., *June 1, 1933.*

Hon. ROYAL S. COPELAND,
The Senate:

We urge your support in securing passage of Senate bill 877 in the interest of preservation of fresh-fruit export industry. Indiscriminate shipments of inferior and infected apples and pears have already resulted in restrictive regulations, principally by England, France, Germany, and it is certain that other countries will follow suit or else place complete embargoes. Such an eventuality would be disastrous to producers and shippers of these commodities. Domestic consumption cannot absorb surplus.

E. W. J. HEARTY, INC.

ROCHESTER, N.Y., *May 31, 1933.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.:

Please cooperate with Senator BYRD in passing export control bill, H.R. 4812. Bill has already passed House and has been approved by apple and pear industries from coast to coast. We deem it highly important bill pass this session in interests preserving our extensive foreign trade apples and pears.

INTERNATIONAL APPLE ASSOCIATION,
R. G. PHILLIPS, *Secretary.*

NEW YORK, N.Y.

Senator COPELAND, of New York,
United States Senate Building:

Respectfully urge your support apple export bill sponsored by Senator BYRD, of Virginia.

ROBERT W. NIX,
Rockville Center, Long Island.

NEW YORK, N.Y., *June 1, 1933.*

Senator ROYAL S. COPELAND,
Senate Office Building:

We respectfully solicit your support Senator BYRD'S apple export bill, H.R. 4812.

AMERICAN FRUIT GROWERS, INC.

PAYMENT TO CHIPPEWA INDIANS, MINNESOTA

The Senate proceeded to consider the bill (S. 1561) providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States, which had been reported from the Committee on Indian Affairs with amendments, on page 1, line 7, after the word "of", to strike out "$100" and insert "$50, in two equal installments of $25 each, one as soon as practicable after the passage of this act and one on or about December 1, 1933"; and on page 2, line 9, after the word "Indians," to insert "except that not to exceed 15 percent of each installment may be deducted to apply toward individual obligations due the United States or the Red Lake Band of Chippewa Indians", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Band of the Chippewa Indians of the State of Minnesota and to make therefrom payment of $50, in two equal installments of $25 each, one as soon as practicable after the passage of this act and one on or about December 1, 1933, to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians, except that not to exceed 15 percent of each installment may be deducted to apply toward individual obligations due the United States or the Red Lake Band of Chippewa Indians.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States."

M. M. TWICHEL

The Senate proceeded to consider the bill (S. 1126) for the relief of M. M. Twichel, which had been reported from the Committee on Indian Affairs, with an amendment, on line 6, after the words "sum of", to strike out "$6,200.90" and insert "$3,433.34"; and on line 10, after the words "prior to", to strike out "December 2, 1931" and insert "May 1, 1933", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to M. M. Twichel, of St. Ignatius, Mont., out of any money in the Treasury not otherwise appropriated, the sum of $3,433.34 in full satisfaction of his claim against the United States for compensation for services rendered and expenses incurred in connection with the burial of Indians on the Flathead Indian Reservation, Mont., prior to May 1, 1933.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PETER PIERRE

The bill (S. 512) for the relief of Peter Pierre was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $45 to Peter Pierre, in payment for a horse which was lost while being used to transport supplies to a forest fire on the Flathead Indian Reservation, State of Montana.

SUIT BY THE FLATHEAD, KOOTENAI, AND UPPER PEND D'OREILLE INDIANS

The Senate proceeded to consider the bill (S. 723) to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder, which was read, as follows:

Be it enacted, etc., That the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians of Montana shall be granted a further period of 2 years from the date of this act within which to file suit in the Court of Claims under the act of March 13, 1924 (43 Stat.L. 21): *Provided*, That the limitation of attorneys' fees to $25,000 contained therein shall not apply to the Indians of the Flathead Reservation, Mont.

Mr. REED. Mr. President, I notice that the bill strikes out the limitation on attorney's fees, which is usual in such cases. I am wondering why a different course should be followed in this instance. It is notorious that the Indians have been held up by their lawyers in the absence of such a limiting clause. I move that the proviso be stricken out.

The VICE PRESIDENT. The Senator from Pennsylvania offers an amendment, which will be stated.

Mr. ROBINSON of Arkansas. Mr. President, the author of the bill, the Senator from Montana [Mr. WHEELER] is not present. Therefore I am going to ask that the bill may be passed over without prejudice, so that it may be considered a little later if he arrives in the Chamber.

The VICE PRESIDENT. Is there objection to passing over the bill without prejudice? The Chair hears none, and it is so ordered.

Mr. WHEELER subsequently said: Mr. President, my attention was distracted when Senate bill 723 was reached. I do not know who objected to it.

Mr. ROBINSON of Arkansas. I may say to the Senator from Montana that no objection was made to the bill. The Senator from Pennsylvania was about to suggest an amendment. I thought the Senator from Montana was absent, so I asked that the bill go over, without prejudice, in order that the Senator from Montana might have an opportunity to be present.

Mr. REED. Mr. President, will the Senator from Montana explain to us the reason for the proviso which leaves attorney's fees unlimited in this matter?

Mr. WHEELER. I have not any objection to limiting the attorney's fees. I may say, however, that the bill was sent down to me from the Department in its present form.

Mr. REED. Would the Senator be willing to accept an amendment to strike out the proviso beginning in line 7?

Mr. WHEELER. Yes; I am willing to do so.

Mr. REED. I move that amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Pennsylvania.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHARLES L. GRAVES

The bill (S. 690) for the relief of Charles L. Graves was announced as next in order.

Mr. KING. Mr. President, I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. BRATTON subsequently said: Mr. President, during my temporary absence from the Chamber, Calendar No. 125, being the bill (S. 690) for the relief of Charles L. Graves, went over on objection. I ask unanimous consent to return to that bill, in order that I may make a brief explanation of it.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. BRATTON. Charles H. Graves is superintendent of the Jicarilla Indian Agency. About 2 years ago we appropriated some money with which to buy tribal sheep for those Indians. The sheep were purchased; the money was expended for the purpose authorized by the act of Congress, but the details of making the purchase and of disbursing the funds were not correct. The Secretary of the Interior, however, gives a detailed statement of the manner in which the money was expended, and he concludes with this language:

The end attained was the same, and, as a matter of fact, the method followed by Superintendent Graves resulted in considerable saving of time and effort; but it was necessary to correct his accounts.

Mr. President, inasmuch as the superintendent received not a dime of the money, that the Indians received the benefits of all of it, that his action was entirely for their benefit, and that it is merely a matter of correcting accounts, I ask that the bill may be passed.

Mr. KING. Mr. President, does the bill call for an additional appropriation?

Mr. BRATTON. It does not. The money has been expended, but the Comptroller General holds that the superintendent is liable for it. No appropriation is made or contemplated. The bill merely corrects the superintendent's accounts for money expended for the benefit of the Indians.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, directed to allow credit in the accounts of Charles L. Graves, superintendent and special disbursing agent at Jicarilla Agency, N.Mex., for payments aggregating $51,277, made from tribal funds of the Jicarilla Indians to various persons in connection with the purchase of sheep for issue to various members of the tribe, to which payments exception was taken by the General Accounting Office for the reason as claimed that there was no authority of law therefor.

FINAL PROOF BY HOMESTEAD ENTRYMEN

The bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, is amended to read as follows:

"That the Secretary of the Interior is hereby authorized to extend for not exceeding 2 years the period during which annual or final proof may be offered by any person who has a pending homestead or desert-land entry upon public lands of the United States on which at the date of this act or on any date on or prior to December 31, 1934, under existing law, annual or final proof is required, showing residence, cultivation, improvements, expenditures, or payment of purchase money, as the case may be: *Provided*, That any such entryman shall be required to show that it is a hardship upon himself to meet the requirements incidental to annual or final proof upon the date required by existing law due to adverse weather or economic conditions: *And provided further*, That this act shall apply only to cases where adequate relief is not available under existing law.

"SEC. 2. The Secretary of the Interior is authorized to make such rules and regulations as are necessary to carry out the purposes of this act."

EXCHANGE OF LANDS, FORT MOJAVE INDIAN RESERVATION

The bill (S. 1807) to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation,

Ariz., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to accept, in his discretion, under rules and regulations to be prescribed by him, conveyances to the Government of privately owned lands contiguous to the even-numbered sections added to the Fort Mojave Indian Reservation, Ariz., by Executive order of February 2, 1911, and to permit lieu selections of lands approximately equal in value from the even-numbered sections by those surrendering their holdings, so that the lands retained and acquired through exchange for Indian use may be consolidated and held in a solid area so far as may be possible: *Provided*, That upon conveyance of any privately owned lands to the Government pursuant thereto, the Secretary of the Interior is hereby authorized to issue to the person or persons making the conveyance, patent of appropriate form and legal effect for the lieu lands. The areas consolidated in the Government pursuant to this act are hereby declared to be held for the benefit of the Indians of the Fort Mojave Reservation: *Provided further*, That the title or claim of any person or persons who refuse to convey to the Government shall not be affected by this act.

AMENDMENT OF PROBATION LAW

The Senate proceeded to consider the bill (H.R. 5208) to amend the probation law, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 3, after the word "paragraph", to insert "of section 2", so as to make the bill read:

Be it enacted, etc., That the first sentence of the second paragraph of section 2 of the act of March 4, 1925, entitled "An act to provide for the establishment of a probation system in the United States courts, except in the District of Columbia" (U.S.C., title 18, sec. 725), be, and the same is hereby, amended to read as follows: "At any time within the probation period the probation officer may arrest the probationer wherever found, without a warrant, or the court which has granted the probation may issue a warrant for his arrest, which warrant may be executed by either the probation officer or the United States marshal of either the district in which the probationer was put upon probation or of any district in which the probationer shall be found and, if the probationer shall be so arrested in a district other than that in which he has been put upon probation, any of said officers may return probationer to the district out of which such warrant shall have been issued."

Mr. ROBINSON of Arkansas. Mr. President, I should like a statement with reference to the bill, its provisions, and purposes.

Mr. HEBERT. Mr. President, the bill modifies the probation law and provides that where a probationer violates his parole he may be arrested within the district while he is on parole by the probation officer and brought back before the court. If, however, he happens to be in another district, then the court out of which the probation issued may make its warrant directed to the probation officer and authorize the probation officer to arrest him wherever he may be. The law is not altogether clear upon that point. The bill was suggested by the Department of Justice to clarify the provisions of the law.

Mr. ROBINSON of Arkansas. Very well. I have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

PRINTING OF CONSTITUTION AND DECLARATION OF INDEPENDENCE

The concurrent resolution (S.Con.Res. 2) providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, was considered and agreed to, as follows:

Resolved, etc., That the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, be printed as a Senate document, with an index, in such form and style as may be directed by the Joint Committee on Printing, and that 3,500 additional copies be printed, of which 1,000 copies shall be for the use of the Senate and 2,500 copies for the use of the House of Representatives.

BILL PASSED OVER

The bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

DEFERRED PAYMENTS ON HOMESTEAD ENTRIES

The bill (S. 1774) to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the time within which a homestead entryman for lands in the abandoned Fort Lowell Military Reservation, in the State of Arizona, shall make deferred payments be, and it is hereby, extended for a period of 2 years from the 1933 anniversary of the date of the acceptance of his proof tendered on his entry.

UMPQUA RIVER BRIDGE, OREGON

The bill (S. 1745) granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across the Umpqua River, at a point suitable to the interests of navigation, at or near Reedsport, Douglas County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

YAQUINA BAY BRIDGE, OREGON

The bill (S. 1746) granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Yaquina Bay, at a point suitable to the interests of navigation, at or near Newport, Lincoln County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

ALSEA BAY TOLL BRIDGE, OREGON

The bill (S. 1747) granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Alsea Bay, at a point suitable to the interests of navigation, at or near Waldport, Lincoln County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

COOS BAY BRIDGE, OREGON

The bill (S. 1748) granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across Coos Bay, at a point suitable to the interests of navigation, at or near North Bend, Coos County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

SIUSLAW RIVER TOLL BRIDGE, OREGON

The bill (S. 1749) granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon to construct, maintain, and operate a bridge and approaches thereto across the Siuslaw River, at a point suitable to the interests of navigation, at or near Florence, Lane County, Oreg., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges but within a period of not to exceed 15 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

DECEPTION PASS BRIDGE, WASHINGTON

The Senate proceeded to consider the bill (S. 1742) granting consent of Congress to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin to construct, maintain, and operate a bridge across Deception Pass between Whidby Island and Fidalgo Island in the State of Washington, which had been reported from the Committee on Commerce with amendments.

The amendments were, on page 2, line 6, to strike out "the construction of such bridge shall not be commenced nor shall any alterations of such bridge be made either before or after its completion until the plans and specifications for such construction or alterations have been first submitted to and approved by the Secretary of War and he", and to insert "the Secretary of Agriculture"; on page 2, line 15, to strike out "and whether the height and clearance of such bridge are adequate to protect the commerce on and through said Deception Pass, and whether the location selected is feasible for the erection of such bridge without obstructions in navigation, and without being detrimental to the development of interstate and foreign commerce as well as domestic commerce moving to and from the Pacific Ocean through Deception Pass to the waters of the Puget Sound territory of the State of Washington"; on page 5, line 3, after the word "approaches", to strike out "to pay an adequate return on the cost thereof"; and on page 5, line 6, to strike out "forty", and insert "twenty-five", so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge and approaches thereto across Deception Pass at a point suitable to the interests of navigation between a point on the north end of Whidby Island in the county of Island, in the State of Washington, and a point on Fidalgo Island on the north side of said Deception Pass, in the county of Skagit, in the State of Washington, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act. The Secretary of Agriculture shall determine whether the types, designs, and specifications thereof are adequate, based upon the proposed use, volume, and weight of traffic passing over such bridge, and whether public convenience will be served by such bridge as a connecting link between the Federal aid highway systems of the State of Washington. The said Secretary is empowered and, if requested to do so, is directed to hold public hearings for the full and complete determination of said precedent requirements.

SEC. 2. The said Ernest N. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in such act of March 23, 1906.

SEC. 3. After the date of completion of such bridge, as determined by the Secretary of War, the State of Washington, any political subdivision thereof, within or adjoining which such bridge is located, or any two or more of them jointly, may at any time acquire and take over all rights, title, and interest in such bridge and approaches, and interests in real property necessary therefor, by purchase or by condemnation in accordance with the law of the State of Washington governing the acquisition of private property for public purposes by condemnation. If at any time after the expiration of 20 years after the completion of such bridge it is acquired by condemnation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and approaches, less a reasonable deduction for actual depreciation in respect of such bridge and approaches; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs (not to exceed 10 percent of the sum of the cost of construction of such bridge and approaches and the acquisition of such interests in real property); and (4) actual expenditures for necessary improvements.

SEC. 4. There is hereby conferred upon the said Ernest N. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, all such rights and powers to enter upon lands and to acquire, condemn, appropriate, occupy, possess, and use real estate and other property needed for the location, construction, operation, or maintenance of such bridge, approaches, and terminals as are possessed by bridge corporations for bridge purposes in the State of Washington, upon making proper compensation therefor, to be ascertained according to the laws of the State of Washington and the proceedings thereof may be the same as in the condemnation and expropriation of property in said State.

SEC. 5. If such bridge shall be taken over and acquired by the State of Washington or political subdivisions thereof under the provisions of section 3 of this act, the same may thereafter be operated as a toll bridge; in fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide, as far as possible, a sufficient fund to pay for the cost of maintaining, repairing, and operating the bridge and its approaches, and to provide a sinking fund sufficient to amortize the cost thereof within a period of not to exceed 25 years from the date of acquiring the same. After a sinking fund sufficient to pay the cost of acquiring such bridge and its approaches shall have been provided, the bridge thereafter shall be maintained and operated free of tolls, or the rates of toll shall be so adjusted as to provide a fund not to exceed the amount necessary for the proper care, repair, maintenance, and operation of the bridge and its approaches.

SEC. 6. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to the said Ernest E. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, and any corporation to which such rights, powers, and privileges may be sold, assigned, or transferred, or which shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation.

SEC. 7. The said Ernest N. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, shall, within 90 days after the completion of such bridge, file with the Secretary of War a sworn itemized statement showing the actual original cost of constructing such bridge and approaches, including the actual cost of acquiring interests in real property and actual financing and promotion costs. Within 3 years after the completion of such bridge the Secretary of War shall investigate the actual cost of such bridge, and for such purpose the said Ernest N. Hutchinson, Otto A. Case, and A. C. Martin, their heirs, legal representatives, and assigns, shall make available to the Secretary of War all of their records in connection with the financing and construction thereof. The findings of the Secretary of War as to such actual original costs shall be conclusive.

SEC. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H.R. 5790) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

HOUSING CONDITIONS IN DISTRICT OF COLUMBIA

The Senate proceeded to consider the resolution (S.Res. 86) directing the Public Utilities Commission of the District of Columbia to investigate facts pertaining to housing in the District of Columbia, which had been reported from the Committee on the District of Columbia with an amendment, in line 4, after the word "Columbia", to insert "and to receive and adjust complaints in relation thereto", so as to make the resolution read:

Resolved, That the Public Utilities Commission of the District of Columbia is hereby directed and empowered to investigate all facts relating to the cost and character of housing in rented premises in the District of Columbia and to receive and adjust complaints in relation thereto; be it further

Resolved, That for the purpose of executing this direction the said Commission may call witnesses and subpena records and accounts in the same manner as provided for the performance of the duties of the said Commission with respect to public utilities; and be it further

Resolved, That the said public utilities commission shall prepare a full and comprehensive report of the matters investigated under the terms of this resolution and shall transmit the same to the President of the Senate of the United States on or before January 30, 1934.

The amendment was agreed to.

The resolution, as amended, was agreed to.

ONE HUNDREDTH ANNIVERSARY OF INDEPENDENCE OF TEXAS

The bill (S. 1808) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in commemoration of the one hundredth anniversary in 1936 of the independence of Texas and of the noble and heroic sacrifices of her pioneers, whose memory has been an inspiration to her sons and daughters during the past century, there shall be coined at the mints of the United States silver 50-cent pieces to the number of not more than one and one-half million, such 50-cent pieces to be of the standard troy weight, composition, diameter, device, and design as shall be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, which said 50-cent pieces shall be legal tender in any payment to the amount of their face value.

SEC. 2. That the coins herein authorized shall be issued only upon the request of the American Legion Texas Centennial Committee, of Austin, Tex., upon payment by such American Legion Texas Centennial Committee of the par value of such coins, and it shall be permissible for the said American Legion Texas Centennial Committee to obtain said coins upon said payment, all at one time or at separate times, and in separate amounts, as it may determine.

SEC. 3. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or striking of the same, regulating the guarding and process of coinage, providing for the purchase of material, and for the transportation, disposition, and redemption of coins, for the prevention of debasement or counterfeiting, for security of the coins, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized: *Provided*, That the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

The VICE PRESIDENT. That completes the calendar.

REDUCTION OF DEBTS, INTEREST, AND TAXATION

Mr. NYE. Mr. President, I ask unanimous consent that there may be printed in the RECORD addresses delivered at a conference on debt and interest reduction and taxation under the auspices of the People's Lobby, held in the Cosmos Club, Washington, D.C., May 20, 1933. These addresses were made by prominent individuals interested in the subject.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

DEBT AND INTEREST REDUCTION AND TAXATION

(Statement by Dr. Harry W. Laidler, chairman of the board of the National Bureau of Economic Research, presiding at debt and taxation conference, Cosmos Club, Washington, Saturday morning, May 20)

During the last few years the American people have awakened as perhaps never before to the realization of the tremendous burden of debt under which they are struggling. Most estimates place this debt, public and private, at more than 150 billion dollars. The mortgage debt on the farm alone has been estimated at about $8,500,000,000. This debt bore down heavily upon the farmers and workers during the booming days of so-called "prosperity." Its weight is becoming intolerable in these days of tragic depression, of starvation prices for farm products, of low wages, and of no wages at all for millions of Americans. The gross income from farm production in 1932 was estimated at only $5,143,000,000, a decrease of 57 percent from the high level of $11,918,000,000 in 1929.

While the income of farmers and home owners has, in many instances, approached a vanishing point, the interest on their mortgages has remained the same in tens of thousands of cases. The interest payable in 1932 on the farms was $612,000,000, a reduction of only about one eighth from 1929, while the tax reduction amounted to only about 20 percent. Average weekly wages in manufacturing industries from 1929 to 1932 decreased by over 40 percent. The sacrifice involved in paying mortgage charges in general is from two to three times as great as in the days before the Wall Street crash. In thousands of instances, despite all efforts to meet debt payments, homes and farms have been foreclosed and the former owners are now penniless.

Through this painful process, many private debts have been wiped out. In the last 3 years billions in debts have been likewise canceled by bank failures; two billions by domestic bond defaults; another billion by foreign bond default; and at least two billion by commercial failures. All of these cancelations have been without plan or purpose and have been attended by great suffering.

Why not carry forward the process of writing down debts in a deliberate and selective manner? Many students are now urging that this be done. In the case of Government bonds, which aggregate in city, State, and national about $33,000,000,000, they are proposing that certain callable issues be refunded.

In the case of farm and home mortgages, they are going far beyond the present Government program in urging reductions on interest and principal. Many are proposing a moratorium lasting for several years.

Vitally connected with the burden of debt is the problem of taxation.

During these days we must raise great sums of money not only for the ordinary expenses of government but for direct relief and for public works. What shall be done about this problem? Economy leagues throughout the country are demanding that the situation be met by cutting down ordinary public expenditures to the very marrow. Educational, recreational, health, and sanitation, and other vitally important social services have already been ruthlessly slashed.

Some urge inflation as the way out, others the imposition of sales taxes. A final school, the People's Lobby among them, has vigorously opposed sales taxes on the ground that it is a tax on each successive sale, and that it not only falls heaviest on the poor but that its cumulative effect can be made almost intolerable for those having small incomes. We are of the belief that the Nation should impose higher income and inheritance taxes on those best able to bear them and should make it impossible to dodge these taxes by the subterfuges resorted to by some of our millionaires of yesterday or today. Such taxes are just. They would aid in a healthy redistribution of wealth and income and would put purchasing power in the hands of those who would use it immediately.

Increasingly men and women everywhere are realizing that one of the great causes back of the present depression has been the great and unjust inequality of wealth and income in this country. The latest study of the National Bureau of Economic Research on economic tendencies in the United States indicates that in the period 1922–29 wages of factory workers increased at the rate of only 1.4 percent per year. We increased the amount turned into new capital equipment by 6.5 percent per year. Profits of industrial concerns advanced during the same period at 7.3 percent per year, while financial profits jumped at the rate of over 16 percent per year. Thus profits and productive machinery leaped forward at a speed far greater than did wages, while the purchasing power of the farmers during that period was, indeed, at low ebb. Farmers and wage earners as the years advanced thus became increasingly unable to buy the goods that could be produced with such lightning rapidity by our mass industries. If we had put far more of the products of industry into wages, salaries, and other real income for the city and farming population—including social services provided by the Government out of taxation—and less of the national income into profits and new machines and factories, the large masses of our people would have been far more able to buy the goods which our industries could produce, and much of the present suffering would have been averted.

A few months ago the Business Week published a significant series of articles. These articles told us where our market was for our agricultural and manufacturing turn-over. It showed that those who obtained incomes of less than $3,000 per year purchased over 67 percent, over two thirds, of the total goods and services consumed. Those receiving less than $5,000 purchased 78 percent of the total, while all groups above the $25,000 class together account for a bare 8 percent. The need for such a redistribution of income as would give adequate purchasing power to the masses is thus clearly demonstrated.

A more drastic program of taxation reaching the higher income levels would not only bring to the Government large sums of money even during the present crisis but would aid materially in striking the needed balance between production and consumption. An increasing number of students are urging such taxation and likewise insisting on the taxation of income from tax-exempt securities and corporation surpluses.

A few weeks ago the People's Lobby, through its president, John Dewey, and its secretary, Benjamin C. Marsh, wrote a number of economists asking their opinion on certain points regarding the writing down of debts and interest rates. It asked (among other things, whether Congress should declare that a national emergency existed and enact legislation authorizing debtors to reduce the face of their indebtedness and the interest rate thereon.

Many well-known economists sent in significant replies to this questionnaire. A number of the economists who contributed most notably to this or other symposia on the problem of debts and taxation are here today at the spring conference of the People's Lobby, opened this morning at the famous Cosmos Club of Washington, D.C. The subject of the conference is "Taxation and debt and interest reduction."

I take pleasure in introducing as the first speaker of the morning, Dr. Rufus Tucker, economist, former member of the economics faculty of Harvard and the University of Michigan and a former member of the staff of the Commerce and Treasury Departments. Dr. Tucker will speak on the important question, "How to reduce debts and interest rates."

HOW TO RELIEVE DEBTORS WITHOUT INFLATION

(Statement by Dr. Rufus S. Tucker, economist, formerly in the Treasury and Commerce Departments, May 29, 1933)

The most distressing and dangerous aspect of the present situation is the burden of debt, especially that part of it that rests on private individuals. Of these debts the most conspicuous are farm and home mortgages.

The mortgage-relief provisions embodied in recent legislation are inadequate for the reason that they contemplate refunding existing mortgages at fairly high rates of interest. Consequently they give no relief to debtors unless the principal of the mortgage is drastically reduced; and if that were done, the loss to the creditor would be so great that he will be compelled to refuse to make the exchange and to insist on his full legal rights. It is especially true of trustees, and of banks and insurance companies that are in a position where taking losses on their books is impossible if they wish to continue in business. Consequently it is essential to devise a means whereby interest can be reduced considerably while the principal is left intact or nearly so.

If the principal of farm and home mortgages was reasonable in relation to the value of the property when the loan was made, it would be possible to relieve both debtor and creditor without loss to the Government by offering in exchange bonds yielding 2 percent, maturing in 15 years, with Government guaranty of both interest and principal. Trustees, banks, and especially insurance companies can carry such bonds on their books at par, in spite of the fact that their present market value would be only about 78 percent. Such bonds would never come on to the market in great quantities, since their sale would involve asknowledging a loss; they would be adequately secured, both as to current charges and ultimate repayment; and for these reasons would not injure the Government's credit or involve a net drain on the Budget. If the administration is unwilling to guarantee the principal for fear that the bonds would then be regarded as an addition to the Government debt, nearly the same advantage could be obtained by providing that the bonds shall be acceptable at their face value in payment of estate taxes, war debts, and all other payments to the Government for which Liberty bonds are now acceptable at par; also that any of the mortgages taken over may be paid off at any time by tender of these bonds at par. These privileges would cause the market price of the bonds to remain fairly high and ultimately to reach par even without a specific guaranty of principal.

The valuation of property for the purpose of converting mortgages into the new bonds could be as high as 50 percent of the 1929 value in most cases without involving any loss to the Government, provided that accrued taxes are paid to the taxing authority and deducted from the amount paid to the mortgagee. By this means it would be possible to cut the debtors' interest payments in half and give them ample time in which to pay the principal, without doing any injustice to the creditors. Such relief would do more to restore the confidence and the purchasing power of our people than any other proposal that has been made, for nobody would lose anything by it—not even "Uncle Sam"—and several million would gain.

WHY DEBTS AND INTEREST RATES MUST BE REDUCED

(Speech at conference on debts and interest and taxation at Cosmos Club, Washington, Saturday morning, May 20, by Dr. Max Winkler, of New York City, investment expert, economic adviser for the Senate committee investigating banking)

Developments within recent years bear adequate testimony to the accuracy of the statement made by Wendell Phillips that "debt is the fatal disease of republics, the first thing and the mightiest to undermine government and corrupt the people."

Two hundred and fifty thousand million dollars ($250,000,000,000) is the estimated total debt of the world. It is equivalent to more than $125 for each man, woman, and child living, regardless of color or creed. It comprises external and internal obligations of governments and political subdivisions, but does not include outstanding obligations of corporations or debts of individuals.

Since the wealth of nations is estimated at about $750,000,000,000, the ratio of wealth to debt is about 3 to 1; that is, there are $3 of assets for every $1 of liabilities.

If it were possible to realize on all the assets belonging to the nations of the world, on the basis of which these assets are carried on balance sheets, one third might suffice to take care of the existing commitments of nations. The remaining two thirds would then barely suffice to take care of all private engagements.

With the bulk of the wealth, however, in the form of fixed and often frozen assets, it is apparent that under existing conditions the extent of the outstanding debt—public as well as private—is far beyond the capacity of debtors to meet. Many have already followed the line of least resistance. Standstill, moratorium, default, repudiation, and similar measures have been resorted to by many nations, political subdivisions, and private debtors as well.

Figures relative to existing governmental defaults are startling. The principal amount of bonds on which payments have been sus-

pended is estimated at $21,000,000,000. Interest in arrears aggregates well over 2½ billions. Moreover, back interest is accruing at the rate of substantially more than a billion dollars a year, or more than $2,000 a minute.

These undreamed-of sums will never be repaid. They can never be repaid. They have been incurred by men, supposedly charged with guiding the destinies of peoples; men who were often inclined to sacrifice the future for the present; over whose financial operations no protecting deity was holding guard; and to whose constant borrowing there was no official check.

Although it cannot be denied that by far the greater part of existing indebtedness of nations had its origin in war, and although it is equally true that had it not been for past wars, and were it not for fear of future wars, the natural income of nations might be sufficient to pay off all indebtedness contracted for industrial and commercial expansion, the fact remains that a debt—regardless of origin—is still a debt, and has the same general effect of restricting the financial freedom of nations.

It is also worth bearing in mind that most of the debt, both public and private, was contracted at a time when prices were abnormally high. To give a few concrete examples: Bolivia borrowed, or was permitted or even encouraged to borrow, when tin—the country's principal stand-by—was quoted markedly in excess of current levels. A dollar borrowed at a time when tin was quoted at 63 becomes more than $3 with tin at 20.

If Cuba secured a dollar when sugar was quoted at 18½, she owes $18 with sugar selling at 1 cent a pound. Argentina owes $4 with wheat at 70 cents for every dollar contracted when wheat was selling for almost $3.

The farmer in Iowa owes more than $4.50, with corn selling at 45, for every dollar obtained when corn was quoted at about $2. The Kansas wheat farmer owes $4.50 or $5, as much as he actually received on the basis of present quotations for wheat, compared with prices prevailing at the time he obtained his accommodations; and the Mississippi cotton planter owes about $5, with cotton at 8 cents, for every dollar he borrowed when cotton sold for more than 40 cents.

Shall we tell creditors to wait for payment according to original agreements until prices return to the levels prevailing at the time debts were contracted? Or, shall we, adopting the methods of medieval princes, debase our currency to the extent to which prices have fallen and redeem in this manner a commitment at a lower value than we originally agreed to pay?

In other words, shall we satisfy the debtor—that is, one part of our public—at the expense of and discrimination against the creditor, another perhaps equally deserving part of our people?

Or, shall we permit our money to fluctuate in accordance with the ups and downs of world prices and adopt what is ordinarily called in the classroom and in the lecture hall a "managed" currency?

As a creditor nation, we have assumed grave responsibilities. It is incumbent upon us to honor the inviolability of contracts. If we repudiate obligations, in whole or in part, how can we approach our debtors, expecting them to meet in full payments due us?

The existence of an emergency cannot be denied. The credit position of the United States Government must remain unimpaired. The recent decision to pay in depreciated dollars, contrary to provisions in loan agreements, should be changed forthwith.

As to political subdivisions and all other categories of debtors within the United States, relief is imperative. To provide this, I submit the following concrete suggestions:

Let there be created without delay a debt revaluation board, charged with effecting adjustments of existing obligations on the basis of a careful examination of the capacity of every debtor or group of debtors.

The principal amount of debts at present outstanding should remain undisturbed. Amortization should be suspended for a period of from 3 to 5 years. Interest during this period should be adjusted according to capacity, payments to vary from 25 percent of the present rate of interest to the full rate, which is in no case to exceed 6 percent per annum. For the difference, let there be issued beneficiary certificates, which shall bear no interest, but which will be redeemed at par, beginning after the expiration of the emergency period.

Obligations falling due within this period of from 3 to 5 years should be repaid in a similar manner—that is, cash payments should vary from 25 to 100 percent of the amount due; but in this case beneficiary certificates issued for the difference shall bear interest at the original rate, the interest on such certificates to be payable in full.

Adjustment shall be made only upon the request to the debt revaluation board by the debtors or the creditors, and the decisions of the board shall be binding.

Unless some such measures are adopted in the very near future, it is doubted whether American debtors will be able to continue to meet existing commitments. Default is bound to affect most seriously not only the position of the respective debtors in the United States, but the credit standing of the entire Nation as well. This must be avoided.

TAXATION VERSUS BONDS

(Radio talk at taxation conference, Cosmos Club, Washington, Saturday morning, May 20, by Lawrence Dennis, author of Is Capitalism Doomed?)

Shall the Government meet all its expenditures by taxation, or shall it cover part of its outlay by borrowing? If the Government should borrow, then to what extent should it do so? This question has been a recurrent problem of government ever since spending, taxing, and borrowing have been acts of government. The question is especially acute in America today for the following reasons:

1. It appears that increased spending is needed to get us out of the depression; that private individuals who have money they could spend or invest will not spend or invest it fast enough; and that, consequently, Government must effect the necessary increase in total spending.

2. It is evident that revenues from taxation are steadily diminishing in measure as the bases of tax levies are shrinking in the course of the depression. Tax laws are inadequate at present.

3. It is probable that large-scale borrowing by the Federal, State, or local governments through the sale of bonds would be extremely difficult if not impossible.

Now, if Government can neither tax nor borrow enough, as many people argue, and if an adequate amount of spending cannot be brought about through private action, we must as a people resign ourselves to the abandonment of our existing standard of living and to the horrors of a deepening depression. I reject that conclusion and argue that whatever amount of spending or consumption may be necessary for the survival and welfare of the race can and must be effected by the State.

Taking this view, I plead for taxation to the exclusion of loans for the following reasons:

First. The entire resources of the Nation are in the last analysis at the command of the taxing power of the State. To say that the people won't stand for enough taxation to accomplish the ends sought is to say that the people do not desire these ends.

Second. The taking of purchasing power by means of taxation instead of loans avoids the subsequent evils of interest charges borne by the masses. The chief effect of interest on the public debt is that of obliging the masses to transfer to a small number of leaders a part of the national income. Most of our present debt difficulties are due to this interest factor.

Third. Loans are not a permanent substitute for taxation. They can only replace taxation for a short time, as loans must be repaid. Loans are only justified as temporary expedients for financing. Some people treat the need for increased Government expenditure as a temporary need. This view is erroneous. It has always been taken in respect of public borrowing and always been wrong. The reason is that Government expenditures must necessarily be recurrent and of increasing amount, except possibly for the excessive expenditures of abnormal periods, like war. In the present situation the objects of a desirable increase in public spending, such as better housing, municipal beautification, additional social services, are all objects of expenditure which should absorb public funds for an indefinite future period. To start a program for social spending by the State on the assumption it is to be temporary would be foolish and harmful. The total amount of Government expenditure must be maintained fairly stable and progressively expanded. Therefore a long-range plan of increased public spending should be started and continued right along—on a pay-as-you-go basis. For only on such a basis can the plan be conducted successfully over a long period.

HOW THE GOVERNMENT CAN OBTAIN REVENUE

(Speech at conference on debt and interest reduction and taxation, Cosmos Club, Washington, Saturday morning, May 20, by Dr. Joseph McGoldrick, professor of public law, Columbia University)

The immediate demand for the inclusion of a tax program in the industrial recovery bill springs from a desire to protect public credit and put a brake upon inflation. This is both wise and prudent, but in devising a tax program we must be careful not to put a check upon recovery itself. We have been suffering for some considerable time in the United States from an uneven distribution of national income. Before 1929 the effect of this was to cause too much money to be set aside for investment. The converse of this was that we had too little for national purchasing power. On the one hand we were putting money into factories, mills, and office buildings; and on the other hand we had an insufficient purchasing power to consume the goods which these factories and mills could turn out. It is not clear that we have had any overproduction in an absolute sense. But we have had overproduction in the sense that we have been able to produce more things than our people have had money to buy. An absolute overproduction in shoes would mean that we were producing more shoes than our people could wear. Instead we have been able to produce more shoes than people could buy. If our standard were two cars in every garage, we had not reached, even in 1929, an overproduction in automobiles. But with purchasing power dwindling we have had more cars produced than the national income could absorb.

I prefer to approach this problem not from the standpoint of morals or justice but from the standpoint of ordinary business sense. Our great fortunes differ from the great wealth of earlier civilizations. They are not in palaces and chateaus, but in industry and commerce. The value of an automobile factory, or the shares of stock that represent it, lies not in the machinery and equipment of that factory, but in the purchasing power of its prospective customers. Unless these customers are able to buy the stock cars which it can produce, the value of the factory and of the stock evaporates.

Our difficulty since 1929 has been a progressive shrinking of national spending power. It began with the cessation of invest-

ment in heavy industry. This meant the lay-off of the workers in those industries and the cancelation of their purchasing power. But they, after all, were the customers of still other industries, which now were forced to contract. As they laid off employees, a new layer of national purchasing power vanished. With this purchasing power gone, still other manufacturers were forced to retrench. That has been the story from midsummer of 1929 to this day. We have had an unbroken spiral of falling wages, business curtailment, bringing with them still further wage reductions and still further business curtailment.

The problem even before 1929 was the twofold one of too much national income going into capital investment and too little into purchasing power, that would alone sustain national investment. This is a problem not only of the workingman but of the farmer as well, whose best customer is that numerous class of American wage earner. It is the problem of the industrialist and man of wealth as well, for unless his customers can buy his goods his business and his wealth are destroyed. This is coming to be accepted as a fairly satisfactory explanation of our economic difficulties. President Roosevelt himself has indicated his awareness of it. In his valuable little book published on the very eve of his taking office he declared, and here I quote:

"In the years before 1929 we knew that this country had completed a vast cycle of building and inflation; for 10 years we expended on the theory of repairing the wastes of the war, but actually expended far beyond that, and also far beyond our natural and normal growth. During that time the cold figures of finance prove there was little or no drop in the prices the consumer had to pay, although those same figures prove that the cost of production fell very greatly; corporate profit resulting from this period was enormous; at the same time little of the profit was devoted to the reduction of prices. The consumer was forgotten. Little went into increased wages; the worker was forgotten, and by no means an adequate proportion was paid out in dividends—the stockholder was forgotten.

"Incidentally, very little was taken by taxation to the beneficent Government of those days.

"What was the result? Enormous corporate surpluses piled up, the most stupendous in history. These surpluses went chiefly in two directions: First, into new and unnecessary plants which now stand stark and idle; second, into the call-money market of Wall Street, either directly by the corporations or indirectly through the banks.

"Then", Mr. Roosevelt adds, "came the crash. Surpluses invested in unnecessary plants became idle. Men lost their jobs, purchasing power dried up, banks became frightened and started calling loans. Those who had money were afraid to part with it. Credit contracted, industry stopped, commerce declined, and unemployment mounted."

That is Mr. Roosevelt's graphic picture of what has been happening in the United States. Our problem is not an easy one, but we could hardly hope to solve it without first knowing what it is. It may be that there are several ways of redressing the balance in our economic system. But certainly as things are now set up it is very difficult to check overinvestment or to stimulate the rise of wages.

One thing we can and should do is to resolve now that our taxing policy hereafter will be predicated upon a transfer of taxes from consumption to surplus. Consumption taxation has the advantage of being comparatively simple and comparatively painless. Painlessness, however, is hardly a virtue in taxation. It is right and proper that people should know that they are paying taxes and why they are paying them. The disadvantages of consumption taxes far outweigh the advantages claimed for it. Consumption taxation is widely recognized as being inequitable. It runs absolutely counter to the theory of ability to pay. The poor man's expenditures for food, clothing, and necessities take up practically the whole of his income. Among the well to do, this is not the case. Their expenditures for consumable goods are not in proportion to their incomes. A family with $1,500 income must spend practically all of this for rent, food, and clothing. A 2 percent general sales tax would probably cost such a family $20 to $25 a year. A man with $1,000,000 income would spend a comparatively small fraction of this for consumable goods, so that his contribution to a general sales tax would be an almost infinitesimal fraction of his income.

It is urged that since the well-to-do contribute through income and estate taxes, it is only fair that the poor should contribute their share of the cost of government. This overlooks two very important factors. The first is that we are already drawing a very disproportionate amount of the taxes which support State and local government from the general property tax which falls very heavily upon the farmer and the city dweller of small means. The second is that we already have a group of important Federal consumption taxes, particularly those on tobacco, gasoline, and the latest impost upon beer. The contributions of all these taxes by the average man are altogether out of proportion to his income.

Or, it is urged, that the sales tax be adopted as an emergency expedient. Some even propose that it be sweetened with some sugary name like reemployment or recovery tax to indicate its special and temporary nature. The sales tax is no tax to set up as a temporary expedient. It will involve the examination and audit of the books of every sizeable manufacturing and commercial establishment in the United States. It is hardly conceivable that such a task could be undertaken by less than 10,000 examiners and accountants. And there is not a doubt that most of those who are advocating it, consciously or subconsciously, hope that it will become a permanent part of our national tax structure or that it may even ultimately supplant the income tax in our Federal fiscal policy.

The greatest opposition to the sales tax is that it points in the wrong direction. It would involve a curtailment of national purchasing power at the very time when all stress ought to be laid upon the increase of purchasing power. To this extent it would be a brake upon recovery.

The natural alternative to the sales tax and other forms of consumption taxes is taxes upon that portion of national income which is not spent for consumable goods. When Mr. Mellon was Secretary of the Treasury he urged the reduction of the high income-tax levies in order to release wealth for investment in industrial and commercial expansion. His ideas prevailed, and he was hailed among business men of the time as the greatest secretary of the Treasury since Alexander Hamilton.

The overexpansion of industrial capacity that characterized the boom era followed the acceptance of his counsels. He pointed out the wrong road. We must now choose the other. We must tax the surplus which our industry produced, for the good not only of the Nation, but of industry itself. For some time to come, one of our most important problems will be that of absorbing the productive capacity that that boom era bequeathed to us. We cannot permit unwise investment to destroy the value of existing sound investment. The factories and mills, the office buildings and apartment houses, the theaters and motion-picture establishments that we now have must be protected from the inrush of new capital that a sudden return of the boom spirit would almost certainly bring. Lest the devil find mischief for idle income, we must tax it to keep it and us out of trouble.

There are various forms which this tax on surplus income might take. The basis of all should be a return to at least the income-tax levels that prevailed during the war period. We ought never to have abandoned them, until the debt which the World War left behind, had been extinguished. It may well be that at the present moment this tax would not yield as much as our National Budget would require, but we must not forget that we are now instituting momentous measures for recovery. If the income tax needs to be supplemented, the two most promising additions to it would be a tax upon corporate surpluses, and a tax upon the income from public bond issues which now enjoy tax exemption. Our corporate surpluses are still exceedingly large. It is estimated that even with the unearned dividends that have been paid out of them since 1929, there is still $50,000,000,000 or more in corporate surpluses. With this should go a program for taxing the income from tax-exempt bonds. The whole notion of tax exemption is grounded upon some highly attenuated legal reasoning. We should certainly take steps to see that tax exemption is not extended, and there is plenty of reason to believe that it is within the power of Congress to reach it now. We can never hope to have an intelligent or equitable system of taxation in the United States as long as we tolerate this form of tax privilege.

The important thing to remember at this point is that the present administration has set itself to bring the depression to an end and to erect, if possible, machinery that will prevent its recurrence. The tax program must be made an integral part of this recovery. We are no longer dealing with the patchwork and makeshift of last year. Our tax program must abandon depression taxes for a tax suited to prosperity.

CONGRESS MUST REVISE REVENUE ACT NOW

(Radio speech of Benjamin C. Marsh, executive secretary, the People's Lobby, at conference, Cosmos Club, Washington, Saturday morning, May 20)

The campaign to substitute the sales tax for income and estate taxes is on.

The "opening wedge" is a sales tax to amortize the proposed $3,300,000,000 public-works program at the rate of $220,000,000 a year. In 10 years that would amount to $2,200,000,000.

The Government is losing at least $2,100,000,000 in taxes this year, as follows:

Corporations are withholding dividends to save wealthy stockholders from surtaxes. Corporations have liquid assets of over $8,000,000,000, which should be taxed $1,000,000,000 this year.

Capital-loss deductions are costing the Government at least $200,000,000 this year.

Failure to tax income from Government bonds is costing the Government at least $150,000,000 this year.

Failure to tax incomes adequately is costing the Government at least $700,000,000 this year.

Evasion of taxes through partnerships is costing the Government at least $100,000,000 this year.

At least $500,000,000 of consumption taxes, largely paid by the poor, should be repealed.

Write the President, both your United States Senators, and your Member of the House of Representatives to defeat the sales tax, repeal present Federal consumption taxes, and tax accumulated wealth and concentrated income, as we suggest.

NATIONAL INDUSTRIAL RECOVERY

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of H.R. 5755, the national industrial recovery bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for

the construction of certain useful public works, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. HARRISON. Mr. President, I merely desire to make the brief statement that no man has had more to do with the formulation of this legislation and the drafting of it from its initiation down to this moment than the junior Senator from New York [Mr. WAGNER]. Therefore I am going to yield to that Senator in order that he may explain the provisions touching industrial recovery as well as public works.

Mr. WAGNER. Mr. President, at the risk of being tedious, I purpose to explain the provisions of the pending bill and the policy behind it, as well as to clear up any doubts in the minds of those who may have them as to whether under the Constitution we are empowered to enact such legislation.

Mr. President, the national industrial recovery bill is an employment measure. Its single objective is to speed the restoration of normal conditions of employment at wage scales sufficient to provide a comfort and decency level of living.

THE ECONOMIC EMERGENCY AND THE NEED FOR ACTION

I want to say at the very beginning that the economic emergency is not over; it is upon us in fullest force. According to the latest publication of the Bureau of Labor Statistics, the index of employment in manufacturing industries, which was 100 in 1926, declined to 97.5 in 1929, to 84.7 in 1930, to 72.2 in 1931, to 60.1 in 1932, and to 56.4 during the first quarter of 1933. It is equally significant that, on a monthly basis, every month from the beginning of 1932 through the first quarter of the present year witnessed a decline in the index of employment, except for a 1-point rise in February 1932 and again in February 1933.

If we look at pay-roll indexes, the history is even worse. Starting with an index of 100.5 in 1929, pay rolls fell to 81.3 in 1930, to 61.5 in 1931, to 41.6 in 1932, and to 35.2 in the first quarter of 1933.

There has been some slight improvement, it is true, during the past 3 months. But if we do nothing to speed revival, if we do nothing to bring about revival more quickly than in the leisurely manner which may be expected from a study of business cycles in the past, the effects upon the stability of our social and economic institutions are too alarming to contemplate.

We cannot afford to wait. We know too well the effects of the tragic decline during the past 4 years; we are too familiar with the poverty, disease, and crime which it has brought in its wake. The task before us today is to adopt well-considered measures for the stimulation of employment. The present bill is designed to take care of these measures by promoting order in trade and industry and by inaugurating a widespread public-works program.

DEFECTS IN WORKINGS OF THE ANTITRUST LAWS

The first title of the bill deals with the problem of order in trade and industry, and involves primarily a reconsideration of the traditional attitude toward competition, as embodied in the antitrust laws. We cannot get the full meaning of this bill without examining the history of these antitrust laws in action.

Every well-considered law embodies an objective and a theory concerning the best way to reach that objective. The purpose of the antitrust laws was to prevent the excessive concentration of wealth, and to keep intact the social and economic opportunities of small business men, laborers, and consumers. We desired to assure every deserving person in the country an equitable share in our rapidly expanding national wealth. The method chosen was based primarily upon the belief that the preservation of competition and the prevention of business combination were most likely to secure these typically American ideals, and that nothing else had to be done.

Even from the start, the method had slight chance of success, because it was not based upon a twentieth century economic philosophy. It was not even an 1890 or an 1875 philosophy. It was a wholesale acceptance of the abstract theories of Adam Smith's Wealth of Nations, published in 1776. It was responsive to the conditions existing in England at the early dawn of the factory system, when the new middle-class business men were trying to strike off the shackles of outworn medieval restrictions. When this philosophy was lifted bodily out of the past and flung up against the rush of industrialism during the last 40 years, it had to fail. Insofar as we observed the method, we lost the objective. Let us review how this has happened.

The antitrust laws have not checked in the slightest degree the constant growth in the size of business units, and the intensifying concentration of economic power in the hands of a relatively few enormous enterprises. During the period 1920–29, which may be said to represent the summit of our industrial progress, the 200 largest nonfinancial corporations received 40.7 percent of the net income earned by all of the nonfinancial corporations in the country. And in these 200 enterprises, 80 percent of the wealth was controlled by management, as distinguished from ownership.

This large-scale enterprise was the inevitable result of changes in science and technology. Specialization and serialization made us the wealthiest nation in the world. Any attempt by law to arrest this sweep would have been like Canute trying to roll back the sea. The courts realized this to the fullest extent, and after enunciating the rule of reason in the *Standard Oil case*, they sanctioned the United States Steel Corporation, the United Shoe Machinery Co., and a host of mammoths of industry. More recently, large-scale enterprise extended into the field of banking and retail selling. In a few moments I shall trace the implications of this development.

Despite the fact that the antitrust laws did not prevent the displacement of small enterprises by big business, they did have other effects. And as is the case with most laws which are out of touch with the times, many of the effects were bad. Business was forced to grow big partly by methods that injured the very groups the laws sought to protect—the small undertaking, the consumer, and the laborer. Since the law frowned upon the mutual association of independent groups, business expanded in size by ruthless and predatory practices and by crushing the weaker man through resort to devices which, while they did not violate the law, bore heavily upon the small enterprise. The frightful economic waste, in turn, was charged to the consumer of goods. In addition, much expansion was forced underground. It took the devious forms of holding companies, interlocking directorates, stock control, and the intricate maze of financial subterfuges which are a constant threat to the public interest because they are not brought into the open.

Most important of all, business grew large in a way which prejudiced the rights of labor. The antitrust laws, in concentrating attention upon the problem of size alone, and on this score yielding inevitably to the forces of technology, forgot the more crucial problem—the problem of utilizing the wealth-creating possibilities of large size in such a way as to help everyone. The task is not to check efficiency, but to reap its full benefits. During the present century we more than doubled our national wealth. But we made no progress in distributing it more equitably. From the most comprehensive study of income in the United States, that of the National Bureau of Economic Research, we learn that less than 9 percent of the people in the United States receive one third of the total national income, that one thirtieth of the population receive one tenth of the national income, while three quarters of the population receive incomes below the standards of comfortable living set by the United States Bureau of Labor Statistics. This study was made in 1921, but later studies show that there has been no change in the distribution of wealth up to the end of 1929. Even at the height of our vaunted prosperity several million families lived in poverty. In the running fight over the application of the methods of the antitrust laws its objectives were forgotten.

I have been discussing the indirect effects of the antitrust-law philosophy. Even more significant is the startling paradox that these laws were invoked most successfully in actual litigation to curb the laborer and the small business man.

In the case of the laborer the acceptance of competition as a fetish encouraged employers to vie with one another in lengthening hours of labor and cutting rates of pay. In addition, when laborers attempted to protect themselves by uniting with others of their craft the antitrust laws were rigorously applied by the courts. In *Bedford Cut Stone Co.* v. *Journeymen Stonecutters' Association* (1927) (275 U.S. 37) this policy raised the dissenting protest of Mr. Justice Brandeis, in these words:

> The Sherman law was held, in *United States* v. *The United States Steel Corporation*, to permit capitalists to combine in a single corporation 50 percent of the steel industry of the United States, dominating the trade through its vast resources. The Sherman law was held, in *United States* v. *The United Shoe Machinery Co.*, to permit competitors to combine in another corporation practically the whole shoe-machinery industry of the country, necessarily giving a position of dominance over shoe manufacturing in America. It would, indeed, be strange if Congress had by the same action willed to deny to members of a small craft of workmen the right to cooperate in simply refraining from work, when that course was the only means of self-protection against a combination of militant and powerful employers.

In like manner, while great enterprises generally eluded the antitrust laws by a show of the economic necessity for large-scale operations, the small business man was frequently subjected to their sting. He was not allowed to cooperate with others of his kind, and thus was denied his only weapon against larger opponents. He was forced into the wrong kind of competition against other small men, a competition that was wasteful, blind, and destructive. Instead of being confined to honorable bids for the market and real gains in efficiency, that competition extended to degrading the position of the wage earner and cheating the consumer. In *American Column & Lumber Co.* v. *United States* (1921) (257 U.S. 337), the Court held that the antitrust laws prevented 365 small concerns, totaling 30 percent of the hardwood producers of the country, from engaging in an "open-competition plan." This plan involved merely the exchange of information. Here again Mr. Justice Brandeis, whose social philosophy is imbued with individualism and the merits of genuine competition, dissented. He pointed out the danger in these words:

> May not these hardwood-lumber concerns, frustrated in their efforts to rationalize competition, be led to enter the inviting field of consolidation? And if they do, may not another huge trust with highly centralized control over vast resources—natural, manufacturing, and financial—become so powerful as to dominate competitors, wholesalers, retailers, consumers, employees, and in large measure the community?

THE RESTORATION OF CONSTRUCTIVE COMPETITION

Title I of the present bill is intended to return to the objectives of the antitrust laws. The first step taken by the bill is to make competition constructive rather than ruinous, and to permit cooperation whenever a wise policy so dictates. The bill permits any trade or industrial group to draw up a voluntary code of fair competition, and to submit it to the President for approval. Such a code may contain the standards of fair competition, the practices which should be banned as unfair, and the methods which, in the judgment of the group, are most likely to revive industry and increase employment. These methods may include exchange of information, cooperative marketing, standardization, simplification, and a wide variety of other features.

When such a voluntary code is approved by the President, it becomes binding upon the entire trade or industry, and any action complying with it is exempted from the provisions of the antitrust laws. But before the President accepts any code it must be proved that the code will not tend to promote monopoly, and that the group which proposes it is truly representative of the trade or industry and imposes no inequitable restrictions upon membership. Nor will any code be approved which discriminates against small enterprise.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. If the Senator does not mind, I should prefer to finish. Then I shall be very happy to answer any questions, if I can.

It must be stated in the strongest terms that the bill does not abolish competition; it purifies and strengthens it. In the words of the Brandeis dissent in the *American Column case* (1921) (257 U.S. 377):

> The cooperation which is incident to this plan does not suppress competition. On the contrary, it tends to promote all competition which is desirable. By substituting knowledge for ignorance, rumor, guess, and suspicion, it tends also to substitute research and reason for gambling and piracy, without closing the door to adventure or risking the value of prophetic vision. In making such knowledge available to the smallest concern it promotes among producers equality of opportunity. In making it available also to purchasers and the general public, it does all that can actually be done to protect the community from extortion. If, as is alleged, the plan tends to substitute stabilization in prices for violent fluctuations, its influence, in this respect, is not against the public interest. The evidence in this case, far from establishing an illegal restraint of trade, presents, in my opinion, a commendable effort by concerns engaged in a chaotic industry to make possible its intelligent conduct under competitive conditions.

I am happy to state that this dissent has become the accepted view of the Court in later cases, especially the very recent decision of *Appalachian Coals* v. *United States* (1933) (53 Sup. Ct. 471). In this case the Court upheld under the antitrust laws an exclusive selling agency for 64 percent of the bituminous mines in the Appalachian territory. This agency was to sell all of the coal at the best available price, upon an agreed classification, and to apportion the orders if all the coal could not be sold. The agency was also to effectuate better methods of distribution, intensive advertising and research, economy in marketing, and the elimination of abnormal, deceptive, and destructive trade practices. Mr. Chief Justice Hughes wrote that the antitrust acts do not—

> Seek to establish a mere delusive liberty by either making impossible the normal and fair expansion of (interstate) commerce or the adoption of reasonable measures to protect it from injurious and destructive practices and to promote competition on a sound basis. We know of no public policy, and none is suggested by the terms of the Sherman Act, that in order to comply with the law those engaged in industry should be driven to unify their properties in order to correct abuses which may be corrected by less drastic measures. Public policy might indeed be deemed to point in a different direction.

This bill gives general recognition to economic realities which the Court, operating even under the antitrust laws, has been constrained to admit in specific instances. When viewed in this light it is clear that the bill is not a measure designed to curtail production or to lessen the volume of trade. It is a measure to expand trade and commerce by removing the barriers which have caused factories to close and men to walk the streets in idleness.

PROTECTION OF LABOR

The interests of the laboring man are adequately protected under the voluntary codes. No code will be approved unless it embodies the following: (1) Recognition of the right of employees to organize and bargain collectively through representatives of their own choosing; (2) prohibition of the antiunion or "yellow dog" contract as a condition of employment; (3) acceptance of the maximum hours of labor and minimum rates of pay and other standards of working conditions approved by the President.

I want to emphasize the minimum-wage provisions. In my opinion the depression arose in large part from the failure to coordinate production and consumption. During the years 1922–29 corporate earnings rose very much faster than wage rates. This led to an overexpansion in productive equipment, particularly machinery and plant facilities. The great mass of consumers did not receive enough pay to take the goods off the market. For several years we floated along on two bubbles, first the illusory prosperity of installment buying and secondly the quixotic policy of selling goods to Europe and lending money to pay for our own goods. When these two bubbles burst, the crash came. In retracing our steps to the land of plenty, we must set up sounder security than bubbles. The only safeguard is a well-planned wage

program, dispersing adequate purchasing power throughout the economic system.

The solution of the wage problem is necessary for other reasons. Even during 1929 fully one third of our population received incomes which did not permit them to meet the minimum requirements for health and decency set by the United States Bureau of Labor Statistics. By 1933 this situation characterized over one half of the people, and from ten to fifteen million families have been reduced to dire want. These figures are a matter of common knowledge. They make the wage situation more than an economic problem in the narrow sense. It is a situation tending to destroy health and morals, and should be dealt with in the same firm manner that we are accustomed to employ in such instances.

PRIMARY RELIANCE ON VOLUNTARY ACTION

I have been discussing codes which are voluntary both as to their competitive practices and as to their labor provisions, and it is primarily upon such spontaneous action that the bill relies. It is not my intention to substitute Government for business, or to remove from the shoulders of business men the responsibility for economic recovery. The duties of industrialists are enhanced by the opportunities which the bill offers for constructive cooperation. The whole Nation is confident that they will respond speedily and wisely. But if any trade or industry cannot or will not cooperate in the formulation of a voluntary code, the President is authorized, after proper investigations and hearings, to prescribe a code including all the salutary and protective features of the voluntary codes. Or if any trade or industry voluntarily arrives at some of the requirements of a code and neglects others, the President may in proper manner prescribe these others and include all in a general code. Another provision of the bill is that the President may, in the absence of need for a general code, or if such a code is impracticable, prescribe a limited code dealing only with maximum hours, minimum wages, and other conditions of employment.

This residuary compulsory power may seem novel and even shocking. But on analysis it fits perfectly into a system of ideas which we have long accepted. We have never doubted the right of the Government to regulate a limited group of public utilities, such as railroads and power companies. We said they were "affected with a public interest." Today the stern realities of the crisis and the interpenetration of all the industries in our complicated economic system affect all business with a public interest, especially when we are undertaking a comprehensive scheme designed to bring order out of chaos. We cannot achieve order unless we establish it everywhere. One exploiting employer can drag an entire trade down to his level; one disorganized trade can unsettle an industry; and one bankrupt industry can cause maladjustment throughout the Nation. Most industries will come out of the jungle gladly. The very few that cannot find their own way will be guided out by the force of the public sentiment operating through this law.

In addition to the code provisions, the President is authorized to enter into or approve voluntary agreements for the purpose of effecting the policies of the bill. These agreements need not apply to an entire trade or industry, and do not bind those who are not parties, but every voluntary agreement must contain all of the protective and labor features of the codes except those which have reference to membership in trade associations or groups.

ENFORCEMENT

Finally, title I of the bill has enforcement sections. Violation of any of the provisions of the code by anyone engaged in interstate commerce, or business affecting interstate commerce, constitutes unfair competition and subjects the violator to an order by the Federal Trade Commission to cease and desist from his unfair practices. Such violation is also a misdemeanor and the offender is subject to a fine of $500 for each day of violation. A code may be enforced by injunction proceedings in the Federal courts. In addition, for 1 year the President, after public hearing, may license any line of business enterprise in any geographical area whenever he finds such a course necessary to make effective a code of fair competition or an agreement or otherwise to further the policy of the bill. After any branch of trade or industry has been subjected to license, no one may carry on such trade or industry in interstate commerce or any transaction affecting interstate commerce without first obtaining a license, on penalty of $500 fine or 6 months' imprisonment, or both, for each day's violation.

The bill centralizes authority in the President, with power on his part to set up the agencies and appoint the officers and employees necessary to carry out the new policy. He is authorized also to establish an industrial and research planning agency, to enlist the aid of the Federal Trade Commission for necessary investigations, to modify or cancel any action taken under the bill, and to terminate the bill prior to its stated 2-year life by a declaration whenever the national economic emergency will have ended.

CONSTITUTIONALITY OF THE BILL

The constitutionality of title I rests upon three questions: (1) Are the regulatory measures proposed within the scope of Federal authority; (2) if so, are they of a type which our Constitution permits generally; and (3) is there an improper delegation of legislative power to the President?

The question of the proper exercise of Federal authority depends upon whether the bill confines itself to national matters, or whether it attempts to extend to matters which are of purely local concern. The answer is clear. The language of the bill expressly provides that any compulsory measures, such as the licensing feature of the bill, and any penalties for violation of the codes, shall be confined to business in or affecting interstate commerce. Thus no attempt is made to extend Federal action to an area of activity not covered by the commerce clause of the Constitution.

A survey of a few cases, however, shows that there will be ample power in the bill to deal effectively with industry as a whole. In the famous *Shreveport case* (1914) (234 U.S. 342) the Court held that the Interstate Commerce Commission had power to regulate the purely intrastate rates of a railroad, upon a showing that these intrastate rates were lower than the rates fixed by the Commission for similar distances between Louisiana and Texas. The Court did not base its decision upon the ground that an interstate carrier was being regulated. In fact, Congress has no power to regulate the purely intrastate rates of such a carrier if they do not affect interstate commerce. The decision rested upon the fact that the flow of goods between the two States was burdened when goods could be transported an equal distance within the State of Texas for less money. In my opinion, this is strictly analogous to a situation where the flow of interstate commerce into a particular State might be burdened by the practices governing the sale of goods of the same kind within the State by concerns doing an intrastate business. Thus if a local manufacturing concern in State A paid its labor starvation wages, and by this unfair practice sold goods in the local market for an excessively low price, this might be a burden upon competitive goods flowing in from another State, manufactured by an interstate business subject to a code of fair competition, including labor provisions.

The language of the present Chief Justice, then an Associate Justice, in the *Shreveport case* sustains a broad interpretation. He wrote that the authority of Congress extends—

> To the maintenance of conditions under which interstate commerce may be conducted upon fair terms. * * * This is not to say that Congress possesses the authority to regulate the internal commerce of a State, as such, but that it does possess the power to foster and protect interstate commerce, and to take all measures necessary or appropriate to that end.

In *Stafford* v. *Wallace* (1922) (258 U.S. 495) the Court upheld the authority of Congress to prohibit unfair, discriminatory, and deceptive practices on the part of commission merchants in the great stockyards, and also the packers and dealers who bought goods from these merchants and resold them to stock farmers and feeders, although these

transactions were not technically in interstate commerce. Chief Justice Taft wrote that where a national scheme of regulation is contemplated for the purpose of facilitating the flow of interstate commerce, the Court will not defeat it—

> By a nice and technical inquiry into the noninterstate character of some of its necessary incidents and facilities when considered alone.

When cases have arisen involving the rights of labor, the Court has taken a very broad view of interstate commerce. In the *Bedford case* (1927) (274 U.S. 37), the stonecutters refused to work upon stone which had been shipped into the State from quarries in other States where nonunion labor was employed. The stone upon which the cutters refused to work was no longer in the stream of commerce and it was hardly destined for use outside of the State in which it rested. It had been supposed that such work was not commerce at all, much less interstate commerce. But the Court held the action a violation of the antitrust laws, on the ground that refusal to work upon this stone necessarily diminished the orders for more stone from the quarries in other States and thus affected interstate commerce.

Think how far this *Bedford case* goes. Most goods, even when manufactured by an intrastate business and destined for intrastate use, are compounded of ingredients which flow in from other States. Thus unfair or chaotic conditions which put such a business in difficulty clearly affect the flow of interstate commerce. If the Court can take a broad interpretation of such commerce, when to do so frustrates the struggle of the wage earner to better his economic condition, I maintain that the Court should take an equally realistic approach when an effort is being made to remedy Nation-wide unemployment and distress.

In the very recent *Appalachian Coals case*, to which I have referred, Mr. Chief Justice Hughes recognized that in the present emergency the whole economic process is inextricably intertwined, in these words:

> The interests of producers and consumers are interlinked. When industry is grievously hurt, when producing concerns fail, when unemployment mounts and communities dependent upon profitable production are prostrated, the wells of commerce go dry.

This statement of the Chief Justice, sustaining agreements as far reaching as any proposed by this bill, expresses a viewpoint which I want to reiterate: that by substituting rational competition for ruinous warfare, the flow of commerce is not restrained, but immeasurably increased.

The second constitutional question is whether, granted that the Federal Government has jurisdiction, the regulations proposed are of a type permitted by our law. These regulations do not fall under powers specifically enumerated in the Constitution but are based upon the general power of every government to provide for the well-being of its people. This power, whether we call it the sovereign power or the police power, falls to the Federal Government under the insterstate-commerce clause in national matters and to the State governments in local affairs. The only limitations upon this power are the fifth amendment, which prohibits the Federal Government from taking life, liberty, or property without due process of law, and the fourteenth amendment, which places the same restriction upon the States. In our long constitutional history there is not a single case which holds that due process has a different meaning in these two amendments, or that the sovereign or police power is of a different amplitude in the States from what it is in the National Government. The nature of the power, the type of social and economic situations which it may deal with, and the extent of the regulation which it may undertake in its own sphere is exactly the same whether exercised by the Federal Government or by the States.

Therefore, since our question is what types of regulation are constitutional, and since the answer to this question is the same whether Federal or State action is involved, we may get our answer by examining both Federal and State statutes which have come before the Supreme Court of the United States.

The law has always recognized that the police power encompasses anything necessary to protect the health, safety, and morals of the people as a whole. In *Muggler* v. *Kansas* (1887) (123 U.S. 623) a State statute prohibiting the manufacture of spirituous liquors was sustained, and the health, safety, and morals doctrine was broadly stated. In the famous *Lottery case, Champion* v. *Ames* (1903) (188 U.S. 321), the Court upheld the power of Congress to keep lottery tickets out of the mails; in *Hipolite Egg Co.* v. *United States* (1911) (220 U.S. 45) the Pure Food and Drug Administration was sustained, and in *Hoke* v. *United States* (1913) (227 U.S. 308) the Court upheld the prohibition of the transportation of women in interstate commerce for purposes of prostitution. All of these earlier cases enunciated the health, safety, and morals doctrine, and applied it equally to State and congressional action.

In addition these cases all involved prohibitions. The Court has never denied that the right to regulate includes the right to prohibit, provided that the ends sought are constitutional and that prohibition is the only way of effectuating them. In *Hammer* v. *Dagenart* (1918) (247 U.S. 251), which held unconstitutional a statute prohibiting the transportation in interstate commerce of goods manufactured by child labor, the Court did not decide that the power to regulate does not include the power to prohibit. It decided only that the Federal Government was trying by indirection to deal with a purely local matter.

Now to examine the extension of the police power to the regulation of economic affairs. This extension is upheld upon two theories: First, that such regulation is frequently necessary to protect health, safety, and morals; and, secondly, upon the ground that the business which is regulated is affected with a public interest.

On the health doctrine as applied to economic affairs, *Bunting* v. *Oregon* (1917) (243 U.S. 246) upheld a State statute limiting the working hours of men in any mill, factory, or manufacturing establishment. A wide variety of cases, arising under both State and Federal statutes, establishes beyond any question the constitutionality of regulating hours of work.

The constitutionality of minimum-wage legislation came up in *Adkins* v. *Children's Hospital* (1923) (261 U.S. 525). The Court refused to uphold a statute which fixed minimum wages for women in certain occupations in the District of Columbia. This was a 5-to-4 decision; it was widely criticized over all the country; and other decisions cast grave doubts as to the present status of the *Adkins case*. But we may accept the *Adkins case* as law and examine its holding. Mr. Justice Sutherland argued that there was no measurable relationship between wages and health, because what might be a health wage for one person would not be for another. But the Court did not deny that if such a relationship could be shown it would provide a basis for wage regulations. It was not shown to the satisfaction of the Court at that time in the District of Columbia. Certainly today, however, where the total wages paid to the normally working population have fallen to about 40 percent of what they were in 1929, forcing millions to live on a bare subsistence level, and turning thousands to immorality and crime, any comprehensive scheme for restoring wage payments is related to the health, safety, and morals of the people. Mr. Justice Sutherland's second point was that wages were not affected with a public interest. That also may have been true in the District of Columbia in 1923; it is not true in the United States in 1933. There is nothing in the *Adkins case* which prohibits economic regulation where a health, safety, and morals problem can be shown, or where the general public interest is involved. The *Adkins case* was not concerned with a comprehensive attempt to deal coherently with a great national emergency.

Let us survey the leading cases permitting economic regulation. Some of these involve wage fixing, others deal with price fixing, still others involve the comprehensive regulation of business. But the constitutional problem is the same. The objection asserted in all cases is that liberty of contract is interfered with, and the justification must always be that the business is affected with a public interest. The concept of a public interest is not static; it changes with the

flow of circumstance. In *German Alliance* v. *Lewis* (1914) (223 U.S. 389) State regulation of insurance rates was upheld. Justice McKenna said:

A business, by circumstances and its nature, may rise from private to public concern and be subject, in consequence, to governmental regulation. * * * It would be a bold thing to say that the principle is fixed, inelastic, in the precedents of the past and cannot be applied though modern economic conditions make necessary or beneficial its application.

Wilson v. *New* (1917) (243 U.S. 332) is a case of the utmost importance. It sustained an 8-hour day and a minimum wage law for the railways. The minimum wage was to endure for only 30 days, it is true, but that was because the emergency contemplated was a short one. Chief Justice White did not rest the opinion upon the fact that common carriers were involved, though that seems to be the impression of the learned constitutional lawyer, Mr. BECK. The Court said:

The powers possessed by government to deal with a subject are neither inordinately enlarged nor greatly dwarfed because the power to regulate interstate commerce applies.

The decision was based upon the public-interest doctrine. It said, and mark the words:

Although an emergency may not call into life a power which has never lived, nevertheless, emergency may afford a reason for exercising a living power already enjoyed.

This quotation is absolutely applicable to the present situation, where the economic emergency does not change the public-interest doctrine, but enlarges the category of businesses which are affected with a public interest.

Block v. *Hirsh* (1921) (256 U.S. 135) is another vital case. It upheld the power of a commission in the District of Columbia, operating under a statute, to fix fair rents, and to allow the tenant to remain in occupancy for a period of 2 years if he paid these rents. The statute was based upon an emergency and was limited to 2 years, just as the present bill is. The great liberal sage, Justice Holmes, wrote for the Court:

No doubt it is true that a legislative declaration that a certain use is a public one may not be held conclusive by the courts. But a declaration by a legislature concerning public conditions that by necessity and duty it must know is entitled at least to great respect. In this instance Congress states a publicly notorious and almost world-wide fact. * * * Plainly circumstances may so change in time or so differ in space as to clothe with (a public interest) what at other times and in other places would be a matter of purely private concern.

In making this constitutional argument, I am not appearing in the role of an advocate who reads the opinions in the form necessary to sustain his conclusion. Thirteen years ago, in the Supreme Court of the State of New York, I had the honor of writing the opinion in one of the first rent cases. Then, too, we were confronted by an emergency, the same emergency that resulted in Block against Hirsh. I will read just a brief extract from the opinion delivered by me at that time.

Mr. KING. In what case was that?

Mr. WAGNER. It was the case of *Ullmann Realty Co.* v. *Tamur*, the New York Supplement, volume 185, page 620. I am going to read merely a portion of the opinion, and, by the way, that case was upheld all the way to the United States Supreme Court:

Our constitutional Government is not an impotent one. Not so readily can its arms of protection for those whose benefit it is imposed be bound and helpless; its scope and vision is wide; its power flexibly adaptable; its aim the protection of human rights. Our lawmaking body is restrained alone by the rule of reason as to the means adopted for the accomplishment of its purposes. To deny it such powers would be subversive of the principles upon which it was founded and of the postulates of dedication its creators avowed. It would deservedly be an indictment against and a reproach to our entire system of Government.

I said further in that opinion:

Our Constitution is not so inflexible, unyielding, and immovable that our law-making bodies lie prostrate at its feet, powerless to give legislative succor in the face of a peril threatening the health, morals, and even the lives of the people.

For a century and a half our constitutional restraints have received interpretations befitting every emergency and public matter. The statutes in question were enacted to avert a crisis.

I do not mean to imply that the pending legislation contemplates price fixing. I refer to these cases simply because price fixing is the most far-reaching form of economic regulation; and if the Court will sustain price fixing when the economic situation warrants, there is no reason to believe that the Court will find anything unconstitutional in this bill.

Cases which might seem to stand against us are clearly distinguishable. In *Wolff* v. *Court of Industrial Relations* (1923) (262 U.S. 522), the Court held unconstitutional a Kansas statute providing for compulsory arbitration as to wages and compulsory continuance in business on the basis of the wage scales set at the arbitration. Chief Justice Taft based the decision upon the compulsory-continuance feature, which this bill does not contemplate, and upon the absence of an economic emergency such as existed in Wilson against New. In *Tyson* v. *Banton* (1927) (273 U.S. 418) it was decided that the resale price of theater tickets in New York did not come under the public-interest doctrine, and therefore could not be subject to statutory regulation. In *Ribnik* v. *McBride* (1928) (277 U.S. 350) the Court held that "at least in the absence of a grave emergency", employment agencies are not affected with a public interest to an extent which would allow a State statute to fix the fees of its agents. Besides excluding the emergency situation, the *Ribnik case* decides only the invalidity of price fixing, and distinguishes regulation directed against fraud, extortion, and discrimination. In the famous recent case of *New State Ice Co.* v. *Liebman* (1932) (285 U.S. 262) the Court merely held that a certificate of public convenience and necessity could not be made a prerequisite to the right to enter the ice business in Oklahoma. This bill contemplates no such requirement. Besides, I believe that the powerful dissenting opinion of Mr. Justice Brandeis, with its ominous warning against the arrest of social and economic experiments, is the harbinger of the future decisions of the Court.

I cannot doubt that the pending legislation also comes under the public-interest doctrine. The first famous case, *Munn* v. *Illinois* (1876) (94 U.S. 113), held that grain elevators were affected with a public interest because they "stand at the gateway of commerce and take toll of all who pass." This depression stands at the gateway of our national economic life, and for almost 4 years has taken toll of all who pass. Congress has the power to remedy this situation. Mr. BECK, in an address a few days ago, when this bill was debated in the House, said that the legislation marked the abdication of all the powers of Congress. I think Congress is abdicating its powers when it sits supinely by and refuses to relieve a national calamity because of a totally erroneous concept of the spirit of our constitutional law.

Finally, the delegation of powers to the President does not violate the Constitution. It is true that legislative powers cannot be delegated. But in order that the wheels of government may continue to turn, the Court has always sanctioned the use of administrative agencies to fill gaps in those statutes which set up reasonable guides to action. *United States* v. *Grimaud* (1911) (220 U.S. 506) is a leading case. It sustained a statute delegating to the Secretary of Agriculture the power to fix regulations governing the use of forest reservations for grazing or other lawful purposes and making violation of these regulations a penal offense. I do not feel that any particular case taken alone would be decisive as to this bill, but the cumulative effect of cases sustaining the rate-making power of the Interstate Commerce Commission (*Interstate Commerce Commission* v. *Goodrich* (1912), (224 U.S. 195)), the administration of the Pure Food and Drug Act (*United States* v. *Antikamnia* (1913) (231 U.S. 654)), the flexible tariff (*Hampton* v. *United States* (1928) (276 U.S. 395)), and many other similar situations, is entirely decisive.

THE ADVISABILITY OF PUBLIC WORKS

I turn now to title II of the bill relating to the public-works program. My frequently expressed belief in the soundness of public construction as a means of prompting

economic recovery is winning the support of an increasing majority of legislators and economists.

Up to the present, however, this remedy has hardly been applied. In 1932 public construction was $1,500,000,000 less than in 1930. Today, two thirds of the two and one-half million workers normally engaged in construction activities are idle. During the past 4 years the volume of public construction decreased concomitantly with the decline in private industry instead of being expanded in order to act as an economic balance wheel.

Such planlessness has already elicited the disapproval of the Senate. In 1931 we passed the Federal Employment Stabilization Act and last July we enacted the emergency relief and construction measure, both of which were designed to initiate a program of purposeful planning in public works. But the requirement of the latter act that no project shall be eligible for a loan unless it be self-supporting and self-liquidating from revenues other than taxation and the unimaginative, inflexible policy of the Reconstruction Finance Corporation have circumvented the true purposes of those acts, and have accentuated the business catastrophe.

Today is the logical time to inaugurate a large public-works program. I have always maintained that it is better to pay men for useful effort than to maintain them in enforced idleness. Owing to the decline in activity during the past 2 years, which has caused a deficit of $2,000,000,000 worth of projects, an infinite variety of useful work is awaiting action over all the country. Furthermore, enforced idleness undermines the morale and health of the people and makes them unfit for the normal resumption of their accustomed tasks.

While the sustained resumption of private enterprise is impossible until there is a likelihood of profit, public works are suited to initiate the upward swing of the cycle without which profitable business can never become an actuality.

The public-works idea presents, in my estimation, the only sound method of spreading purchasing power, and that is admitted by everyone to be the vital need of today. Proposals for grants or loans to private industry do not meet this need. They assume that the difficulty we face is primarily a failure of credit facilities. But, except in brief periods of panic, there are ample credit facilities to satisfy reasonable business prospects as a whole. The real trouble is that business has no prospects when consumer demand is dried up. Public construction will create a pay roll for about 3,000,000 men and women, which will be translated into a rapid demand for consumer goods and thus lead to general industrial revival. At the same time, public construction does not flood the market with competitive goods in search of buyers.

Extensive outlays for public works will certainly stimulate the investment of large amounts of private funds. The construction of a roadway may open a new district to residential development or invite new business enterprise. I am confident that the activities selected under this bill will ramify into every phase of economic endeavor.

PUBLIC-WORKS PROGRAM

Title II launches a $3,300,000,000 public-works program and authorizes the creation of a Federal Emergency Administration of Public Works, all the powers of which will be exercised by a board of public works. The board will formulate projects, which may include publicly owned highways, instrumentalities, and facilities, the conservation and development of national resources, including waterworks, electrification, flood control, river and harbor improvements, and to a limited extent railway maintenance and a variety of private enterprises which are devoted to the public use and which are at present eligible for loans under section 201 (a) of the Emergency Relief and Construction Act. In addition, the bill authorizes the construction, under public regulation and control, of low-cost housing and slum-clearance projects.

Specific provisions are made for road construction. The President is authorized to allocate an amount not less than $400,000,000 for the Federal-aid highway system and secondary or feeder roads. This money is to be apportioned among the several States on the basis provided in the Federal Highway Act. These funds need not be matched by the States. It is noteworthy that the bill liberalizes the purposes for which road money may be spent. It extends to the elimination of highway-traffic hazards, the removal of grade crossings and widening of narrow bridges, and the construction of new roads to avoid congested areas. In connection with the elimination of railroad-grade crossings, however, no funds are to be used for the acquisition of any land, right of way, or easement.

Nothing is more important at this time than the speedy consummation of these projects, and the flexible, individualized administration of the aid contemplated. For this reason authority to disburse funds is lodged in the President. He may act through the board or by means of such agencies as he shall create or designate. He may engage in the construction directly. He may finance the construction by loans to States, municipalities, or other public bodies and to certain private corporations engaged in the construction of projects devoted to a public use. He may aid in financing such construction by purchasing securities, by guaranteeing securities, or in any way deemed desirable to carry out the purposes of the bill. In addition, whenever necessary to make the construction progress rapidly, the President is authorized to make outright grants to States, municipalities, or other public bodies in an amount not exceeding 30 percent of the cost of labor and materials employed upon the project.

In accord with the general objectives of the bill, to which I have referred, title II makes adequate provisions for the welfare of labor. It provides that every contract and every loan or grant made pursuant to this title of the bill shall contain provisions insuring (1) that no convict labor shall be employed upon the project, (2) that the 30-hour week shall prevail, (3) that all employees shall be paid wages sufficient to provide a standard of living in decency and comfort, and that all bids for contracts involving the expenditure of funds created by title II of the bill shall contain the wage standards set up by the President, (4) that preference in employment shall be given to ex-service men, and then to citizens residing in the locality where the work is being done.

The $3,300,000,000 are to be raised by Government borrowing. I have long maintained that this is sound economics, and similar to the customary practices of private business. The improvements contemplated by title II are relatively permanent, and their cost should be spread over a period not exceeding in length the normal life of the project.

MODERATION THE CHARACTERISTIC OF THE BILL

This completes my statement of the objectives and methods of the National Industrial Recovery Act. Its objectives are the restoration to security and comfort of millions of sorely tried people, and the permanent effectuation of ideals of social and economic justice which have been typically American since the founding of the Nation. Its method is sound and peculiarly our own. It is based upon the need for a well-balanced stimulation of private industry and public activity. It does not substitute Government for business, constraint for voluntarism, or socialism for competition. It gives business an opportunity to serve its true function; it opens the channels to voluntary action along fruitful lines; and it raises competition to a worthy level of effort.

Viewed in this light, the bill is not a radical measure; it is merely a fulfillment of the objectives which have characterized the whole mass of antitrust legislation. Let me quote from Senator Sherman's speech in the Senate on March 21, 1890. He did not fail to make the distinction between good and bad competition which we seek to establish in this bill. He said—

> The courts * * * will distinguish between lawful combinations in aid of production and unlawful combinations to prevent competition and in restraint of trade.

Senator Sherman added—

> It is the right of every man to work, labor, and produce in any lawful vocation, and to transport his production on equal terms

and conditions and under like circumstances. This is industrial liberty and lies at the foundation of the equality of all rights and privileges.

I believe that it is this equality of terms and conditions that is the principal objective of the present bill. Such equality may be attained and preserved only through the proper kind of competition. On May 12, 1913, the chairman of the House subcommittee which reported out the Federal Trade Commission Act, explained that measure in these words—

The truth is that the administration idea and the idea of business men generally is for the preservation of proper competitive conditions in our great interstate commerce.

I believe that to maintain such competition, new measures are necessary. At the time when the Federal Trade Commission Act was reported, it was said:

No one can foretell the extent to which the complex interstate business of a great country like the United States may require, alike for the benefit of the business man and for the protection of the public, new legislation in the form of Federal regulations, but such legislation should come by a sound process of evolution.

This process of evolution makes the national industrial recovery bill the natural, logical outcome of the antitrust legislation which commenced in 1890.

The words of President Wilson's message of June 20, 1914, recommending the passage of the Clayton Act and the Federal Trade Commission Act, might be spoken today about the Recovery Act of 1933. The great protector of the new freedom of the small enterprise and of labor said:

What we are proposing to do, therefore, is, happily, not to hamper or interfere with business as enlightened business men prefer to do it, or in any sense to put it under the ban. The antagonism between Government and business is over. We are now about to give expression to the best business judgment of America, to what we know to be the business conscience and honor of the land. The Government and business men are ready to meet each other halfway in a common effort to square business efforts with both public opinion and the law.

Of course, the bill implies some modification in traditional methods of handling economic problems. This is because these problems themselves have changed and must be dealt with experimentally. The bill is frankly an experiment, designed to last not more than 2 years. But the sad tide of affairs, bringing deprivation and disaster to the whole Nation, justifies an experiment. And it insistently urges an evolutionary experiment based upon the constructive measures embodied in this bill.

I want to urge upon the Senate the speedy passage of this bill as an employment measure. No amount of familiarity with the evils wrought by the depression can harden us to its effects or make us willing to endure it longer. The cumulative evidence comes in every day, of men degraded by undeserved poverty, of women demoralized by starvation, and of children neglected and crippled because of inadequate food, clothing, and shelter. There is no way of counting the human cost of such deplorable conditions. Twenty years from now, even if prosperity were to return overnight, and it will not return overnight, thousands of mature people will be handicapped by permanent disease because of earlier years spent in want. I firmly believe that Congress has it within its power to check the spread of economic disaster. I forbear to predict the consequences if you fail to take this opportunity to do so. Yours is the responsibility, and I earnestly plead for the immediate acceptance of this measure. When it is administered with the humane sympathies, level-headed judgment, and splendid valor which the President has shown in all his actions, it will be a powerful factor in bringing order and health into the economic life of the American people.

Mr. LEWIS. Mr. President, I rise to obey an impulse. I am moved by the address just concluded by the Senator from New York [Mr. WAGNER]. What I shall say in the moments I shall occupy the time of the Senate is really to the purpose of asking that justice be done where justice is due.

I pray I may be forgiven if my observations seem interlaced by a self-woven atmosphere of self-praise. Such self-laudation is not my object. But, Mr. President, I cannot refrain from recalling some pertinent history preceding the final conclusion of the bill. I ask you all to recall how in the beginning, when we, a small number of Senators, sought from this floor support for the different crumbling instrumentalities of government which had become so depleted as to be decaying. How we plead for the great army of mankind praying for bread. How we implored in behalf of those borne down by adversity to where they were hopeless and discouraged. We, the Senators to whom I refer, and I refer particularly to the senior Senator from New York [Mr. COPELAND], who now presides over the Senate, he together with his colleague [Mr. WAGNER], who has just presented the exalted philosophy upon which the bill takes the name of the Wagner bill. I, upon entering the Senate, early joined these two distinguished Senators from New York in their design. Then it was my purpose to serve the people whence I came and those whom I felt I represented, while they in their grievous need were appealing for rescue.

It was, however, before I came to this body, upon what I may call my second advent here, that these distinguished Senators had, preceding me, begun the undertaking of having the Federal Government recognize a new duty which had been imposed upon it by the new condition which had been evolved from the new and unparalleled catastrophes inflicted upon government and its mankind.

It will not be forgotten, if recalled in any phase whatever, that the very first speech I assumed to impose upon this body upon my return to the Senate was in behalf of those of whom we speak of as the "school teachers of the city of Chicago." They, having long been denied their compensation because of the lack of funds in the city with which they could be paid. Sirs, at the weird but holy hour of midnight despairing of all hope, I described to the session how these in thousands, paraded the public streets in anxiety and suffering as they exhibited their miseries before mankind. The streets of our cities were clogged with their number as they doubled from place to place to demonstrate their sad misfortunes. The actions, misconstrued by many, were in the trust that such might arouse, first, the natural sympathy of mankind and, second, call aloud for justice on the part of those who ruled in government.

I sought, as the first measure, to give to the Federal courts the right of jurisdiction to restrain foreclosures of mortgages and other exigent liens while the bill which we speak of now as the Reconstruction Finance Corporation Act was being tried in its usefulness. I sought to prevent those who were to benefit under the bill from being denied its opportunities, through vicious and hasty foreclosures at the hands of ruthless creditors, acting through heartless courts. I made bold to intercept the quick action that would leave the debtor with nothing to be preserved even should they obtain the loan with which it was the object of the bill to endow them.

But eminent Senators from this body, of whose legal judgment none could express a doubt based upon their ability, felt that I was advancing too far and undertaking an innovation that would not be justified by the Constitution.

I see before me my eminent leader, the very great administrative representative of this side of the Chamber, the eminent Senator from Arkansas, the Honorable JOSEPH T. ROBINSON. In his anxiety that all things for which he led should be preserved within the limits of the Constitution freely and justly expressed his view that it were not well to impose too far upon that field of doubt which awakened two suggestions—one, that my proposition was unconstitutional; and the other, that we be not careless of those limitations essential to assure permanent reliefs.

Then the distinguished senior Senator from New Mexico [Mr. BRATTON], now appropriately and justly promoted to the United States Circuit Court of Appeals, he having long been a judge in his State of New Mexico—and, too, with eminence in the discharge of his duty. He, too, likewise differed from me. He, taking the position that I was seeking to invest the Federal courts with power to restrain action of State courts procedure. There were those who felt that I was possibly not within the full limit of the Con-

stitution or its privilege when I would have endowed the Federal courts with the power of enjoining any State procedure or any procedure anywhere that sought to deprive the individual, worthy of enjoying it, of full rights and powers vested in State courts even though my object was to secure the debtor the benefit of the loan from the Reconstruction Finance Corporation in such due time as could rescue and refuge him from impending peril.

Because of respect for the two particular eminent Senators of whom I now speak, and many on the other side of this Chamber for whom I had great regard and as to whose ability there could be no suspicion of doubt, I refrained from pressing at that time that particular feature of the bill. But, sirs, following that, frankness compels me to admit that I was something of a common drag, little less at times than a nuisance; both to the newspaper men from their elevation in discussing and distributing the news—as well as to my brother Senators here upon my side of the Chamber. I was ever insisting upon the bill looking to a grant by the Government in behalf of the policemen, the watchmen, and the guardians of peace of Chicago; the school teachers, whose conditions I have intimated by a short description; the firemen who had pledged their very life in every undertaking—and to whom the call of the resounding bell of alarm, for aught they knew, was the dirge of their funeral. Thus, from that time until now, without an exception, wherever opportunity afforded and propriety would justify, I have followed up this measure in conjunction with these eminent Senators from New York.

For a long time the bill took on the form of a joint name, the Wagner-Lewis bill. I was not entitled to the whole credit. Both eminent Senators from New York had begun the work before I was sworn into my service here in my second term in the Senate. In later days a similar bill had attached to it the same name; but the credit of that Lewis is partly due to a very active Member of the lower House, who formerly served from the State of Maryland, and who, as a Tariff Commissioner, received praise for his independence. The bill, therefore, could be justly entitled, as far as he was concerned, with the credit; I with only part of it.

Then there came, sir, let me call to your attention, the ceaseless efforts of two other Senators. There was the distinguished Senator from Wisconsin [Mr. LA FOLLETTE], who from day to day toiled without cessation, with a patience that seemed inexhaustible. He sought to bring about support of the measure which was spoken of as the "La Follette-Costigan bill".

His colleague in the labor at the time being the Senator from Colorado [Mr. COSTIGAN], working in the same atmosphere of desire to serve the needy. These faithful servants—may I include myself—all combined, looked to the object which is now, we hope, near to fruition, when the Federal Government would, through new guidance, learn the lesson that it, the United States, was a government; that its principal purpose was the preservation of its people; that it was not a mere canopy, as one would create a tent with which to cover those that were beneath it; but, as it covered them with its protection, military and through the power of diplomacy and international negotiation, left the inmates to wither in hunger, to die in want. More, sir, to be consigned to the gnawing misery and acid suffering which they were compelled to endure because of the confession of our governmental masters of the impotence of a great Government, such as was disclosed to be the frailty of the United States of America.

The situation of the needy seemed never to dawn or to break upon that class of citizens, these eminent "business men", who ever characterize themselves as the only patriots and to prove such title would block any move made looking to the protection of the miserable, and those particularly on whom these specially endowed in criminal purpose, the "business men" have afflicted so severely by the methods of business they inaugurated as they stained the honor of the Government and sought to plant on this State the dishonor which they have, by their system of financial sin and debauchery, put on America within the last few years. We have all seen the spectacle paraded and disclosed here, and then we saw the futility of the efforts on the part of these eminent Senators who had from all political vantages fought to protect the endangered. We saw failure at every turn.

I must say for the Senators from New York that during the time when conditions in their great city called for their cooperation they did not abandon the task; they continued with me to struggle. The present Presiding Officer of the Senate, the senior Senator from New York [Mr. COPELAND], having in mind the situation touching the street railways of his city, acting as well in behalf of those who toiled in behalf of the city government, ever presented them in their need to this body as a justification for his ceaseless, multiplied efforts.

"UNCONSTITUTIONAL"

Mr. President, what I want to impress upon my eminent colleagues, who kindly give me a thought and attention when I dare present a viewpoint here, is that first came the cry that the measure was unconstitutional. It was the insistence that any effort on the part of any of the legislators of the Federal Government to hold it responsible for the care and the preservation of a citizen of a State was a violation of the Constitution, that the effort for relief itself was in itself against the theory of the Federal Government. One could always get that reply when one moved toward the object. To those who asserted it there seemed never to appeal the fact that the Federal Government was a mere institution, that it was the concrete and congregated whole of the separate parts of that government which we speak of as the State. Sir, I declare that now the ever uppermost question is not if the undertaking for justice and relief from persecution and oppression be constitutional, but is it institutional? Ever and ever returns the reply that it is to preserve the institutions of men, as well as to conserve the constitution of government, for which charter and compact called "Constitution" is framed and expressed in declaration.

OUR NEW DEAL

There was never a reason why that which represented all the States should be denied the right of protecting each of the States. But time and situations have more or less mollified the judgment of many of the eminent Senators who honestly felt we by our efforts were intruding too far upon the Constitution, even to the point of violation. Now, sirs, a general atmosphere has begun to assemble; I may say permeate the public at large. It now reaches to the consciousness and duty proclaiming that whatever is necessary to be done to preserve the citizen should be done, and should be done by that which could best do it. It was and is the fulfillment now of the ancient, sacred injunction:

Whatsoever thy hand findeth to do, do it with thy might.

Mr. President, what is the meaning of this constant assertion of the "unconstitutionality" of the measure, and particularly on the part of a certain set of citizenry who ever oppose any advent looking to relief of the humble citizen when he is in need, and when in his need and distress, he and his have become desperate to the point of discouragement—and, sir, when in his discouragement his army of sufferers threatens the very peace of the Government under which he lives and which he is pledged to earth to protect and sworn to God to preserve?

These eminent masters who cry "unconstitutional"—when are they ever solicitous as to the Constitution? Is it ever when they come here in legion of power for their own measures which gives them privilege over their fellow mankind.

Let us consider the word "privilege" for a second. We refer to it in this body as enjoyment of either what is called a right or some grant, but we who have been compelled to be the students of the hour from time to time will not forget that the word "privilege" is the mere adaptation of the phrase "privi leges"—private laws. They who have ever been authorized to obtain in their behalf private laws to serve their uses and reward their guilty undertakings with

compensation and profit, however disreputable, were ever busy finding opportunity to characterize every measure that looked to give salvation to the humble and relieve the misery of the unfortunate as "unconstitutional."

Sir, if the Constitution ever meant a fundamental document of honor and justice, on which was to be created the Government, and by which there was to be sustained and maintained a true mankind, then let us pause and see how for years these masters have seized this instrument as the excuse for ever opposing, and, whenever possible, of destroying, any measure that came to the rescue of the masses in their misery; but how they ever rush to it as the anchor of their special privilege when by the private laws of privilege they could under it obtain the enjoyment of that which granted to them riches of money and the license of debasing their Republic. Sirs, let us look to the dishonor to which they have now brought their Nation. Before all the world the face of America burns with shame as the pages of history flame in the conflagration they lighted upon the sacred history of once-glorious America. We reflect upon the actions which are being investigated by the diligent committees which are now holding sessions in different parts of the Capitol Building.

Mr. President, I hope we have heard the last of that cry of unconstitutionality when it is being raised for no other purpose than to obstruct a measure of righteousness, due to those who have a right to call upon their country for relief in the hour of their oppression and in the day of their destruction.

Mr. President, I want a concluding word as I pay my tribute to these eminent Senators who began in this work and even though I dare be so bold, if not audacious, as to refer to my own small part in its early performance. I thank the President and the committee for the credit given me. Now, sir, to relate my latterly and constantly conjoining with these eminent Senators who have done so much to bring success and to whom credit is so greatly due, is to feel proud.

I ask you, sir, what have we heard in this body of the meaning of the words of the Constitution which we speak of as the general-welfare clause? Why has it ever been that there have been those ever seeking to avoid any reference to that phraseology when they sought to find occasion to declare invalid and illegal any movement looking to the relief of the citizen, on the ground that it is not within the declared and distinctively described duties under the Constitution?

Mr. President, it was a very flippant thing ever indulged on the part of those who spoke of the general-welfare clause. They would seem to invest the mind with the idea that the words and the phraseology "general welfare" referred to some compact which alluded to form and shape of government. Sirs, when the Constitution was framed, with the severe labors of the masters who sought to put it together, there arose the suggestion that they would not be able to provide for all the conditions that might arise, and that something must be expressed to give authority to meet those conditions which, suddenly arising, submitting themselves to the intelligence of mankind, must be justified somewhere and provided for in the mercies and humanity of man.

Therefore the words "general welfare" came into life and being at the instance of a rather strange mortal of mankind, member of the Constitutional Convention, whose name was Luther Martin. He came out of Maryland. This man, joining with a member named "Morris", of Pennsylvania, began to contemplate that something had to be done to provide a phrase to meet the conditions which all of their fellows could not contemplate in detail yet was possible to arise.

Sirs, we of the law and procedure of justice, for our Nation had to seek a definition of the word "equity", and finally, after thousands of suggestions, no definition could be framed that completely described it. We became content, after long search and research, to take the definition of equity as left us by Grotius, the great Dutch law writer. From him we find it from the liberal Latin interpreted that "Equity is the correction of that, wherein the law, by reason of its universality, is deficient." That definition remained with us, and the eminent Senators sitting about me recall that it found its way into our jurisprudence as the only definition of equity which the law professor hands to the student as literally defining, as nearly as it can be defined—that particular phase of justice—Equity.

So the paragraphs relating to the general welfare are intended to mean, not, as construed so very many times in debate and in usage, that the "general welfare" of the Constitution in phrase constituted only an organized machine in form, which we call "government", sirs, they were meant as phrase to prepare for that which should produce and keep the general welfare of the citizen of the Government in general welfare. For if they had meant only the general welfare of the institution which we speak of as "government", the Army and Navy were, in themselves, with power of defense and assault, sufficient to produce and maintain that. But these eminent framers of the Constitution saw that there would arise such a necessity as is now confronting us, where there must be those who must act. Yet not finding specific warrant in the exact language of a phrase of the Constitution, there must be found a license granted to their discretion and to their spirit of justice through which there could be done the thing which the demands of right and honor called for to be performed and consummated.

Thus the phrase "general welfare" meant what it said; that it would assure the citizen a welfare that was so general in his behalf as would preserve him as the object of government, and his citizenship maintained as his pride and his honor and the praiseworthy things of his existence.

Now, Mr. President, comes forth the bill; it has received its birth. I am exceedingly interested in clauses, some of which apply specifically to my city of Chicago, which, may it be said, I sought to write in the measure by some form of verbal dictation in order that the institutions of my community might be protected and receive the benefits of the gratuities afforded and, sir, the distribution of justice on the part of the Government.

Here I may add, sir, there will never be a change. Writers upon the theory of government may feel we have temporarily invaded a field to shortly abandon it—that we have assumed to act upon an emergency which when it terminates will be the end of our undertaking in the new systems of relief. Mr. President, creation is, after all, but a progress of innovation. Everything, sir, from the delicate bloom of the bud pressing its lips upon the flower stem to the flaming, flashing sunlight over the great wooded lands, and the eternal rock that peaks itself so high that at its crest the angels may tread down to earth to visit their beloved; all, sirs, is but the constant multiplication of change. As fast as one bewilders itself in its form of change, then surrenders to the dust of corroding time, the other, the new, cometh forth and rises to multiply and increase itself to the service of the needing hour. The laws of our country can nowise differ from what are the institutions which are endowed from God and protect mankind.

Mr. President, there arises on occasion in our minds the familiar essay of Cicero. Coward as he was in refusing to defend his friend Milo on the ground of a new era calling for new change, he repaired to the groves outside the great imperial capital, there sat himself down to write an essay, and produced an immortal one, so far as the words of mankind can ever be called such. It is in the renowned classic that all organized creation have their time to perish and to fade; that these can only be restored either under the light of the sun that shall warm them and revivify them again into life known as "rebirth", or in the refreshing airs that blow upon them as the winds from the south perfume the civilization and dust through which they pervade and preserve. These may restore, but there can never be a time when one is not as rapidly destroyed as the other restores and fills its place.

Then says he, which is the crux of the best thought that we have known, that experience of men now show that as fast as conditions destroy or events transpire, or no longer apply to present conditions, other events are at once created

by that mysterious thing we speak of as creation to make up the deficiency. Thus the link and chain—in the process of life and being. Today we accept this philosophy, and it is recorded in this bill now before the Senate as the full expression and fulfillment of the thought of the great Roman philosopher, sir, on this one basis—all organized creation of government has its time for change.

It will not do to say that this change has come unbidden; it cannot be said it was unexpected; it shall not be denied upon the ground that it is an innovation; that it is a violation of some fundamental, ancient principle. The truth has to be met face to face. It is that our Government has reached a time of change. Its citizenship must now move through the vale which transforms them into a citizenship of a new nation.

We will never see the time when there will be abrogated and repealed this new departure of the citizen, who, preserving his government by his taxes and his efforts, and saving it whenever necessary by his life, shall not have the right to appeal to it and to every fountain that may be struck to its flowing with blessing, for his own care and that which shall be the guardianship of his home and his children.

If this Government, sir, has reached the point where it will fulfill the laws of justice, and your fellow men, Senators, shall know that you have entered upon the departure, you need not fear revolution in your country such as has existed seemingly in every other land across the sea. You need not fear that anarchy or the Communism, with its torch and the broad, shining ax with its gleaming edge of murder, shall ever work its destruction.

Your fellow citizen will have no such hopelessness in his life as to feel that his only refuge would be the destruction of his own house on whose wreck he may survive as he dreams to erect a new status of freedom that may save him from the injustice he now endures. He will not be called upon, sir, ever to consider such an emergency; he will see this new government under a new guise in its spirit and its patriotism, disregarding every mere designation of a party political name, but turning to the fulfillment of duty, as dictated by conscience and guided by the human heart, and he will in its care, in its legislative guaranty, preserve and protect both himself and his household. He will shrink away from an assault on his country, however invited it may be.

Sir, I invite you to the contemplation of 3 weeks past when the distinguished leaders on both sides of this Legislative Chamber were seriously concerned as to a condition that might arise at the doorway of the great Capitol here, such as had arisen under similar conditions in Rome. We were compelled for a while to guard the portals of the Senate lest there should be conduct at the doorways or in galleries against law and order that should shame us before the world. And, sir, you had the example brought to your minds, something delightful to dwell upon, gratifying to recall, consoling for all the future to memorialize. It was that the poor, the humble toiler, who had come to our doors in a spirit of defiance and desperation and seeking relief moved over our portals to see our action. He beheld that his protector was his Nation; that his guardian for the preservation of his home and children was his legislative body. He soon knew that the voices of the legislators of his countrymen assured him that he was the direct object of its care, its pity, its salvation—he, the citizen in need, the one thought of the legislators day and night.

Mr. President, these, once inflamed, then gradually softened; they moved off in smaller numbers; little by little repaired to their homes, in different directions. We know they melted and departed in new spirit; but America, sirs, your America, sirs, is the only country which within the last 2 years, when its citizens assembled in revolt at the Capital, sworn to execute vengeance, never suffered a stroke leveled against its institutions, never once by force or through voice of anarchy that summoned destruction by appeal was there one affront or offense. This, sir, we are pleased to ascribe to the confidence they had in their public servants, who, they saw, were anxious to come to their rescue and secure their relief. All this, in new transformation, our citizens beheld, and in it rejoiced. These became a part of that common lot of the lawful citizens and of constitutional government and moved off to praise—however they had been misguided in advice to betray and destroy.

Mr. President, if I have stepped apart a little to pay some little heed to my own contribution toward this measure, I beg to express my thanks to those who have allowed me the privilege.

"RADICAL"

Sirs, when it shall be said that the measure which now takes its course is to be "radical", let the reply be, "Yes; everything that undoes, eradicates; one cannot undo and put anew in the place of that which is undone without first eradicating the wrong upon which to construct the right. We eradicate; that is, uproot. Time and time again we may be called upon to overthrow an edifice when it has been afflicted with a plague, which may be disease or vermin or that which threatens what may be called the health of mankind and the security of society. Yet in all instances whatever was radical was only radical to the extent that it became necessary to eradicate the one that we might build up the other."

Mr. President, may I conclude by calling the attention of my fellow Senators that legislation or landmarks of principle now considered as conservative were when presented thought to be and aspersed as radical; that which is conservative now was deemed so radical at the time it was presented to the extent as to be anathematized as unconstitutional—all this because it was a departure or a new construction which had not been previously devised and enforced in execution.

But, sir, the mere fact that a measure may be radical—that is, new, undertaking a new authority, beginning a new course, and assuming, sir, a new departure in government—is no denial of its righteousness. It is no proof of injustice, and it is no justification for urging that because new that it should be impeded in its work of welfare or obstructed in its course and destroyed in its distribution of what it may give unto mankind of happiness and peace.

Mr. President, I then again congratulate the able Senator from New York [Mr. WAGNER] and his colleague [Mr. COPELAND]. I send my congratulations to those others, whom I need not name but who are familiar to us all, who have toiled with me looking to the object of having but a hearing, of having but the opportunity and desire of safeguarding the rights that belong to the citizen, and of applying the justice for which government was created. We wanted to assure the citizen of a refuge, that he may have the fullness of hope within his heart and the security of being preserved within his faith; since by this creed he may return to his children with the consciousness that they are to live the lives of citizens of America, guarded by its legislators and saved by that spirit of justice and rule of right that has so long been the guide for all America.

Mr. President, for that, sir, we delight to tell our countrymen that this, their America, which in its beginning was an experiment and radical, born of the brains of its patriotic fathers that in the emergency which then confronted them it did not hesitate, despite what may be termed "radicalism" to undertake the measure that shall give to this new America a new day, since we now move under a new guise to a new people who will now walk forth upon the avenues of their life in the highways of civilization with a consciousness that they are preserved by their country, for which they live and, in turn, for its preservation of them, they gladly tender themselves and their children to die, if it must be, upon battlefields, or in every encounter where justice would call for them in gratitude to remember with praise and sacrifice this our great America. I thank the Senate.

Mr. HARRISON. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendments, committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BORAH. Mr. President, at this late day and hour in the session I do not want to take time in expressing my views upon the pending measure; and yet I feel that there are some general observations which ought to be made, if I am to make them at all, before we enter upon the consideration of the amendments. I feel deeply about the proposed measure, or I should not trespass upon the time of the Senate.

As I understand the first subdivision of the bill, it presents a question of a change of policy of the Government toward the question of trusts and monopolies. Section 5 specifically provides for the suspension of the antitrust laws during the period of 2 years, and 60 days thereafter, as I recall. But it is not very material as to the limitation which is provided for in the bill, because in my opinion the effect of section 5, and the effect of the entire bill, so far as the first subdivision thereof is concerned, is to change our policy with reference to the antitrust laws and dealing with the question of monopoly. I was of that opinion before I heard the able speech of the Senator from New York [Mr. WAGNER], and he confirmed me in my view, very candidly stating that it is a change of policy with reference to the antitrust laws or with reference to dealing with monopolies. As I understand the measure, we are to have trusts and combines and monopolies, but we are not to call them such; and we are to regulate them.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from New York?

Mr. BORAH. I yield.

Mr. WAGNER. It is not a change with reference to the goals of the antitrust laws, but really an attempt to accomplish what they were intended to accomplish.

Mr. BORAH. Oh, yes; I understood that quite well. Nevertheless the Senator said the antitrust laws had failed, and that we have adopted a new policy, a new program, and this is the adoption of the new policy.

Mr. WAGNER. The antitrust laws failed because they resulted in the concentration of wealth.

Mr. BORAH. In my judgment this bill is a very advanced step toward the ultra concentration of wealth in the country. In other words, if we repeal or suspend the antitrust laws for 2 or 2½ years and permit those things to be done which may not now be done under the antitrust laws, at the end of that time it will be practically impossible to resolve ourselves into the position which we occupied with reference to that subject matter prior to the time the suspension took place. This is the first step to end all antitrust laws. We are to have combines as large as the industry itself, and any man in the industry who does not go along, joins it, may be put in jail.

If we say to the vast combinations of the country now existing, to the great corporations, "You may proceed to further merge, to further consolidate, to further monopolize, to control output and fix the prices during the period of 2½ years", it will be practically impossible to change the program at the end of that time. Therefore I look upon this suspension as in effect a repeal, a pronouncement against the antitrust laws, and a change of policy upon the part of the National Government as to the method and manner of dealing with the subject of concentration of wealth and of monopoly.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. HATFIELD. There will be little to change after the operation of the proposed plan for 2½ years, so far as the people are concerned. Is not that true?

Mr. BORAH. I think that is true.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. REED. Under an early section of the bill in title I it is evident that price fixing is intended by agreement among the producers of commodities, and it is made a crime to undersell that fixed price. Does the Senator think it will be possible at the expiration of 2 years to revert to a system whereby it is a crime to adhere to that fixed or pooled price?

Mr. BORAH. I do not think it is possible.

Mr. REED. The transition is too violent.

Mr. BORAH. Yes; and I do not believe it is practicable. I think the logic of the able speech of the Senator from New York [Mr. WAGNER] was to that effect. We have now reached the time when we are to deal with the subject of monopolies and with trusts from a different viewpoint from that with which we dealt with them when we were attempting to enforce the antitrust laws.

Mr. WAGNER. We are trying to prevent further monopoly.

Mr. BORAH. I accept the Senator's statement that he is trying to prevent it, but I am undertaking to say that he is accentuating and making possible greater concentration of wealth than could possibly take place under the Sherman antitrust laws if reasonably enforced. My contention is that whatever may be the Senator's intention, he is giving monopoly something it has been fighting for these 25 years—the death of the antitrust laws.

Mr. WAGNER. I do not want to argue with the Senator now, but our effort is to do quite the contrary, to give the smaller business men, who have been discriminated against under the operation of our present antitrust laws, an opportunity to be able to cooperate. The dissenting opinion of Mr. Justice Brandeis in the *American Column case* shows how the law has worked against the smaller man and in favor of his larger opponent.

Mr. BORAH. I shall read from Justice Brandeis in a few moments on the question of combination of wealth and how to deal with it. I am not now discussing the objective which the Senator says he has in view. I am undertaking to discuss the bill from the viewpoint of whether or not that objective can be obtained in that way.

Let us refer for a moment to the Sherman antitrust law and ask, if we are going to take care of the independents, if we are going to prevent the further solidification and concentration of wealth, if we are going to take care of the man who is striving for himself to do something without either the consent of the Government or the consent of some monopoly, why should the antitrust law be interfered with at all? It provides:

> Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the several States or with foreign nations is hereby declared to be illegal.

Why is it necessary to suspend a law which condemns the concentration of wealth or the combination of wealth or the merger of wealth for the purpose of controlling or restraining interstate trade? Under what conceivable condition could it be necessary, in the interest of the masses and of the people generally, to suspend the law which prohibits the control of wealth for the purpose of restraining trade, fixing prices, and controlling interstate commerce? If the object of the bill is to take care of the independents or to enable a man who under those conditions has not been able to take care of himself, then why is it necessary to suspend a law which makes illegal a contract or combination in the form of a trust or monopoly? If we desire to kill the trusts or the monopolies, why not add to the law which is upon the statute book rather than to suspend it when the law itself condemns that which it is said we condemn.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. WAGNER. We are suspending the law only with reference to the provisions of the codes, and in no other respects.

Mr. BORAH. It is perfectly evident, then, that the provisions of the code are going to be combinations or contracts in restraint of trade, or it would not be necessary to suspend the antitrust laws. They could not possibly be in conflict with the code unless the code runs contrary to this provision which says a contract or combination in restraint of trade is illegal. What is the necessity of suspending this law which condemns trusts unless your new code is to be a trust? What is the necessity of suspending

a law which denounces combines in restraint of trade unless your new codes may become a combine in restraint of trade? What is the necessity of suspending a law unless you are preparing to violate it?

Mr. WAGNER. May I say to the Senator that while the objective of the antitrust laws, the perpetuation of genuine competition, was worthy, the law failed to reach that objective, and at the same time sanctioned the largest combinations of business that we have ever had in the history of the country. Yet the same law prevented smaller business men from cooperating in order to put competition upon a basis of efficiency, and has resulted instead in a destructive, cutthroat competition. We frankly propose to suspend the evil features of the antitrust laws without diminishing their capacity to serve useful ends.

Mr. BORAH. Very well. If that is a defect in the Sherman antitrust law, the objective being the same as the antitrust law, to wit, to prevent combinations and mergers, why is it necessary to repeal the law? Why not build up to it or modify it or make the combinations conform to it, rather than to repeal it?

Mr. WAGNER. We are not repealing the law. We are relaxing the law only with reference to the provisions contained in the codes.

Mr. BORAH. Exactly; and I ask again if the codes which are going to be made by private parties bent upon gain, determined to collect every cent which can be charged and collected, are not to be in conflict with the antitrust laws, why is it necessary to suspend all the antitrust laws? The Senator says we are only suspending the Sherman antitrust law because the code will come in conflict with it. If it does, it must follow that we are going to have a contract in the form of a trust or a conspiracy in restraint of trade; otherwise it would not be in conflict with the law. You are afraid of the antitrust laws, therefore, you suspend, which will in the end mean repeal. You will have vast combines and monopolies controlled by political machinery. God pity those who must pay the prices which will obtain.

Mr. WAGNER. Under the antitrust laws as they stand today no group of smaller or larger industries can cooperate for the purpose of putting wages and hours of labor upon a proper basis. It is the impossibility of doing these very things which has dragged our whole economic structure down, and the main purpose of this legislation is to rationalize competition and put it upon a basis of efficiency rather than upon a basis of exploitation of labor. That is the philosophy behind the legislation. The Government must approve the codes, and that is where the public protection lies.

Mr. BORAH. I do not desire to discuss now the political approval of a code.

Mr. WAGNER. I shall not interrupt the Senator further.

Mr. BORAH. We have had some experience in the last 3 months with approvals on the part of the President, and we know perfectly well that those approvals were never made by the President. They would not be in such disreputable standing if they had been approved by the President. They were approved by agents, as these codes will be. Do not forget that the President is authorized to delegate this question of approval to some individual responsible to no constituency, neither selected or elected by the people.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I do not know whether the Senator is familiar with it or not; but the Democratic promise was that we were going to settle this trouble by shortening hours and decentralizing wealth.

Mr. BORAH. Yes; I am familiar with it; but I do not care to discuss the Democratic platform, because I do not regard either platform as of very much moment in the consideration of legislation. I know how and why platforms are written.

Again, section 2 of the Sherman antitrust law says:

> Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor.

Why suspend that?

Mr. WAGNER. Mr. President, my answer is that it is not suspended.

Mr. BORAH. Oh, it is not? Let us see. Perhaps I misread the bill:

> While this title is in effect, and for 60 days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

Why is it necessary, Mr. President, to provide that it shall be exempt from the antitrust laws of the United States if it is not going to conflict with the antitrust laws of the United States?

Mr. WAGNER. It is necessary insofar as the provisions of the code are in conflict with the statutes.

Mr. BORAH. I understand that perfectly.

Mr. WAGNER. The Senator knows very well that no agreement can be made now in any industry to provide a living wage for the workers or to shorten the hours of labor.

Mr. BORAH. No; I do not agree to that at all. If the agreement goes no farther and may not be used for other purposes, I could not agree with the Senator.

Mr. WAGNER. The courts have said that industry can not cooperate or provide any code fixing definite standards for these things, because that is against the Sherman antitrust law.

Mr. BORAH. If the Senator has in mind that kind of agreements only, let us limit the suspension of the antitrust laws to that specific kind of contracts. This bill, however, makes a general suspension of the antitrust laws of the United States. While you are talking about labor you are opening the door to monopoly, the enemy of labor.

Mr. WAGNER. I do not want to reiterate constantly that we are suspending only those provisions that are in conflict with the codes. There are some other desirable powers that ought to be granted in addition to the right to agree as to hours and wages. These include suppression of fraudulent practices, false advertising, and the like. Then there are additional benefits, such as the interchange of information and the promulgation of research. All of these very salutary practices, which industry ought to be able to agree upon, cannot be indulged in under the restrictions of the present law.

Mr. BORAH. Mr. President, if that is the design of the bill, then I must say it has been rather unfortunately drawn, because under the suspension of the antitrust laws of which the Senator is speaking any combination may be made. These combinations which the units are going to be permitted to make may be in contravention of any provision of the Sherman antitrust law, and the Sherman antitrust law is suspended insofar as it conflicts with any code which the units may see fit to make. If they see fit to make a code which is monopolistic in form, it is valid, and the Sherman antitrust law is suspended. If they see fit to make a code which has the effect of restraining trade, the Sherman antitrust law is suspended and the code goes into effect.

Mr. WAGNER. Will the Senator note that the proposed law itself says that the President, before approving any code, must be satisfied that it will not promote a monopoly and that it will not discriminate against small business? That is a very clear declaration of principle.

Mr. BORAH. Then perhaps the provision of the bill ought to be redrafted in accordance with the Senator's view.

Mr. WAGNER. The bill so states.

Mr. BORAH. Section 3 of the Sherman antitrust law is as follows:

> Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce * * *, is hereby declared illegal.

The effect of this bill is to suspend the Sherman antitrust law, not only for two years and a half, as it says, or 2 years and 60 days, but in its practical effect indefinitely, because

once we permit these combines, once we permit these monopolistic practices, once we permit these mergers, we have a condition which cannot be resolved back into its original parts or conditions at the end of 2 years.

Mr. President, the Senator from New York a few moments ago referred to and quoted at length from Mr. Justice Brandeis. I desire to call attention now to an opinion by Mr. Justice Brandeis which it seems to me ought to have consideration in the final shaping of this bill.

Mr. WAGNER. Mr. President, will the Senator yield for one more interruption? I desire to read a provision of the bill which he may have overlooked. Section 3, subdivision (2), provides, among other things, that the President must be satisfied—

that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises, and will not operate to discriminate against them.

Mr. BORAH. Yes; "not designed." There never in the world was one made that was designed to have that effect, according to the people who made it. What, as a practical matter, will it be when the steel industry gets its code into operation and all independents are out of business or in jail?

Mr. President, if Senators want to know how this measure is going to be enforced in the view of those who have been advocating it, let me call their attention to a statement made by Mr. Harriman, president of the United States Chamber of Commerce, who for years has been an earnest advocate of the repeal of the Sherman antitrust law, and so has the United States Chamber of Commerce, and now is an advocate of this bill, I take it, because of its suspension of the antitrust laws, from what he has said. He says in an interview:

Few industries are without "ruthless minorities" which are always ready to desert cooperative agreements and follow their own pathway to profits.

In other words, there are few industries but that have some independents, some who are seeking to conduct their business along lines which they think are proper and right and who are not willing to charge the price of the "combine"; and those independent business enterprises are the people of whom Mr. Harriman speaks here as minorities that are difficult to manage.

It is easy to see that if 90 percent of an industry lines up a program of shorter hours and better pay, the other 10, by lengthening hours and lessening pay, might make great gains.

President Harriman was asked what, under his trade-association plan, could be done to these men. His answer was:

"They'll be treated like any maverick. They'll be roped, branded, and made to run with the herd."

In other words, in the mind of Mr. Harriman, the practical interpreter of this measure, every independent, everyone who does not come into the combine, everyone who does not cooperate according to the agreement, will be roped, branded, ears split, and brought into the herd and made to run with the herd. His idea of it is that the independents can be put out of business as an entirety; that in a great unit of industry there can be no independents; that no one can be permitted to conduct his business except in accordance with the code. And when all independents are destroyed, when all competition is gone, when one powerful combination presents the code and makes its showing for approval, what will become of the consumer? Then it will be, as it has always been, that monopoly will regulate the regulators; and that is not a reflection upon individuals, it is stating an inevitable practical result.

Mr. WAGNER. I want to assure the Senator that Mr. Harriman had nothing to do with drafting this legislation, and will not be the administrator of it. That is simply his individual interpretation, just as the Senator is now attempting to advance his own interpretation. As for forcing people into line, there is a recalcitrant minority in some of these industries that we are trying to reach. This minority, with its long hours, short pay, and cutthroat competition, has dragged industry down to its present low level. We are trying to prevent those particular individuals from doing that sort of thing, and trying to bring them up to a level of efficiency and decency. If that can be accomplished, I think we will have made a great contribution toward a better day in the United States.

Mr. BORAH. It so happens he is satisfied with the bill. Mr. Schwab, in speaking of this measure, says:

I say that we gladly accept this offer of partnership, because with this kind of support and through our revitalized institute we should speedily and effectively be able to see brought into line those selfish interests who persist in unfair practices that are contrary to sound public policy.

The only persons who are remaining out of the steel combine are a few independents, and Mr. Schwab understands that through this bill and the suspension of the Sherman antitrust law he can force every steel concern in the United States to come into the combine which will be formed by the great steel companies of the United States.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I yield.

Mr. COSTIGAN. On what occasion did Mr. Harriman and Mr. Schwab speak, and did they assume to speak with authority?

Mr. BORAH. Mr. Schwab was speaking at the meeting of the Steel Institute. Mr. Harriman, I think, was speaking in an interview.

I read the following item from the public press:

The Drug Institute of America, Inc., has been formed to unite all divisions of the $2,000,000,000 drug industry in an effort to maintain fair wages and to end cutthroat competition, it was announced yesterday.

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Patterned somewhat along the lines of the American Iron & Steel Institute and the American Petroleum Institute, the Drug Institute will pledge its members to cooperate with the Government—

And to bring into line the entire drug interests of the United States.

Mr. President, the practical effect of it will be that the drug interests, the steel interests, and this and that combine or interest will meet and formulate a code of rules. Any code which they formulate or which they put forth is no longer in conflict with the Sherman antitrust law, because the Sherman antitrust law is suspended wherever it comes in conflict with the code. Therefore, so far as the Sherman antitrust law is concerned, they are perfectly free in forming their code. They need not give consideration to the antitrust law in any way whatever, because they know that if they form the code and if it should conflict with the Sherman antitrust law, the Sherman antitrust law to that extent is repealed.

So we will have the steel industry, the drug industry, and the different industries of the United States meeting and combining for the purpose of formulating a code, the great objective of which will be to fix prices.

Mr. WAGNER. Mr. President, is there anything in the bill which justifies the conclusion of the Senator that all the matters to which he refers may be incorporated in the code? Remember that the code is to be a code of fair competition. A monopoly cannot be created in providing for fair competition. Besides being a contradiction, it would be contrary to the philosophy of the bill. Now, does not the Senator think it would be a better thing for the country if a minimum wage were provided for, and if reasonable hours of labor were fixed, so that competition would be put on a higher standard than at the present time? This would be of benefit to everybody, and would protect the small business man who cannot cooperate under the present law. It would prevent the necessity for the excessive concentration of wealth.

We are trying to prevent the further concentration of wealth by making rational competition possible. We are trying to effect a better distribution of wealth by providing for adequate wage payments. These are the objectives of this measure.

Mr. BORAH. The Senator speaks of taking care of the small man who has been forced into these large combines. What do we have here? When the large combines formu-

late their code, they not only bring to bear on the small man the economic pressure which may destroy him but the Government loans them the power to make him a criminal, and send him to the penitentiary, if he violates the code.

Mr. WAGNER. The answer is that the large industrialist will not formulate the codes. Everyone in the industry must be admitted into the groups proposing them or else the codes will not be approved. That is one of the conditions of the bill.

Mr. BORAH. Oh, yes.

Mr. WAGNER. The bill is to take care of the smaller men, so that they may have an equal chance so far as wages and hours are concerned. It is to put an end to certain practices in which they now indulge in an underground manner, leading to the destruction of the small industry. Under present conditions the larger units have wiped out small industries. We are trying to prevent this.

Mr. BORAH. When the time comes that the large interests in an industry, gathered together for the purpose of making a code, do not dominate the situation, but permit the small independent to write the code for the large industry, the millennium will have been here for many years. But until that time we are to have this same old world, with its appetite for gain and economic power still ruthless for profits.

Mr. WAGNER. The Government is here to step in to see that the small industries are taken care of and protected.

Mr. BORAH. If the Government cannot step in through the courts and enforce antimonopoly laws, does the Senator expect the Government to step in successfully through political maneuvers? The Senator is fond of reading from Justice Brandeis. Let me call attention in this connection to language which he used recently. He said:

> Able, discerning scholars have pictured for us the economic and social results of thus removing all limitations upon the size and activities of business corporations and of vesting in their managers vast powers once exercised by stockholders—results not designed by the States and long unsuspected. They show that size alone gives to giant corporations a social significance not attached ordinarily to smaller units of private enterprise. Through size, corporations, once merely an efficient tool employed by individuals in the conduct of private business, have become an institution—an institution which has brought such concentration of economic power that so-called "private corporations" are sometimes able to dominate the State. The typical business corporation of the last century, owned by a small group of individuals, managed by their owners, and limited in size by their personal wealth, is being supplanted by huge concerns in which the lives of tens or hundreds of thousands of employees and the property of tens or hundreds of thousands of investors are subjected through the corporate mechanism to the control of a few men.
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> The data submitted in support of these conclusions indicate that in the United States the process of absorption has already advanced so far that perhaps two thirds of our industrial wealth has passed from individual possession to the ownership of large corporations whose shares are dealt in on the stock exchange; that 200 nonbanking corporations, each with assets in excess of $90,000,000, control directly about one fourth of all our national wealth, and that their influence extends far beyond the assets under their direct control; that these 200 corporations, while nominally controlled by about 2,000 directors, are actually dominated by a few hundred persons—the negation of industrial democracy. Other writers have shown that, coincident with the growth of these giant corporations, there has occurred a marked concentration of individual wealth, and that the resulting disparity in incomes is a major cause of the existing depression.

Mr. President, under the pending bill, as a practical proposition, these vast corporations can meet and formulate a code, and I venture to say that the effect of the small participants will be infinitesimal in that meeting where these vast corporations, controlling two thirds of the national wealth, are brought together.

Mr. WAGNER. Mr. President, the conditions to which Justice Brandeis refers were brought about under the present law.

Mr. BORAH. Brought about—why? The Democrats said in the campaign that they were brought about under the present law because Republicans had refused to enforce the law, and that it was the Democrats who were going to enforce the law and remedy that condition of things. Now you are engaged not in enforcing the antitrust laws, for which you denounced Republicans, but in suspending them. Did you say anything in the campaign about suspending the antitrust laws? Nay, verily.

Mr. WAGNER. I have said that we are not suspending the law; we are enforcing it properly.

Mr. BORAH. By suspending the law. Again Justice Brandeis said:

> There is a widespread belief that the existing unemployment is the result, in large part, of the gross inequality in the distribution of wealth and income which giant corporations have fostered; that by the control which the few have exerted through giant corporations individual initiative and effort are being paralyzed, creative power impaired, and human happiness lessened; that the true prosperity of our past came not from big business, but through the courage, the energy, and the resourcefulness of small men; that only by releasing from corporate control the faculties of the unknown many, only by reopening to them the opportunities for leadership, can confidence in our future be restored and the existing misery be overcome.

Notice he says that "the true prosperity of our past came not from big business, but through the courage, the energy, and the resourcefulness of small men." What is proposed to be done with the small men? After these combines have made their code, if some gentleman, as an American citizen, desires to start his own business and conduct his own business in order to make a livelihood, they may not only force him with their economic power, but they may have him indicted as a criminal and send him to the penitentiary for pursuing his legitimate business in the United States. I declare that under this bill a condition could be brought about which would prevent a man from pursuing a legitimate business without the consent of the "combine", and if he did so he could be sent to jail.

The elder Rockefeller did not need any criminal law to aid him when he was building up his wealth. He destroyed the independents everywhere; he scattered them to the four winds; he concentrated his great power. But the Senator would not only give to the combines all the power to write their code, but would give them the power to indict and prosecute the man who violated the code, although he might be pursuing a perfectly legitimate business.

Mr. President, I do not care how much we strengthen, how much we build up, how much we buttress the antitrust law; I object to a suspension in any respect whatever, because I know that when those laws are suspended, we give these 200 nonbanking corporations, which control the great wealth of the United States, a stupendous power, which can never be controlled except through the criminal laws enforced by the courts.

Mr. WAGNER. Mr. President, will the Senator point out under what provision of this proposed act the small business man cannot meet in the industry and adopt a code?

Mr. BORAH. I am contending under this law the small man will and can be dominated by the larger interests.

Mr. WAGNER. They are all entitled to become members of the association and provide their code, a thing which they cannot do under the present law.

Mr. BORAH. Under the present law?

Mr. WAGNER. They cannot do it under the present law. They cannot meet for cooperative purposes to agree upon wages and hours of labor and these other practices. The law prevents them from meeting for these things. The result is that there are created these large industries, these large enterprises, about which the Senator complains, the very enterprises which have been created and which have survived under the law as it is today. We are trying to prevent the small business man from being frustrated in his attempts to secure equality.

Mr. BORAH. You are trying to give the small business man a chance against the large business man by taking off the large business man the Sherman antitrust law, which you can enforce if you desire to do so whenever he is operating in restraint of trade or practicing monopoly. It is not the small-business man who objects to the antitrust laws; it is not in his interests that you are suspending them. It is the large business interests which object to them and have sought their repeal for years. It is for big business that

you are suspending these laws, and in doing so you are making it just that much more difficult for the small man to protect himself in these "combines."

Mr. WAGNER. Mr. President, will the Senator yield, or would he rather not?

Mr. BORAH. I am perfectly willing to yield.

Mr. WAGNER. I want to call the attention of the Senator to the case of the American Column & Lumber Co. against the United States, where 365 small concerns, totaling 30 percent of the hardwood producers of the country were prevented from engaging in an "open competition plan." The Court ruled against them. Justice Brandeis wrote the dissenting opinion in that case, and he said this:

> May not these hardwood-lumber concerns, frustrated in their efforts to rationalize competition, be led to enter the inviting field of consolidation? And if they do, may not another huge trust with highly centralized control over vast resources—natural, manufacturing, and financial—become so powerful as to dominate competitors, wholesalers, retailers, consumers, employees, and in large measure the community?

That is just what happens under the law as it is today. These 365 smaller units of the industry could not meet for the purpose of providing an open competition plan, and the result is that the antitrust laws would tend to drive them into a combination. That is what we are trying to prevent.

Mr. BORAH. They could not meet for the purpose of trying to fix the price of lumber to be charged every home builder in the United States.

Mr. WAGNER. Oh, no.

Mr. BORAH. I am perfectly familiar with that decision, and I am perfectly familiar with the evidence which was taken in the case. The combination was fought for the reason that such a combination, nothwithstanding the professed objects of the combination, would have given those entering it control of every home builder, through the price they would charge for lumber to be used in the erection of buildings in the United States.

Mr. WAGNER. I have quoted from Justice Brandeis. He knew something about the facts in the case.

Mr. BORAH. I knew something about them, and I am not controverting Justice Brandeis' statement in any respect whatever. As the record was made for Justice Brandeis I am not controverting what he said; but I say, as Adam Smith once said long ago, "People of the same trade seldom meet together, even for merriment or diversion, but the conversation ends at last in a conspiracy against the public or in some contrivance to raise prices for the public." That is precisely what every trust seeks to do.

Mr. WAGNER. Is the Senator advocating the Adam Smith laissez-faire doctrine in this age? Is that what the Senator is doing?

Mr. BORAH. I am quoting him on a tendency of industrial power, and every page of industrial growth sustains the truth of his statement. The Senator knows that when the giant movers in a great industry meet together, even if they meet for the purpose of holding a dance, before they close their meeting they will talk over the question of whether they can raise the prices of their products. That is human nature. Now, you propose to suspend the law, and I ask, where in this bill is there any protection for the consumer? Where is there in this bill any protection for the man who has to pay the price?

Mr. WAGNER. The Government. That is the only place to which the consumer can ever come for protection.

Mr. BORAH. What government?

Mr. WAGNER. The United States Government—the President of the United States.

Mr. BORAH. The Senator means we may look to the President, not to the Government.

Mr. WAGNER. The President is the head of the Government.

Mr. BORAH. I am still sufficiently old-fashioned in my views to believe that there are two other departments of the Government besides the executive—the legislative, which abdicates, and the judiciary, which is disregarded in this bill.

Mr. WAGNER. The Senator knows that we cannot ourselves exercise purely administrative power. We have to delegate those functions to someone.

Mr. BORAH. It is not the particular occupant of the White House to whom I am referring. I am making the contention that we should write the law ourselves. There is not an indication in this bill of what is fair competition. There is no rule laid down. Anything is fair competition which industry agrees upon and can get approved. There is not an indication of what rule should govern, either the people who formulate the combine or the President of the United States. We do not indicate what we desire in the way of fair competition. We lay down no rule for them to follow. We give them no code. When they meet they are to form their own idea of what is fair competition. The Congress of the United States is asked to abdicate. The bill furnishes no rule for the protection of the consumer, and it furnishes no rule even for the guidance of the President of the United States.

I ask the Senator, where is the rule in this bill which indicates what is fair competition, or who is to decide it, except the 200 nonbanking corporations of the United States which hold the wealth of the United States? The consumers of the United States must pay whatever they say is a proper price, under fair competition, and get by with it. We hold no check upon them. We provide that the man who violates the code may go to jail. But we lay down no rule for the violation of which the members can be sent to jail. We fail the little fellow who wants to go alone, but we put not one single restraint of criminal law upon those who will be interested in weakening a code which will enable them to get the last red cent from the consumer.

Mr. REED. Mr. President, will the Senator permit a suggestion?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. Yes.

Mr. REED. Necessarily the President must delegate his powers under this bill?

Mr. BORAH. That is provided for.

Mr. REED. Necessarily, then, he must select some person for the administration of each of these great industries. He will either get somebody from within the industry or somebody from the outside who is not experienced in the industry. Obviously he will take the first course, and that means in the steel business, for example, that a man who has spent his life in the steel business will be called upon to exercise the actual, final say about what is a fair price. Does the Senator think it is good policy to expose the consumer to any such system as that?

Mr. BORAH. No; I do not. Let us suppose now that this bill is enacted, and all the different industries of the United States—the lumber industry, the drug industry, the steel industry, the shoe industry, the potato industry, and all the other industries in the United States—form their combines, form their codes, and submit them; do we suppose, for a moment, that the President of the United States, by any possibility, can go into the details of the thousand-and-odd business industries of the United States, upon a large scale, and himself pass upon them? We know that he is not going to do so; it is impossible for him to do so; he will delegate the authority to some individual; and we are now authorizing not the President of the United States but, as a practical proposition, we are authorizing some individual who may be selected for that place, or perhaps a dozen individuals, for there will be so many industries, to pass upon the question of fair competition, without any guide or direction from the lawmaking power of the United States as to what is fair competition. It is solely within the discretion of the industry and the particular individual who is called upon to pass on it; and, in my opinion, it is a most hazardous thing to do.

This is a huge, stupendous duty; no one man can perform it. The President cannot possibly attend to it. He must

select an individual whom we do not know and for whom we furnish no rule nor law.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. REED. Is the bill being read for committee amendments at this time, Mr. President?

The PRESIDING OFFICER. That course has been agreed to by unanimous consent, and the clerk will state the first committee amendment.

The LEGISLATIVE CLERK. On page 1, section 1, line 7, after the word "interstate", it is proposed to insert the words "and foreign", so as to make the clause read:

SECTION 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. McCARRAN. I desire to present an amendment to the bill and ask that it may be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

REGULATIONS PERTAINING TO VETERANS' ALLOWANCES

Mr. CUTTING. Mr. President, on yesterday afternoon the Senator from Arkansas [Mr. ROBINSON] introduced into the RECORD a statement relating to changes in the regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War. Let me call to the attention of the Senate the fact that the Senator from Arkansas in no way guaranteed the accuracy of the statement. He did not reveal the source of the statement. The statement begins by saying that—

Important changes were made today by the President in regulations having to do with compensation allowances for veterans of the World War and the Spanish-American War. These changes were approved by the President by an Executive order which he signed.

Let the Senate notice that the Executive order which the President is alleged to have signed on yesterday was not introduced into the RECORD. It has not as yet been made public. This morning I called up the Veterans' Administration and attempted to obtain a copy of the order which the President is said to have signed, but the Veterans' Administration refused to give me a copy of it, on the ground that they had orders not to give it out to the public. Therefore——

Mr. REED. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. CUTTING. Yes.

Mr. REED. These regulations have the force of law, have they not?

Mr. CUTTING. Without having seen them, I so assume.

Mr. REED. Did the Veterans' Administration presume to deny a copy of that order to the Senator from New Mexico this morning?

Mr. CUTTING. That is correct.

May I quote now from the statement in the Baltimore Sun of this morning, which conveys more information than the Senate was furnished yesterday afternoon by the Senator from Arkansas. That quotation is as follows:

A statement issued from the White House after the President, Lewis W. Douglas, Director of the Budget, and Gen. Frank T. Hines, Administrator of Veterans' Affairs, had been in conference described in general terms the effect of the order.

The order itself was not made public.

Mr. President, I called the attention of the Senate yesterday to the fact that the Governor of my State had attempted to secure information from the Veterans' Administration as to the number of men drawing compensation who were going to be cut from the rolls in order that he might carry out the necessary program for the relief of those men. The Governor of New Mexico was refused that information by the Veterans' Administration. The State of New Mexico is, in consequence, unable to tell what action need be taken to protect thousands of men who are liable to be thrown out of the hospitals on the 1st of July, men coming from every State in the Union, men who are not the special responsibility of the State of New Mexico, but whom we shall be glad to take care of if we can. We cannot get that information, and now, Mr. President, we cannot get information as to an Executive order which the President is said to have signed on yesterday.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Georgia.

Mr. CUTTING. I yield to the Senator from Georgia.

Mr. GEORGE. May I say to the Senator from New Mexico that the Executive orders to which he is now referring are in the Senate, having been transmitted today, but they have not been yet laid before the Senate.

Mr. CUTTING. Are they here at present?

Mr. GEORGE. They are at the desk. The President has sent them to the Senate.

The PRESIDING OFFICER. Will the Senator from New Mexico yield in order to enable the Chair to lay before the Senate a communication relating to the subject?

Mr. CUTTING. I should certainly be very much interested to see a copy of those orders, as I have been trying to procure it all day.

Mr. REED. Mr. President, if the Senator from New Mexico will permit, I ask unanimous consent that the Executive orders may be printed in the CONGRESSIONAL RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and lays before the Senate a message from the President of the United States.

The message was read, and, with the accompanying copies of Executive orders, ordered to lie on the table and to be printed in the RECORD, as follows:

To the Congress:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith a photostat copy of Executive Orders, No. 6156 (Veterans' Regulation 1 (a)), No. 6157 (Veterans' Regulation 3 (a)), No. 6158 (Veterans' Regulation 9 (a)), and No. 6159 (Veterans' Regulation 10 (a)), approved by me June 6, 1933, embodying amendments to veterans' regulations approved by me March 31, 1933, relating to veterans' relief. These veterans' regulations have been issued in accordance with the terms of title I of that law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 7, 1933.*

EXECUTIVE ORDER

VETERANS' REGULATION NO. 1 (A)—ENTITLEMENT TO PENSIONS

Whereas section 1, title I, of Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", provides:

"SECTION 1. That, subject to such requirements and limitations as shall be contained in regulations to be issued by the President, and within the limits of appropriations made by Congress, the following classes of persons may be paid a pension: (a) Any person who served in the active military or naval service and who is disabled as a result of disease or injury or aggravation of a preexisting disease or injury incurred in line of duty in such service. (b) Any person who served in the active military or naval service during the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or the World War, and who is permanently disabled as a result of injury or disease; *Provided*, That nothing contained in this title shall deny a pension to a Spanish-American War veteran past the age of 62 years entitled to a pension under existing law, but the President may reduce the rate of pension as he may deem proper. (c) The widow, child or children, dependent mother or father of any person who dies as a result of disease or injury incurred or aggravated in line of duty in the active military or naval service. (d) The widow and/or child of any deceased person who served in the active military or naval service during the Spanish-American War, including the Boxer rebellion and the Philippine insurrection. (e) For the purpose of subparagraph (b) of this section, the World War shall be deemed to have ended November 11, 1918."

Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated canceling Veterans' Regulation No. 1 and substituting therefor Veterans' Regulation No. 1 (a), to read as follows:

PART I

PENSIONS TO VETERANS AND THE DEPENDENTS OF VETERANS FOR DISABILITY OR DEATH RESULTING FROM ACTIVE MILITARY OR NAVAL SERVICE DURING THE SPANISH-AMERICAN WAR, BOXER REBELLION, PHILIPPINE INSURRECTION, AND/OR THE WORLD WAR

I. (a) For disability resulting from personal injury or disease contracted in line of duty, or for aggravation of a preexisting injury or disease contracted or suffered in line of duty, when such disability was incurred in or aggravated by active military or naval service during an enlistment or employment entered into on or after April 21, 1898, and before August 13, 1898, where the injury or disease was incurred or aggravated prior to July 5, 1902; or during an enlistment or employment where there was actual participation in the Philippine insurrection on or after August 13, 1898, and before July 5, 1902: *Provided, however,* That if the person was serving with the United States military forces engaged in the hostilities in the Moro Province, the dates herein stated shall extend to July 15, 1903; or during an enlistment or employment where there was actual participation in the Boxer rebellion on or after June 20, 1900, and before May 13, 1901; or during an enlistment or employment entered into on or after April 6, 1917, and before November 12, 1918, where the disease or injury was incurred prior to July 2, 1921: *Provided, however,* If the person was serving with the United States military forces in Russia, the dates herein shall be extended to April 1, 1920; or where such disability was incurred in or aggravated by active military or naval service during an enlistment or employment where there was active service in the Spanish-American War, or actual participation in the Boxer rebellion, or Philippine insurrection, or active service in the World War during the dates specified, the United States will pay to any person thus disabled and who was honorably discharged a pension as hereinafter provided; but no pension shall be paid if the disability is the result of the person's own misconduct.

(b) That for the purposes of paragraph I (a) hereof, every person employed in the active military or naval service for 90 days or more shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at time of the examination, acceptance, and enrollment, or where evidence or medical judgment is such as to warrant a finding that the injury or disease existed prior to acceptance and enrollment.

(c) That for the purposes of paragraph I (a) hereof a chronic disease becoming manifest to a degree of 10 percent or more within 1 year from the date of separation from active service as set forth therein shall be considered to have been incurred in or aggravated by service as specified therein notwithstanding there is no record of evidence of such disease during the period of active service; provided, the person suffering from such disease served 90 days or more in the active service as specified therein; provided, however, that where there is affirmative evidence to the contrary, or evidence to establish that an intercurrent injury or disease which is a recognized cause of such chronic disease, has been suffered between the date of discharge and the onset of the chronic disease, or the disability is due to the person's own misconduct, service-connection will not be in order.

(d) That for the purposes of paragraph I (a) hereof a preexisting injury or disease will be considered to have been aggravated by active military service as provided for therein where there is an increase in disability during active service unless there is a specific finding that the increase in disability is due to the natural progress of the disease.

II. That for the purposes of part I, paragraph I (a) hereof, if the disability results from injury or disease—

(a) If and while the disability is rated 10 percent the monthly pension shall be $9.

(b) If and while the disability is rated 20 percent the monthly pension shall be $18.

(c) If and while the disability is rated 30 percent the monthly pension shall be $27.

(d) If and while the disability is rated 40 percent the monthly pension shall be $36.

(e) If and while the disability is rated 50 percent, the monthly pension shall be $45.

(f) If and while the disability is rated 60 percent, the monthly pension shall be $54.

(g) If and while the disability is rated 70 percent, the monthly pension shall be $63.

(h) If and while the disability is rated 80 percent the monthly pension shall be $72.

(i) If and while the disability is rated 90 percent the monthly pension shall be $81.

(j) If and while the disability is rated as total the monthly pension shall be $90.

(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only 1 foot, or 1 hand, or 1 eye, the rate of pension provided in part I, paragraph II (a) to (j) shall be increased by $25 per month.

(l) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands, or both feet, or of one hand and one foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $150.

(m) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and one foot, or of both feet and one hand, or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $175.

(n) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or one foot, the monthly pension shall be $200.

(o) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use as provided in subparagraphs (l) to (n), inclusive, of part I paragraph II of this regulation, and/or blindness in both eyes, having only light perception, which conditions under subparagraphs (l) to (n), inclusive, entitle him to two or more of the rates provided in those subparagraphs, no specified condition being considered twice in the determination, the monthly pension shall be $250.

III. That for the purposes of paragraph I hereof any person who on or after April 6, 1917, and prior to November 12, 1918, applied for enlistment or enrollment in the active military or naval forces and who was provisionally accepted and directed or ordered to report to a place for final acceptance into such military service, or who on or after April 6, 1917, and prior to November 12, 1918, was drafted, and after reporting pursuant to the call of his local draft board and prior to rejection, or who on or after April 6, 1917, and prior to November 12, 1918, after being called into the Federal service as a member of the National Guard, but before being enrolled for the Federal service suffered an injury or disease in line of duty and not the result of his own misconduct will be considered to have incurred such disability in active military or naval service during the period of the World War.

IV. The surviving widow, child, or children, and/or dependent mother or father of any deceased person who died as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part I, paragraph I hereof, shall be entitled to receive pension at the monthly rates specified next below:

Widow, but no child	$30
Widow and 1 child (with $6 for each additional child)	40
No widow, but 1 child	20
No widow, but 2 children (equally divided)	30
No widow, but 3 children (equally divided) (with $5 for each additional child; total amount to be equally divided)	40
Dependent mother or father, $20 (or both) each	15

The total pension payable under this paragraph shall not exceed $75. Where such benefits would otherwise exceed $75 the amount of $75 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

PART II

PAYMENT OF PENSION FOR DISABILITY OR DEATH INCURRED DURING PEACE-TIME SERVICE

I. (a) For disability resulting from personal injury or disease contracted in line of duty or for aggravation of a preexisting injury or disease contracted or suffered in line of duty when such disability was incurred in or aggravated by active military or naval service other than in a period of war service, as provided in part I, the United States will pay to any person thus disabled and who was honorably discharged from such period of service in which such injury or disease was incurred, or preexisting injury or disease was aggravated, a pension as hereinafter provided, but no pension shall be paid if the disability is the result of the person's own misconduct.

(b) For the purposes of paragraph I (a) of part II hereof, every person employed in the active military or naval service for 6 months or more shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at time of the examination, acceptance, and enrollment, or where evidence or medical judgment is such as to warrant a finding that the disease or injury existed prior to acceptance and enrollment.

(c) Any veteran or the dependents of any deceased veteran otherwise entitled to pension under the provisions of part II of this regulation shall be entitled to receive the rate of pension provided in part I of this regulation, if the disability or death resulted from an injury received in line of duty in actual combat in a military expedition or military occupation.

II. For the purposes of part II, paragraph I (a), hereof, if the disability results from injury or disease:

(a) If and while the disability is rated 10 percent, the monthly pension shall be $6.

(b) If and while the disability is rated 20 percent the monthly pension shall be $9.

(c) If and while the disability is rated 30 percent the monthly pension shall be $13.

(d) If and while the disability is rated 40 percent the monthly pension shall be $18.

(e) If and while the disability is rated 50 percent the monthly pension shall be $22.

(f) If and while the disability is rated 60 percent the monthly pension shall be $27.

(g) If and while the disability is rated 70 percent the monthly pension shall be $31.

(h) If and while the disability is rated 80 percent the monthly pension shall be $36.

(i) If and while the disability is rated 90 percent the monthly pension shall be $40.

(j) If and while the disability is rated as total the monthly pension shall be $45.

(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of only 1 foot, or 1 hand, or 1 eye, the rate of pension provided in part II, paragraph II, (a) to (j), shall be increased by $12 per month.

(l) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands, or of both feet, or of 1 hand and 1 foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $75.

(m) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of both hands and 1 foot, or of both feet and 1 hand, or if the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $87.

(n) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss or loss of use of one hand or of one foot, the monthly pension shall be $100.

(o) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use, as provided in subparagraphs (l) to (n), inclusive, of part I, paragraph II, of this regulation, and/or blindness in both eyes, having only light perception, which conditions under subparagraphs (l) to (n), inclusive, entitle him to two or more of the rates provided in those subparagraphs, no specified condition being considered twice in the determination, the monthly pension shall be $125.

III. The surviving widow, child, or children, and/or dependent mother or father of any deceased person who died as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part II, paragraph I hereof, shall be entitled to receive pension at the monthly rates specified next below:

Widow but no child	$22
Widow and 1 child (with $4 for each additional child)	30
No widow but 1 child	15
No widow but 2 children (equally divided)	22
No widow but 3 children (equally divided, with $3 for each additional child; total amount to be equally divided)	30
Dependent mother or father	15
Both mother and father (each)	11

The total pension payable under this paragraph shall not exceed $56. Where such benefits would otherwise exceed $56, the amount of $56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

PART III

PAYMENT OF PENSION FOR DISABILITIES OR DEATH NOT THE RESULT OF SERVICE

I. (a) Any person who served in the active military or naval service for a period of 90 days or more during either the Spanish-American War, the Boxer rebellion, the Philippine insurrection, or the World War, who is shown to have been in active service therein before the cessation of hostilities and to have been honorably discharged from such service shall be entitled to receive a pension for permanent total disability not the result of his misconduct and which is not shown to have been incurred in any period of military or naval service: Provided, that—

(b) To be entitled to pension under the terms of part III a veteran of either the Boxer rebellion or of the Philippine insurrection must be shown to have actually participated therein during his period of service.

(c) That for the purpose of paragraph I (a) hereof, the World War shall be deemed to have ended November 11, 1918, and the delimiting periods of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection shall be as specified in part I.

(d) In determining the period of active service for the purpose of part III, it is not requisite that the 90 days' period of service shall have been completed before the cessation of hostilities. It is necessary, however, that a claimant hereunder shall have entered service prior to the cessation of hostilities and shall have served continuously thereafter for 90 days. A period of continuous active service for 90 days which commenced prior to, and extended into a period of hostilities as defined by part I, shall be considered as meeting the service requirements of part III.

(e) Except as provided in paragraph I (g) hereof, no pension shall be payable under part III for permanent disability less than total. A permanent total disability shall be taken to exist when there is present any impairment of mind or body which is sufficient to render it impossible for the average person to follow a substantially gainful occupation and where it is reasonably certain that such impairment will continue throughout the life of the disabled person. Notwithstanding this definition the Administrator of Veterans' Affairs is hereby authorized to classify as permanent and total those diseases and disorders, the nature and extent of which, in his judgment, is such as to justify such a determination.

(f) The amount of pension payable under the terms of part III shall be $30 monthly, provided that—

(g) Any veteran of the Spanish-American War over 62 years of age, (1) who meets the other requirements of part III, or (2) who was on the pension rolls March 20, 1933, shall be entitled to receive a pension in the amount of $15 monthly, except that under (2), the pension being paid to the veteran on March 20, 1933, shall be continued in the same amount if it was less than $15 per month.

II. (a) Payment of pension provided by part III, except as provided in paragraph I (g), shall not be made to any unmarried person whose annual income exceeds $1,000, or to any married person or any person with minor children whose annual income exceeds $2,500.

(b) Whenever the income of any beneficiary to whom pension has been allowed under part III exceeds the amount specified in this paragraph, the award of pension shall be discontinued.

(c) Whenever it may be considered to be necessary for the purpose of this paragraph, the Veterans' Administration may require from any beneficiary under part III such information, proofs, or evidence as may be desired in order to determine the annual income of such beneficiary.

III. (a) The surviving widow and/or child or children of any deceased person who served in the active military or naval service during either the Spanish-American War, the Boxer rebellion, or the Philippine insurrection, and whose service therein was as defined by part III, paragraph I hereof, shall be entitled to receive a pension at the monthly rates specified next below:

Widow, but no child	$15
Widow and 1 child (with $3 monthly for each additional child)	20
No widow, but 1 child	12
No widow, but 2 children (equally divided)	15
No widow, but 3 children (equally divided) with $2 monthly for each additional child; total amount to be equally divided)	20

(b) The total pension payable under this paragraph shall not exceed $27 monthly. Where such benefits would otherwise exceed $27 monthly, the amount of $27 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

PART IV

COMBINING OF PENSIONS

I. The Administrator of Veterans' Affairs is hereby authorized and directed to provide for the combination of ratings and to pay pension at the rates prescribed by Veterans' Regulation No. 1 (a), part I, to those veterans who had war-time service as defined in Veterans' Regulation No. 1 (a), paragraph I (a), and peace-time service as defined in part II, paragraph I (a) thereof, who have suffered disability in line of duty in each period of service.

II. The Administrator of Veterans' Affairs is hereby further authorized and directed to provide that for the purpose of determining whether a veteran is suffering from permanent and total disability as defined in part III, Veterans' Regulation No. 1 (a), ratings for disabilities incurred in active military or naval service and in line of duty may be combined with ratings for disabilities which are not shown to have been incurred in active military or naval service: *Provided*, That in those cases in which the veteran, by virtue of the above provision, is found to be entitled to a pension under part III of Veterans' Regulation No. 1 (a), and is entitled to a pension under part I or part II of Veterans' Regulation No. 1 (a), the Administrator of Veterans' Affairs is authorized and directed to pay to the veteran the greater benefit.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 6, 1933.*

EXECUTIVE ORDER

VETERANS' REGULATION NO. 3 (a)—SCHEDULE FOR RATING DISABILITIES

Whereas section 3, title I, of Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", provides:

"For each class of persons specified in subparagraphs (a) and (b) of section 1 of this title the President is hereby authorized to prescribe by regulation the minimum degrees of disability and such higher degrees of disability, if any, as in his judgment should be recognized and prescribe the rate of pension payable for each such degree of disability. In fixing rates of pensions for disability or death the President shall prescribe by regulation such differentiation as he may deem just and equitable, in the rates to be paid to veterans of different wars and/or their dependents and to be paid for—

"(a) Disabilities and deaths resulting from disease or injury incurred or aggravated in line of duty in war-time service;

"(b) Disabilities and deaths resulting from disease or injury incurred or aggravated in line of duty in peace-time service;

"(c) Disabilities and deaths not incurred in service."

Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated, canceling Veterans' Regulation No. 3 and substituting therefor Veterans' Regulation No. 3 (a), to read as follows:

I. The Administrator of Veterans' Affairs is hereby authorized and directed to adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combination of injuries. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations. The schedule shall be constructed so as to provide 10 grades of disability, and no more, upon which payments of pension shall be based, namely, 10 percent, 20 percent, 30 percent, 40 percent, 50 percent, 60 percent, 70 percent, 80 percent, 90 percent, and total, 100 percent. The Administrator

of Veterans' Affairs shall from time to time readjust this schedule of ratings in accordance with experience.

II. In connection with the review directed by section 17 of Public, No. 2, Seventy-third Congress, the schedule of ratings provided for herein shall not operate to reduce by more than 25 percent (exclusive of special statutory allowances) the payments being made to any veteran who on March 20, 1933, was properly rated on a permanent basis and who meets the requirements of Regulation No. 1, part I.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 6, 1933.*

EXECUTIVE ORDER

VETERANS' REGULATION NO. 9 (A)—PAYMENT OF BURIAL EXPENSES OF DECEASED WAR VETERANS

Whereas section 17 title I, of Public, No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government" provides:

"That subject to such regulations as the President may prescribe, allowances may be granted for burial and funeral expenses and transportation of the bodies (including preparation of the bodies) of deceased veterans of any war to the places of burial thereof in the sum not to exceed $107 in any one case."

Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated canceling Veterans' Regulation No. 9, and substituting Veterans' Regulation No. 9 (a), to read as follows:

I. Where an honorably discharged veteran of any war dies after discharge a flag to drape the casket shall be furnished in all cases, such flag to be given to the next of kin after burial of the veteran.

II. Where an honorably discharged veteran of any war dies after discharge, the Administrator, in his discretion and with due regard to the circumstances in each case, shall pay, for burial and funeral expenses and transportation of the body (including preparation of the body) to the place of burial, a sum not exceeding $75 to cover such items and to be paid to such person or persons as may be prescribed by the Administrator. Burial allowance, or any part thereof, authorized under this regulation shall not be payable if the veteran's net assets at the time of death, exclusive of debts and accrued pension, compensation, or insurance due at time of death, equal or exceed the sum of $1,000. The Administrator may, in his discretion, make contracts for burial and funeral services within the limits of the amount herein allowed without regard to the laws prescribing advertisement for proposals for supplies and services for the Veterans' Administration. No deduction shall be made from the sum allowed because of any contribution toward the burial and funeral (including transportation) which shall be made by a State, county, or other political subdivision, lodge, union, fraternal organization, society or beneficial organization, insurance company, workmen's compensation commission, State industrial accident board, or employer, but the aggregate of the sums allowed from all sources shall not exceed the actual cost of the burial and funeral (including transportation).

III. Where death occurs in a Veterans' Administration facility the Veterans' Administration will (a) assume the actual cost (not to exceed $75) of burial and funeral, and (b) transport the body to the place of residence or to the nearest national cemetery or such other place as the next of kin may direct where the expense is not greater than the ascertained cost of transportation to place of residence. Where the ascertained cost of transportation to a place directed by the next of kin exceeds the amount allowed in accordance with (b) hereof, such allowable amount shall be available for reimbursement purposes or partial payment in such manner as the Administrator may determine.

IV. Claims for reimbursement must be filed within 1 year subsequent to the date of death of the veteran. In the event the claimant's application is not complete at the time of original submission, the Veterans' Administration will notify the claimant of the evidence necessary to complete the application, and if such evidence is not received within 6 months of the date of the request therefor no allowance may be paid.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 6, 1933.*

EXECUTIVE ORDER

VETERANS' REGULATION NO. 10 (A)—MISCELLANEOUS PROVISIONS

Whereas section 4, title I, of Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government" provides:

"The President shall prescribe by regulation (subject to the provisions of section 1 (e) of this title) the date of the beginning and of the termination of the period in each war subsequent to the Civil War, including the Boxer rebellion and the Philippine insurrection, service within which shall for the purposes of this act be deemed war-time service. The President shall further prescribe by regulation the required number of days of war or peace-time service for each class of veterans, the time limit on filing of claims for each class of veterans and their dependents, the nature and extent of proofs and presumptions for such different classes, and any other requirements as to entitlement as he shall deem equitable and just. The President, in establishing conditions precedent, may prescribe different requirements or conditions for the veterans of different wars and their dependents and may further subdivide the classes of persons as outlined in section 1 of this title and apply different requirements or conditions to such subdivisions."

Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated amending Veterans' Regulation No. 10 as hereinafter provided:

1. Regulation No. 10, paragraph VI, is hereby amended to read as follows:

"VI. The term "child" shall mean a legitimate child or a child legally adopted, unmarried and under the age of 18 years, unless prior to reaching the age of 18 the child becomes or has become permanently incapable of self-support by reason of mental or physical defect, except that the payment of pension shall be further continued after the age of 18 years and until completion of education or training (but not after such child reaches the age of 21 years), to any child who is or may hereafter be pursuing a course of instruction at a school, college, academy, seminary, technical institute, or university, particularly designated by him and approved by the Administrator, which shall have agreed to report to the Administrator the termination of attendance of such child, and if any such institution of learning fails to make such report promptly, the approval shall be withdrawn."

2. Regulation No. 10, paragraph X, is hereby amended to read as follows:

"X. No person holding an office or position, appointive or elective, under the United States Government or the municipal government of the District of Columbia or under any corporation, the majority of the stock of which is owned by the United States, shall be paid a pension or emergency officers' retirement pay, so long as he continues to draw a salary from such employment, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States; (2) those persons so employed whose pension is protected by the provisions of the act; however, the rate of pension as to this class shall not exceed $6 per month; (3) those persons whose salary or compensation for service as such employee is in an amount not in excess of $50 per month; and (4) widows of veterans."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 6, 1933.*

Mr. CUTTING. Mr. President, in view of the fact that the orders have now been made public, I shall refrain from further comment on the statement made yesterday until I have had an opportunity to study the regulations. Whenever regulations of this kind have been issued in the past there has been some "joker" in them which nullified completely the explanatory statements which have accompanied or preceded them.

I do not know, of course, what we may find in the regulations which will justify the statement put in the RECORD yesterday that the average deduction will approximate 18 percent; I cannot see any way by which any such provision as that can possibly be written into the regulations. I do think, however, that it is better policy to give out the regulations at once, as soon as they are issued, rather than to indulge in the practice of giving out a statement one day and transmitting the regulations a day later.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. CUTTING. I yield to the Senator from Nebraska.

Mr. NORRIS. I should like to ask the Senator whether when he inquired this morning of the Veterans' Administration, and requested a copy of the regulations, he was given any information then that they would be sent to the Senate today?

Mr. CUTTING. No; I was given no such information.

Mr. NORRIS. Was the Senator given any information as to when the regulations would be published, or anything of that kind?

Mr. CUTTING. I was given no such information whatever.

Mr. NORRIS. I would be interested to know, if the Senator feels that he has a right to repeat the conversation, which I assume probably took place over the telephone——

Mr. CUTTING. It took place over the telephone.

Mr. NORRIS. Does the Senator have any information to give to the Senate as to the reasons, if any, which were given to him by the Veterans' Administration for not giving him a copy of the regulations?

Mr. CUTTING. The only information vouchsafed on that subject was that they had orders to that effect.

Mr. President, I should like to place in the RECORD a letter from the Governor of New Mexico to me, setting forth the reasons why he desired a list of the ex-service men in New

Mexico who are drawing compensation, which list has been refused him by General Hines.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

EXECUTIVE OFFICE,
Santa Fe., N.Mex., June 1, 1933.

Hon. BRONSON CUTTING,
United States Senator, Washington, D.C.

MY DEAR SENATOR CUTTING: Again replying to your recent telegram regarding the refusal of General Hines to furnish us with a list of the ex-service men who are drawing compensation in New Mexico and your request for further information, I beg to enclose herewith the following suggestions and 14 reasons why, in our opinion, we should secure the list of individuals who are receiving monetary benefits from the Government as a result of honorable service during various wars and conflicts:

1. We should know definitely who the beneficiaries were and where they live.

2. Approximately 85 percent will be discontinued entirely.

3. The remaining 15 percent will be reduced from 30 to 60 percent.

4. I estimate that one third of the 85 percent are not physically able to work.

5. Relief agencies are not conscious of the situation ahead of them and are not preparing for this additional burden.

6. As these beneficiaries have not heretofore been supported by charity, they will be very hesitant in seeking assistance, thereby neglecting themselves and families, which will result in malnutrition, causing undue physical distress.

7. Relief agencies should be furnished a list of veterans and their dependents who may require assistance, so that undue suffering and sickness may be kept to the minimum, as this would be the most economical course to follow and would be a general humanitarian act.

8. Many widows and orphans and remarried widows will be discontinued from the rolls in the 85 percent above mentioned. In the majority of cases they have no one to assist them, and special attention should be given this class.

9. County commissioners should be advised, so that additional funds can be made available for the actual necessities, including medical treatment that will be required.

10. Sparsely settled communities have many homesteaders who are totally dependent upon the benefits they have been receiving.

11. Property and monetary losses to the veterans should be determined.

12. The definite information that we would secure from an accurate survey should be used for the foundation of a definite recommendation to effect the proper changes in the Economy Act.

13. Appeals can be made providing they are presented within 6 months from date of notice and under no circumstances after January 1, 1934; therefore, immediate action should be taken on claims where it is found that they have grounds for appeal under the new regulations, further considered that in the event the appeal is won they are reinstated, effective the date the appeal is received and not the date of discontinuance.

14. New evidence in any claim now pending cannot under the circumstances be submitted after January 1, 1934. It is, therefore, not to exceed 7 months in which to secure this evidence.

I think it would be rather unfair and unjust to have an ex parte hearing as only the Government side would be represented unless we can secure these lists and make contact with our people, some of whom would not be able to know what it is all about, and these are the ex-service men whom we would like to contact so that we can present their claims in a fair and intelligent way. In many cases our people have no one to assist them, and I believe that special attention should be given to these cases. I, therefore, strongly urge that you make every effort possible to see that we get the lists, as it is our desire only to be of help to those who are deserving, and I can see no reason why the Government would not like to receive the benefit of our willingness to help in seeing that those who are deserving will not be cut off from their compensation.

With kindest and best wishes and hoping this finds you enjoying the very best of health and happiness, I am, as always,

Sincerely yours,

ARTHUR SELIGMAN,
Governor.

Mr. CUTTING. Mr. President, pending an analysis of the Executive orders which have been issued, I shall comment no further on that matter. However, I do wish briefly to call the attention of the Senate to a statement issued in connection with this subject by the National Economy League.

First, let me remind the Senate for a moment how far we have gone in about 10 days in the Senate. On Monday last the Senator from Oregon [Mr. STEIWER], the Senator from Pennsylvania [Mr. REED], and several Members of the House of Representatives appealed to Congress to remain in session until the injustices which had been perpetrated by the Veterans' Administration could be modified. On Tuesday, in conjunction with the Senator from Missouri [Mr. CLARK], I introduced a motion to suspend the rules in the consideration of the independent offices appropriation bill, in order to save veterans suffering from combat-connected disabilities from being cut more than 25 percent. At that time there did not seem to be the slightest chance that even such a moderate motion as that would receive any consideraion from the Senate.

On the following day I know that prominent members of the administration were calling up Senators to try to get them to vote against the amendment which I had proposed.

On Thursday the spokesmen of the administration on this floor agreed to accept the amendment which I had proposed, provided the Senate would stop at that and go no farther.

On Friday the Senate went much farther than I had originally suggested, and agreed to a motion to suspend the rules in order to consider a motion to restrict the President's power to cut veterans' compensation more than 15 percent. The Senate adopted that motion by a vote of about 3 to 1, and thereafter modified the proposal only by making it 25 percent instead of 15 percent and by including both the so-called "presumptive" cases and the veterans of the Spanish-American War.

I think the action of the Senate on last Friday one of the most honorable in its history. I hope now, after gaining such a victory and after taking action, the validity of which and the righteousness of which have not been challenged by any Member of this body, that we may not reverse ourselves or allow ourselves to be diverted from the goal toward which we so honorably set our faces on last Friday.

Mr. President, the channels of publicity have been set in motion against us. On Sunday night we heard from the President's private secretary. We now have the National Economy League making a statement. I have nothing against the members of the National Economy League; they are no doubt acting in good faith. I know most of the prominent members of that organization personally. They are honorable gentlemen, and many of them consider themselves idealists. It is very easy, Mr. President, when one is well off to be idealistic at the expense of someone who is suffering.

I quote from this morning's Washington Post:

If the bill is passed with the Connally amendment, the National Economy League asked that it be vetoed. The request was made in a telegram addressed to President Roosevelt by Gilbert G. Browne, chairman of the managing committee of the league.

"The principle that our citizens fight for country and not for pensions must be established", Mr. Browne said. "This is the time to clinch this principle."

Think of it, Mr. President! Think of the noble "principle" which is hereby held before the President of the United States for his guidance. Every Senator knows there were hundreds of thousands of men who made profits out of the World War, who became millionaires and multimillionaires as the result of that war. I am not criticizing those men. They no doubt had a right to make what profits they could. They are the men, on the whole, who are guiding the policies of the National Economy League. The "principle" which is held before us is a principle that these men should not be taxed in order to take care of the men who lost limbs and who lost health in the service of their country.

Mr. Browne says:

The principle that our citizens fight for country and not for pensions must be established.

In other words, he makes it appear as though the pensions were pay for the services which our veterans rendered the country. Those men were paid a dollar a day, or whatever it may have been. That was their pay. Nobody contends that the payments were not made. A pension or a compensation is supposed to compensate for the loss of limb or health suffered by reason of these men having been drafted or having volunteered to enter the service of the United States. These men were not fighting for a pension. This is not the time to "clinch" any such "principle" as that. No such principle has ever before been suggested. The "principle" for which these gentlemen are fighting is a principle that they do not care to be taxed any further in order that justice may be done to the defenders of the country.

I said yesterday, in response to an inquiry from the Senator from Massachusetts [Mr. WALSH], that I had so far received no criticism whatever of the vote which was taken in the Senate on last Friday. This morning a large number of post cards began to come. I had expected them. None of them has come from my own State. Practically all of them have come from New York, at the Wall Street Station, or from Brooklyn or the nearby New Jersey suburbs. I read one which is interpretative and in character typical of the mass of them:

Your remarks regarding Howe's speech will cut your vote more than it will help. There are 10 times as many people who directly or indirectly pay taxes as there are veterans who demand your vote.

There is the principle. There is a great principle which is set before them: Let us stand by the taxpayers, 10 times as many in number, and let us desert these 250,000 or 300,000 veterans, whatever their number may be, who will soon be dead anyway, who are so weak and so helpless that they are not able to do very much for any Senator. Desert them and stand by the people who can deliver votes in 10 times the number.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. CUTTING. I yield.

Mr. VANDENBERG. I am struck by a phrase on the post card from which the Senator read—that there are veterans in this connection who are "demanding" our votes. I have said before, and I want to say again, that I think the most striking thing about the reaction of the veterans of the country to the brutalities which were perpetrated in the rules and regulations under the Economy Act is the utter patience and tolerance with which they met the situation. I know of no organized propaganda which undertook to repeal the Economy Act or to amend it. I heard no political threats. I was not bombarded with organized demands from a selfish minority.

I have seen no evidence of anything of that nature. I heard only from individual veterans who asked for a review of their own individual cases in the belief that the Government order must have been a mistake. Yes; a tragic mistake. I am perfectly sure that the votes in the Senate which insisted upon partially retracing those steps were the result not of any demand of any nature except the sheer demand for simple justice as disclosed in case after case and in one legitimate battle casualty after another which no man could confront with a clear conscience and not undertake to cure. I think that was the only pressure put upon the Senate. We have not deserted economy. We have deserted ingratitude. We have not surrendered to a lobby. We have simply surendered to the proofs that the Economy Act has been administered contrary to every assurance given us when the Economy Act was passed, and with unconscionable results in tens of thousands of individual cases. I am firmly convinced that every American citizen in full possession of the full facts would agree to the justice of this action.

Mr. CUTTING. I agree entirely with the Senator from Michigan. I agree with every word he says. Yet the Senator knows that in every metropolitan newspaper the allegation is made that we have been overwhelmed by a vocal minority, by a so-called "veterans' lobby", by special interests who demand favors for themselves.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. CUTTING. I yield.

Mr. BYRNES. A few moments ago the Senator referred to a statement inserted into the RECORD by request of the Senator from Arkansas [Mr. ROBINSON], the Senator stating that he had endeavored to secure a copy of the regulations and was unable to do so. I have taken the trouble to inquire why a Member of the Senate should not receive a copy of those regulations.

Mr. CUTTING. May I say before the Senator continues that within the last 30 seconds I have received a copy of the regulations?

Mr. BYRNES. May I say to the Senator, in fairness to the officials of the Veterans' Administration, that they advised me that the reason why they could not be made public yesterday is that the regulations in the afternoon went to the White House and from there had to go to the State Department, and were not received at the Veterans' Administration certified until after 7 o'clock last night, and before that time could not be given to the public?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from New Mexico yield to me at that juncture?

Mr. CUTTING. Certainly.

Mr. ROBINSON of Arkansas. Let me add to what has been said by the Senator from South Carolina that copies of the regulations themselves have not yet reached me. I have not seen them. I merely placed in the RECORD a statement or an analysis in the nature of a press release that was issued yesterday. I assume that the regulations, if they have not been made available, will be supplied in the very early future.

Mr. CUTTING. I want to assure the Senator from Arkansas that I made no criticism whatever of him for putting in the RECORD the statement he did. I was merely anxious to get the actual regulations.

Mr. ROBINSON of Arkansas. I did not understand the Senator had made any criticism of my action in putting the regulations in the RECORD, but I was informed that while I was absent from the Chamber some mention had been made of the fact that I did not present the regulations and did not analyze the statement.

Mr. CUTTING. I was merely anxious to get the regulations; and as I have just received the copy for which I asked, I shall take time to consider them before I comment on them in detail.

The PRESIDING OFFICER. May the Chair state that a message from the President containing the Executive order has just come to the Senate and is now on the table?

Mr. ROBINSON of Indiana. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Indiana?

Mr. CUTTING. I yield.

Mr. ROBINSON of Indiana. The thing that to me seems amazing, I will say to the Senator, is that the President is quoted as saying that no injustice under his new regulations will be done to any deserving veterans. If he is correctly quoted, how he can make the statement with a clear conscience is beyond all understanding so far as I am able to see it. The Senator from New Mexico, interested deeply in this subject as I know him to be, knows full well that literally hundreds of disabled veterans have committed suicide and are dead and in their graves, while others have been thrown out of hospitals in the most ruthless manner, thrown out into the streets without being given even transportation to take them home. Talk about no injustice being done! The injustice that has been done is irreparable, and, of course, the Senator knows the only way justice can possibly be done to the disabled veterans who still remain alive is to repeal the whole indefensible so-called "Economy Act."

Mr. CUTTING. Mr. President, I am trying to get what action we can to rectify as many of these instances of brutality as is possible. I do not care to engage in the task of assigning blame to various people. I think no one, least of all the President of the United States, would attempt to justify all the individual instances of hardship which have been perpetrated by the Bureau of the Budget and by the Veterans' Administration. I hope that when we read the new regulations, we shall find that they are susceptible of a better interpretation than I should imagine by reading the preliminary notices concerning them.

Mr. President, I do at least want to call to the attention of the Senate again what was so finely emphasized by the Senator from Michigan [Mr. VANDENBERG], that thus far no veterans' organization and no individual veterans have asked

for anything but justice and decency and fair treatment, and that the only selfish appeals which have been made to us have come from the National Economy League and from people like Mr. Howe, secretary to the President.

Mr. ROBINSON of Indiana. Mr. President, if the Senator will yield, my attention has just been called to a statement made by Mr. KVALE in the House yesterday—a very brief statement which I desire to read in the Senator's time, if he does not object.

Mr. CUTTING. I yield.

Mr. ROBINSON of Indiana (reading):

> Regardless of where the responsibility may be placed and regardless of where the buck is passed, the statement that veterans will be taken care of does not apply to three veterans from my own State who have committed suicide and who are in their graves today as the result of the application of this Economy Act.

And may I state in my own language, Mr. President, that it should always be borne in mind that all of those affected, without a single exception, are disabled veterans.

Mr. CUTTING. Of course.

So far as I know, there has not even been any complaint about the so-called "disability allowance cases" which were cut off the rolls by the original act. Those were the cases against which the National Economy League was originally organized to protest. Some of them were in themselves deserving cases, but so far there has not come to my attention any effort on the part of anybody to restore those cases to the rolls. The only difference between the amendment as I originally drew it up and the amendment as it passed the Senate is the inclusion in it, first, of the Spanish-American veterans who cannot trace their disability to service connection on account of the lapse of time, and, second, the inclusion of the so-called "presumptive cases", which, in my judgment, include men who are suffering as deeply, and who deserve as much from their country as any other class of disabled veterans.

Insofar as those two classes are concerned, I sincerely hope that the Senate and the House will see that justice is done to them, and that justice is done not through regulation, whether regulation by the Bureau of the Budget or by the Veterans' Administration, but by action of the Congress of the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield once more?

The VICE PRESIDENT. Does the Senator from New Mexico further yield to the Senator from Michigan?

Mr. CUTTING. I yield to the Senator.

Mr. VANDENBERG. May I call the Senator's attention to this further fact?

The action of the Senate was pilloried by the Presidential secretariat on the theory that it would involve $170,000,000 of new taxes upon the American people.

Mr. CUTTING. Yes.

Mr. VANDENBERG. And the entire action of the Senate was criticized on the basis of that prospective assessment. There seems to be nothing said, however, about new taxes to meet the sixty or seventy five million dollars which is to be necessary to meet the Presidential Executive order. I submit that at least we must now be absolved from $75,000,000 worth of new taxes, which the President evidently expects to absorb in some other fashion as a result of his own Executive order; and I suggest that the next time Colonel Howe speaks on the radio, instead of telling the American people that the Senate is going to cost them $1.25 apiece for veterans' allowances in addition to existing situations, he acknowledge the fact that Executive orders are already responsible for 40 cents apiece, which is just the initial confession that the Senate was at least a third right.

Mr. CUTTING. I agree with the Senator from Michigan.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Idaho?

Mr. CUTTING. I yield to the Senator.

Mr. BORAH. I do not hold any brief for Secretary Howe; but I insist that when Senators refer to him they refer to him as "the secretary", not "the secretariat." [Laughter.]

Mr. CUTTING. Mr. President, I desire to express my approval of what the Senator from Michigan said, and, in addition, to call to the attention of the Senator the fact that practically every bill we have passed in a long time contains an appropriation, and that the argument never has been used with regard to any other piece of legislation that that particular thing, whether it be farm bill or home loan bill or whatever it may be, will add so and so much to the expense of every family, including the wife and the kiddies. Those arguments are used only when it is a question of doing justice to men who served their country. This argument which the National Economy League is trying to hold up as a "principle" is the most ignoble, the most disgraceful, that could be put before the people of this country. These men who are comfortable, who are living in luxury, have the effrontery to issue to the President of the United States a demand that he must establish the "principle" that men shall die in order that the members of this league may be saved a few taxes. It does not make any difference to them that the men who are to die are the men whom Congress picked to serve the country when it needed service. That does not concern these league members. We are confronted with a question of "principle", that service by itself is enough for those who serve, and that we must forever hereafter adopt the idea that men for whose injuries and for whose loss of health the United States is directly responsible should be left to take care of themselves on their beds of pain and anguish.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. LONG and Mr. TRAMMELL addressed the Chair.

The VICE PRESIDENT. The Senator from Louisiana.

Mr. LONG. Does the Senator from Florida desire me to yield to him?

Mr. TRAMMELL. I wish to make a few remarks on the subject which has just been discussed by other Senators.

Mr. LONG. Will the Senator pardon me for a few minutes? I will yield the floor in a few minutes.

Mr. TRAMMELL. Certainly.

Mr. LONG addressed the Senate. After speaking for about 1 hour, he said:

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Dale	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McAdoo	Thomas, Okla.
Bone	Fess	McCarran	Thomas, Utah
Borah	Fletcher	McGill	Thompson
Bratton	Frazier	McKellar	Townsend
Brown	George	McNary	Trammell
Bulkley	Glass	Metcalf	Tydings
Bulow	Goldsborough	Murphy	Vandenberg
Byrd	Gore	Neely	Van Nuys
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walcott
Caraway	Hastings	Overton	Walsh
Carey	Hatfield	Patterson	Wheeler
Clark	Hayden	Pope	White
Connally	Hebert	Reed	
Coolidge	Johnson	Reynolds	
Copeland	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Ninety-three Senators having answered to their names, a quorum is present.

Mr. LONG resumed his speech. After speaking for about 30 minutes, he said:

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Cutting	Kendrick	Robinson, Ark.
Bachman	Dale	Keyes	Robinson, Ind.
Bailey	Davis	King	Russell
Bankhead	Dickinson	La Follette	Schall
Barbour	Dieterich	Lewis	Sheppard
Barkley	Dill	Logan	Shipstead
Black	Duffy	Lonergan	Smith
Bone	Erickson	Long	Steiwer
Borah	Fess	McAdoo	Stephens
Bratton	Fletcher	McCarran	Thomas, Okla.
Brown	Frazier	McGill	Thomas, Utah
Bulkley	George	McKellar	Townsend
Bulow	Glass	McNary	Trammell
Byrd	Goldsborough	Metcalf	Tydings
Byrnes	Gore	Murphy	Vandenberg
Capper	Hale	Neely	Van Nuys
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Clark	Hatfield	Overton	Walsh
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pope	White

Mr. NORRIS. I desire to announce the absence of my colleague [Mr. THOMPSON] on official business.

The PRESIDING OFFICER. Ninety-two Senators having answered to their names, a quorum is present.

Mr. LONG resumed and concluded his speech, which is as follows:

AGAINST WRECKING A PARTY

Mr. LONG. Mr. President, in line with what the Senator from Idaho [Mr. BORAH] has been saying, and also with regard to what the Senator from New Mexico [Mr. CUTTING] has just said, I wish to say that I had no opportunity, not being a member of the Finance Committee, to attend the hearings on the bill now under consideration, House bill 5755. I did not attend the meetings and I did not keep up with what was really going to be done in anything like a specific way, because one day the newspapers would give the idea that one thing was going to be done and then the next day that something else was going to be done.

We started out with the Black bill, providing for a 30-hour week. I understand that this bill is to take the place of the Black bill, and to do more.

The Black bill passed the Senate providing for 5 days a week of work, 6 hours a day. I was for that and the platform of the Democratic Party was in favor of that law.

The party platform, as the Senator from Idaho charges, and as I, one who was in the convention that voted for it, happened to know to be true, pledged the party not only to a strict enforcement but, wherever necessary, correction of the antitrust laws of this country to make them more stringent. We came along with the Black bill, carrying out the Democratic platform by letter and by title and by figures.

I was astounded because I never heard a word from the Democratic White House, as it is at this time, in favor of the Black bill, until one day we were told that the President of the United States had sent word down here to make that 36 hours instead of 30. Whether or not he sent that word I do not know, but that is what we were told around in the corridors. I do not remember anybody in particular who said it. But when the President of the United States sent word down here that he wanted that law lengthened by 6 hours a week, through a coalition of certain Republicans and those of us of the Democrats who felt that we ought to regard this party platform a little more sacredly, we voted down that suggestion, and kept the Black bill providing for 30 hours, as it was introduced.

The bill went out of this body in that way. The bill was opposed by some of the most prominent men on this side and on the other side of the Chamber, I admit. But it was the consensus of an overwhelming majority of the Democrats of this Chamber, and I believe of the Democrats of the United States, that such was a means of carrying out this party platform, and the promises of the President who ran on that platform and whom I heard promise to carry it out in a speech made at Boston, Mass., in the closing days of the campaign.

Mr. President, the Black bill went over to the House. We are told that it has been sidetracked. It is not going to come up. Instead of the Black bill they come in here with this composition as something to take the place of and do the same thing as the Black bill. As I said to the author of the Black bill in the Chamber this afternoon, you might as well have told a turkey to hatch out a turkey, and had it hatch out a rattlesnake, as to bring this thing in here and say that it is the same thing as the Black bill. [Laughter.]

Mr. President, if the only way we can get the promises of the Democratic Party carried out is to authorize the President of the United States to do such an infernal thing as he would be allowed to do in the first title of this bill, then, so far as I am concerned, we will wait for a performance of the Democratic Party platform until a more propitious time occurs.

Why, it has got to the point where we cannot pass a law. There is no longer any such thing as "Be it enacted by the Congress of the United States" that such-and-such a thing is the law. We have quit that. There is no such thing as that if a certain thing is declared by the Congress of the United States those letters and those figures and terms and words mean what they say. The only way we can do anything in this Congress is to authorize the President of the United States to suspend the Constitution of the United States and the antitrust laws and everything else that the people are living under and give him authority to do something.

I am about the last man on earth who would be willing to give anybody that kind of authority; but if I am going to give anybody that kind of authority, I am going first to inquire of him, "What did you do with the last trust that we imposed in you? What did you do with the bank law, in which we gave you dictatorial authority, except to freeze up $8,000,000,000 of bank deposits? What did you do with the reforestation sapling bill here except to purchase 200,000 sets of kits and pay, on a subordinate's order, $1.40 for something the Army refused to buy for 85 cents? What did you do with the veterans' compensation law that you told us was going to be administered in a nonpartisan, merciful manner, except to throw people out of the hospitals in their underclothes, men who had stood and served the purpose of stopping bullets across the seas and who had been afflicted with fatal diseases? What did you do with them, except to put them at the mercy of the world here, so that they are crying aloud now for a crust of bread or anything on God's earth?"

With that kind of examples of administration I would not vote to give these powers to anyone, and certainly will not vote to lodge them in the hands of anyone at this time until he has time to correct the maladjustments that already have prevailed under what we have already authorized here.

Evidently Senators have not read this bill. I had not read it until today, and that is not to be held against me. The bill was not printed until yesterday. I have been trying to read some of these Executive orders. They are laws, you know. Everyone is at least presumed to know the law. Even my friend from Oklahoma [Mr. GORE] is presumed to have read all the laws, or to have had them read to him, every day; and I here am under the same presumption. I am presumed, when I go home at night, to know what the law is; and under the varied authorities we have granted to the President, and to the Secretary to the President, and to the secretary to the Secretary, and to the supervisors, and to the assistant supervisors, and to the secretary to the supervisors, and to the supervisors of the secretaries [laughter], I am presumed to know what those things are, every morning and every night. Therefore I have tried to keep myself from violating any penal provision of the law. Up to this time I have reached page 49 of the second resolution. I will probably be all summer reading the balance of that, provided they do not issue any more, but at this time I have only been able to read these regulations containing penal provisions about one half as fast as they have been issued. Therefore this bill, which was printed yesterday morning, I had no opportunity to read until today, 24 hours later, and I venture the assertion that I am

one of the few Members of the Senate who has had an opportunity to read and to study some of the provisions of the bill.

I have probably paid more attention than some of my brothers of this senatorial organization because I had intended to offer an amendment to the bill at the proper place.

Let me read just a word. I have been in this business of making codes before in my lifetime. I remember the time when we went out to make a code for the oil business. I know how codes are made. Let me read a provision of this bill, starting on page 3:

The President may delegate any of his functions and powers under this title to such officers, agents, and employees as he may designate or appoint, and may establish an industrial planning and research agency to aid in carrying out his functions under this title.

The President of the United States not only can, but the chances are 999 to 1 that he will, have hundreds of thousands of agents, as this title says, combing literally the face of the earth, providing under just what kind of a condition corn can be sold on the market and at what price, and the same as to ground meat, figs, dried peaches, and everything else. Anything under the sun which may possibly be imagined as within the realm of manufacture or livelihood down to the lowest little thing will be placed under the tens and hundreds and thousands of agents, with the power to approve codes, with the power to promulgate those codes of one, two, two hundred, or a thousand pages, as laws, with the power to provide penal provisions to the effect that the failure of any man a thousand miles away to observe every part of the context will render him liable to be haled before a court and be sent to the penitentiary.

A code for what? The meat packers, we will say, have a code for sausage, just to take a little example. We buy link sausage from the meat packers. I use that just as an illustration. They prescribe that that sausage shall be manufactured with so much sage and so much cereal in it, with so many links, and weighing so many pounds, and then that it is to be sold at such and such a price. Some little old country woman grinding up hogs in the fall of the year who dares to use the ordinary process of making link sausage, and put a single pound of it on the market, or swap it with a neighbor for a sack of potatoes, would be violating the provisions of this proposed law, and be liable to arrest and imprisonment in the penitentiary.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Louisiana yield to the Senator from Pennsylvania?

Mr. LONG. I yield.

Mr. REED. This measure is not limited to manufacture; it applies to every variety of trade.

Mr. LONG. I know that.

Mr. REED. Practically everything a human being can do to earn a living.

Mr. LONG. I understand that. I understand that it covers every phase of human endeavor. I do not often agree with the Senator from Pennsylvania, but at least most of us believed, when we went north and tried to free Pennsylvania about 55 or 60 or 70 years ago, and failed to do it, and had them free us, that when we freed the black man it meant that slavery was a finished subject. Never did we think that the entire course of human endeavor would be relegated and subjected to a more concentrated form of despotism, a million times worse than that under which the black slave ever lived before he was freed in the sixties. Nothing to compare with it has even been heard of, and yet we sit here and talk about it. I say that we sit here and talk about it; I have not talked to a single man on the floor of the Senate who gave me the impression that he was enthusiastic at this kind of an outrage being perpetuated upon the backs of the American people.

Where is South Carolina when this kind of thing is proposed? Where are the sons of Texas? Where are the peoples who have gone through wars and scourges of war, that they will come here and pass a measure that will authorize the President of the United States to designate his secretaries, when they are not engaged in radio announcements and newspaper feature writing, to prescribe rules of conduct for everyone engaged in producing anything—and when I spoke of the activities of the President's secretaries I should have excepted the times when they were attempting to buy kit sets—where is the man who will come here and propose to put such power in the hands of anybody?

They are going to meet and prescribe a code. What does it mean when they prescribe a code? I hope I will not drive the Senator from Pennsylvania away from me, because I want to tell him just how these things ought to be done.

Mr. REED. The Senator so seldom agrees with me that I am impressed with the fact that he is agreeing now. I am wondering wherein I am wrong. [Laughter.]

Mr: LONG. I rather think the story between the Senator from Pennsylvania and myself is that of two kittens. It seems that kittens are a popular subject to talk about—not kits, but kittens.

We are told that when two cats were rowing over a piece of cheese, a monkey came up and offered to decide the matter so as to end the row. He broke the cheese into two parts, and placed one part on one side of the scales and another part on the other side. One part was heavier than the other, so the monkey picked up the heavier piece and bit off a piece of it and put it back on the scale. Then the other part was a little bit the heavier, so he picked up that piece and bit a chunk out of it and put it back on the scale. Then he found that the first part was the heavier, and he raised that piece and bit a chunk out of it. One of the cats said, "Hold on; never mind your regulating this row any more. You give me the littlest piece that is left." [Laughter.] I think the Senator from Pennsylvania and myself have reached the point where we can say, "Never mind anybody settling this row between us any more. You give us just the littlest piece left, and we will take this thing and go along with it." [Laughter.] I hope that answers the Senator from Pennsylvania.

Let me read this code provision. The President may delegate any of his functions and powers to anybody he wants to, and pay him a good sum of money for handling it.

Let me read what we are asked to delegate to him:

Upon the application to the President by one or more trade or industrial associations or groups—

What kind of groups they are to be, I do not know; and how they are to form them into groups, I cannot tell—

the President may approve a code or codes—

In other words, the group can write out 14 codes and send them along. They ought to have plenty of codes, because they have lots of feature writers down there who have not contracts yet. They will need some more, and this will provide jobs for them all.

The President may approve a code or codes of fair competition for the trade or industry or subdivision thereof.

Mr. President, they will have more monarchs and submonarchs, more dictators, administrators, and supervisors, set up over the sundry and various industries, so that before we get through with the swine industry they will have a chief supervisor over it, and then they will have a man to regulate the ordinary side meat end of it, and one over the ham industry end of it, and then the mattress industry, which uses the hair end of it, and the glue industry end of it, and the sausage industry end of it. We will not be through with it then. We will have 25 different codes to be written up to regulate that kind of an industry and that kind of an occupation alone.

The President may approve a code or codes of fair competition for the trade or industry or subdivision thereof, represented by the applicant or applicants, if the President finds—

He is the man who is to find out. All these various and sundry things are put in, that the President is to find out whether no. 1 or no. 2 or no. 3 existed, and who is the man who decides whether or not he found that out or not? That is great protection to the American people! I therefore will

dispense with the reading of what the President has to find out, because he is the only man who knows anything about what he finds out.

Provided, That where such code or codes affect the services and welfare of persons engaged in other steps of the economic process, nothing in this section shall deprive such persons of the right to be heard prior to approval by the President of such code or codes.

That does not mean that he has to be heard by the President, gentlemen of the Senate. That means that he has a right to be heard by somebody whom the President designates, that the person whom the President designates, designates who shall hear him.

The President may, as a condition of his approval of any such code, impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others, and in furtherance of the public interest, and may provide such exceptions to and exemptions from the provisions of such code, as the President in his discretion deems necessary to effectuate the policy herein declared.

Under that the President may prescribe a code, and then, if he wants to except somebody or to exempt something, he can do it. If he wants to say that from the month of June to the month of August it shall not apply in the South, I suppose he can do that. If he wants to say that it shall apply only to the man who happens to live up above a certain latitude and east of a certain longitude, he can do that. If he wants to say that the price that is fixed shall apply to one man and not apply to another, he can do that. We are asked to empower him by this title and by this measure to perform monstrosities which would never come within hailing distance of being incorporated in a law passed through the Congress of the United States.

Mr. President, if there is a desire to do anything of this kind, why should not Congress do it? No; Congress cannot do it. Why cannot Congress do it? I will show why Congress cannot do it. It is because this is not what Congress promised to do through the Democratic platform, I say to those on this side. It is not what the Republican platform pledged the other side of this Chamber to do. I defy any man on the floor of the Senate or anywhere else to point out to me one letter, one word, one sentence, or one paragraph, which ever justified Congress in abdicating its functions and placing them in the hands of anyone else, instead of doing directly what the party had promised to do.

Mr. President, I defy any man on the floor of this House or the other one to show where we have ever justified our conduct so far as we have gone even up to this time in abdicating the functions of this Congress into the hands of someone else, as we did in the case of the veterans. We find distinguished Senators admitting to themselves and to others that they never would have voted for such measures as passed this Congress had they ever thought that those administering the laws were going to promulgate any such rules and regulations as came from their pens. I defy any man, I say, Mr. President, in the first place, to show where this Congress ever has been authorized to abdicate any such functions as that. That is not the only point I make.

Second, I call upon any Member of the Congress to show where there was ever a promise or a pronouncement made by the Democratic or by the Republican Party that they were going to do indirectly, directly, or otherwise, anything that in the remotest degree or to the least extent meant the waiving of the antitrust laws, the placing of industries under codes, directorships, administratorships, the subjection of 125,000,000 American citizens, white and black, to the ipsi dixit of secretaries and subsecretaries, negotiators and administrators in the conduct of affairs out of which they make a living.

I call upon anybody to show one single line, one single paragraph, one single sentence that ever justified or warned the people that they were voting to allow any such kind of thing to be done in this free country of America. Why is it here? Why am I faced with it? Why are such men as myself, who fought for a change in the administration of affairs in this country, having to fight here now, not for a change, Mr. President, but to keep from being done something that is twofold more obnoxious and destructive than anything which we fought to correct? We are not moving in the direction of the corrective that we fought for; we have gone the other course in empowering one man and his satelites and subordinates to do the thing which is here proposed. If it is going to be done, I would swap what we have got to get Herbert Hoover back tomorrow, and I would give some boot on the trade, if that is what is going to be done in America. Mr. President, before I would put that kind of thing on the American people I would vote tomorrow to get back what we had rather than pass an iniquitous thing of this kind and character.

I do not believe that the man whom we voted out of office would have had the power, if he had the effrontery, to have ever gotten this far with this kind of legislation. If the Congress is inspired from the White House, I do not believe he could ever have done it; I do not believe he would have had the courage to do it.

Here are 96 upstanding and distinguished Members of the United States Senate, presumed to know the law—and they do not. I say that with all charity [laughter], and I will take back everything I have said if a single Member of the Senate will hold up his hand and tell me he has read two thirds of the regulations that have been promulgated by the departments that carry with them penal provisions putting one in jail if he does not observe them. Let one man in the Senate hold up his hand and tell me he has read them! Yet we are voting to put everybody else in the penitentiary who has not read them. There are 96 upstanding Senators sent here from 48 southern, northern, eastern, and western States [laughter], and several of them have been sent here from the South.

Mr. President, what was the issue of the war of the sixties? One side was fighting for the freedom of humanity; the other side was fighting for State rights. We have had a new war since then, and we have lost both issues here in 1933. We have lost State rights. We not only have surrendered what the Union won in 1865, but we have, by such pernicious and abortive legislation as this, surrendered the freedom not only of the black but of the white people of the United States, and in a worse form than we ever heretofore thought would be possible.

I want to say, Mr. President, that I have tried hard to get along with this administration. [Laughter.]

Mr. REED. Can the Senator tell us what the trouble has been? [Laughter.]

Mr. LONG. One trouble has been that the administration has been for too many things that the Senator from Pennsylvania stood for. [Laughter.]

Mr. President, I have wanted to cooperate. I voted for the bank bill on the first day of the present session of Congress, after trying to amend it and hoping that the administration would do what we wanted; but it has done everything else. When they brought the economy bill in here I would have swallowed that if I could, but I could not swallow it. So when they came in here with the reforestation bill I should have liked to have been for that, but I saw that it was a fallacy to go out and cut the veterans' compensation $400,000,000 and then turn around and pass a "sapling" bill and pay out $500,000,000 more; and then we talk about economy. We talk about being on the right road somewhere; we talk about carrying out a consistent policy to restore the national credit, and yet in one day we take $400,000,000 away from the soldiers who fought the Nation's wars, put them out of the hospitals, put their wives out to begging alms in order that they may feed their husbands lying sick in bed from wounds received in the service of their country. When I saw we were taking $400,000,000 from that kind of men and that kind of women, men who had fought on the battlefields, some of whom had bled and suffered grievous injuries for the benefit of their country, and then turning around the next day after having done that, under the guise of restoring the national credit, and taking $500,000,000

and sending men off to plant saplings, I realize, Mr. President, as everyone else could realize, that we were not on any consistent road going anywhere with that kind of legislation.

Then we are confronted a little bit later with this kind of a bill. All of the proposals which were suggested that I could support I did support; but, Mr. President, after we were told that we could not pass sound laws, we decided to try one ourselves. I do not know whether I am doing the Senator from Montana [Mr. WHEELER] a wrong, but, whether I am or not, I am going to tell the story. We have been of great service to this administration. Some of my colleagues who have given me rather kindly, smiling glances at some of the few things I have said may not know it, but there are more ways of feeding people than through the mouth. Science has developed methods of feeding so that some people are fed through the nose and others are fed through the arteries. The President of the United States was not for inflation. We pressed the Wheeler bill here. I introduced the Cross bill, and my colleague from Montana introduced the silver 16-to-1 bill, and, by a vote of 28 to 24, the Wheeler bill was voted for by the Democratic side of the Chamber. It was the votes of our kind friends on the other side that kept the Wheeler bill from becoming the expressed will of the Senate.

A few days later, Mr. President, the President of the United States saw the light as we had pictured it rather than as the light as the Senator from Virginia [Mr. GLASS] had pictured it. There is such a thing as feeding policies into the national administration, as we did in that particular case. The best thing that has been done, if anything has been done, was the announcement from the White House that we were going to have a conservative expansion of the currency in some way. But what did we get?

Mr. President, you do not know what the money of the United States is today or what it is going to be tomorrow morning. It is liable to be wood; it is liable to be zinc; it is liable to be wild honey. [Laughter.] You do not know what kind of money is going to be used in the United States tomorrow morning. If we had adopted the Wheeler bill, we would have known that gold and silver were going to be the only commodities called money in the United States. We tried to get that done, but we could not get enough votes to do it.

Then, the President comes along and says that he wants an inflation bill, authorizing him to inflate, whether by cuting down the gold or whether by using silver or whether by printing or by something else, and in order to get the kind of legislation that might make inflation possible, we had to vote for that kind of a bill or get nothing. Therefore, we have voted to make the President the absolute arbitrator, dictator, monarch, and anything else he can be called, over the issuance of money in the United States and over the value of money. One night we see a little note in the press that the Government is going to issue $200,000,000 worth of currency, and, lo and behold, the market goes down on the particular commodity that is affected by it and perhaps up on another commodity. In other words, he announces that so much silver is going to be issued, and tomorrow morning when the newspapers publish the statement it will send certain metals up and others down. Certain individuals who guess right go in on the stock exchange on that rumor and take advantage of the market.

The next morning the President announces that he is not going to do any such thing, and the market rebounds the other way, and if they are "in the know" they have sold out in the meantime and taken their cleaning out of the particular picture. In other words, on these rumors circulated in the newspapers, if a man happens to guess right, that the President of the United States is going to put out a billion dollars' worth of paper, he is in a pretty good position to play the market; but if the President changes his mind in the meantime and decides he is not going to put out the billion dollars of paper, nobody knows what is going to happen to a man unless he can guess right; but it affords a chance for manipulation up and down, up and down, up and down, 400 times, for every kind of market rigging and market manipulation that is known on this earth, because the law is liable to be one thing on Monday at 10 o'clock and something else at 11 o'clock; it is liable to be one thing tonight and something else tomorrow morning. Instead of the Congress deciding to inflate and pass such legislation as would put a congressional valuation upon money and the amount of money that is going to be issued, in order to get any chance whatever to have inflation, we have adopted the very worst course we could adopt.

(At this point Mr. LONG suggested the absence of a quorum, and the roll was called.)

Mr. LONG. Mr. President, I have marked certain passages in the Democratic platform that I want to read. This document was adopted only a few months ago. I want to show just how the pending bill not only violates every constitutional spirit that we have in the Government, but I want to show wherein it is most specifically condemned by the party platform. It is said in the Democratic national platform of 1932:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of 25 percent.

We did not advocate a reduction of the veterans' compensation to save any money at all, but we did advocate doing away with numerous useless commissions. Have we abolished them? On the contrary, we are setting up by this bill alone many new commissions—there is no telling how many. I make the prediction that in this bill alone we are providing for setting up in the United States more commissions than we will ever abolish in the next 4 or 8 years, if we stay in office that long.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. LONG. I yield.

Mr. CLARK. I should like to suggest to the Senator, if he is entering into a discussion of ways in which the pending measure violates the Democratic Party platform, that he can find by an examination of every Democratic national platform for the last 40 years a specific declaration in favor of laws regulating trusts and monopolies in this country. The pending bill violates the provisions and declarations of every national platform adopted by the Democratic Party for the last 40 years.

Mr. LONG. I was coming to that. I am going to read that too. That was the next thing I had marked.

> We advocate—

Says the 1932 platform, as my friend from Missouri has stated—

> We advocate strengthening and impartial enforcement of the antitrust law.

Let me read the modern philosophy as this bill tries to expound it, and then let me read what the Democratic national platform says. I want to read them side by side. By the way, there is a song with a title like that. I want to read them side by side. I read from the bill first. Let me ask my friend from Missouri what is the specific provision in the bill doing away with the antitrust law?

Mr. CLARK. Section 5 at the top of page 9.

Mr. LONG. Oh, I have the wrong print of the bill evidently. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair desires to admonish the occupants of the galleries that it is contrary to the rules of the Senate to make any expression of approval or disapproval. The rules will be enforced. The occupants of the galleries are here as guests of the Senate and must obey the rules. They must not make any expression of approval or disapproval.

Mr. LONG. Mr. President, section 5 on page 9 of the reprinted bill covers the matter which I was about to mention, and provides:

> While this title is in effect (or in the case of a license, while section 4 (a) is in effect) and for 60 days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect

under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

Anything that is prescribed in any of these codes or negotiations under one of these secretaries, subsecretaries, supervisors, or assistant supervisors, or subsupervisors, is exempt from the operation of the antitrust law, and yet the people of the United State saw us over in Chicago only a few months ago proclaim that "We advocate strengthening and impartial enforcement of the antitrust laws." Here we have gone before the people saying that we were not only going to enforce such antitrust laws as we have, but I, for one, introduced an amendment which was pending before the Judiciary Committee at the time, purporting to strengthen the antitrust laws. In line not only with what was the law, but in order to take care of such amendments as I and others at that time were advocating, the Democratic Party not only said we were not going to throw down the bars of the antitrust laws, but we were going to strengthen the antitrust laws of the United States and give them impartial enforcement. Here is what we said:

We advocate strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

That is not all we said. Did we say we were going to put the Government in the field of making clothes, manufacturing cotton, and put the Government into every livelihood in existence? No indeed. On the contrary, here is what we said:

We advocate the removal of the Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

We pledged ourselves to get out of these businesses of a private character. We were not going to be in the clothing business. We were not going to be in the grocery business. We were not going to be in the sawmill business. We were not going to have this Government engage in any of the 14 or more different kinds of agricultural pursuits and the thousands of kinds of manufacturing pursuits and as many other kinds of maritime pursuits. We had pledged ourselves to get out of what we were in then and to keep the Government out, but instead of doing that we come along and say, notwithstanding we pledged ourselves to the enforcement and strengthening of the antitrust laws, notwithstanding the fact we pledged ourselves to get the Government out of private business, notwithstanding all that pledge, we are going to tear down the walls of the antitrust laws and let these people under sanction of the laws of the United States get together and make everything into a monopoly and put the people into pools governing their own private business, all under the sanction of the benevolent institutions and laws of the United States Government.

Every fault of socialism is found in this bill, without one of its virtues. Every crime of a monarchy is in here, without one of the things that would give it credit. It is a combination of everything that is impracticable and impossible under the socialistic system, and everything that has robbed us in disasters under the monarchical system. It is a combination of every evil that can possibly be imagined, worse than anything proposed under the soviet, because in this thing we go into the realms of the imaginary and the unknown.

You do not know what you are voting for. You have no more idea what you are voting for under this bill than what you are going to meet in the nighttime a thousand miles from your own doorsteps.

Why, it reminds me of the time when we used to leave a boy in the woods to hold the sack. We had a game up in my country. Every now and then some young man from the city would come out there and we would take him out snipe hunting. We would give him a sack and stand him up in the dark, and he would stand there with the sack, waiting for us to drive the snipe in, and if he stood there long enough he would be there until morning holding the sack, waiting for us to drive in the snipe.

Mr. President, you are taking the American people out here with a bill like this; you are standing them up in the solitary nighttime, and you are telling them, "Wait and see what I am going to drive in there." You have not even told them in the realms of imagination what this bill means.

If you had a bill here saying that for men in the textile industry the hours of labor should be 8 hours, then you would know what you were voting for.

If you had a bill here saying that in interstate commerce the hours of labor were going to be 6 hours a day, and 5 days a week, whether you were for it or not, you would at least know what you were voting for.

If you had a bill here saying that women should not work longer than 6 hours a day, you might not be in favor of that, but you would know what you were voting for.

If you had a bill here saying that children should not be employed in industry, you might not be in favor of it, but you would at least know what you were voting for.

Yet every one of those things is within the contemplation of this bill; and that does not even start to cover it, topside nor bottom.

You are voting for a bill vesting someone, and the appointees of someone, and their appointees, with the right to prescribe laws, rules, and regulations. You are vesting not only in them but in the supposed-to-be rulers of the particular line of trade then under consideration the right to adopt a code for approval that may be 1 page, 100 pages, or a thousand pages, and that becomes as sacred a law as anything that goes through Congress; and yet no man here knows what he is voting for. No man here, however learned he may be, however scholarly he may have proved himself to be on the floor of the Senate, knows what he is voting for today.

I believe that if there is anyone on this floor who has proved that he knows what has happened in the past it probably is the distinguished senior Senator from North Carolina [Mr. BAILEY]; but when he reaches this bill, he has reached the point where, regardless of all he knows of what he has voted for in the past, he cannot begin to contemplate or to surmise, or to guess, or to imagine what he is voting for in the way of law for the future.

I am not going to indulge in any more blind voting. I have cast my last blind vote. I have been given eyes with which to see, and ears with which to hear; and I am not going to cast another infernal blind vote on the floor of the Senate. If the President of the United States has something that he wants to recommend for the good of the American people, let him tell us what it is, and we will pass on it. If he has anything that he thinks is going to be good for this country, then let him pull it out from under the barrel and let it out here, and let us see what it is, and we will pass on whether we will vote for it or not. But when he comes in here and says he thinks he may have something that he is going to discover that might be good for the American people, and says, "Now, vote for it, and see whether or not I can find it," I am going to wait until he finds out what it is before I am going to vote for it in this Congress.

I have had enough of that. A burnt child is afraid of the fire. I have had enough of that. If we have a Congress of the United States, let us have a Congress of the United States. If not, if you do not want a Congress, write out your resolution, and I will vote to adjourn it and abolish it, and go home with you. Let us quit. That is what we have done, anyway. Let us quit and get out of here. Let us not stay here and draw the people's money in order to legislate for them when we are not doing it. Let us get out of here. Let us be honest. Let us help to carry out the Democratic platform by abolishing all useless commissions. Here is one we can start with under this bill, Mr. President. We can start right here. If you are going to pass this law, the next thing to do, in order to carry out the pro-

visions of the Democratic Party about abolishing useless commissions, is to get rid of this one right here.

Here is the place to start. Whenever you are going to empower the President of the United States to appoint somebody to annul the antitrust laws, then South Carolina has got through needing to have anybody sit in the United States Senate. Mississippi does not need anybody here. Louisiana does not need anybody.

Yes; we had a little bit more in the party platform. I do not know why we wrote this document. I was there when we wrote it, and I was there when we adopted it; and we fought over every one of these provisions, backward and forward. We fought over these letters and over these terms. We had fights over where we were going to put the commas. We fought over the "ifs" and the "ands", and we carried the fight right down on the floor of the convention, and we fought over them as though we thought we were doing something.

The only thing we had a right to do was to vote for the preacher and receive sacrament, and it did not amount to anything at all. All we had a right to do was to vote. We had a committee on the platform, and a committee on rules, and a committee on something else, and a committee on nominations. I was sitting in on one committee, and contesting before another committee, and offering a resolution before another committee, and running around like everybody else around there, thinking that whatever came out of there was going to be almost like it had fallen from the lips of some immortal personage; and, lo and behold, we come in here, after we have won a political campaign in which we said we were going to strengthen the antitrust laws, and in this bill we say we are going to do away with the antitrust laws.

There never has been anything ever heard of on the topside living face of the earth, ever since we have had national conventions and party government, like the Democratic Party coming in here with this kind of a bill to annul the party platform, and to put not only agriculture, not only industry, not only manufacturing, not only maritime works, but everything on the living face of the earth that a person could be engaged in under one hammer, to be decided on this kind of a flimsy pretext.

Put somebody back to work? Yes; you will put somebody back to work. You will have them all ready to go in the penitentiary under this thing. [Laughter.] They need not work. They will all have a steady job. It reminds me of the fellow who wrote a letter to a man who wrote a book, and said, "After reading your book I have got a steady job—No. 6,218, Leavenworth, Kans." [Laughter.]

That is all they will have to do, Mr. President. You will have everybody employed under this thing. There will be no more unemployment, because there will not be a man on the living face of the earth that will not be subject to go to the penitentiary 24 hours after you get this thing enacted. That is all you will have to do. Codes and rules and petitions and memorials are to be prescribed by the President and the Secretaries and the Assistant Secretaries and the supervisors and the administrators and the negotiators and the custodians, and you will have to run to the dictionary to find titles to give before you get through the operation of this bill. [Laughter.]

Talk about adjourning Congress! Let us adjourn now and give the people a break. Let us get away from here right now. Let us adjourn now, while the people have a chance to save themselves somehow, maybe, somewhere; I do not know. Let us adjourn before we put them under any such kind of a proposition as this bill contemplates.

Let me read a little bit more from this bill. I have not read much from it yet.

We get down here to administrative agencies. This bill is couched in rather simple language, Mr. President. I want to say that the words of the bill are very simple. I read an article yesterday which said that these articles were being written in simple words, because they were being used by the various and sundry agencies that were writing these laws as column writers for the newspapers; and by breaking the words up they would naturally get that much more. In other words, if they wrote in one of these feature stories the word "circumlocution", they would get only 50 cents; but if they wrote in there "in a roundabout way", they would get over $2 for the same words. [Laughter.] So, therefore, this bill comes out in simple language if it does not come out in anything else. You can tell that a Senator did not have much to do with it.

Now, we read from this epistle:

After the President shall have approved any such code—

That is one of these codes they are going to get up. Who is going to write and prescribe this code?

Some morning some man will go out and tack up on the blackboard, or they will send to some newspaper, or they will put up on some bulletin board:

Notice: All people engaged in the synthetic manufacture of cream cheese shall meet at such and such a place on the 15th day of so-and-so.

All right. There is a notice that everybody who has anything to do with cream cheese shall come in here. That is a manufactured commodity.

Then, a little bit later, they will put up another notice that will be put on the blackboard:

Notice: Everybody engaged in the business of manufacturing link sausage will meet at such-and-such a place.

All right. That is Code No. 2.

Another notice will be put up on the blackboard the next morning:

Notice: Everybody engaged in the business of manufacturing grits, grit products, or rice products, will meet at so-and-so.

And, Mr. President, in 30 days' time the ordinary 2-by-4 little man who wants to do anything at all to make a living will have more than 40 meetings that he will have to go to, if he is going to participate in prescribing a code for the conduct of his industry.

Why, the little old man that hauls wood when it rains, and maybe cuts wood when it rains, plants potatoes, plants cotton, plants soybeans, plants a little rice, sows a few acres of peanuts, goes out and works at odd times in a sawmill, cuts crossties 30 or 40 days out of the year when he has not anything else to do—and I used to do that kind of thing—that man will have to attend at least 35 or 40 conferences to prescribe a code, and he will not be able to do anything else in the whole year except attend conferences to prescribe codes.

Of course nobody is going to go to those code conferences. You know that, and all of us know that. Nobody is going to go to those conferences; and if they did go they would not know anything about it. They would not know any more about prescribing one of these codes than a hog does about a sidesaddle. [Laughter.] A few men will go in there, and they will have a code written up, and they will adopt a code. That code probably will be about as big as this book here, and they will have at the foot of it, "Anybody violating any rule or regulation contained in this code shall be punished by a fine and imprisonment at the rate of $40", or "$200", or "sent to the penitentiary for 2 years"; and in the case of some man or set of men, it does not make any difference who they want to punish; they can come along and find out where they did not have the proper content of meat or the proper content of cereal in their sausage, or they can find out that they worked too long, maybe, and fine them or send them to the penitentiary on account of it.

Take, for instance, the agricultural industry: In the wintertime we used to go out and kill the hogs that we raised in the woods from the mast that grew there, beechnuts, acorns, and things of that kind. We let the hogs run wild during the summertime, and in the wintertime we would go out and kill them. We would kill the fat ones, and we would mark the pigs. We might work all night and all day there in that particular line of industry, putting up the meat, grinding the meat, salting it down for the

summertime, taking the bones out of the meat. Lo and behold, that is an industry that is going to be regulated by a code, the details of which will be 99 if not 100 percent written by the packing industry; and we will be in a condition, Mr. President, where not only will we fail to correct the conditions we are now suffering from, but they will be a million times worse.

At present we go and take a bushel of peanuts and swap it for a shoat, and the man who has no peanuts gets some peanuts, and the man needing meat gets some meat. We go out and take a bushel of peaches, and we go over across the lot, over to some neighbor a mile or so away, and he may not have any peaches, and we will swap those peaches in order to get something that he has.

We will take a horse and swap a horse, perhaps, for something else. As bad as conditions have been, the one thing that has made it possible for men in our section of the country to live has been that they can take a gallon of sirup over to their neighbor and swap it for a sack of rice.

Those are the ways in which we have to live down in my part of the country. We could not get any help from the Government, and we have lived from hand to mouth. But there is no man who ever passed through my part of the State of Louisiana who did not somehow or other find a place to sleep and something to eat. But all that is to be eliminated. A man has to get books and regulations from Washington. He will not be able to swap what he raises for something else. That will all be done away with. He will not be able to do anything except what is in accordance with the code approved here in Washington, and he dare not even go out the front door to take his breath for fear he will be likely to violate one of the many thousands of regulations contained in these codes which will be prescribed under the authority of law, the details and contents of which he is presumed to know at all hours of the day and night. I am not for that kind of a thing.

Mr. President, to show that I am not speaking out of turn and that I have not overpainted this picture one bit, I want to read just what the proposed law provides. I have not overpainted it—not a bit. I have not even let it approach the point where I could exaggerate what is being provided in this legislation. It is one time when a man could not exaggerate in specifying the possibilities of harm under a measure of this kind.

Listen to this:

> After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition for such trade or industry or subdivision thereof. Any violation of such standards in any transaction in or affecting interstate or foreign commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended.

A man will have to get hold of the Federal Trade Commission Act, and get that well in mind, though very few men in the Senate have a complete knowledge of it. But that is not half of it—that is only the smallest part. A man will have to take mandatory notice of the contents of these codes, and any violation of any one of these codes will be the same as though he had violated one of the provisions of the Federal Trade Commission Act.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. I should like to call the attention of the Senator to the fact that it was admitted before the Finance Committee by the proponents of this measure, by the authors of it, in fact, that the term "interstate commerce" in this title practically means all commerce, because of the fact that intrastate commerce has no effect on interstate commerce, and therefore under the terms of the measure it would practically mean a dictatorship over intrastate commerce as well as interstate commerce.

Mr. LONG. Mr. President, I had understood that by the enlarged definition given to interstate commerce it practically included all human endeavor. As my friend from South Carolina used to say, that is the "genius behind this bill." The genius behind this bill is that everything we do in some way or other finds itself into the current of intrastate commerce; and if it ever reaches intrastate commerce, that is interstate commerce, and therefore everything one does is within the terms of this measure.

Mr. President, those who drew the bill did not stop with specifying just one little element for violation of which they could impose a fine. They went on and took another slap, by providing that anybody who violated the law should be punished. Let me read another provision:

> (f) When a code of fair competition has been approved or prescribed by the President under this title, any violation of any provision thereof in any transaction in or affecting interstate or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined not more than $500 for each offense, and each day such violation continues shall be deemed a separate offense.

Mr. President, we produce sirup down in my section of the country. We plant cane down there. We manufacture sirup, and we sell that sirup all over the country, that is, all around the neighborhood. In the parish from which I come, by reason of a peculiar condition of the soil there, we produce a sirup the sweetness of which is equaled nowhere else in the whole world. [Laughter.] It bespeaks the spirit and disposition of the people coming from that climate. It is a peculiar thing that in the old parish of Winn, La., our sirup contains no impurity of any kind. There is no such thing as copper, or any corrosive content, in the sirup raised in that part of the country. It is such a good class of sirup that right on the ground the natives themselves pay as much as $2 a gallon for it.

Mr. TYDINGS. Mr. President, I should like to say that for the sirup we raise in Maryland the natives frequently pay $3 a gallon. [Laughter.]

Mr. LONG. Mr. President, I will not yield further. [Laughter.] I was attempting merely to illustrate my point. Let us take the Senator's State of Maryland or my State. We produce a sirup in Louisiana which we sell for $2 a gallon. Let us say that a man needs a sack of meal. There is not much money around that part of the country, maybe everybody is broke; but a man will go and buy a couple of bushels of meal for a bucket of sirup. The farmers will swap among themselves. Then the man who gets that meal will take it to the gin on Saturday. In connection with the gin there is in that part of the country a corn-grinding outfit, where they grind up corn and grits. We will take a bucket of sirup and swap the bucket of sirup for a couple of bushels of corn and take it to the gin and grind it up and come back with the meal. I wonder if the Senator from Tennessee, who is doing me the honor to listen to what I have to say, has ever gone to one of those gins?

Mr. McKELLAR. Many a time.

Mr. LONG. Then the Senator knows something I did not know he knew. We all go to these mills and grind up the corn. We swap the sirup.

According to this measure before us, we could not make that kind of a trade, because the sirup man would be under a code prescribed for sirup and the sugar man would be under a code prescribed for sugar. The sirup would have a price placed on it, and the sugar would have a price placed on it. The methods by which the sugar was made would have been prescribed by a code. There would be a fine if the product did not contain certain elements which the code found to be necessary in its manufacture, and a man would do well if he got his sirup made at all without having to go to jail. Then he could not market it, because the man who had corn would run into competition. He not only would have to comply with the regulations for the manufacture, but he would have to comply with the price-fixing regulations, and it would become a matter of almost impossible negotiation, under the varieties of codes we might reasonably anticipate would come through the enactment of this proposed measure.

> The President is authorized—

Mr. President, all these sections start off with the words, "The President is authorized." Hereafter I will eliminate the first 4 or 5 words when I read these sections. Just

for the sake of brevity, I will eliminate hereafter reading the useless term, "The President is authorized" to do something. I read it now for the last time:

The President is authorized to enter into agreements with, and to approve voluntary agreements between and among, persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment—

They need not put in the "in his judgment." Let us wipe that out, because the President is the judge whether "in his judgement" there is or not.

If in his judgment such agreements will aid in effectuating the policy of this title with respect to transactions in or affecting interstate or foreign commerce, and will be consistent with the requirements of clause (2) of subsection (a) of section 3 for a code of fair competition.

(At this point Mr. LONG suggested the absence of a quorum, and the roll was called, following which Mr. LONG yielded to Mr. FLETCHER and Mr. BYRNES for the consideration of Senate Resolutions 97 and 93, which appear under the appropriate headings.)

Mr. LONG. Mr. President, I have wanted to see some of the provisions of the pending bill enacted. I am anxious to see the public-works feature of the bill enacted, though I think some modifications ought to be made to it; but, in principle, I should like to see a public-works program adopted. Again, however, I remind the Senate that in order to carry out this first proposal we are once more departing from our platform. I want to say, Mr. President, I am trying to keep within the terms of the party platform. I have not heard anybody contending at all that in suspending the antitrust laws we are not anything like standing still; even at the best we are not standing as near the antitrust law as we were. I understand, from all the documents I have read and all the debates I have ever heard, that the purpose of the antitrust law was to prevent the concentration of wealth into a few hands. The Senator from Idaho [Mr. BORAH] has brought that out; the Senator from New York [Mr. WAGNER] has brought that out. The Senator from New York says to me that the law has not worked. No. Why? It has not worked because we made those whom the law was supposed to regulate the masters of the laws; because, Mr. President, everybody knows that we have been just as silent in the enforcement of that law as it is possible for a government to be. Not only that, but because when the Supreme Court of the United States put the rule of reason into the *Standard Oil case* we did not immediately call the Congress into session and provide by law that the rule of reason was not a part of the antitrust law.

Why did not the antitrust law work? The Senator from New York [Mr. WAGNER] must evidently know. It is because the Supreme Court of the United States in five separate opinions had held that there was no such thing as a "rule of reason" under the common law written into the antitrust law, but that every restraint of trade was a violation of the antitrust law and punishable by fine and imprisonment.

But lo and behold, when that had been so interpreted time after time, there came along a national campaign and it was said that big, stalwart champions of the Republican Party had promised the financiers and industrial magnates of the East that they were going to modify the antitrust law. After the election had been held and Mr. Taft was elected President of the United States they came right here to the Congress and introduced a bill—when Mr. Taft was President, in 1910—and provided in that bill that there should be a common-law rule of reason in the antitrust law. The Judiciary Committee of the Senate in the year 1910 submitted a statement saying that in five decisions of the Supreme Court that Court had distinctly held that no such thing as a rule of reason should be in the law to weaken it, and the committee would not even report a bill out weakening the antitrust law by writing the rule of reason into it. But notwithstanding that decision, the Supreme Court of the United States was stacked and packed in order that a case might be taken before the United States Supreme Court to get it practically to nullify the best part of the antitrust law.

We had five decisions on the books rendered by the United States Supreme Court, each one of which had decided that there was no such thing as a rule of reason in the antitrust law; and yet with Congress refusing to amend the law on the ground that it would not write the rule of reason into the law in order to nullify the law, the Supreme Court of the United States in the *Standard Oil Co. case* wrote a little something to the effect that it had to be interpreted according to the rule of reason, and according to the rule of reason they held the United States Steel Corporation was not even a trust.

A few days after I became a Member of the Senate I introduced a bill providing that the Supreme-Court-made law on "the rule of reason" in the antitrust law should be wiped out, as it had been held by the United States Supreme Court theretofore that every restraint of trade would be prohibited by law of the United States. That bill has never come out of the committee up to this time. It died with the Seventy-second Congress. I had planned to introduce it again, but I saw it would be futile and that the best chance I would have would be to try to tack it on to some other measure that would come before the Senate, and to do that on the floor of the Senate. I have never yet found a propitious moment when I thought I would succeed, and that is why I have not introduced it in this session of the Congress.

That is what we ought to have done. The Democratic Party pledged itself to make the amendment that I proposed when it said it was in favor of strengthening the antitrust laws. But after all that we are told by my distinguished and learned colleague from New York [Mr. WAGNER], learned in the letter and learned in the spirit of the law, that the antitrust law has failed, and therefore we will take the bars down and we will have a soviet council prescribing the rules of conduct for the operation of each and every profession and trade, pursuit and livelihood that is known to any kind of region or section of the whole country. In doing that we will tear down the antitrust laws. We will permit the big man here to go into a combination with a big man over there, and they will decide how much they will pay for various commodities. They will not only decide how much they will pay for the raw materials, but they will decide how much they shall receive for them. The man at the bottom, who consumes, is entirely left out of the picture. He is subjected to codes, rules, and precepts, under which his business and livelihood are to be regulated. He cannot depart from any one of them which has Presidential approval, and therefore all such men are entirely lost sight of in this kind of legislation.

Somebody comes around here and says that this thing has the approval of certain people who are affiliated with the industry. I do not care if it has. It is said that it has the approval of some of the people who are working in the industry. This past Sunday, coming from New York, I was in conversation with certain men coming down here to advocate the passage of the bill. They told me of certain features they wanted to write into the measure, and I could see no reason why that should not be done. I had no idea that we were ever contemplating this kind of legislation. I had no idea in my mind that the Democratic administration was contempating anything of this kind.

This morning, when the junior Senator from Virginia [Mr. BYRD] walked over to me and asked me if I was in favor of the provisions of the bill, I told him I expected to support them, and upon his simply stating to me what the provisions of the bill were and of the title of which I am now speaking, I could not believe the Senator. I told him evidently he must be mistaken; that certainly there was no such legislation contemplated. I knew we had gone to awful lengths, but I had no idea the junior Senator from Virginia was correctly giving me the picture of what is contained in this title. But, lo and behold, when I read it I could not believe my eyes. I could not believe my eyes, that we would come here with such provisions as these writ-

ten into a bill that is supposed to be a public works bill. If Senators want to shift hours of labor and keep production up with consumption, there is a way to do it without enacting into law any such monstrosity as this.

Things have come down to the point that if a man wants to be fed he has to sell himself into slavery. In other words, in order to get any distribution of the blessings of the Lord in the way they are made here by humanity, a man has to sell himself into a governmental slavery and into such other forms of slavery as were never before contemplated at all. We have been offered a slavery as a means by which we can get meat and bread to eat, and we do not even have a guaranty of the meat and bread even though we do become slaves. There was one good thing about the old slave system before the sixties, and that was that a man owning a slave had to feed him. A man was under obligation to feed and clothe his slaves. Under the proposal contained in this bill it is pretended that this is something that is going to make it possible to feed the American people, but there is not anything under the living sun in the form of guaranties except that we are asked to authorize the President to annul the antitrust laws and have a system of codes running the country. No longer are we to be regulated by a system of law, the Constitution and laws of the United States, the constitution and laws of the States of the United States. That is all to be wiped out. What we are having now is ipse dixit, codes, rules, negotiations, approvals, orders, booklets, pamphlets, and a thousand and one various and sundry things that are to be promulgated throughout the country and which are to stand instead of and above all the laws of the country and of the States.

What is to become of my State? Why, Mr. President, this law has in it something that our State government by its constitution restricted and prohibited the Governor and the legislature of the State from doing. We have not only been asked in this bill to abolish State rights, but lo and behold, we have provided authority in boards and in commissions and in administrative agencies, we have given into the hands of custodians and negotiators, we have landed the people in the hands of appointees, and in the hands of appointees of appointees, giving them authorities that are denied even to Governors and legislatures of the States, even within the confines of a State.

In the State of Louisiana there is a constitutional provision that the legislature of the State cannot prescribe certain laws affecting labor. That is in the constitution of my State and was one of the things I had to meet when I was Governor of the State. I had to bear in mind that there was a constitutional limitation to that effect. Yet we have decided here in this bill that we are going to let someone go into the absolute provinces of the States themselves and promulgate rules and codes and articles—from what and for what? Who knows? Who knows whether the board to which a man must make his plea will be in Washington or will be in the principal city of the State or will be located in every county of the State? If we are going to have any such thing as this for the law, it is going to be necessary that the public be made aware of the law and be made cognizant of the terms and provisions of the law. It is not going to be possible to have a law of this kind that is going to regulate every phase of livelihood and industry and agriculture and commerce and everything else, and not bring it to the attention of the people.

Who is going to make it possible to understand all these provisions and codes under which they are going to be working? That is what I call upon the United States Senate to decide. If a thing like this had been proposed in ordinary days, we would have hesitated many hours and days and weeks. I feel confident a thing of this kind would not have reached the front door of the committee in many months, even for respectable hearing or consideration. It would have been so obnoxious to the ears of any talented lawmaker that he would not have made the suggestion of approval in private, let alone in public. Never would a man have thought that in this day of Democratic power we would take advantage of the power placed in our hands by the people to set at naught not only all we had promised them, but the rules of order and fundamental regulations we have been respecting and adhering to long even before we adopted the Constitution of the United States, long before we ever heard or anyone else ever heard of or saw the Declaration of Independence promulgated in 1776. Long before that men believed they had the right to hew their living out of the ground and out of the forests of the country, and not to be under some potentate who set himself up above all law to determine whether that man had complied with a code of a certain kind.

I read further from this document some of the many things that we promised:

> We advocate a firm foreign policy * * *;
> International agreements for reduction of armaments * * *;
> We oppose cancelation of the debts owing to the United States by foreign nations;
> We advocate independence for the Philippines * * *;
> Simplification of legal procedure.

Do you know what you have done by this bill, Mr. President? The ordinary little man does not know anything about any United States court. You have given the United States court here jurisdiction to try every case that has ever been heard of in the realm of human activity. The ordinary little man who comes before the Federal court is scared to death. You indict the ordinary little old man, and take him a few hundred miles away from home, or 50 miles away from home, and stand him up in a Federal court before judges and district attorneys and United States marshals that he has never seen before, and he is scared out of his wits. He is in position almost to surrender everything he has.

I remember when first I was a lawyer, and went to try my first case in a United States court. Why, I felt like I was on foreign soil. I shivered in my boots, even as a lawyer, to go into a United States court. Yet here we are proposing to enact a law that puts it in the power of these little 2-by-4 potentates that are to administer it to go out and have the United States attorney hale a whole community before the United States court, and take them a hundred miles away from the place where they were born and reared, to be tried on these little, insignificant charges that are going to be lodged against them by the administration of an act that wipes out the antitrust law.

Why, it is an outrage to do a thing like that. Instead of conferring more jurisdiction upon these United States courts, we ought to be taking away some of the jurisdiction they have. These United States courts have been allowed to reach out and take over jurisdiction to try people for the most trifling offenses; and now we propose under this bill to enlarge the jurisdiction of the Federal courts to a point where the man who is making sirup, or the woman who is packing a few little sausages, or the poor devil who is salting down a little meat, or the man who is starving and who takes a sack of rice and swaps it with somebody in order to get a few pounds of lard or a little meat—that kind of a man, Mr. President, who is not acquainted with all the pages and pamphlets and codes that are adopted by these monopolistic interests that come in under the approval of the Government to wipe out the antitrust laws, the man who does not offer his product for sale at the price at which they say it ought to be offered, the man who does not exchange it only for money, if they say so—that kind of a man, and his wife and his children, are to hold themselves every night and every day, without its being possible for them to know what is in the law, subject to arrest and to be tried before a Federal court hundreds of miles away from where they live!

Talk about tyranny! This is the most tyrannical law that I have ever seen proposed since I have been in the United States Congress. Talk about oligarchy or anarchy or monarchy or any other form of government! There has never been anything so detestable and so reprehensible as this measure that makes criminals out of practically the entire American people. Think of our standing here, on what is supposed to be a free day in the American Government, and voting for any such thing as this!

That is what we are complaining of here. I am trying to get up Democratic sentiment. I am trying to call back Democrats to the faith of the fathers and to our own promises.

INVESTIGATION BY BANKING AND CURRENCY COMMITTEE—EXTENSION OF AUTHORITY

During the delivery of Mr. LONG'S speech.

Mr. FLETCHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. FLETCHER. Mr. President, as is well known, the Committee on Banking and Currency is proceeding with the hearings being conducted, and the authority of the committee has been challenged in certain respects. A resolution has been prepared which I should like to have acted on now. I ask unanimous consent to submit the resolution at this time; and I further ask unanimous consent for its immediate consideration, in order that we may proceed with the hearings in proper order.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent for the immediate consideration of a resolution, which will be read.

Mr. McKELLAR. Mr. President, just a moment. May I ask the Senator if the resolution provides that the committee may go into the tax returns of the gentlemen, members of the firm of J. P. Morgan & Co., who have been before the committee?

Mr. FLETCHER. The resolution gives the committee ample power.

Mr. McKELLAR. Then, I think it ought to be adopted, and I have no objection to it.

Mr. FLETCHER. It gives the necessary power; but does not add very much to the authority we already have.

Mr. McNARY. Mr. President, I ask that the resolution may be read.

The Chief Clerk read the resolution (S.Res. 97) submitted by Mr. FLETCHER, on behalf of himself and Mr. STEIWER, as follows:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, in addition to and supplementing the authority granted under Senate Resolution 84, Seventy-second Congress, agreed to March 4, 1932, and continued and supplemented by Senate Resolution 239, Seventy-second Congress, agreed to June 21, 1932; Senate Resolution 371, Seventy-second Congress, agreed to February 28, 1933; and Senate Resolution 56, Seventy-third Congress, agreed to April 4, 1933, shall have authority to investigate any transactions or activities relating to any sale, exchange, purchase, acquisition, borrowing, lending, financing, issuing, distributing, or other disposition of, or dealing in, securities or credit by any person, firm, partnership, company, association, corporation, or other entity, and/or any other acts or operations of any one or more of them or of agents, affiliates, or subsidiaries of any one or more of them or of any entity (corporate or otherwise) directly or indirectly controlled or influenced by any one or more of them, which may affect or bear upon, either directly or indirectly, any of the foregoing transactions or activities. Such investigation shall be made with a view to recommending necessary legislation under the taxing power or other Federal powers.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, either in the District of Columbia or elsewhere, during the first session of the Seventy-third Congress or any recess thereof, and until the termination of the first regular session thereof, to employ such experts and clerical, stenographic, and other assistants, to require, by subpena or otherwise, the attendance of such witnesses and the production and impounding of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the investigation authorized by this resolution shall be paid out of the sums heretofore or hereafter made available for the investigation authorized under Senate Resolution 84, Seventy-second Congress, as continued by the resolutions above specified and by this resolution. The authority conferred by Senate Resolution 84, Seventy-second Congress, as continued by such resolutions, shall extend until the termination of the first regular session of the Seventy-third Congress.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. DILL. Mr. President, do I understand that the wording of the resolution gives the committee full authority to go into income-tax returns of anybody who has been before the committee or who may be called before it in the future?

Mr. FLETCHER. This resolution, together with the resolutions heretofore adopted, gives such authority.

Mr. DILL. I heard no mention in the reading of the resolution of authority to go into income-tax matters.

Mr. FLETCHER. The resolution, including the authority which the committee now have, is broad enough to cover all that.

Mr. McKELLAR. Mr. President——

Mr. DILL. Just a moment. Do the resolutions already adopted give the committee authority to go into income-tax returns of any person or firm who may be called before the committee?

Mr. FLETCHER. There is a joint resolution, as the Senator will remember, giving the committee the power to go into income-tax matters.

Mr. DILL. But there is some question as to whether the committee have that authority, and I have heard nothing in the resolution that gives the committee any greater authority than it now possesses.

Mr. FLETCHER. I think there is no question that the committee have the authority; but in the joint resolution provision is made that hearings and examinations must be in executive session. That is one of the limitations of that resolution.

Mr. DILL. Does the pending resolution remove that limitation?

Mr. FLETCHER. It does not absolutely remove it, but we think we can get at the facts under the pending resolution which will lead to a thorough understanding of the situation.

Mr. DILL. Why should there be any doubt about it? There ought not to be any doubt under the pending resolution as to the authority.

Mr. FLETCHER. That is what we are trying to cover by the resolution.

Mr. BARKLEY. Mr. President, if the Senator from Florida will yield for a moment, it will be recalled that under the income tax law income-tax returns may not be made public except under certain circumstances and by certain agencies. The committees of the Congress have the power to examine into income-tax returns, but a resolution of the Senate cannot repeal the law with reference to them. All we seek in this resolution, is to get the authority to examine witnesses with respect to their income taxes, but it is not contemplated that the income-tax returns themselves shall be made public, because we cannot do that under the law by simply adopting a resolution of the Senate.

Mr. DILL. I heard no reference to the income-tax returns in the resolution as it was read, and that is why I asked the question.

Mr. FLETCHER. The reference in the resolution to the exercise of the taxing power, I think, covers it.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. McKELLAR. It seems to me, from the proof that has already been adduced before the committee, that unless the committee shall have the right to force witnesses appearing before it who have not paid income taxes in the last 2 years to divulge the facts concerning those income taxes, the whole examination will be abortive and of no use to the American people.

Mr. FLETCHER. We will be able to develop the facts so that we will know exactly what the situation is. We cannot expose the income-tax return. Under the law that can only be done in executive session by special committees under a joint resolution known as No. 42, Seventy-second Congress, but we will be able to get at the facts; and those facts will enable the Department of Justice and Internal Revenue Bureau to proceed as may be required.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana has the floor. Does he yield to the Senator from Oregon?

Mr. LONG. I yield.

Mr. McNARY. Mr. President, it is now after 5 o'clock; a number of Senators have left the Chamber to care for correspondence in their offices and to attend to other public matters. This resolution has not been printed; no opportunity has been given to any Member of the Senate to read it. It has been my uniform practice, under such circumstances, to object to immediate consideration. That has no connection with any consideration of the merits of the resolution. Conformably, Mr. President, to my judgment and the practice which I think is a fair one, I shall have to object to the present consideration of the resolution.

The PRESIDING OFFICER. Objection is made.

Mr. FLETCHER. Mr. President, let me appeal to the Senator with this statement: We are now in the midst of this hearing and about to conclude a certain phase of it. We will meet tomorrow morning at 10 o'clock; probably tomorrow will be the only available day we will have ahead of us; and it is very important that we secure this authority.

Mr. McNARY. Mr. President, I should like to accommodate the Senator as well as my colleague from Oregon [Mr. STEIWER] in the matter. The resolution may be very important; but it is also important that Members of the Senate have an opportunity to study such resolutions as this and to be present when they are considered. I have told several Members of the Senate that in my judgment there would be no business transacted this afternoon; I feel the necessity of preserving the rights of those who are absent from the Chamber with that understanding; I cannot yield my view in the matter; and therefore I shall have to persist in my objection.

The PRESIDING OFFICER. Objection is made, and the resolution will be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. BYRNES subsequently, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which Senate Resolution 97 was referred, reported it without amendment, and it was ordered to be placed on the calendar.

ADDITIONAL FUNDS FOR INVESTIGATION BY BANKING AND CURRENCY COMMITTEE

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report favorably, without amendment, Senate Resolution 93, providing funds for the continuance of the investigation being conducted by the Committee on Banking and Currency. I ask unanimous consent for its present consideration, if the Senator from Oregon does not object.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S.Res. 93) submitted by Mr. COSTIGAN June 6, 1933, was read, as follows:

Resolved, That the limit of expenditures under S.Res. 84, Seventy-second Congress, agreed to March 4, 1932, to investigate the practice of "short selling" of listed securities upon stock exchanges and its effect on actual values, as continued in force by S.Res. 239, Seventy-second Congress, agreed to June 21, 1932, and further continued in force by S.Res. 371, Seventy-second Congress, agreed to February 28, 1933, and as supplemented by S.Res. 56, Seventy-third Congress, agreed to April 4, 1933, is hereby increased by $100,000.

Mr. McNARY. Mr. President, I do not understand the nature of the request of the Senator from South Carolina.

Mr. BYRNES. I am asking unanimous consent for the immediate consideration of the resolution just reported by me, which provides funds for a continuance of the investigation now being conducted by the Committee on Banking and Currency.

Mr. McNARY. Can we not take up both resolutions in order tomorrow or next day?

Mr. BYRNES. Mr. President, the resolution does not involve the investigation that has been ordered, except insofar as it provides additional necessary funds.

Mr. McNARY. Mr. President, I am not speaking for myself personally in regard to this matter, but I think we owe something to those who have left the Chamber under the impression that no business of this kind would be transacted. We have the unfinished business before us, and no notice has been given of the transaction of any other kind of business. As I said a few moments ago, it is after 5 o'clock. A number of Senators are absent, and I do not think we should depart from the consideration of the unfinished business. Therefore I must object.

Mr. BYRNES. I made the request because it has been the custom to give notice about resolutions of this character.

The PRESIDING OFFICER. Objection is made, and the resolution will be placed on the calendar.

WORLD TRADE BARRIERS IN RELATION TO AMERICAN AGRICULTURE

The PRESIDING OFFICER laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to Senate Resolution 280, Seventy-second Congress, a report prepared by the Bureau of Agricultural Economics pertaining to restrictions upon international trade in major agricultural products throughout the world, the measures taken by various countries in aid of agriculture, and the effect of these restrictions and measures upon American farmers, which, with the accompanying papers, was referred to the Committee on Agriculture and Forestry.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Mr. LONG (at 5 o'clock and 35 minutes p.m.). Mr. President, I move that the Senate take a recess until tomorrow at 12 o'clock.

Mr. McNARY. Mr. President——

Mr. WAGNER. Mr. President, I hope the Senator will not do that. I think we ought to go on.

Mr. LONG. I think we ought to adjourn, then. I am going to call for a quorum a little later on. An adjournment is going to be necessary if we do not have a quorum. Senators will have to come in here and listen to me. I am not going to spend my time and my effort trying to tell the Members of the Senate what I know about this bill and not be listened to. If they go home, I am going to call for a quorum and have an adjournment.

I want to be listened to. I think what I am saying here is valuable. If Senators do not come in and stay around here, we are going to have to adjourn, and then I will come back here and tell them about this bill tomorrow.

I will proceed for a few minutes if the Senator from New York insists, but I want him to make Senators come in here and listen to me.

Mr. WAGNER. Mr. President, I should like to assist the Senator in any way I can.

Mr. LONG. All right. I will give the Senator a little time to make Senators stay around here.

Mr. WAGNER. The Senator from Louisiana has a very fair audience.

Mr. LONG. Mr. President, I think it is better that we knock off for the afternoon. [Laughter.] I am hoping that the Senator in charge of the bill will see fit to do that.

There is a part of this measure which I have not had the time to digest as thoroughly as I wanted to. I had hoped that we could get together and strike out this iniquitous part of the bill known as "title I." It is practically impossible, Mr. President, for me to get into my mind the impression that a serious effort will be made tomorrow, after Senators have had a night to sleep over this bill, to carry title I into the bill. I know that the committee itself did not want it in the bill, from what I have understood, to start with.

Mr. HARRISON. Mr. President, let me ask the Senator whether he will agree that we shall vote tomorrow at 11 o'clock on a motion which he may make to strike title I from the bill?

Mr. CLARK. Mr. President, I will say to the Senator from Mississippi that it is my intention, at the proper time, to make a motion to strike out title I, as I did in the committee; but it does seem to me that the perfecting amendments ought to be offered and acted on before the motion to strike out is made.

Mr. HARRISON. I think so, too. That is why I asked about a unanimous-consent agreement; but I wish we could get along on this measure in an orderly way. Of course, I do not want to restrict the Senator with his speech, and could not if I wanted to; but I wish he would proceed, so that we can get up these committee amendments and conclude the consideration of the bill.

Mr. CLARK. I will say to the Senator from Mississippi that I have no disposition to delay the consideration of the committee amendments.

Mr. HARRISON. I appreciate that.

Mr. CLARK. I do think, however, that the other amendments should be considered before the motion to strike out the title is considered.

Mr. HARRISON. I made that suggestion only in order to come to a vote on the proposition, and to let us travel along. I think it is more orderly. That is why I secured unanimous consent that the Senate committee amendments should be disposed of first, but I hope we can proceed.

Mr. LONG. After we get through with title I can we not then consider amendments to title I, and move to strike it out, and do the same thing with the rest of the bill, title by title?

Mr. HARRISON. Oh, yes; after the committee amendments are finished, then any other individual amendments will be in order.

Mr. LONG. Mr. President, that being the case, I think I have about concluded my remarks on this title at this stage of the game. I do not think I would have much more to say on it, because we can come back and take up this matter later; but I know that there are other Senators who want to be heard on this matter. Under those circumstances, does the Senator intend to suggest a recess at this time?

Mr. HARRISON. No; I should like to finish the committee amendments as far as possible, because I imagine the real fight on this bill will be on the motion to strike out title I, or on the motion to strike out the licensing features of title I. Those were the major questions that were before the committee. If we can dispose of some of the committee amendments, so that we will have done something today with the bill, then we can proceed along the line suggested by the Senator tomorrow morning.

Mr. LONG. I suggest that we wait and take up the bill tomorrow, because practically everyone has gone away from here this afternoon. Let us just pause where we are now. Tomorrow morning we can come back here and take up the committee amendments; and then, after we get through with that, we will go forward with our motion to strike out title I.

Mr. McNARY. Mr. President, let me suggest to the able Senator from Mississippi that I could not consent to any unanimous-consent agreement involving a set time for voting on any problem or any provision or any title of the bill, nor could I consent to a limitation of debate.

Mr. HARRISON. Mr. President, I have not made any motion. It was merely a suggestion that I hoped we might get together, so that we might get along with the bill.

Mr. McNARY. Let me suggest to the Senator that when the Senator from Louisiana has concluded his remarks we recess until 10 o'clock tomorrow.

Mr. REED. Could not that be made 11 o'clock, Mr. President?

Mr. HARRISON. I ask unanimous consent now that when the Senate concludes its session today it recess until 10 o'clock tomorrow morning.

Mr. REED. Mr. President, make it 11 o'clock. All of us are overwhelmed with mail.

Mr. HARRISON. I realize that all of us are overwhelmed with mail and that the Committee on Finance has been working night and day to try to expedite the consideration of the bill and get it before the Senate; but it is contemplated by the Senator from Arkansas—a contemplation that we think can be realized—that we can adjourn Saturday night, provided we can get through with the consideration of this bill by tomorrow night, because some other matters must be disposed of before we adjourn if we are going to adjourn Saturday night.

I know what a difficult task everyone has had. I know what a hard session of Congress we have had. I know that everybody is anxious for Congress to adjourn as soon as we can get through with the program, and this bill is a part of the program. We cannot adjourn until at least we have expressed ourselves on it.

Therefore I sincerely hope everyone will try to cooperate in the matter of bringing these difficult questions to a vote so that we will know what the expression of the Senate is, and get through with the bill by tomorrow night. Then, in all probability, we can adjourn by Saturday night.

Mr. LONG. Mr. President, I will say that I have wanted to vote on all these matters as quickly as we could; but one great trouble here is that we have given so little consideration to some of our votes, as was proved here the other day, when we passed, by almost a 2 to 1 vote, a measure to undo a good deal of the Economy Act. We have acted entirely too fast on the various measures; we have not given consideration to what we have done; and we are about to barter away the liberties of the American people in haste with this bill.

I am anxious to have the Senate thoroughly consider what they are doing here; and that is one of the reasons why I have spoken today at the length I have. I am willing for the Senate to vote any time they want to, provided I think the Senate understand what they are voting for. We all have our committee work to do. We have our correspondence to answer. We have many things to do. Realizing that, I am hoping the provisions of this bill will be known before we vote on it.

Many Senators have been to me today since this discussion started, particularly since the speech of the Senator from Idaho [Mr. BORAH], and told me they could not understand how we could keep title I in this bill. In view of that fact, I have strongly hoped that the Senators in charge of this legislation, after thinking over the matter tonight and seeing the shoals into which we are about to land, would come here with some kind of a proposition to take title I out of this bill.

Mr. HARRISON. May I say to the Senator that the gentlemen who are in charge of the bill have been working night and day considering the matter? We think we know what is in the bill. The House of Representatives considered this matter, and, by a vote of 5 to 1, kept title I in the bill. The President and his advisers have been considering the matter, not for weeks but for 2 months' time, and they know what is in the bill.

The representatives of labor who appeared before the committee know what is in the bill, and they have approved the bill. Representatives of the great industries of the country, and of the trade organizations, came before the committee, and they approved the bill. Of course, I have no fault to find with those who do not want to support this or that part of the bill; they have a perfect right to do as they please about that. But the Senate ought to express itself within a reasonable time, and we ought to assume that each Member of the Senate has given consideration to these propositions.

Mr. McNARY. Mr. President, let me suggest to the Senator from Mississippi that when the Senator from Louisiana shall have concluded his statement we take a recess until 11 o'clock tomorrow, and that at the same time the Senator give notice that if we do not make sufficient progress we will have a night session tomorrow, so that Senators will have notice.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Oregon suggested to me earlier in the day that we take a recess until 10 o'clock tomorrow.

Mr. McNARY. I did, but several Senators on this side thought that was a little bit early.

Mr. ROBINSON of Arkansas. Of course, if we are to get consideration of and action on the bill, if we are not to prolong this special session of Congress indefinitely, those who desire to see the legislation disposed of must pursue a course

that will bring about that result. Is it proposed that we recess now?

Mr. McNARY. At the conclusion of the remarks of the Senator from Louisiana.

Mr. ROBINSON of Arkansas. I suggest that the recess be until 10 o'clock tomorrow.

Mr. HARRISON. I hope that when we do recess we can recess until 10 o'clock tomorrow. Was not that the order, or was there objection made to that request?

Mr. McNARY. The Senator from Pennsylvania suggested 11 o'clock. I am willing, and I think the Senator from Pennsylvania is willing, to agree that we meet at 10 o'clock.

Mr. REED. I shall not object.

Mr. HARRISON. I renew the request that at the conclusion of the remarks of the Senator from Louisiana we take a recess until 10 o'clock. I understood that was the arrangement had with the Senator from Oregon, that we should meet at 10 o'clock.

Mr. McNARY. I agreed to that; but several Senators on this side thought that was a little too early.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Is there objection to the request of the Senator from Mississippi? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from Louisiana that there are a number of committee amendments which might be disposed of without prejudice to any important controversy, and I think we might proceed with the consideration of some of them this evening.

Mr. LONG. Mr. President, I understood we had entered into a unanimous-consent agreement to take a recess.

Mr. HARRISON. We have agreed that when we do take a recess we will recess until 10 o'clock tomorrow morning.

Mr. ROBINSON of Arkansas. There is no agreement to recess at this time.

Mr. HARRISON. Mr. President, may I suggest to the Senator from Louisiana and to Senators generally that there is one amendment about which there will be controversy; that is the one relating to the oil regulation. I would not want to have that taken up this evening. With that exception, however, I am sure there will be no controversy about the other committee amendments to title I; and if we could get those out of the way tonight, we would have made some progress.

Mr. CLARK. Mr. President, there is going to be a great deal of controversy about the amendment providing for an embargo.

Mr. HARRISON. I had forgotten that was in the first title. Of course, that ought to be passed over. If there should be controversy about any amendment as it was read, we could pass it over until tomorrow; but it would not take very much time to get action on most of them.

Mr. LONG. Mr. President, I shall be glad to facilitate the matter in any way I can. However, several Senators who have already left the Chamber apprised me of the fact that they expected to speak on some of these amendments. I assumed we were going to take a recess at 5 or 5:30, as we have been doing, and I should not like to have the Senate go ahead and consider any of the amendments in the absence of the Senators to whom I have referred. If we come back tomorrow at 10 o'clock, I think that will be as far as we ought to go. That will be 2 hours ahead of our regular meeting time. I was hoping that at that time we might take up the resolution of the Senator from Florida [Mr. FLETCHER] to appropriate money enough to enlarge the powers of the Senate Committee on Banking and Currency so that they could go on with the Morgan inquiry. Did I not understand the Senator from Oregon to ask unanimous consent that at the conclusion of my remarks we take a recess?

Mr. McNARY. I had in mind that at the conclusion of the remarks of the Senator from Louisiana we would recess until 10 o'clock tomorrow. At the same time I offered the suggestion to the Senator from Mississippi, having the bill in charge, that he notify Members of the Senate in advance that probably we would have a night session if we did not make sufficient progress.

Mr. HARRISON. I make the statement now that it is contemplated that if the consideration of the bill is not concluded by tomorrow evening, we will have a night session, and I hope that those Senators who have made other arrangements will rearrange their engagements so that they can be here tomorrow night.

Mr. LONG. Then if I care to conclude at this time, might we not recess, so that there would be no disappointment to Senators who have left?

Mr. HARRISON. The Senator has concluded his remarks, as I understand?

Mr. LONG. I have if we are to have a recess now. I thought we had that understanding, that if I concluded my remarks, we would take a recess. That is why I was willing to agree to a recess until 10 o'clock tomorrow.

Mr. HARRISON. The Senator does not contemplate going on tomorrow, as I understand, unless he might have something to say on some particular amendment?

Mr. LONG. No; I do not anticipate speaking again.

VETERANS' COMPENSATION—THE CONNALLY AMENDMENT

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from today's New York Journal of Commerce, expressing approval of what is known as "the Connally amendment" to the Economy Act.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[Editorial from the New York Journal of Commerce, June 7, 1933]

MAKING ECONOMY HATEFUL

The controversy over the action of the Senate in voting to limit pension cuts in case of veterans with service-connected injuries has given rise to a great deal of violent and misleading comment on this whole subject. A reading of the prolonged, able, and restrained debate that preceded enactment of the Connally amendment ought to set at rest alarmist predictions that the entire economy program of the administration is about to be sabotaged by Congress unless the President resists this unwarranted assault upon his authority. The fact is that the amendment which has passed the Senate was voted in response to protests that came from people with just grievances. Senators cited many attested cases in which helpless men, seriously disabled, had been made the victims of Executive orders administered in accordance with hard and fast rules. If the Senate had not acted, would the officials connected with the Veterans' Administration be as willing as they now are to admit that errors of judgment have been made? Would they show the same readiness to revise the harsh rulings that have resulted in passage of the Connally amendment?

If economy is to be effective and sustained, it is very important that it should not be made hateful to the average citizen. Senator VANDENBERG summed up the view of a large number of his colleagues when he said: "The worst service that could be rendered to permanent, sound, rational economy in behalf of the Treasury of the United States at this moment would be to allow contemporary outrages to stand without correction, because if we do not correct them, we will find an outraged public opinion which will sweep all the economy program off the statute books the next time the issue arises."

There is certainly nothing unreasonable in voting to limit to 25 percent the permissible pension cuts applicable to service-disabled veterans and Spanish War veterans (most of whom would be unable to establish the service origin of their disabilities). Senator CONNALLY asserts that under the regulations that have been issued, more than half the Spanish War veterans would go off the rolls entirely, and most of the others get only $6 per month. Does the country want to economize at the expense of this particular group of elderly men and their dependents by subjecting them to such drastic cuts?

Many of the World War service-connected cases, protected under the Senate amendment, are undoubtedly suffering from disabilities related remotely, or not at all, to active service. Nevertheless, a wrong done to the taxpayer in the past will not be righted by subjecting disabled men to the hazards of arbitrary Executive redetermination of their pensionable status. The taxpayer, furthermore, will not be relieved, if helpless pensioners are thrown upon the charity of local relief agencies. In the interests of a permanent economy program, such as Senator VANDENBERG emphasizes, to say nothing of human elements involved, it seems wise to give this special group of service-connected men the benefit of the doubt and not completely destroy expectations created by the ill-advised action of the Government itself.

The public needs to be reminded, too, that the economy bill did not specify any definite amount which was to be saved by reducing pensions; it was merely estimated that about $400,000,000 could be obtained by passage of the measure. Possibly Congressmen closed their eyes at the time to what that sum meant translated into actual cuts; but they are now filled with a realiz-

ing sense of what has been done, and have acted accordingly in view of the special circumstances. The greatest evil of the veterans' legislation lay in the constant increase in non-service-connected beneficiaries and the certainty that the numbers of pensioners would be constantly augmented for years to come. That danger has been met by the vigorous action taken by the President, and the veteran groups that thought they could control Congress have been given a salutary lesson.

In view of the major long-time gains to which we can look forward, an increase in current appropriations for pensions should be accepted philosophically, given reasonable restrictions. Either the Connally amendment, which still leaves a large amount of discretion to the Executive, or some alternative compromise proposal acceptable both to the President and to Congress would provide a proper solution of the present conflict. An additional expenditure of $170,000,000, more or less, is unfortunate, but it is absurd to talk as if it would jeopardize the financial stability of a Government that is preparing to expend several billions on nonproductive public works and hundreds of millions more on direct relief.

IRRATIONAL BUDGET MAKING

Mr. McCARRAN. Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from an address by the noted educator, Glenn Frank, president of the University of Wisconsin, before the Department of Superintendence of the National Education Association, entitled "'Irrational Budget Making' Scored"

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The sword that hangs over education and the other social enterprises of government is the sword of imperative retrenchment forged in the fires of an irrational depression. The peril lies not so much in the existence of the sword as in the way we wield it.

That economy, drastic beyond anything we have been accustomed to think of, is imperative in the conduct of local, State, and National affairs no intelligent man will question. Since 1929 our income has gone steadily down, and outgo has gone steadily up in its relation to income. The expenditures of local, State, and National Government, when related to the toboggan slide, down which the national income has raced, have bent the back of the American people. Either the back must be strengthened or the burden must be lightened, for a nation cannot long endure a consistently falling income and a consistently rising outgo.

It is confessedly a critical situation that confronts us. In 1931 Americans were putting slightly less than one out of every four dollars of the national income into the enterprise and obligations of local, State, and National Government. When the books of 1932 are fully balanced, we shall probably find that at least one out of every three dollars of the national income went into the enterprises and obligations of government. According to the analysis of the National Industrial Conference Board, in 1928 approximately 11 percent of the national income went into taxes, whereas in 1932, it was estimated some months ago, some 33 percent of the national income went into taxes to carry the enterprise and obligations of government.

There are those who would have us believe that this dramatic rise of the tax draft on national income from 11 to 33 percent in 4 years is due solely to an unintelligent and unjustified, a wasteful and worthless development of the public services of organized Government. That lie must be nailed at the outset unless public thinking on the scientific, social, and educational enterprises of government is to be gravely muddled and grossly misled.

The man in the street, hearing of this rise in the tax rate on national income from 11 to 33 percent in 4 years, is all too likely to think that the cost of the public services of Government has trebled in that time. Obviously this is not true. Had the national income remained steady at the 1928 level, the tax draft on national income for last year would probably have stood at not more than 18 percent instead of 33 percent, even if all the extraordinary expenditures incurred by depression had been in the picture. The factor that lifted the tax draft on the national income to 33 percent was the dramatic drop in the national income owing to the economic muddling that landed us in depression.

I am quite aware that this does not remove the stubborn fact that a 33-percent tax draft on national income is a serious matter with which political, social, and economic leadership must wrestle. It does suggest, however, that the blame for the large proportion of the national income now going into taxes cannot justly be placed upon the shoulders of social and educational leadership, but must, to a very material degree, be placed squarely upon the shoulders of the economic leadership that proved incapable of steering our economic ship past the shoals of depression.

And now this very leadership that has done most to unbalance the Nation's life is insisting that we shall balance the Nation's Budget by plunging a sword to the heart of all those scientific, social, and educational enterprises to which alone we can look to produce a leadership for the future that will be less inept, a leadership that might conceivably use this magnificent machine economy of ours to free the race from drudgery, poverty, and insecurity instead of letting it starve like Midas in the midst of plenty. I, for one, protest the current attempt to make educational leadership the scapegoat for the sins of economic leadership.

Unless this fact is kept clear we shall see an uninterrupted increase in a propaganda that will, with insulting scorn, brand even the most self-sacrificing public servants as greedy and grasping pay rollers. This now popular propaganda, if persisted in, will divert men of capacity and self-respect from public service for a generation to come. And it will be our children who will pay the price of this diversion.

* * * * * * *

Now, there are three popular assumptions respecting Federal finances being sedulously cultivated by certain groups: First, the assumption that the present Federal deficit threatens the Federal credit; second, that the Federal Budget must be balanced at once; and third, that new taxes must be levied and drastic retrenchment effected in order to save the Federal credit.

I think there is a good deal of hokum in all three of these assumptions. I hesitate to run counter to the counsel of the Baruchs and the Traylors and like business leaders who, in testimony before the Senate's clinic on economic dislocation, have contended that the road to recovery can be charted on a calling card with the succinct sentence: "Balance the Budget." But I ask very modestly, is the counsel as realistic as it sounds?

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How do those who insist that the Federal deficit today threatens the Federal credit and that drastic alterations in tax policy and social expenditures must be made in order to preserve the Federal credit compute the deficit they are talking about, and what does the deficit they talk about really represent?

As anyone who has made even the most elementary studies of the financial situation knows, there are two popular methods of arriving at the Federal deficit, used by many of those acting upon the three assumptions I have just listed.

One method is by noting the rise or fall of the gross Federal debt from year to year. Another method is by noting the cash condition of the Federal Government on a given date by the simple grocery-store daybook method of checking expenditures against receipts.

Now, granting the technical accuracy of the figures used in statements resting on these two notations, I submit that they do not necessarily give a true picture of the financial status of the Government, and let me indicate why such figures standing alone do not.

First, take the matter of the gross Federal debt: The cold figures on the gross Federal debt for the 2¼-year period ending last fall were as follows: On June 30, 1930, the gross Federal debt stood at $16,185,000,000. Two and one-quarter years later, on September 30, 1932, the gross Federal debt stood at $20,611,000,000. These figures indicated a deficiency of $4,426,000,000 or about 4.4 billions. But this cannot be taken as an accurate index of the situation unless we examine two related sets of facts. First, what were the purposes for which this debt increase was incurred? Were they purposes that should logically be financed out of current income? What were the number and nature of Federal assets that might offset that deficiency?

Let me mention only one offsetting asset to those figures that many of the budgetary Jeremiahs ignore. When the gross Federal debt, in the summer of 1930, was some $16,000,000,000, the net balance in the general fund was only $319,000,000. But when the gross Federal debt in the fall of 1932 was some $20,000,000,000, the net balance in the general fund had risen to $862,000,000. In other words, with the offset of the balance in the general fund alone, the asserted deficiency of $4,426,000,000 drops to $3,883,000,000, or a drop from 4.4 billions to 3.8 billions, a difference of $543,000,000, more than one half billion.

It is by ignoring such factors (and I use only this one by way of illustration) that an apparent deficit which is far beyond a true deficit can be put up by certain business men to scare legislatures and congresses.

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But these variations, due to obscure or obsolete Federal bookkeeping, are not the important considerations. The important consideration is whether or not there are included in an asserted deficit, expenditures for purposes which a far-sighted government should not, in a period of depression, seek to finance by current taxation, by bleeding white the basic services of government, or by withholding valid public works that might at least soften the tragic impact of unemployment.

The deficit that is said by some to be threatening the Government credit and shaking business confidence does include several such expenditures, expenditures that in my judgment should not be covered now either by a serious rise in taxes or by a serious retrenchment in productive Government expenditures.

Some of such expenditures that enter into the existing deficit are as follows: (1) Public debt retirements of the last 2 or 3 years; (2) Federal loans and investments, such as the half-billion-dollar purchase of Reconstruction Finance Corporation stock in 1932; (3) capital outlays, such as the approximately one third billion dollars of public construction in 1931 and in 1932. We shall, in my judgment, deepen the depression if, following the lead of those who think all our ills begin and end in the Federal Budget, we insist that all expenditures of this sort be lumped with the ordinary expenditures of the current services of government and the total impact be absorbed by a serious rise in taxes and a serious retrenchment in those basic services which alone have made government a stabilizing and creative force.

It is my sober judgment, ladies and gentlemen, that the Federal credit can be kept sound if as a people we keep our heads and refuse to be rushed by a budgetary hysteria into a wrecking

of the scientific, social, and economic services that are the very beating heart of constructive government.

It is the part of political wisdom, it seems to me, to spread the load of depressions out over a more prosperous period. Otherwise, relatively speaking, whenever a serious retardation hits us, we must wreck, in a few years of depression, values and services that will take us a generation to recreate.

Balance the Budget out of current revenues with respect to ordinary expenses? Yes. With respect to extraordinary expenditures, loans, investments, capital outlay, emergency relief, and the like? No. They should be financed out of borrowings and met out of the revenues of a more prosperous time.

If now we stop extraordinary expenditures for public work and go recreant to our relief responsibilities, or if we insist upon paying for them out of seriously increased taxes, we shall surely deepen and prolong this depression. And if now we cut the heart out of the basic services of government, we shall in preventing a financial deficit, produce a social deficit for which our children and our grandchildren will damn us.

Do not misunderstand me. Upon the imperative necessity for economy in public expenditures there can be no disagreement. I insist only that the situation challenges us to effect that economy with statesmanlike foresight for the future of community, State, and Nation. It is possible to be quite as short-sighted in administering economy as in allowing extravagance. And just because there is this possibility of short-sightedness in the administration of necessary economy, a grave national danger lurks in our current concern with economy. We can so easily economize blindly or let limited interests dictate the schedules of retrenchment. We dare not be gullible. Alongside the foresight, intelligence, and sincerity behind the insistence that we establish a sounder relation between our income and our outgo, there is much blindness, blundering, self-interest, and sheer insincerity in the almost hysterical campaign against public expenditures now sweeping the Nation. By all means, let us give prudence a permanent seat in our public counsels. By all means, let us stop waste. But let us be sure that it is real waste that we are stopping. Real economy may mean national salvation. Bogus economy may mean national suicide.

I ask you to remember that we could dismantle every Federal bureau and stop every civil function of the National Government—with the four exceptions of construction, relief, loans for shipbuilding, and the Federal Farm Board—and still reduce the Federal Budget by only 8 percent. The complete cost of the legislative, executive, and judicial activities of the Federal Government absorbs less than two thirds of 1 percent of the total Federal outlay. Where, then, you may ask, does all the money go? Well, for one thing, almost three fourths of the total expenditures of the Federal Government goes to pay the costs of our current Military Establishment and to carry the obligations incurred in past wars. That is to say, of every dollar we pay in taxes to the Federal Government about 75 cents go into payments for past wars and preparation against future wars. Think of that the next time you are tempted to applaud the blatherskite or jingo who denounces as pulling pacificism every intelligent attempt to outlaw war.

The more deeply we analyze the problem of public expenditures, the clearer it becomes that it simply is not the scientific, social, and educational services of the Nation that are bending the American back. And yet, throughout the Nation we are trying to balance budgets by cutting the very heart out of the only things that make government a creative social agency. We slash scientific bureaus. We drastically shrink our support of social services. We hamstring our regulatory agencies. We fire visiting nurses. We starve libraries. We reduce hospital staffs. We squeeze education. And we call this economy. And actually think we are intelligent in calling it that. How the gods must be laughing at us! And how our grandchildren will damn us!

* * * * * * *

The real issue confronting us is not economy versus extravagance. That question is well on its way to settlement. Leaders who foster extravagance will be broken. The issue is real economy versus bogus economy. The sword that hangs over education and over all the other social and cultural enterprises of government is the danger of bogus economy.

* * * * * * *

The real results of a bogus economy will not show up in 1933. But if now we hijack the fundamental scientific, social, and educational services of government, it will be a generation or more before we shall be able to climb back even to the efficiency these services now display. If now we beat down the salary scales of public servants, we shall but succeed in further diverting superior capacity from public service. Business and the professions have long drained off from public service the very sort of men and women public service most needs. We dare not intensify this diversion of exceptional ability from public service. I am quite aware that salaries and wages outside public service have had to take drastic cuts in these trying days, but, once the economic curve turns upward, it will be but a question of months until the salary and wage curve in business and the professions will follow the economic curve in its upward sweep, but this will not be true of the salary and wage scales of public servants. And in the meantime, with the memory of the almost insulting scorn to which disinterested public servants are all too often subjected in the midst of an economy campaign, in the years immediately ahead fewer men and women of outstanding ability will be inclined to give their lives to public service. All of which means that it will be our children rather than ourselves who will pay the price of our short-sighted economy.

THE SALES TAX

Mr. BLACK. Mr. President, in view of the fact that I understand the question of the sales tax is going to be raised, and an amendment is going to be offered providing for a sales tax, I desire to ask unanimous consent to have printed in the RECORD pages 137 to 150, inclusive, of the book entitled "Taxation and the Distribution of Wealth", by Mr. Frederic Mathews, beginning on page 137 with the words "Article 2—Luxuries."

I invite the attention of Senators who are interested in the sales tax to what I consider to be one of the best discussions that has ever been given on this subject.

The PRESIDING OFFICER. Without objection, the matter indicated by the Senator from Alabama will be printed in the RECORD.

The matter referred to is as follows:

ARTICLE 2. LUXURIES

Taxes levied upon luxuries present, to a certain extent, the advantages mentioned with reference to indirect methods. On the other hand, as Adam Smith[1] says, "Such taxes, in proportion to what they bring into the public treasury of the State, always take out and keep out of the pockets of the people more than almost any other taxes. They seem to do this in all the four different ways in which it is possible to do it." The four ways are: (1) The great expense in elaborate customs and revenue administration required; (2) the discouragement to industry when voluntary consumption is concerned; (3) corrupting practices; (4) the necessary annoyance and complicated supervision. As taxes of this kind are practically voluntary, they are subject to much variation, both in the amount of revenue produced and in the proportion of total revenue created. They are thus open to two objections from the administrative point of view, the most serious found in a tax, those of variation in amount and uncertainty in produce. Expensive, variable, and uncertain, such taxes offer a correspondingly unsatisfactory basis for revenue.

ARTICLE 3. NECESSARIES

Taxes on necessaries, from an administrative attitude, are greatly preferable to those upon luxuries. The necessaries of existence, vital and industrial, must be consumed by the entire people. Such commodities will, therefore, form a vastly greater bulk than luxuries. In price, also, necessaries present important advantages. As they are cheaper, they support a higher rate of taxation and thus produce, actually and relatively, a larger revenue than taxes upon higher-priced goods. This revenue, again, will be more constant, as the consumption of necessaries varies within narrow limits, and can never cease altogether. The taxation of the staples of life and industry thus becomes the most constant source of revenue derived from indirect methods, and as such, the most important of modern fiscal systems.

The foregoing considerations are advanced from an administrative point of view. There is another point of view, however, from which a fiscal system may be studied; that which regards a society as a whole. Looked at in this light, the indirect taxation of necessaries presents a different field for analysis and different considerations. The first of these is the fact that such taxes must bear much more heavily upon the poor than upon the rich and thus form a proportionately unjust and unsatisfactory source of revenue, irrespective of temporary advantages. The taxation of vital needs places a sure and easy method of raising revenue in the hands of an administration, independent of the suffrage of the mass of the population, and may thus seem to lend permanence and stability to the society. On the other hand, a fiscal system bearing more heavily upon one class than upon another, and that class always the more numerous, must lay the foundation for political disturbance, revolt, and final revolution. The very ease with which an administration may support itself through indirect channels increases the ultimate difficulties of the social organization. The following considerations serve as illustration:

It is evident that a much greater proportion of the revenue of the poor is spent on the actual requirements of life and industry than of the incomes of the well-to-do. Three fourths, or all the income of the very poor man, may be spent upon the essential needs of existence, and all the income so spent falls under the influence of taxes on necessaries. On the other hand, such taxes will absorb a much smaller proportion of the income of the richer classes. A man with £50 a year in wages will be forced to spend nearly 100 percent of his total revenue upon necessaries. If these necessaries are taxed, 100 percent of his income falls under contribution. If the increased prices caused by taxation amount to £5, he will pay that amount or 10 percent of his income in taxes. On the other hand, it is possible that a man in receipt of £50,000 income might not expend £5,000 a year in the purchase of the commoner needs of the people; in which case, instead of 100 percent of his income being taxed, only one-tenth part of it would contribute to the public treasury, and thus in-

[1] The Wealth of Nations. Book V, ch. II, p. 494.

stead of paying 10 percent of his income to the state, but one tenth of his income would be taxed and he would contribute but one tenth of 10 percent, or one one hundredth of his greater resources. The poor man will thus be taxed 10 times as heavily, proportionately, as the rich man.

This form of taxation, in which contribution is levied upon the necessaries of life, is universal today, and forms what might be called, approximately, an inversely progressive income tax; that is, a tax increasing as a man's poverty, and decreasing relatively to his wealth. The smaller the income, the greater the proportion of taxation it is forced to pay; the larger the income, the greater the proportion it may escape. If indirect taxes on necessaries were assessed directly, their effects upon the two incomes considered would be as follows: On assessment day the poor man, in all probability, would be compelled to produce his entire £50 of income, 10 percent of which would be taken in taxes. The rich man, on the contrary, would be required to produce that portion alone of his resources spent upon necessaries; in the case supposed, he would be taxed but on £5,000, leaving £45,000, or 90 percent of his income untouched. The disproportion of the burden thus placed upon the two incomes is evident; yet this disproportion seems to be the least important of the results produced in any society supported by the indirect taxation of necessary living expenses.

Where 100 percent of one income is taxed, and but 10 percent of another, the larger, or least taxed income, possesses an untaxed reserve, or saving capacity, of which the smaller, or most taxed incomes, are deprived. Thus, an income of £50,000, taxed upon £5,000 alone, might easily save £10,000 a year out of the total income; while an income of £50, taxed on 100 percent of its amount, could save nothing or a disproportionate percentage. In the second year of the action of such taxes, the first income will have added 10 percent to its capital, that is, the income, increased by 10 percent, will be taxed upon a smaller scale and possess a greater power of accumulation; the smaller income, saving nothing and still taxed upon 100 percent of its amount. Where a society raises its revenue, wholly or in part, therefore, by means of the indirect taxation of necessaries, a process of accumulation sets in toward the larger or least taxed incomes. In other words, the larger incomes will possess a progressively increasing and untaxed accumulating power in proportion to the wealth represented, while smaller incomes will be denied such an untaxed reserve in proportion to the poverty involved. The greater the income, therefore, the greater will be its power of accumulation in reference to taxation; the smaller the income, the less the possibility of creating a reserve untaxed through living expenses. This process carried on generation after generation, throughout the entire series of the incomes of a society, can produce but one result: The distortion of the distribution of the annual wealth of the society in such a way that the larger incomes will absorb a constantly increasing proportion, while the smaller incomes will be brought under an increasing process of taxation. When it is realized, in addition, that the action of taxation enforced through living expenses may be greatly modified under specific conditions, the effects of the disparity of burden become more marked.

The forced action of such taxes, with reference to the two incomes considered, would be as follows: The man with £50 a year is forced to pay £5 in taxes, the man with £50,000, however, is not forced to pay any more; thus the forced burden upon the smaller income is one-tenth part of its total, while the forced burden upon the larger income is one ten-thousandth part of its greater amount. The forced effects of such methods, however, do not end here; for by means of the protective theory, the "balance of trade", "infant industries", the "pauper-labor", the "attraction of capital", "weapon-taxes", and so on, an increased burden of taxation may be piled cumulatively upon the smaller incomes, producing little or no revenue—producing nothing, apparently—other than the indefinite swelling of the larger incomes.

SECTION IV.—CONVENIENCE AND SECURITY OF INDIRECT TAXATION

ARTICLE 1. CONVENIENCE

It may be urged in favor of indirect fiscal methods, in which the tax becomes an indistinguishable part of price, that the contributor pays the tax at the most convenient time or escapes it altogether. As Prince Bismarck has been quoted in support of this position, the words of another German may be cited in the same connection.

"On penalty of death", says a writer,[2] dealing with taxes on necessaries, "nature compels us to eat, and so on penalty of death we are compelled to pay the bread and meat taxes. The man who fails to pay his direct taxes may have his goods distrained, but he cannot be punished. But the man who is unwilling to pay the taxes on bread and meat must die of hunger. It is a truly diabolical system. For by increasing burdens on the food of the people civilization in general is deteriorated, the masses are placed in the unworthy position that they can only satisfy their most urgent needs, while the resources of culture which they create are monopolized by those who have no right to them save the fact of possession. The system of indirect taxation is in direct antagonism to civilization."

Taxes of this kind, pressing upon wages everywhere, deteriorate the whole food supply of the masses. The German Labor Market Correspondence for December 1901 reported[3] that the average price of provisions had increased 7½ percent at Leipzig, and at Chemnitz and at other Saxon towns 12¼ percent. So, too, Dr. G. Creuzbacher, in his inquiry into the food consumption of the town of Munich, shows that the consumption of meat has decreased, even in that well-to-do city, during recent years. While the population of Munich increased between 1881 and 1900, 109.75 percent, the consumption of meat only increased 81.33 percent, the decrease per head being from 94.8 to 81.8 kilograms. * * * Meanwhile the consumption of horseflesh has increased—a sinister fact whose significance cannot be misunderstood. * * * In his report for 1902 the factory inspector for Leipzig said: "The economic conditions of the workers have not improved during the past year, since the incomes of many work people have undergone a further diminution, partly owing to a reduction of wages and partly owing to a curtailment of the hours of work, and since the prices of the most important articles of food have increased. The endeavor to economize shows itself in the diminution of the consumption of meat and the larger demand for horseflesh." The same thing was reported from Berlin, Hamburg, Halle, Altona, Bochum, Dortmund, Horde, Schwerte, and other industrial towns.

M. Yves Guyot[4] gives a like account of the taxation of food products in France. "In Paris", he says, "while taxes have increased, the consumption of fresh meat has decreased relatively to the population. * * * The annual ration of the adult Parisian is only 87 kilos of meat, instead of the 108 kilos of the soldiers. There has been a decrease instead of increase." An analogous condition is shown in the reports from Amiens, Bordeaux, Bourges, Grenoble, Lille, Limoges, Lyon, Marseilles, Nantes, Nimes, Rennes, Roubaix.[5] "The conclusion is that the relative decrease of the consumption of meat in the majority of large towns of France proves the injury resulting from the taxes which increase the price 0.35 cents per kilogram."[6]

Thus the convenience of indirect taxation of vital needs seems chiefly the convenience of relative degrees of starvation, for the payment of such taxes can never be long deferred, or they will indeed be escaped in this world at least.

ARTICLE 2. SECURITY

Another advantage urged in favor of indirect fiscal methods is that they permit the taxing of a people without their knowing how much they pay or having any control over the process. A people which would not tolerate a certain amount of taxation, if levied directly, may with ease be forced to pay a much greater amount without being conscious of the fact. As has been well said, when a direct tax would cause a revolution, indirect methods permit the taxation of the bread out of the mouths of a population with no results other than complaints of hard times. Indirect methods thus render the administration largely independent of popular suffrage. Where an administration controls a few distributive centers it may live with ease upon the resources of a population, even though it may be in a state of revolution. "When in Ireland, during the height of the Land League agitation", says Henry George,[7] "I was much struck with the ease and certainty with which an unpopular government can collect indirect taxes. At the beginning of the century the Irish people, without any assistance from America, proved in the famous Tithe war that the whole power of the English Government could not collect direct taxes they had resolved not to pay; and the strike against rent, which so long as persisted in proved so effective, could readily have been made a strike against direct taxation. Had the government, which was enforcing the claims of the landlords, depended on direct taxation, its resources could thus have been seriously diminished by the same blow which crippled the landlords; but during all the time of this strike the force used to put down the popular movement was being supported by indirect taxation on the people who were in passive rebellion. The people who struck against rent could not strike against taxes paid in buying the commodities they used. Even had rebellion been active and general, the British Government could have collected the bulk of its revenue from indirect taxation, so long as it retained command of the principal towns."

This passage shows the distinction between direct and indirect fiscal methods, in relation to popular political movements. With control of a few ports and industrial centers, an administration may support itself indefinitely from the resources of a population, which, under a direct system, would be in active revolution. This is not always a disadvantage to the people so governed. Such a possibility may tide them over ignorant and aimless popular agitations which, if successful, would work wreck and ruin. But, when the necessary action of the indirect taxation of necessaries is understood in relation to the distribution of the wealth of a society, such security seems but the crust over a volcano, whose certain eruption is but rendered more dangerous.

SECTION V. EXPENSE OF INDIRECT TAXATION

Great expense is involved in all indirect forms of taxation, in comparison to the amount realized by the State. By indirect means of raising social revenue the people are forced not only to pay the tax in increased prices but in addition all profits and interest charged by traders on capital advanced in the payment of excise and customs, together with a host of other augmentations, varying with conditions and articles. The following calculation serves as illustration: It was estimated at one time in England that an extra tax of 2s. per gallon imposed by Parliament upon

[2] Die Lebensmittlezölle und die indirecten Steurer, cited by Dawson. Protection in Germany, p. 193.
[3] Ibid., p. 197.
[4] Le Pain et la Viande dans le Monde, pp. 27–29.
[5] Ibid., p. 30.
[6] Ibid., p. 49.
[7] Protection and Free Trade, p. 81.

ardent spirits would produce £1,000,000. Based on the conditions in Scotland, the following estimates may be made: When the act imposing the 2s. tax came into operation, meetings were held by spirit dealers in Edinburgh and Glasgow; the resolution adopted was that the price of whisky should be increased by 1 penny per gill. There being 32 gills in the imperial gallon, the increased price was at the rate of 2s. 8d. per gallon, one third more than the increased tax imposed by Parliament. The duty on all spirits was, however, charged per gallon on what was technically called "proof strength." The spirits were sold to consumers at about the proportion of 1 gallon of water to 4 gallons of proof spirits.

"Starting, then, from this point", says a writer,[8] treating the subject in this connection, "with a new calculation respecting the total burden imposed on the public, these are the results: On 4 gallons of proof spirits, Parliament has imposed an additional duty of 2s. per gallon, or 8s. in all. The publicans and retail spirit dealers, by the addition of 1 gallon of water, convert these 4 gallons into 5 of the strength which is desired by the purchasers; and, in accordance with the resolutions already referred to, they charged an increased rate of 2s. 8d. on each of these 5 gallons, or 13s. 4d. in all. Thus while the Chancellor of the Exchequer receives 8s., the public pays 13s. 4d., to enable him to collect the smaller sum. To obtain £1,000,000, then, from these parties, it is necessary to impose an additional burden of 66⅔ percent, or £666,666 in all."

It is estimated that equitably devised direct taxes cost on the average 2½ percent in the collection, on which basis the cost of the revenue derived would have been but £25,000.

"It is, therefore, the same", says Mr. M'Laren, "as if a landowner should prefer to borrow £10,000 at an expense of 66⅔ percent, or £6,666, to obtaining it at the rate of 2½ percent, or for £250 in all by mortgaging his estate."

The above estimates refer to excise taxation. The import duty is more extravagant for the reason that it raises the price of the home product while not bringing a shilling of revenue into the treasury. Two sources of supply are taxed, while one alone produces income. This is shown by a study of the following estimates, based upon the supposition that England some day decides to tax her grain supply, as has been suggested, both for revenue and preferential objects:

With a duty of 2s per quarter, or about 6d per hundredweight (1 hundredweight=112 pounds, 1 quarter=480 pounds). Mr. Chiozza-Money[9] gives the following figures, representing the total grain consumption of the United Kingdom for 1902:

	Hundredweights
From foreign countries	176,000,000
From British possessions	35,000,000
Home grown	160,000,000
	371,000,000

"At 6d per hundredweight", he continues, "the extra cost to the consumer would be £9,275,000, but the revenue would gain only 6d per hundredweight on the foreign supply, viz, £4,400,000."

Thus revenue raised through import taxation swells the price of all goods affected directly or indirectly, while only a part of these produce revenue for the state.

A striking instance of the waste of wealth due to taxation of this kind is reported from Australia: "Meat in Victoria", says Mr. Chomley[10] "has been raised to great prices by the stock tax on sheep and cattle coming into the southern colony from the pastures of New South Wales and Queensland. * * * Another effect of the stock tax, entirely logical, yet so grotesque and tyrannous as to shock even convinced protectionists, arose through the admission of sheep in bond to be slaughtered in Melbourne and exported as frozen mutton to England. The sheep's heads were not exported, and during the time of severe distress in Melbourne poor women and children visiting the slaughter yards obtained there a nutritious article of food which was a blessing in many households. But on these heads no duty had been paid, and therefore a paternal protectionist government had to devise means to prevent them from going into consumption and afflicting the people with the curse of cheap food. Accordingly they sent to the abattoirs customs officers and barrels of kerosene oil. The heads were piled in great heaps, soaked with oil, and burned before the eyes of hungry women and children."

INDIRECT TAXATION

Under ordinary conditions such demonstration of the destructive nature of indirect taxes would never appear; the consumer, instead of having his food and the necessaries of his trade burned before his eyes, is compelled to work longer to obtain the same goods. The destruction of his wages and the return for his labor is, however, no less real in one instance than in the other; his strength and wages are burned instead of the things they buy.

Indirect taxation of consumption redounds to the disadvantage of the people supporting such measures in many other ways. Taxes on consumption diminish the quantity consumed; where the actual amount is not checked the possible gain is restricted. All industries not supported by indirect taxation will find their markets suppressed by such methods. An instance may be presented in which an indirect tax levied by England upon a foreign population suppresses English industry. Among the most effectually indirect taxes in existence is the Indian salt tax. Here, the English people lift the burden from their own shoulders and place it upon those of their fellow subjects in India. Such methods at first sight seem the height of political wisdom; the English consumer at home is unaffected, and the Indian administration obtains the entire revenue. The average annual consumption of salt in England is 62 pounds; 25 pounds are considered essential; the average consumption in India is about half that amount, while the consumption of the upper classes will reduce the average still lower for a large portion of the Hindu millions.[11]

The medical profession traces the prevalence of leprosy and other diseases to the lack of sufficient salt,[12] and the cattle and agriculture of the country seem vitally affected by the same cause.[13] What are the effects of such restricted consumption on English trade?

"It is also very curious", says Mr. Pennington,[14] "to see what the merchants and others concerned in the British salt trade have to say about this question of the consumption of salt in India when the falling off begins to touch their pockets. 'To the population of India', says an advocate of more English salt for Indian consumption, 'the complete abolition of the salt tax would be a reform beneficent beyond conception. The consumption of salt would probably be trebled within 3 years—' and yet no one would eat more salt than was good for them. 'Finally, the salt producers and shippers have worked themselves into the belief that the salt tax ought to be abolished. On this point they say: The question of the complete abolition of the salt tax—not inaptly termed the "bread tax of the Hindu"— is probably the most important question that can receive the attention of members of the English salt trade as a united body at the present time, and so on.'" The following[15] is an extract from a letter to Mr. Pennington in this connection:

LONDON, *July 23, 1904.*

DEAR SIR: I have read with great pleasure the report you have been good enough to send me of your paper on the salt tax in India, a subject which much interests me, as 50 years' experience in the salt trade of this country has often brought it directly to my notice. * * *

From this point of view the Indian salt tax is not exclusively an Indian question, but one which also materially affects many interests in England itself; and now that we are invited to "think imperially", it cannot be inappropriate to deal with the matter on the broader basis, and consider it in its relation to British imperial interests. It is computed that the consumption of salt in India, with its population of 240,000,000, would soon be trebled were the duty abolished, and this calculation is to some extent supported by the fact that since the reduction of the duty on March 31 of last year the consumption has greatly increased, so that, besides the larger demand for salt manufactured in India itself, the exports from Liverpool to Calcutta, etc., for the 6 months to the end of June last amount to 140,000 tons, against 88,000 tons in the same period of 1903, and 82,000 in the same period of 1902. This extra trade benefits not only the English salt makers, both employers and employed, and the English railways and canals engaged in transporting it to the coast, but is also a boon to the British shipowner and sailor, giving them better employment outward to the Indian ports. Nor does the advantage end there, for the larger supply of tonnage thus available to the Indian producer for the export of his rice, wheat, jute, cotton, linseed, etc., is an item of great importance to the development of the Indian export trade with other countries.

Besides this, it is obvious that the large increase in the consumption of salt in India, which it is expected would result from the abolition of the tax, would give employment to an enormous number of hands required for its distribution throughout the country, would add to the revenue of the railways and canals of India, and increase the profits derived from the salt trade by those engaged in its manufacture. When all this is taken into account, I believe the advantages accruing to the various interests enumerated above, added to the direct benefits derived by the Indian natives from the freer use of salt in their food, in the curing of fish, the preservation of meat and vegetables, the feeding of cattle, the cultivation of land, and in many other ways, would, if it were possible to express them in figures, be found to far outweigh the amount (some £6,000,000, I believe) of the revenue derived by the Indian Government from the tax. * * * I remain, dear sir,

Yours truly,

J. W. FOX,
Late Managing Director Weston & Westall, Ltd.,
London Agents to the Salt Union.

J. B. PENNINGTON, Esq.,
Yarmouth, Isle of Wight.

This most indirect of indirect taxes thus suppresses a great English industry, with all its ramification of transportation and distribution, and must, consequently, check English production and the demand for English labor. Cicero[16] says that the Romans used to

[8] Indirect Taxation, Duncan M'Laren. Read at a meeting of the Social Science Association, Edinburgh, 1860.

[9] Through Preference to Protection, p. 35.

[10] Protection in Canada and Australasia. C. H. Chomley, p. 168. Additional instances of the waste in indirect methods will be found on p. 240.

[11] Mr. J. B. Pennington, B. L. (Cantab.). The Imperial and Asiatic Quarterly Review, October 1904, p. 207.

[12] Ibid., Proceedings of the East India Association, pp. 382–3.

[13] Ibid., p. 303.

[14] Ibid., p. 297.

[15] Ibid., pp. 307–8.

[16] Commonwealth, III, ix.

protect their growers of grapes and olives by forbidding the people beyond the Alps to raise these articles of food. This destroyed not only the vineyards and orchards of others but the labor of the Roman people, required to pay the increased price. The modern duty has the same effect; it stifles productive industry at home and abroad, and destroys the labor necessary to pay taxed prices.

The continental system of Napoleon was one of the most elaborate networks of indirect taxation ever woven, and the amount of wealth it destroyed in France must have been enormous. A striking example of such destruction is found in the pages of Thiers.[17] Speaking of Marseille, formerly the queen of the Mediterranean, and since become its queen again, he says: "For 25 years she saw more than 300 vessels of commerce rotting at her quays without moving. * * * The only distraction in her distress was when some captured English merchandise was abandoned to the flames under the eyes of a people dying of hunger, watching the destruction in a few hours of riches upon which they might have lived.

"Born and brought up at Marseille", he adds, "I still recall this spectacle and seem to see the rank of motionless vessels ranged in lines from the Place de la Cannebière as far as the Fort St. Jean. A child at the time, and often on the quays, I used to study these vessels; I knew their names and appearance as one knows the houses in a familiar street, and I never saw one move during the last years of the Empire. Its fall", he says, "was the occasion of a joy such as I have never seen in any other time or circumstances."

In this way it is seen at a glance how the taxes imposed by Napoleon in support of his continental system destroyed all the wealth represented in these vessels; all the wealth their natural occupations might have created; all the wealth which might have been enjoyed and consumed by the men employed in working, loading and unloading them, during that period both at home and abroad; all the wealth burned in Marseille and at other places, together with all the wealth wasted throughout the country on account of the artificial scarcity due to such methods. Direct destruction due to taxation of this kind, such as the burning of food products or the locking up of shipping, is rarely seen in its crude forms. During the Napoleonic regime the people of central France did not see a portion of their crops and vineyards burning or rotting before their eyes, but their produce and labor were destroyed, however, exactly as in a fire by means of forced prices on one side and the strangling of the consuming powers of the people on another. And as the Indian salt tax starves the cattle and population of India, does it force English labor out of employment, reduce the returns to English shipping, force up the price of foodstuffs in the English market through the checking of tonnage in foreign ports, and react adversely upon the population of England in direct proportion to the consuming powers suppressed. Permanent and profitable commerce cannot be forced; commerce must be profitable to all concerned or cease; and where ports or markets are forced or protected by artificial fiscal methods, the nation imposing the taxes congests its wealth and checks its industrial development through the stifling of consumption.

The advantages of indirect systems have been summarized under four headings: (1) taxing the foreigner, (2) the best source of revenue, (3) convenience and security, (4) expense. Counter considerations may be presented:

1. There seems reason to believe that no nation can ever tax foreign sources in reality. Where such results are temporarily apparent, the nation burdens the unrealized possibilities of its own commerce. It is, moreover, always possible for foreign nations to retaliate in kind, so that no even apparent advantage could be gained for any length of time.

2. Indirect taxes, in order to produce important or constant revenue, must be laid upon the necessaries of life and industry. The taxation of such necessaries is, in consequence, the same thing as the direct assessment of living expenses. As the necessary living expenses of the poor form a relatively larger part of income than the necessary living expenses of the rich, the forced effects of such taxation will be the same thing as an inversely proportionate income tax; levying increasing tribute upon poverty, and exempting wealth in proportion to its amount.

3. The convenience created by indirect methods seems largely measured by the convenience of different forms of starvation, and their security dependent upon ignorance and the time necessary to bring about the inevitable political upheaval due to disproportionately placed burdens.

4. The expense of such taxation is in two ways greater than necessary: First, in order to raise revenue from consumption, it is essential to raise the price of all sources of supply, although but few of these produce revenue. Again, checks on consumption, at home or abroad, destroy the industries which might supply the suppressed demand, resulting in the loss of the wealth such markets might create.

The subject may be left with the following passages from Adam Smith and Mill. "A tax upon the necessaries of life", says the former,[18] "operates exactly in the same manner as a direct tax upon the wages of labor." To the extent in which wages are influenced by the price of provisions, wages will rise with such taxes, but, as wages are controlled chiefly by the supply and demand in the labor market, and not by the price of provisions, such taxes act as a direct burden upon wages which can apparently never raise the return to labor beyond mere subsistence as long as an unemployed supply exists.

"There are some forms of indirect taxation", says Mill,[19] "which must be peremptorily excluded. Taxes on commodities, for revenue purposes, must not operate as protecting duties, but must be levied impartially on every mode in which the articles can be obtained, whether produced in the country itself, or imported. An exclusion must also be put upon all taxes on the necessaries of life, or on the materials or instruments employed in producing these necessaries. Such taxes are always liable to encroach on what should be left untaxed, the incomes barely sufficient for healthful existence.

Taxes on consumption in the light of the foregoing considertions, are at variance with the principles laid down by Adam Smith.

[17] Histoire de l'Empire, Tome IV, Livre XXXVII, p. 243.
[18] The Wealth of Nations. Bk. V., ch. ii., p. 467.
[19] Principles of Political Economy. Bk. V., ch. vi., § 2, p. 523.

LAKE CHAMPLAIN BRIDGE

Mr. DALE. Mr. President, a bridge bill has been favorably reported by the Commerce Committee today. The Senate passed a similar bill at the last session, but too late for the House to pass it. The bill, which now comes from the House, is one on which immediate action is needed by the men who are asking for the construction of the bridge. I ask that the Senate may consider the bill now.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Is the bill on the calendar, Mr. President?

Mr. DALE. The bill is not on the calendar, but it was considered by the Commerce Committee and favorably reported this morning by the Senator from Texas [Mr. SHEPPARD].

Mr. McNARY. Is it an ordinary bridge bill, in the usual form prescribed for such measures?

Mr. DALE. Yes, sir. The Senator from Michigan [Mr. VANDENBERG] knows what the bill is.

Mr. VANDENBERG. The Senator from Vermont is entirely correct.

Mr. McNARY. I have no objection, then.

The PRESIDING OFFICER. The bill will be read.

The bill (H.R. 5793) to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929, was read, considered by unanimous consent, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress approved March 2, 1929, authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct a bridge across Lake Champlain, between a point at or near East Alburg, Vt., and a point at or near Swanton, Vt., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

EXECUTIVE REPORT OF THE FINANCE COMMITTEE

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of E. Barrett Prettyman, of Maryland, to be general counsel for the Bureau of Internal Revenue, in place of Clarence M. Charest, resigned, which was ordered to be placed on the Executive Calendar.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MURPHY in the chair), as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until tomorrow at 10 o'clock a.m., pursuant to the order heretofore entered.

The motion was agreed to; and (at 5 o'clock and 50 minutes p.m.), under the order previously entered, the Senate, as in legislative session, took a recess until tomorrow, Thursday, June 8, 1933, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 7 (legislative day of June 6), 1933

APPOINTMENTS IN THE REGULAR ARMY

The following-named cadets, United States Military Academy, who are scheduled for graduation on June 13, 1933:

To be second lieutenants, with rank from June 13, 1933

CORPS OF ENGINEERS

1. Cadet Kenneth E. Fields.
2. Cadet George Wood Beeler.
3. Cadet John Joseph Danis.
4. Cadet Duncan Hallock.
5. Cadet Alfred Dodd Starbird.
6. Cadet John Douglas Matheson.
7. Cadet Richard Davis Meyer.
8. Cadet Alden Kingsland Sibley.
9. Cadet Paul R. Gowen.
11. Cadet Marshall Bonner.
12. Cadet Lawrence Joseph Lincoln.
13. Cadet Clayton Samuel Gates.
14. Cadet James Vance Hagan.
16. Cadet Robert Campbell Tripp.
17. Cadet Edward George Herb.
18. Cadet Jonas Arthur Ely.
21. Cadet Charles Russell Broshous.
22. Cadet Percival Ernest Gabel.
24. Cadet Bernard Card.
25. Cadet Rodney Cleveland Gott.
26. Cadet Hoy D. Davis, Jr.
27. Cadet Alvin Charles Welling.
29. Cadet Douglas Charles Davis.
30. Cadet Ellsworth Barricklow Downing.

SIGNAL CORPS

38. Cadet John Edward Watters.
234. Cadet David Parker Gibbs.

CAVALRY

10. Cadet Charles Wheeler Thayer.
33. Cadet Frank Sherman Henry.
48. Cadet Howard Elwyn Webster.
72. Cadet James Hilliard Polk.
76. Cadet Donald Gordon McGrew.
91. Cadet William Gordon Bartlett.
105. Cadet Joseph Henry O'Malley.
115. Cadet Jack Wellington Turner.
136. Cadet Edward Deane Marshall.
140. Cadet David Virgil Adamson.
144. Cadet James Leo Dalton, 2d.
147. Cadet Marshall Woodruff Frame.
167. Cadet Robert Allen Brunt.
174. Cadet Sherburne Whipple, Jr.
185. Cadet Edwin Martin Cahill.
189. Cadet Anthony Frank Kleitz, Jr.
206. Cadet Joseph Edward Bastion, Jr.
213. Cadet Franklin Stone Henley.
216. Cadet Harold Lindsay Richey.
217. Cadet Charles Fauntleroy Harrison.
222. Cadet William Howard Thompson.
223. Cadet William Fant Damon, Jr.
225. Cadet Robert Evans Arnette, Jr.
226. Cadet Francis Clay Bridgewater.
229. Cadet Victor Haller King.
237. Cadet Randall Elwood Cashman.
249. Cadet Donald Cameron Cubbison, Jr.
252. Cadet Robert Harold Beans.
253. Cadet Bruce von Gerichten Scott.
263. Cadet Matthew William Kane.
265. Cadet Richard Ensign Myers.
266. Cadet Jules Verne Richardson.
268. Cadet Norman Kemp Markle, Jr.
269. Cadet Charles Edmund Voorhees.
270. Cadet Jesse Martin Hawkins, Jr.
272. Cadet Charles Ellsworth Leydecker.

FIELD ARTILLERY

19. Cadet John Thomas Honeycutt.
20. Cadet William Allen Harris.
23. Cadet John Gardner Shinkle.
35. Cadet Walter Adonis Downing, Jr.
36. Cadet Guy Cecil Lothrop.
42. Cadet Thomas Samuel Moorman, Jr.
47. Cadet Herbert George Sparrow.
49. Cadet Robert Wolcott Meals.
51. Cadet Winton Summers Graham.
53. Cadet William Livingston Travis.
54. Cadet Thomas Burns Hall.
55. Cadet Chalmer Kirk McClelland, Jr.
57. Cadet David Nicholas Crickette.
58. Cadet John Denton Armitage.
61. Cadet Paul Elton LaDue.
62. Cadet Edward Joseph Hale.
63. Cadet William Joseph Daniel.
67. Cadet Tayloe Stephen Pollock.
70. Cadet William York Frentzel.
74. Cadet Samuel Edward Otto.
79. Cadet Gerald Chapman.
82. Cadet Daniel Parker, Jr.
90. Cadet Robert Beall Franklin.
94. Cadet Paul Rudolf Walters.
95. Cadet Vernon Cleveland Smith.
102. Cadet Francis Hill.
103. Cadet Herbert Charles Plapp.
104. Cadet Lassiter Albert Mason.
109. Cadet Francis Iden Pohl.
122. Cadet Harrison King.
124. Cadet Richard Park, Jr.
125. Cadet Beverly DeWitt Jones.
126. Cadet William Hadley Richardson, Jr.
127. Cadet Frank Patterson Hunter, Jr.
128. Cadet Richard Channing Moore.
131. Cadet John Roosevelt Brindley.
134. Cadet Marcus Tague.
135. Cadet Joseph Leonard Cowhey.
138. Cadet Newell Charles James.
141. Cadet John William Ferris.
142. Cadet Robert Penn Thompson.
145. Cadet Neil Merton Wallace.
146. Cadet William Paul Whelihan.
148. Cadet Robin George Speiser.
149. Cadet William James Given, Jr.
151. Cadet Avery John Cooper, Jr.
152. Cadet Lawrence Browning Kelley.
156. Cadet Cam Longley, Jr.
157. Cadet Carlyle Walton Phillips.
158. Cadet Robert Benton Neely.
159. Cadet Phillip Henshaw Pope.
160. Cadet William John Ledward.
166. Cadet George Allen Carver.
171. Cadet James Monroe Royal, Jr.
172. Cadet Robert Totten.
173. Cadet Douglas Moore Cairns.
177. Cadet William Orlando Darby.
178. Cadet Daniel Light Hine.
181. Cadet George Thomas Powers, 3d.
182. Cadet Frank James Carson, Jr.
183. Cadet Joshua Robert Messersmith.
186. Cadet William Francis Ryan.
188. Cadet James Henry Skinner.
191. Cadet Richard John Meyer.
192. Cadet Randolph Whiting Fletter.
194. Cadet Horace Benjamin Thompson, Jr.
196. Cadet Humbert Joseph Versace.
197. Cadet Milton Fredrick Summerfelt.
198. Cadet Franklin Guest Smith.
200. Cadet Gabriel Poillon Disosway.

201. Cadet James Pugh Pearson, Jr.
204. Cadet Emile Jeantet Greco.

COAST ARTILLERY CORPS

28. Cadet William Harris Ball.
31. Cadet Robert Amrine Turner.
37. Cadet Robert Crain Leslie.
39. Cadet Francis Joseph McMorrow.
40. Cadet Charles Golding Dunn.
41. Cadet Thomas Allen Glass.
43. Cadet Harry Julian.
44. Cadet William Cunningham Reeves.
45. Cadet Dabney Ray Corum.
52. Cadet Edward Bodeau.
56. Cadet Ferdinand Marion Humphries.
65. Cadet John Joseph Lane.
66. Cadet Travis Monroe Hetherington.
68. Cadet Edgar O. Taylor.
69. Cadet Ira Whitehead Cory.
71. Cadet Thomas Kocher MacNair.
73. Cadet John Glenn Armstrong.
75. Cadet Robert Richard Lutz.
77. Cadet Harry Winfield Schenck.
78. Cadet Lamar Cecil Ratcliffe.
80. Cadet Robert John Lawlor.
81. Cadet Arthur Alfred McCrary.
83. Cadet Edgar Haskell Kibler, Jr.
84. Cadet Harold Cooper Donnelly.
86. Cadet William Oscar Senter.
87. Cadet Frank Joseph Zeller.
88. Cadet Richard Louis Matteson.
89. Cadet Sidney Francis Giffin.
92. Cadet Paul Nelson Gillon.
93. Cadet John Hardy Lewis.
96. Cadet Edward Thorndike Ashworth.
97. Cadet William Bruce Logan.
98. Cadet Lafar Lipscomb, Jr.
99. Cadet Harry Stephen Bishop.
100. Cadet Harry Sheldon Tubbs.
106. Cadet Frederic Henry Fairchild.
107. Cadet Emory Edwin Hackman.
110. Cadet Patrick William Guiney, Jr.
111. Cadet John Frederick Thorlin.
112. Cadet Frank Harris Shepardson.
113. Cadet William George Fritz.
116. Cadet Robert Worman Hain.
117. Cadet Charles Goyer Patterson.
120. Cadet Ethan Allen Chapman.
129. Cadet George Harold Crawford.
133. Cadet Samuel McFarland McReynolds, Jr.

INFANTRY

15. Cadet John Steven Conner.
32. Cadet David Warren Gray.
34. Cadet William Orin Blandford.
46. Cadet Lauren Whitford Merriam.
50. Cadet Walter August Jensen.
59. Cadet Theodore John Conway.
60. Cadet Clayton Earl Mullins.
64. Cadet Chester Arthur Dahlen.
85. Cadet Morris Oswald Edwards.
101. Cadet Herman Henry Kaesser, Jr.
108. Cadet George Hobart Chapman, Jr.
114. Cadet Henry Taylor Henry.
118. Cadet Clyde Lucken Jones.
119. Cadet Victor Edward Maston.
121. Cadet Oren Eugene Hurlbut.
123. Cadet George Warren White.
130. Cadet Harold Roth Maddux.
132. Cadet Dwight Divine, 2d.
137. Cadet George Leon Van Way.
139. Cadet Charles Henry Chase.
143. Cadet Russell Roland Klanderman.
150. Cadet Harry Nelson Burkhalter, Jr.
153. Cadet Stephen Ogden Fuqua, Jr.
154. Cadet Hardin Leonard Olson.
155. Cadet Benedict Ray.
161. Cadet Joseph Warren Stilwell, Jr.
162. Cadet Peter Paul Bernd.
163. Cadet Arthur Robert Cyr.
164. Cadet Arthur Wilson Tyson.
165. Cadet Joseph Menzie Pittman.
168. Cadet Gordon Pendleton Larson.
169. Cadet Thomas Joseph O'Connor.
170. Cadet George Rushmore Gretser.
175. Cadet Edgar Collins Doleman.
176. Cadet Cyril Joseph Letzelter.
179. Cadet Jack Wallace Rudolph.
180. Cadet John Abell Cleveland, Jr.
184. Cadet Roy Tripp Evans, Jr.
187. Cadet Raymond Emerson Kendall.
190. Cadet Paul Thomas Carroll.
193. Cadet Joseph Lockwood MacWilliam.
195. Cadet Charles Harlow Miles, Jr.
199. Cadet William Henry Baumer, Jr.
202. Cadet Earl Jacob Macherey.
203. Cadet Ralph Alspaugh.
205. Cadet Gerald Lorenzo Roberson.
207. Cadet Jewell Burch Shields.
208. Cadet Thomas Herbert Beck.
209. Cadet Maurice Evans Kaiser.
210. Cadet Benjamin Thomas Harris.
211. Cadet Gardner Wellington Porter.
212. Cadet Harry William Sweeting, Jr.
214. Cadet Cyrus Abda Dolph, 3d.
215. Cadet John Martin Breit.
218. Cadet Thomas Bowes Evans.
219. Cadet Walter Andrew Valerious Fleckenstein.
220. Cadet Franklin Gibney Rothwell.
221. Cadet Leo Harold Heintz.
224. Cadet William Gray Sills.
228. Cadet Ernest Mikell Clarke.
230. Cadet Daniel W. Smith.
231. Cadet Thomas de Nyse Flynn.
232. Cadet Harold Keith Johnson.
233. Cadet James Orr Boswell.
235. Cadet William Howard Garrett Fuller.
236. Cadet Gordon Milo Eyler.
238. Cadet Cordes Frederich Tiemann.
239. Cadet Maddrey Allen Solomon.
240. Cadet Lyle William Bernard.
241. Cadet Shelby Francis Williams.
242. Cadet Richard Glatfelter.
243. Cadet Jean Evans Engler.
244. Cadet Corwin Paul Vansant, Jr.
245. Cadet Walter Abner Huntsberry.
246. Cadet Andrew Donald Stephenson.
247. Cadet Douglas Graver Gilbert.
248. Cadet Frank Laurence Elder.
250. Cadet Amaury Manuel Gandia.
251. Cadet Samuel Abner Mundell.
254. Cadet Felix Louis Vidal, Jr.
255. Cadet Gwinn Ulm Porter.
256. Cadet Frederick Robert Zierath.
257. Cadet Robert Hulburt Douglas.
258. Cadet Carl Darnell, Jr.
259. Cadet Ira Bashein.
260. Cadet Joseph Brice Crawford.
261. Cadet Frederick William Coleman, 3d.
262. Cadet Raymond Wiltse Sellers.
264. Cadet Alton Alexander Denton.
267. Cadet Frederick William Gibb.
271. Cadet Ralph Talbot, 3d.
273. Cadet Austin Andrew Miller.
274. Cadet Henry Walter Herlong.
275. Cadet Morris King Henderson.
276. Cadet Earl Francis Signer.
277. Cadet Richard Thomas King, Jr.
278. Cadet John Daniel O'Reilly.
279. Cadet Roland Arthur Elliott, Jr.
281. Cadet Lloyd Ralston Fredendall, Jr.

282. Cadet Edson Schull.
283. Cadet Joel Lyen Mathews.
284. Cadet Royal Reynolds, Jr.
285. Cadet George Hollie Bishop, Jr.
286. Cadet Stephen B. Mack.
287. Cadet Lawrence Kermit White.
288. Cadet Graydon Casper Essman.
289. Cadet Russell Franklin Akers, Jr.
290. Cadet Claude Leslie Bowen, Jr.
291. Cadet Duff Walker Sudduth.
293. Cadet David Wagstaff, Jr.
294. Cadet Clyde Jarecki Hibler.
295. Cadet James Rhoden Pritchard.
296. Cadet James Dennis Underhill.
297. Cadet Robert Emmett Gallagher.
298. Cadet Samuel Edward Gee.
299. Cadet Alston Grimes.
300. Cadet Nelson Parkyn Jackson.
301. Cadet Frederick Otto Hartel.
302. Cadet Ivan Walter Parr, Jr.
303. Cadet William Roberts Calhoun.
304. Cadet Roy Dunscomb Gregory.
305. Cadet Karl Truesdell, Jr.
306. Cadet William Anderson Hunt, Jr.
307. Cadet Glenn Howbert Garrison.
308. Cadet Edson Duncan Raff.
309. Cadet Chester Braddock Degavre.
310. Cadet Erdmann Jellison Lowell.
311. Cadet William Agin Bailey.
312. Cadet Seymour Eldred Madison.
313. Cadet Robin Bruce Epler.
314. Cadet John Newman Scoville.
315. Cadet William Field Due.
316. Cadet Peter Demosthenes Clainos.
317. Cadet John Frederick Schmelzer.
318. Cadet Sydney Dwight Grubbs, Jr.
319. Cadet John Caldwell Price, Jr.
320. Cadet David Thomas Jellett.
321. Cadet Millard Loren Haskin.
322. Cadet Joseph Anthony Remus.
323. Cadet Ben Harrell.
324. Cadet Richard Churchfield Blatt.
325. Cadet Richard Allen Risden.
326. Cadet Joseph Ermine Williams.
327. Cadet Miller Payne Warren, Jr.
328. Cadet Stanley Nelson Lonning.
329. Cadet Robert Moore Blanchard, Jr.
330. Cadet William Wilson Quinn.
331. Cadet Charner Weaver Powell.
332. Cadet Charles Pearce Bellican.
333. Cadet Edward Spalding Ehlen.
334. Cadet Travis Albert Beck.
335. Cadet Thomas Tallant Kilday.
336. Cadet Richard Mattern Montgomery.
338. Cadet Charles Hoffman Pottenger.
339. Cadet John Roberts Kimmell, Jr.
340. Cadet William Vernard Thompson.
341. Cadet Paul Douglas Wood.
343. Cadet Gerald Carrington Simpson.
344. Cadet Robert Wilkinson Rayburn.
345. Cadet John Baird Shinberger.

APPOINTMENT IN THE PHILIPPINE SCOUTS

The following-named cadet, United States Military Academy, who is scheduled for graduation on June 13, 1933:

To be second lieutenant with rank from June 13, 1933

346. Cadet Emmanuel Cepeda y Salvador.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ORDNANCE DEPARTMENT

First Lt. William John Crowe, Cavalry (detailed in Ordnance Department), with rank from November 27, 1923.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lt. Col. Edmund Anthony Buchanan, Cavalry, from May 24, 1933.

Lt. Col. Benjamin Delahauf Foulois, Air Corps (major general, Chief of the Air Corps), from May 24, 1933.

Lt. Col. Ralph Hill Leavitt, Infantry, from May 24, 1933.

Lt. Col. Goodwin Compton, Signal Corps, from May 24, 1933.

Lt. Col. Sam Pruitt Herren, Infantry, from May 24, 1933.

Lt. Col. Fay Warrington Brabson, Infantry, from June 1, 1933.

To be lieutenant colonels

Maj. Robert Goolrick, Air Corps, from May 24, 1933.

Maj. Marshall Magruder, Field Artillery, from May 24, 1933.

Maj. Walter Putney Boatwright, Ordnance Department, from May 24, 1933.

Maj. John Piper Smith, Coast Artillery Corps, from May 24, 1933.

Maj. George Richard Koehler, Infantry, from May 24, 1933.

Maj. Oliver Seth Wood, Infantry, from June 1, 1933.

Maj. Allen Mitchell Burdett, Judge Advocate General's Department, from June 1, 1933.

Maj. Edwin Kennedy Smith, Coast Artillery Corps, from June 1, 1933.

To be majors

Capt. Joshua Dever Powers, Coast Artillery Corps, from May 24, 1933.

Capt. William Thomas Connatser, Quartermaster Corps, from May 24, 1933.

Capt. Frank Augustus Keating, Infantry, from May 24, 1933.

Capt. Richard David Daugherity, Infantry, from May 24, 1933.

To be captains

First Lt. Thomas Francis Kern, Corps of Engineers, from May 24, 1933.

First Lt. Ralph Edward Cruse, Corps of Engineers, from May 24, 1933.

First Lt. Lewis Tenney Ross, Corps of Engineers, from May 24, 1933.

First Lt. Charles Francis Baish, Corps of Engineers, from May 24, 1933.

To be first lieutenants

Second Lt. Lewis Hinchman Ham, Field Artillery, from May 24, 1933.

Second Lt. Virgil Miles Kimm, Coast Artillery Corps, from May 24, 1933.

Second Lt. Milton Merrill Towner, Air Corps, from May 24, 1933.

Second Lt. Robert Curtis White, Field Artillery, from May 24, 1933.

MEDICAL CORPS

To be lieutenant colonels

Maj. Clarence Ralph Bell, Medical Corps, from May 25, 1933.

Maj. Robert Henry Duenner, Medical Corps, from May 26, 1933.

To be captain

First Lt. Frederic Ballard Westervelt, Medical Corps, from June 3, 1933.

PROMOTIONS IN THE NAVY

Lt. Comdr. William S. Hogg, Jr., to be a commander in the Navy from the 5th day of April 1933.

Lt. William D. Sample to be a lieutenant commander in the Navy from the 14th day of January 1933.

Lt. Alfred P. Moran, Jr., to be a lieutenant commander in the Navy from the 1st day of March 1933.

The following-named lieutenants to be lieutenant commanders in the Navy from the 5th day of April 1933:

Richard B. Tuggle
Henry R. Herbst

Lt. (Jr. Gr.) William D. Brown to be a lieutenant in the Navy from the 1st day of March 1933.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

Andrew M. Jackson, Jr.
Philip C. Evans
Richard T. Spofford
Charles B. Martell
James H. Howard.
Frederick V. H. Hilles
Richard R. Briner
Harry B. Dodge
Kleber S. Masterson
Claud W. Huges
Wilfred A. Walter
Frank E. Highley, Jr.
William A. Burgett
Peter R. Lackner
Nicholas Lucker, Jr.
Herman A. Pieczentkowski
Mell A. Peterson
Burrell C. Allen, Jr.
John O. Kinert
Denys W. Knoll
Martin C. Burns
Edward S. Carmick
John R. McKnight, Jr.
Jefferson R. Dennis
John E. Lee
Henry O. Hansen
Christian L. Engleman
Robert S. Trower, 3d
Gifford Scull
Alfred E. Grove
Cyrus G. Hilton
James W. Davis
Clyde B. Stevens, Jr.
Harvey P. Burden
George M. Holley, Jr.
Robert J. Esslinger
Albert P. Kohlhas, Jr.
James D. L. Grant
Edgar J. MacGregor, 3d
Parke H. Brady
Charles W. Lord
James E. Stevens
Rowland C. Lawver
Ray E. Malpass
Roy A. Newton
Theodore T. Miller
Horatio A. Lincoln
Paul W. Hanlin
George K. Brodie
George Cook
Mervin Halstead
Mack E. Vorhees
Samuel P. Weller, Jr.
Frederick W. Laing
Hiram W. Spence
Edward Brumby
David A. Harris
Leo G. May
Nathan S. Haines
Walter W. Strohbehn
Elonzo B. Grantham, Jr.
Charles E. Earl
Montgomery L. McCullough, Jr.
Frederic C. Lucas, Jr.
Walter G. Ebert
Kyran E. Curley
Dana B. Cushing
Herbert H. Marable
Everett M. Block
Bowen F. McLeod
Josephus A. Robbins
John B. Azer
Oliver D. T. Lynch
Edson H. Whitehurst
William H. Sanders, Jr.
Walter C. Wingard, Jr.
Elias B. Mott, 2d
William L. Harmon
Ned Harrell
Burton S. Hanson, Jr.
Kelvin L. Nutting
Davis W. Olney
Oakleigh W. Robinson
George W. Foott, Jr.
Royal A. Wolverton

The following-named midshipmen to be ensigns in the Navy, revocable for 2 years, from the 1st day of June 1933:

Harold E. Ruble
Howard C. Duff
Charles W. Travis

Asst. Dental Surg. Richard H. Barrett, Jr. (temporary), to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 1st day of June 1933.

Pay Insp. John H. Knapp to be a pay director in the Navy, with the rank of captain, from the 1st day of February 1932.

The following-named midshipmen to be assistant paymasters in the Navy, with the rank of ensign, revocable for 2 years, from the 1st day of July 1933:

Howard T. Bierer
Francis L. Blakelock
Hugie L. Foote, Jr.
Herbert S. Fulmer
Donald O. Lacy
Alfred T. Magnell

Pharmacist John O. LaBrie to be a chief pharmacist in the Navy, to rank with but after ensign, from the 23d day of February 1933.

MARINE CORPS

Midshipman Gerald Roland Wright to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 1st day of June 1933.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 7, 1933

The House met at 12 o'clock noon.

Rev. Forney Hutchinson, pastor of Mount Vernon Place Methodist Episcopal Church South, Washington, D.C., offered the following prayer:

Our Heavenly Father, we are glad we can call Thee Father and feel that Thou art interested in us and concerned about us. We would begin, continue, and end everything we do with Thy blessing and favor. We come to Thee for help and strength today. We need Thee every hour.

Command Thy blessings to rest upon this assembly of Thy servants. Give them clear heads, discerning minds, and understanding hearts. Make their work here a benediction to this Nation and our sister nations throughout the earth.

Remember also the President and his Cabinet and all who have any part in the leadership of this Thy so great a people. Bless the States of this Union and all those charged with the responsibilities of leadership therein.

Remember each of us personally today. Forgive our sins. Strengthen our faith. Bless our families and our interests. Hasten the coming of Thy kingdom and help us to have some little part in it. For Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 27, 1933:

H.R. 5152. An act granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State highway route no. 27;

H.R. 5173. An act granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15;

H.R. 5476. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.;

H.R. 5480. An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; and

H.R. 5390. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

On May 29, 1933:

H.J.Res. 159. Joint resolution granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof.

On May 31, 1933:

H.R. 4014. An act to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in

conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson National Forest for the Pueblo de Taos Indians of New Mexico, and others interested, and to authorize the Secretary of Agriculture to contract relating thereto; and to amend the act approved June 7, 1924, in certain respects.

On June 3, 1933:

H.R. 4494. An act authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

On June 5, 1933:

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to dispense with Calendar Wednesday business, in order today.

The SPEAKER. Is there objection?

There was no objection.

INTERSTATE RAILROAD TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, with a House amendment thereto, disagreed to by the Senate, insist upon the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. RAYBURN, Mr. HUDDLESTON, Mr. LEA of California, Mr. PARKER of New York, and Mr. COOPER of Ohio.

APPOINTMENT OF GOVERNOR OF HAWAII

Mr. DRIVER. Mr. Speaker, I call up House Resolution 176, a privileged report from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 176

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5767, a bill to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Territories, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BUSBY. Mr. Speaker, I make the point of order that a quorum is not present. This is an important matter, and I think there should be a quorum here to listen to the debate.

The SPEAKER. The gentleman from Mississippi makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and eighteen Members present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 56]

Almon	Bolton	Buckbee	Clarke, N.Y.
Ayers, Mont.	Britten	Burke, Calif.	Connery
Bacon	Brown, Mich.	Cary	Connolly
Boland	Browning	Chapman	Corning
Crosser	Hastings	McMillan	Simpson
De Priest	Hoeppel	McReynolds	Sisson
Dingell	Hornor	May	Smith, Va.
Ditter	Howard	Meeks	Smith, W.Va.
Dobbins	Hughes	Montague	Steagall
Doutrich	Jeffers	Moynihan	Stokes
Duncan, Mo.	Kee	Muldowney	Stubbs
Fitzgibbons	Kelly, Ill.	Norton	Sumners, Tex.
Focht	Kemp	Patman	Taber
Foss	Kleberg	Peterson	Vinson, Ky.
Foulkes	Kocialkowski	Pou	Wadsworth
Gasque	Lea, Calif.	Ransley	Waldron
Gavagan	Lehlbach	Reed, N.Y.	Wallgren
Gifford	Lehr	Reid, Ill.	Warren
Goldsborough	Lesinski	Reilly	Withrow
Greenwood	Lewis, Md.	Rich	Woodruff
Haines	Lozier	Sadowski	
Hart	Luce	Sears	

The SPEAKER. Three hundred and forty-four Members have answered to their names, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

FREIGHT RATES ON FURNACE RAW MATERIALS

Mr. HUDDLESTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a short table of freight rates on furnace raw materials in my district.

The SPEAKER. Is there objection?

There was no objection.

Mr. HUDDLESTON. Mr. Speaker, in connection with the discussion of increases in railroad rates in my speech made on June 2, 1933, and as illustrative of the burdensome rates referred to, I refer to the following table:

STATEMENT SHOWING RATES ON FURNACE RAW MATERIALS IN THE BIRMINGHAM DISTRICT

Statement showing rates in cents per ton on furnace raw materials in the Birmingham district as they existed prior to Aug. 15, 1916, and as changed since that date to present time

Distances	In effect prior to Aug. 15, 1916	Aug. 15, 1916, to July 20, 1917	July 20, 1917, to June 25, 1918	June 25, 1918, to Aug. 26, 1920	Aug. 26, 1920, to July 1, 1922	Present rate effective July 1, 1922
Coal per net ton:						
Under 25 miles	12½	17½	22½	50	62½	57
25 miles and under 50 miles	20	25	30	60	75	68
50 miles and under 65 miles [1]	30	35	40	80	100	90
65 miles and under 125 miles	45	50	55	90	112½	102
Coke per net ton:						
Under 25 miles	15	20	25	50	62½	57
25 miles and under 50 miles	22½	27½	32½	60	75	68
50 miles and under 125 miles	40	50	55	90	112½	102
Limestone: [2]						
Under 25 miles	[3] 12½	[4] 17½	22½	40	[5]	40
25 miles and under 50 miles	[3] 20	[4] 25	30	50	[5]	50
50 miles and under 65 miles	[3] 30	[4] 35	40	60	[5]	60
65 miles and under 80 miles	[3] 35	[4] 40	45	70	[5]	70
80 miles and under 100 miles	[3] 40	[4] 45	50	70	[5]	70
100 miles and under 125 miles	[3] 45	[4] 50	55	80	[5]	80
Iron ore: [2]						
Under 25 miles	[3] 12½	[4] 17½	22½	50	[5]	50
25 miles and under 50 miles	[3] 20	[4] 25	30	60	[5]	60
50 miles and under 65 miles	[3] 30	[4] 35	40	70	[5]	70
65 miles and under 80 miles	[3] 35	[4] 40	45	80	[5]	[6] 80
80 miles and under 100 miles	40	45	50	80	[5]	80
100 miles and under 125 miles	45	50	55	90	[5]	90

[1] The Louisville & Nashville R.R. does not recognize the zone from 50 to 65 miles on coal, but carries the $1.12½ rate on all coal from 50 to 125 miles, inclusive.
[2] The Southern Ry. did not increase its rates on coal until Aug. 11, 1917.
[3] Gross ton.
[4] Net ton.
[5] No change.
[6] Reduced to 70 cents Apr. 6, 1927.

TARIFF REFERENCES

Southern Railway Co.:
Prior to Aug. 15, 1916, rate issue F-5524.
Aug. 15, 1916, to July 20, 1917, rate issue F-5579.
July 20, 1917, to June 25, 1918, furnace material Tariff No. 4, rate issue F-5931.
June 25, 1918, to Aug. 26, 1920, furnace material Tariff No. 6, I.C.C. A-8607.
Effective Aug. 26, 1920, under ex parte 74.
Furnace material, Tariff No. 7 I.C.C. A-8949.

Louisville & Nashville R.R. Co.:
Prior to Aug. 15, 1916, G.F.O. 1185, G.F.O. 1247, G.F.O. 1258, G.F.O. 1267, G.F.O. 1269, G.F.O. 1272, G.F.O. 1280, G.F.O. 2024.
Aug. 15, 1916, to July 20, 1917, G.F.O. 2559.
July 20, 1917, to June 25, 1918, G.F.O. 2810, I.C.C. A-14134.
June 25, 1918, to Aug. 26, 1920, G.F.O. 3297, I.C.C. A-14367.
Effective Aug. 26, 1929, under ex parte 74, G.F.O. 3703.

BIRMINGHAM, ALA., *Apr. 23, 1929.*

WHAT CONGRESS HAS DONE

Mr. DUFFEY. Mr. Speaker, last evening there was delivered over the radio an address by the Honorable HENRY T. RAINEY, of Illinois, Speaker of the House of Representatives. Many of us had the pleasure of listening to that address. I ask unanimous consent that it may be printed in the RECORD for the information of the Members.

The SPEAKER. Is there objection?

There was no objection.

Mr. DUFFEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. HENRY T. RAINEY, of Illinois, Speaker of the House of Representatives, over a national hook-up Tuesday, June 6, 1933:

Ladies and gentlemen of my radio audience, the first session of the Seventy-third Congress is approaching its close.

The economy bill, which was among the first measures passed, has been challenged by the Connally amendment to the independent offices appropriation bill. This amendment in its present form, if it should be enacted into law, will mean a loss of $170,000,000 in the economies we thought we had accomplished, and the Budget will again be out of balance. If it is adopted by the House and becomes a law, it will be necessary for Congress to remain in session and by new taxes meet the deficit this amendment will create. It is hardly possible, however, that the President will willingly permit this very large amount of money to be lost from his economy program; and while I have no authority from the President to make the statement, I have no doubt whatever that the bill will be vetoed if the Connally amendment in its present form remains in the bill, and I do not think the bill will pass over the veto of the President. We are anxious, however, to avoid this situation, and the Democratic steering committee of the House is now at work on the proposition.

Today the new regulations were issued by the President. They have to do with the compensation allowances for the veterans of the World War and the Spanish-American War. The Executive order was signed this afternoon, and the new regulations are now in effect. The regulations were made possible by the President's original direction that the tentative regulations heretofore suggested be carefully reviewed and amended. Some of the cuts in compensation of service-connected veterans were deeper than were intended, and today it seems that new taxes may be avoided and that the movement upward of prices may not be interfered with by large additional taxes.

The new regulations are more liberal even than the Connally amendment. Under them no directly service-connected veteran will be reduced in his compensation by more than 25 percent, and the average reductions will approximate 18 percent, and this regulation applies to Spanish-American War veterans, World War veterans, and peace-time veterans who have incurred a disability while with an expenditionary force engaged in a campaign or expedition such as Nicaragua, China, Russia, or Haiti. Under this regulation service-connected Spanish-American War veterans, and some even of the peace-time veterans, will receive payments very substantially in excess of those which they were receiving prior to the passage of the Economy Act.

I might suggest that with reference to World War veterans under the new regulations promulgated today by the President, those who are suffering from injuries and are receiving $150 per month for the loss of both hands or both feet, or one hand and one foot, or in any case where the veteran is so helpless as to require the aid of another, and in the case of the more severely injured, the President's new regulations increase the allowance under existing law from $150 per month to $175.

Spanish-American War veterans who are over 62 years of age and who served 90 days or more, even if their disabilities are not service-connected, are increased from $6 to $15 per month, and in the case of either World War or Spanish-American War veterans, those who are permanently and totally disabled have their compensation increased from $20 to $30 per month.

Burial and funeral expenses are also liberalized under the new regulations.

Pensions continue to be paid to children of deceased veterans up to the age of 18 years, and, in the event of a child being in an approved school or college, the pension may continue for an additional period until the completion of the course, but not beyond the age of 21 years.

The regulations also contain a provision exempting from the prohibition against payment of pensions to Federal employees, the widows of deceased veterans, and those veterans whose pay is $50 per month or less.

Under the regulations today promulgated the reasons for the Connally amendment, which appealed to those who are supporting it, are largely eliminated, and it is to be hoped that such action can now be taken in conference as will make unnecessary additional large amounts of taxes.

The Nation is obligated to take care of its disabled veterans whose disabilities can be traced to the service. Members are today being deluged with telegrams urging them to support the President's program and with telegrams urging them to support the Connally amendment. The Connally amendment is not a part of the President's program and is not recognized as such, but it is to be hoped that the proponents of the so-called Connally amendment will be willing now to agree to continue their support of the President's program in the future as they have in the past, especially in view of the regulations which have today been promulgated.

THE RECONSTRUCTION PROGRAM

Congress has been in session now for only 3 months of time, but during that period of time a most remarkable and astounding program of legislation has been either enacted into law or is in process of enactment and soon will be enacted.

Nineteen bills are embraced in the President's program. Every one of these bills has been passed by the House except the bill which would authorize the President by reciprocal measures to make tariff changes in order to restore in large measure international trade. This bill must originate in the House. It is now in the process of being drafted and will be submitted soon. It will not require much time and will quickly pass.

In all the history of legislative bodies nothing approaching the amount of important legislation passed by the present House has even been dreamed of in an equal period of time. The President and the Congress have worked harmoniously. Party lines have been to a large extent obliterated. Congress will remain in session until his program of legislation is completed.

EFFECTS OF PROGRAM ALREADY IN EVIDENCE

Already the effects of it are being felt. The huge machine we are building, although not yet complete, has commenced slowly but surely to function, and the result is an increase in prices of commodities, a very perceptible decrease in unemployment, and there are no longer any hunger marches on the National Capital. Order is being restored throughout the land. The last veterans' march on the Capital completely disintegrated when the veterans, assembled here in a camp just south of Washington, accepted employment in the forest army. Factories are opening. On our markets stocks which have a real value are increasing in price, and hope is returning to the people of the United States, and what we accomplish here will have its favorable reaction throughout the entire world.

We have already passed and enacted into law the emergency banking and gold control bill, the bill for the legalization of beer, the economy bill—which soon will have the effect of balancing the Budget—the bill providing for the forest armies, the bill providing for the regulation of Muscle Shoals. The Tennessee Valley development and the Muscle Shoals development have been rescued completely from the Water Power Trust. We passed the bill providing a half billion dollars for direct relief, and we passed the farm relief bill and the inflation act. The Glass-Steagall banking bill is nearing disposal. The independent offices appropriation and economy bill will be in conference in a day or two, and in that conference we hope veterans' compensation matters will be worked out so as to avoid a Presidential veto; but if the veto is not sustained, there must be another large oppressive taxing bill. The bill providing for the extension of gasoline taxing measures, postage reduction, and the transfer of the electric tax from the householder to the companies is in conference and will soon be enacted into law. The reconstruction finance insurance corporation bill will soon be signed by the President and will become a law. The bill canceling the gold clause in existing contracts will soon be enacted into law. The railroad reorganization bill has passed both Houses. The public-works industrial-control tax measure has been passed by the House and will soon be enacted into law. The home-mortgage bill has been passed by the House and will soon become a law, and the measure providing for a regulation of the oil industry can be expected to pass within the next few days. We have also passed a bill protecting the public against fraudulent sales of securities.

Any two of these measures would have been a sufficient accomplishment in addition to the supply bills for any one session of Congress, and any administration could have pointed with pride to its achievements if it had passed only two of these measures in one session of Congress. But our national recovery depends upon the passage of all of them.

On the 4th day of March the people of the United States viewed with fear and despondency the outlook. From every hand came the crash of failing banks. For 12 years of time, and through three administrations, there had been no attempt to ward off approaching dangers. We occupied our time passing supply bills and raising the tariff. We hailed our economic isolation as a matter of national pride. We insisted upon our economic right to sell to all the world and buy little in return. We called attention to stock-market booms, and when the collapse came we ignored existing conditions, proposed no remedies, but simply insisted that prosperity was just around the corner, that brokers' loans were not too high and never had been. The depression was only temporary. We denied the proposition that the civilizations and cultures of different sections of the world are more closely interwoven than they ever had been.

But all these conditions and these theories came abruptly to an end on the 4th day of March of this year. In the days which have passed since then our entire national and international policies have been completely revised and changed, and this has been possible because back of the leadership which comes from the White House there has been a universal support, a universal chorus of approval.

Two days after the inauguration of the President of the United States a hand of steel reached out from the White House and

closed every bank in the country. The people did not know what it meant. Banks did not know what it all meant, but everybody knew that in the future there would be no weak, vacillating leadership from the White House, and hope commenced to take the place of gloom and despondency.

The reforestation army will soon be at work in our forests—250,000 of them. Those who will be admitted first are now receiving the preliminary training which develops them physically and which restores their self-respect. They can be discharged whenever they can find a better job, a job which pays more money than $1 a day and sustenance, and it will not be much longer until jobs which will pay more than that will be available in greater number than for the last 12 years of time.

Perhaps among all the bills we have passed, first in importance comes the economy bill, under which we expect soon to balance the Budget. It was passed through the House 3 or 4 days after the convening of the House in extra session. Without this bill our approaching national solvency would be impossible, and it is to be hoped that it will not be destroyed in part by the Connally amendment.

Of equal importance perhaps is the Farm Relief and Inflation Act. This is probably in its scope the most far-reaching measure ever passed by any legislative body in all the Christian centuries. It has for its object the restoration of farm prices, and it has already commenced to operate even in advance of the promulgation and enforcement of the regulations which are now being prepared. This bill also carried with it the reorganization of our entire farm-loan system, so as to eliminate unnecessary overhead expenses, to reduce the interest farmers pay, and to provide for necessary moratoriums. It carried also the inflation act, which in brief authorizes the President to revaluate the gold ounce, to coin silver free, and to issue currency against bonds. He can adopt either one of these measures, or he can adopt any two of them or all of them as may seem to him necessary in order to meet the international economic war which is being waged now against us.

Congress has not abandoned any of its functions. We have not created a dictator. This is still a representative government and it will remain a representative government through the ages. What Congress has done by its constructive measures is to build a great economic machine and we have authorized the President to take control. We have authorized him to become the engineer in charge of the operation of the machine, and this is all, and no more competent engineer could be found. A strong leadership comes now from the White House. A superman is there, combining all the idealism and the initiative of a Wilson with the energy of a Jackson and the wide statesmanship of a Jefferson.

DANGER POINT PASSED

In our movement upward we have passed now the danger point, and if the support and confidence of the people of the United States will continue—and it will—we will soon be on a direct and a broad road to a permanent recovery. We must not expect too much in too short a time. This is not an age of miracles. We cannot hurry too much national recovery, but it will come, and it is coming. Already the rainbow of hope appears in the cloudy skies ahead of us and with a renewed confidence we journey toward it, and perhaps in due time, if we continue our advance and our support of the policies of the administration, we will be able to find the treasures which lie at its foot.

THE ECONOMIC CONFERENCE

Already our delegates are on the seas proceeding to the London Economic Conference. It has been said that we never win a conference and we never lose a war, but the indications are that we are going to win this conference. Back here in the United States, while the conference is in progress, we have armed the President with a battery of economic guns which he can fire if occasion warrants. We are the strongest nation economically in the world.

The hopeful thing for us is that during the present administration of Franklin D. Roosevelt in a short period of time we have abandoned our theories as to our own self-sufficiency. We are recognizing now that in order to be prosperous ourselves the rest of the world must prosper. From the President of the United States comes the statement with reference to the London Economic Conference that "it must come to its conclusions quickly. The world cannot wait deliberations long drawn out." I have just quoted the President's language. In advance of the conference came the President's message to the heads of the 54 nations of the world.

OUR ISOLATION POLICIES ABANDONED

Recently President Coolidge announced with reference to our international relations that we must be "independent, detached, and disinterested." In the last few days we have completely separated ourselves as a nation from that theory.

He also said in one of his messages, "Our financial favors are wide-spread", and he referred to our humanitarian interests in the rest of the world. Our financial favors have been wide-spread, but they have been distributed in a way which has crippled us and in a way which has not benefited the recipients. We have stopped talking now about charity.

Even after the panic of 1929 under the administration then in control we still insisted that we were self-sufficient. We still insisted that we had no need of the rest of the world. We still insisted that we could get out of our troubles alone, and we proceeded to build our tariff walls higher than ever and persuaded ourselves that we were protected and that we were completely detached and that that was what we wanted to be.

In his radio address of 4 weeks ago President Roosevelt said, and I quote his language, "The domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world", and he continued by saying there can be no permanent prosperity in this country "unless we get a return to prosperity all over the world."

Our entire national methods of thought have changed in less than 3 months of time. Secretary of State Hull recently, in his chamber of commerce address, said, "It is now clear that no nation can live and thrive by itself. The proponents of the policy of economic isolation are now silent as to its world effect, but are still unable to offer any basic remedy for business recovery except this broken-down and discredited policy. They can only point to its colossal failure as a guaranty of its future ability to improve business conditions."

Congress will soon adjourn, and the attention of this country and of the world will then be directed to the London Economic Conference. The completion of our program of legislation, the balancing of our Budget, our own trend toward recovery, our own abandonment of the idea that we are self-sufficient, the fact that we have armed the President here with weapons to enforce favorable world action in the London Conference—all these combined will have its effect on this important conference, and after its conclusion it cannot longer be said of us that we always win our wars and lose our conferences.

Our work after the adjournment of Congress will be to convince the world that the nations of the world must trade with each other, that none of them are self-sufficient. We will be fighting in the London Conference for a restoration of world prosperity, and when we have won that fight we have insured that complete and lasting economic recovery which will then be an accomplished fact.

I thank you.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; and

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4220) for the protection of Government records.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1094) to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes.

APPOINTMENT OF GOVERNOR OF HAWAII

Mr. DRIVER. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, the purpose of the rule now offered is to make in order the consideration of H.R. 5767, which was debated and voted on on the floor on Monday last under a motion to suspend the rules. The motion was defeated under the requirement of a two-thirds vote by a vote of 2. This rule, if adopted, will make possible the right of the majority to legislate in Congress. The bill H.R. 5767 was prepared and offered by the Committee on the Territories in obedience to a request by the President of the United States to the Congress on the 22d day of May, reciting that particular reasons existed why the organic act for the Territory of Hawaii should be changed to permit the selection of a Governor of that Territory without regard to the qualifications fixed in the organic act, as amended in 1921. The House, of course, is advised that one of the requirements that enter into the

selection of a Governor of the islands possession is that he shall be a resident of Hawaii.

It is the evident purpose of the President to make selection of this Governor from the continental area, although the bill as proposed by the Committee on the Territories still would permit selection of a resident of Hawaii.

There is very little I can say to you gentlemen that was not said in the course of the debate on Monday, but I do say to you that when the President of the United States appeals to the Congress for the privilege of making selection of an executive for the important island possessions of Hawaii, it is one that should have a favorable response from this legislative body. You are not entirely unfamiliar with some criticisms made of conditions in the islands with respect to law and order. Defense has been made to those allegations, and representatives of some departments of our Government have been especially charged with the duty of visiting the islands and making an investigation to ascertain the correctness of the most serious charges made. We have reports from those representatives to the effect that they have no organized crime in Hawaii. Possibly the racketeering that prevailed in the continental area has not prevailed in the islands, but the very fact that conditions are such as to justify this bill warrants the most serious consideration at the hands of the lawmaking body.

Evidently there are conditions that disturb and seriously interfere with the proper administration of the laws. Evidently factionalism exists in the islands to an extent. Evidently the local conditions are such as to make desirable and possibly necessary for a disregard of the qualifications of residence in order to remove the executive official of the islands from the midst of such factional differences.

Another thing I want to impress upon this body is the fact that the legislation we have passed recently with respect to the freedom of the Philippine Islands—and no one doubts that within a limited time we will remove ourselves entirely from that sphere of activity—will leave this possession the outpost, the frontier of our Nation, and a place where we must necessarily pin the defense that we must erect in order to properly secure the west coast of the Nation. Therefore is it unreasonable to conceive that the warrant of authority requested is based upon the necessity of giving more thorough attention to this great outpost and making it more secure for the protection of the people of our Nation, and especially the west coast of the United States?

As a rule, I am far removed from offering for consideration ex parte statements, and sometimes I am inclined to doubt the wisdom of offering newspaper articles respecting conditions that exist. I have had sufficient touch with the administration of judicial affairs to convince me that frequently what appears to be a perfect case, upon more mature reflection and opportunity for development of facts and circumstances bearing upon the matter dealt with, will appear that the facts are entirely different from those quoted. Therefore I am reluctant to offer for the consideration a newspaper article, but in view of the fact that there is so much controversy over conditions at this particular place, I feel that an article appearing in the Post this morning is a matter that should be at least offered for the consideration of the House within that limitation. It bears very largely on the conditions that have been reported to us at various periods of time.

HONOLULU, TERRITORY OF HAWAII, June 6.—An alleged outbreak of attacks on Army and Navy men here by civilian gangs has caused concern in high military and naval circles, it was reported tonight.

It was understood General Wells and Admiral Yates Stirling had sent reports to Washington.

Lieuts. Leroy Hudson and Walter Lee, Army aviators, were being treated in a hospital tonight, after allegedly being beaten by civilians. Arthur Carter, Melvin Paoa, Brede Karratti, and John Kamana were arrested as suspects.

The officers, driving with women companions, were halted by another machine and allegedly beaten. Unconscious, they were left on the banks of the Alawai Canal, near the place where Thalia Fortescue Massie was attacked last year.

If this article is based on fact, it is only a continuation of the unfortunate conditions that have developed and continued in the island for at least the past 2 years. It seems to me there must be some prejudice there against our Army and Navy officials and its personnel. I do not know the justification for it. These reports come to us to the effect that they have no organized crime in this island; that the conditions there will compare more than favorably with the prevalence of law and order than in the continental United States; and they may be true, but somewhere, somehow, these things continue to occur; and if permitted to occur, necessarily will increase such prejudice against the personnel of our Army and Navy, which must eventuate in trouble, if trouble does not exist now. The best time to treat the ills of human kind is when evidence of the disease appears.

Mr. BLANTON. Will the gentleman yield?

Mr. DRIVER. I yield.

Mr. BLANTON. Day before yesterday, when the motion was made to suspend the rules and pass this bill, it then received 222 votes for it, with only 114 votes against it; but it failed to pass because it required a two-thirds majority. If 2 votes had changed, the bill would have passed by a two-thirds vote. Many of those votes against it were caused by the ridiculous assertion from the Republican side that the author of the so-called "Companionate Marriage" was going to be appointed, which was absolutely without foundation.

Now, if we only lacked 2 votes the other day of passing it by a two-thirds vote, and under this rule today it can be passed by a bare majority of 1 vote, and we understand there is no chance of Ben Lindsey being appointed, why should we not move the previous question on this rule and pass it, and then pass the bill without further loss of time?

Mr. DRIVER. I have no doubt the House will pass the bill. We have brought in a rule to make it possible for a majority of this House to function in a legislative way. It is an open rule providing for 1 hour's general debate. The bill is then to be read for amendment under the 5-minute rule. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, the present Democratic-controlled House, having already passed legislation to a large degree that has destroyed the confidence of the average American citizen in the integrity of a contract in financial matters with the Federal Government, is now proposing to pass another measure that to a certain degree is going to destroy, or at least limit to a certain degree, the rights of citizenship in this country.

If this bill, affecting primarily the rights of the people of Hawaii, is indicative of the "new deal" the Democrats are going to give this country in the next 4 years, the Lord have mercy upon the average American citizen.

If there has ever been a rule that is absolutely inexcusable, I am sure this one is at the present time. This is a special session of Congress called for the distinct purpose of passing reconstruction measures of the President, measures that in some way it is hoped will rehabilitate this country and bring us out of the depression.

The only possible way I can see that this bill will work along this line is that it may make it possible for the President to appoint some deserving Democrat who has done good work in the last campaign to a fat political job. This is the real politics in this bill, and every man in this House knows it.

May I call the attention of the Members of the House to the Democratic platform of 1928. Hawaii was not mentioned in their last platform. I should like to read to the Members of the House what they said relative to Alaska and Hawaii in 1928. That statement reads as follows:

We favor the development of Alaska and Hawaii in the traditional American way, through self-government. We favor the appointment of only bona fide residents to the offices in the Territory.

That is the profound announcement of your Democratic Party in national convention. [Applause.]

If your action today is an indication of how you are going to interpret the promises made in your national platform, I fear for the effect on the country.

Mr. Speaker, the only reason given on the floor of the House for making this change in the law is that the President has requested it. I have listened to the debate very carefully, and I have read it since it was had on Monday. Every man said, "I know very little about it, but the President of the United States has requested it."

I also read the request of the President. He says he wants to appoint a forward-looking, experienced man. Would we expect the President of the United States to appoint any other kind of a man to an important executive position? Let me tell you Members on the other side of the aisle that if the President wants that kind of a man, he can do no better than to continue in office the present Governor of the Territory. [Applause.] That man has made one of the best records as chief executive of that island of any governor in any of the States during the past depression. The only reason I can see why you want to change it is that you have found out they have $10,000,000 in the treasury and you want to divide it among deserving Democrats.

It takes special qualifications to fit a man to be Governor of Hawaii. He should be a man who knows the problems of the island. He should know the problems of the various races that make up that diversified population, and no man can know these problems except one who has been there for some time and has given himself to the work of the islands and in helping to solve their problems. When you bring a man from the continental United States who, perhaps, has never visited the islands, and ask him to be chief executive, you have done a great injustice to a very important part of our people.

While no reason has been given for it, there are plenty of reasons why it should not be done. In the first place, Mr. Speaker, every single inhabitant of the islands, every man, whether Republican or Democrat, is absolutely opposed to the legislation you are proposing to pass here today. It is not very often Republicans and Democrats unite on anything, but here is one time and one place where they are absolutely united. They want a man who is a resident of the islands to be appointed as chief executive over the islands. Further, we have absolutely gone back on our word when we made the original agreement with these people that the Governor of the islands should be a resident of the islands.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I yield.

Mr. RANKIN. In what document was any such agreement ever made?

Mr. SNELL. In the original Organic Act which made the islands a part of the United States.

Mr. RANKIN. That does not happen to be the treaty.

Mr. SNELL. It is part of the fundamental law of the islands that the Governor of the islands should be a resident thereof. It has always been considered that he should be a resident of the islands.

Mr. RANKIN. Is it a law we passed here? It is not in the treaty annexing Hawaii to the United States.

Mr. SNELL. It is part of the original agreement, and the gentleman well knows it. No reason has ever been given on the floor of the House why we should violate or change that law. [Applause.]

Mr. LLOYD. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I yield.

Mr. LLOYD. Is it not part of the very enabling act itself under which we took the islands over?

Mr. SNELL. I have always understood it was one of the conditions upon which they became an integral part of this country.

Mr. MOTT. Mr. Speaker, will the gentleman yield that I may give him a citation of the authority supporting his statement?

Mr. SNELL. It is in the original law setting up the government of the islands.

Mr. MOTT. It is in the original law. When Congress in 1899 took up the matter of making the organic law for Hawaii, they sent to Hawaii a commission of 5 members, 2 of whom were residents of Hawaii, and the entire commission reported this provision back.

Mr. SNELL. The gentleman from Arkansas, who presented this resolution, has spoken about the importance of these islands as an outpost of the United States. I appreciate well their importance to this country; but let me tell you, my friends, we better be very careful not to violate our agreement when they do hold such an important place in the defense of this country. When you consider their crime record ever since they have been a part of this country, no man has the right to point the finger of scorn at the present constituted government of the islands.

I maintain there has not been a word said anywhere about why we should do this, and it is simply a political move from start to finish, against the solemn mandate of your own party in convention assembled. [Applause.]

It seems to me it is a rather anomalous situation to have this bill introduced providing for carpetbag government of Hawaii by a Member from Mississippi and the rule presented by a Member from Arkansas. [Laughter.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. SNELL. If there is one part of this country that protested against carpetbag government—and I was always in sympathy with you in that protest—it is your part of the country, and when you consider that a majority of the men representing that part of the United States today are going to pass legislation to put carpetbag government in another part of the United States, it is beyond my comprehension of fair play and beyond my conception of what Representatives ought to do under such circumstances. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, I know very well, of course, that nothing I can say here this afternoon will prevent the passage of this bill, yet I feel I should not let this occasion pass without at least giving my views of the reason this legislation should not become law.

Of all the amazing legislation which the House of Representatives has passed this year, this seems to me the most extraordinary. I do not speak from a political or partisan standpoint, but I deeply and earnestly feel that the House of Representatives in passing this bill today will commit itself to something which is justified in no way by morals or justice.

Mr. Speaker, Hawaii came into the Union under very particular circumstances. You could compare it with the way in which Texas came into the Union. The islands were not purchased, they were not conquered territory, they became a part of our Republic with the full wish and acquiescence of the inhabitants of that country, and in giving this acquiescence they relied on the good faith of the United States, on the promise of the United States to observe with them the compact by which they became a part of this Republic, and that compact is to be violated today. I do not know why it is to be violated. I am not imputing political motives to the President of the United States in asking for this legislation, but surrounding it all there is an air of the greatest mystery, an air such as surrounded a little while ago a bill that came down from the State Department to the House of Representatives—and for which I spoke upon this floor, and which was afterward passed—and when it was passed was repudiated, or practically repudiated, by the State Department.

I listened with the greatest of interest and earnestness to what the very able gentleman from Arkansas [Mr. DRIVER] said here, and I am a warm admirer and respecter of his; but, Mr. Speaker, if the change in Hawaii's organic law is asked on account of a crime committed a year or two ago in these islands or on account of two or three incidents which have occurred since that time, we might very well

look to ourselves, because I have been in the islands and I know something about conditions there. I know these islands are law-abiding, far more, I would say, than almost any section of the United States with which I am acquainted. In all the history of these islands there have been no such barbarous crimes as we have seen committed North and South, East and West in this country of ours during many years past. If for the reason of that crime alone we are singling out a single incident against the people of these islands in order to justify ourselves in giving to them an alien Governor—alien, at least, in the sense of coming from continental United States—it is not a good reason. This is not a good excuse. These people are a law-abiding people. I was on the great island of Hawaii, large as the State of Connecticut, not long ago, and I do not know how exact this information may be, but I was told that in 20 years past there had been but one murder committed upon that island, by a Filipino who had killed his employer, and who was promptly tried and sentenced for his crime.

The islands are, of course, as the gentleman from Arkansas said, of the utmost importance to the United States. Is it not of the utmost importance to us that we yield some respect to the wishes of their people, that we select from out of the great body of descendants of missionaries and other people of fine American stock who are living in those islands today a Governor who will know and who will have the opportunity of judging what is best for the people of this beautiful part of our country? [Applause.]

The SPEAKER pro tempore (Mr. MARTIN of Oregon). The time of the gentleman from Michigan has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker and Members of the House, I would appeal to you gentlemen of the House as I would appeal to a jury, and I would qualify you as I would qualify a juror by asking you if you will give fair and impartial consideration to the evidence. If there is no evidence you, as jurors, should find against the petitioner. There is no evidence, and there was none before the committee.

These islands were, as has been stated, annexed to the United States in 1898. The Organic Act was adopted in 1900. Section 5 of the rOganic Act provides that the Constitution and all the laws of the United States which are not locally inapplicable shall have the same force and effect within said Territory as elsewhere in the United States. Thereby the Constitution of the United States became the Constitution of the islands, and the laws of the United States became the laws of the islands.

Now, section 4 provides that all persons who were residents of the Republic of Hawaii on August 12, 1898 "and all the citizens of the United States, who shall hereafter reside in the Territory of Hawaii for 1 year, shall be citizens of the Territory of Hawaii."

The gentleman from Mississippi said there was no contract or covenant with the people of Hawaii and that there was nothing in the Organic Act in relation to the qualifications of the Governor. Let me read from section 66:

He—

That is the Governor—

shall be not less than 35 years of age; he shall be a citizen of the Territory of Hawaii.

Therefore no one could be Governor unless be had resided there for 1 year or more.

In 1921 section 66 of the act was amended by inserting after the provision that the Governor shall be a citizen of the Territory of Hawaii the requirement that he shall have resided therein 3 years next preceding his appointment in lieu of the 1-year residential requirement.

There was a reason for the amendment of that act in 1921. The principal reason was that L. E. Pinkham had been appointed Governor and he was not a bona fide resident of Hawaii at the time of appointment. He had been in the Philippine Islands and China gathering up coolie labor for the sugar plantations and when he was appointed Governor he brought with him a lot of carpetbaggers with resulting misrule and dissatisfaction. That was the principal reason why the act was amended.

Now, it is proposed to allow the President to appoint someone from the mainland. It is perfectly obvious that the appointment is to be given a mainlander, else the power would not be sought.

The other day the gentleman from Arkansas [Mr. RAGON] referred to the Constitution of the United States as being dressed with the silver buckles, the powdered wigs, and long stockings of 150 years ago. Gentlemen, you have been stripping the Constitution of the United States every day since this session began. Here today you propose to further strip the Constitution of the United States as it relates to the people of Hawaii by appointing a man from the mainland, taking away its protection from the people of the islands.

The purpose of the Constitution of the United States was to establish justice. What justice is there in taking away from the islands their Governor? The purpose of the Constitution was to insure domestic tranquillity. How do you insure domestic tranquillity by appointing a man from the mainland? How do you secure the blessings of liberty to the Hawaiians by giving to the President the power to take away their Governor and appoint an outsider?

Mr. Speaker, I yield back the balance of my time. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker, I have been to the Hawaiian Islands twice. At one time I spent some 30 days on the different islands. With others, we met the Governors who were there, Governors like former Governors Frear and Farrington, men who were the equal of any Member here. Some of them were eminent lawyers, even chief justices of the islands. There is no State in this whole country or anywhere we have exercised jurisdiction that is better governed or that has shown greater progress than have the Hawaiian Islands. I have wondered as I listened to this discussion what we would say if England should again be in a position to overturn the will of our people by a pronouncement, "Let us appoint a Governor from England and give him complete authority and jurisdiction over one or more States." That is one thing that caused the war by a free people who resented such officials and opposed by a revolution. If we opposed such practices, why should we seek to impose political carpetbaggers on the Hawaiians? These Hawaiian people have made a wonderful record, and I understand they are all opposed to this bill that ignores their own people and wishes in such appointments. Under this bill you will have the President advised as to whom he shall appoint as Governor. You have just had some such advice that may be well to study now. The distinguished Director of the Budget, and the head of the Bureau of Veterans, have advised the President on proper treatment to be accorded disabled veterans. Their voice is greater than that of Congress. Are you going to follow the advice of such men on the Hawaiian Governorship? The people of the Hawaiian Islands want to make their own selection, just as you want it in Texas and other States. Would you have someone appointed Governor from the mainland who is without sympathy for the Hawaiians? We would not want such a thing to happen in any State, and I remind you that while we have done so in Puerto Rico and the Philippines, these are not American Territories but "possessions" with a different status. I would want the people to select their own Governor, and I believe that right should also go to our "possessions." I say to you gentlemen, whether Democrats or Republicans, you should permit the islands to select their own Governor. That privilege they ask, and in the effort to grab political plums, let us play fair with the Hawaiians. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Speaker, very able speeches have been delivered here, and there is nothing I can add to them

except to say that I, too, visited the Hawaiian Islands 16 years ago. I went over there with some 21 Members of the House and Senate, members of the Committee on Territories. Mrs. Lundeen taught school over there for 1 year. We believe in the islands, we know the islands, and we know their capacity for self-government. If you were to leave this question today to Members of the House and Senate who have actually traveled in the islands and who know the people and know the conditions there, you would have an overwhelming vote against this bill.

In this debate Members frequently refer to the Hawaiian Islands as though there were but one island. It is true that there is only one large city—Honolulu—in the Hawaiian group of islands. This city is located on the island of Oahu. Here is located the seat of government of these islands.

The largest island in the group is the island of Hawaii. Upon this island are located the famous snow-capped extinct volcanoes—Mauna Loa, with an elevation of 13,675 feet above sea level, and Mauna Kea, with an elevation of 13,825 feet above sea level. On this island is also located the world's greatest active volcano—Kilauea—near Hilo, the largest city of the island of Hawaii. To see this fiery crater at night is the most awe-inspiring scene in all this earth.

We have had the pleasure of visiting Puuwaawaa ranch, a ranch of about 100,000 acres, owned and operated by Senator Robert Hind and family, and the marvels of that ranch and its surrounding territory are beyond my powers of description; and we hope some day to return to these islands and her people.

Our committee made a careful survey of these islands. We had a most delightful journey through the beautiful and fertile island of Kauai. Interisland steamers connect these various islands with passenger and transport service. There is also airplane service between the islands.

There are a number of other islands which are of importance in the group, and it would be well for our good citizens to get a map of the Hawaiian Islands—and I am sure you can get that by writing to the very able and distinguished Delegate in Congress from the Territory of Hawaii, the Honorable LINCOLN L. MCCANDLESS, who I am sure will be glad to furnish information and maps concerning these islands.

From a naval and military point of view these islands are of tremendous importance. They hold the key to the Pacific and the southern oceans. For more than 2,000 miles between the California coast and these islands there is an unbroken sea with not an acre of land, until finally you come upon this paradise of the Pacific, where cultured ladies and gentlemen reside—as fine a type of American citizen as can be found underneath the American flag. They are law-abiding, patriotic, American citizens, and their record in that respect far exceeds the record of the mainland, and I want to say that anyone who reflects upon these beautiful, wonderful islands and their splendid people because of any one incident which may have occurred among her people is not using good judgment. You must look over a period of a hundred years and more of history and take the average, and when you have done that you will find that they have a glorious history and that they are a splendid and a wonderful people, descended from the best races of Europe and that the Asiatics who are there are employed as servants of these people, who are highly educated, well financed, and well equipped to govern their islands. I want to say that they compare favorably with the finest and best people we have in any State of the American Union. I know, because I have lived among them for 28 days. I know, because Mrs. Lundeen, known to the people of the Hawaiian Islands as Norma Ward, served there as a teacher for more than a year, met these people every day, saw their children, noted their progress, and came back with the highest praise for these islands and her people.

Mrs. Lundeen was born in San Francisco, Calif., and frequently came in contact with the leading citizens of these islands and knows well these fine people. I have known Governors of the Hawaiian Islands personally. I have known their Delegates in Congress, both now and 16 years ago, including Prince Jonah Kuhio Kalanianaole, an able and distinguished gentleman, who served continuously for 20 years in the American Congress, and nothing can shake my confidence in their ability and in their integrity and in their patriotism.

To take from them self-government and send carpetbagging Governors in there, in order to pay off some political debt to some Democrat who does not know A B C about these islands, is an injustice to these people and a blow at their pride in their Hawaiian State. In my opinion, the Hawaiian Islands ought to be a State in the American Union, with 2 Senators and 1 or more Representatives in Congress.

I am in favor of keeping the islands well fortified. I am in favor of maintaining their harbors in a high state of efficiency, so that our warships may find shelter there and our merchant fleet in our very expanding Pacific trade may find there a port and a refuge.

There are seven good-sized islands in this group of surpassing interest and scenic beauty. I would like to have Members of Congress go out to these islands and try to tell these people that they are not capable of self-government. They would come back thoroughly ashamed of any such inference or reference, and they would come back to this floor and assert that they are as capable of self-government as any State in the Union, and that they are governing themselves as wisely as any one of our 48 States.

Very few people know that these islands have tremendous sugar industries, and that their pineapple fields are among the largest in the world, if not the largest; that their canneries fill our vegetable cellars with all sorts of wonderful canned goods; that their fisheries are of great importance.

But far and above all, these islands are the outlying bulwark and protection for the western coast of these great United States. It behooves us well to maintain good will with these fine people, and it ill behooves us to cast any reflections upon them, and it is a serious mistake to take any measure of self-government from them. We need their hearty cooperation, and in some day of great future trial and trouble, when Uncle Sam will need all of his children, he will find that in the front rank of the defenders of America, stand the Hawaiian people, sons and daughters of pioneers, missionaries, and natives, and others, who inhabit the islands; and they will form an invincible bulwark against any foreign foe that may seek entrance to our Pacific coast.

These people are highly intelligent; they have traveled widely and American citizens who have been their guests in the islands will not look with any favor upon any hostile action taken against the Hawaiian Islands here today.

I was glad to come to the floor on Monday and add my voice and vote which in part resulted in the defeat of this proposed measure and now we are being faced with a Democratic rule from the Rules Committee which seeks to force down the throats of these people, government from the mainland, administration by people who do not understand the islands and their people. I am against this rule and I am against this bill.

I hope my good friends in the Hawaiian Islands will know that I stood by them and that I helped fight their battle for Hawaii. [Applause.]

Mr. DRIVER. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, our friend from New York [Mr. SNELL] seems to forget past history. Mr. Pinkney was not born on these islands. He came from the great Commonwealth of Massachusetts. Mr. McCarthy was not born on these islands. He came from the great city of San Francisco.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a short question?

Mr. BLANTON. In a moment. Governor Farrington, a Republican appointee, was not born on the islands. He came, likewise, from the great Commonwealth of Massachusetts. Oh, it is all right when Republicans are doing the

selecting and the appointing. When they picked a Governor General for Puerto Rico, did they pick a resident of the islands? No; they picked our good friend and former colleague from Iowa, Mr. Horace Towner, from this very House, and sent him to Puerto Rico to preside over and control those people in a foreign land. It was all right then. It was Republican procedure under Snell regime.

I yield to the gentleman from New York.

Mr. SNELL. As a matter of fact, so far as I know there is nothing said about a man being born on the islands. The law provides that he must be a resident of the islands at the time of the appointment. That is the law. Why not confine yourself to the law?

Mr. BLANTON. I cannot yield further. Did you know that such a distinguished American citizen from the mainland as Theodore Roosevelt, Jr., a Republican, the son of an illustrious sire, was Governor General of Puerto Rico? Did you know that he was afterward made Governor General of the Philippines? He came from the mainland.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I am sorry, but I cannot.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Oh, just one minute. I want to get something out of my system. The gentleman from New York says that we ought not to do this because it is politics, it is partisanship, it is patronage, that the President just wants to remove a Republican and put in a Democrat. If that were the only reason, I would say it would be sufficient. I want to see every Republican officeholder in this Government removed and a good loyal outstanding Democrat put in his place. [Applause.]

The gentleman from New York forgets that just as soon as the Republican Party came into power it removed every Democratic postmaster in the country and put in their places Republican postmasters, who ever since have been donating out of their little salary so much per month to the Republican campaign fund. Every postmaster in my State has been donating to that fund, and we are here to put a stop to it.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I decline to yield, Mr. Speaker. There is not one word in the treaty with Hawaii that requires us to appoint a man from that country; not one word. Get that! I challenge the minority leader, with all of his astuteness, I challenge him to produce one syllable of that treaty that shows that we are under obligation to appoint someone from Hawaii. There is not one word.

Mr. SNELL. Will the gentleman yield?

Mr. BLANTON. No. Just a minute.

Mr. SNELL. I accept the gentleman's challenge.

Mr. BLANTON. Not from the treaty.

Mr. SNELL. I said the organic act. I did not say the treaty.

Mr. BLANTON. Oh, I am talking about the treaty.

Mr. SNELL. Well, we are talking about the organic act.

Mr. BLANTON. You cannot mix up this bill.

Mr. SNELL. And you were quoting me.

Mr. BLANTON. I decline to yield to the former Chairman of the Rules Committee, Mr. Speaker.

Oh, there was an act of Congress passed; not a word in the treaty. There was an act of Congress passed, that somebody got through, requiring them to be there 1 year. Any Congress on earth can change its own acts whenever it gets ready. They first made it 1 year. Then when the Republicans got in, under the Snell regime in 1921, they were afraid that we Democrats would come back and remove their Republicans and so in 1921 they enlarged that and passed another statute, raising it to 3 years. [Laughter.] If they can raise it from 1 year to 3 years, why cannot we obliterate the one and go back to where we were under the treaty? We have the same right.

Now, the lawyer who spoke from the other side of the aisle said he wanted to qualify you as a jury. I want to qualify you in behalf of the United States Government. I want to ask you whether or not you know of a single reason, when you come to vote on this question, that would prevent you from rendering a fair and impartial verdict on this matter to the people of the United States; to the 120,000,000 people of this mainland. Is there anything that keeps you from rendering a fair and impartial trial to them?

We know those factions are existing there now. All the junketeers that have been over to Hawaii years ago and have returned have been banqueted there. They know that the present Governor is weak. They know he cannot control the situation over there. They know about the Massie crime. They know about the crime that occurred there yesterday. I want to say that the President of the United States wants permission to pick an outstanding American, an American of good judgment, an American of wisdom and sagacity; a man who has knowledge of how to mix with people; a man who knows how to make friends with them; a man who is able to earn and deserve their confidence. No Ben Lindsey is going there. No authors of free love are going there. No authors of companionate marriage are going there. It is going to be an outstanding American of whom you will be proud and I will be proud.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BLANTON. Yes; I yield to my friend.

Mr. O'MALLEY. Do you think it will be a Democrat or a Republican who will get this job?

Mr. BLANTON. Well, what does the gentleman think about it?

Mr. O'MALLEY. I do not know. I am asking you.

Mr. BLANTON. While I cannot speak for the President of the United States, I know he is not going to put a man over there who is not a loyal, 100-percent Democrat. [Applause and laughter.]

I want to tell the minority leader that before we celebrate Christmas eve, before he hears the sleigh bells jingling again, we are going to have a good Democrat in every single post office in the United States [applause and laughter], and we are going to have Democrats running this Government again.

Why, it is so easy for Brother SNELL to think about Mellon. He has been used to cutting melons, and he has been associating with melon cutters so long that he imagines the President has looked up and found out that there is $10,000,000 in the Treasury that could be split up and divided. That does not do you justice, Brother SNELL. You are not the SNELL I have always thought you were if you have such thoughts as that. That is beneath your dignity.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman obey the rules of the House.

Mr. BLANTON. That is beneath the gentleman's dignity.

Mr. SNELL. Mr. Speaker, I ask that the gentleman sit down.

Mr. BLANTON. I have not transgressed the rules of the House.

Mr. LEHLBACH. Mr. Speaker, I ask that the words of the gentleman from Texas be taken down.

Mr. BLANTON. I am willing to have them taken down.

Mr. CLARKE of New York. I move that they be expunged.

The SPEAKER pro tempore [Mr. MARTIN of Oregon]. The gentleman from Texas will take his seat.

Mr. BLANTON. At Republican command.

Mr. LEHLBACH. Mr. Speaker, I make the point of order that the gentleman should sit down.

Mr. BLANTON. At Republican command.

Mr. LEHLBACH. Mr. Speaker, I insist on the point of order.

Mr. BLANTON. The gentleman is going to sit where he damn pleases.

Mr. LEHLBACH. I insist on my point of order. That is not his seat.

The SPEAKER pro tempore [Mr. MARTIN of Oregon]. The gentleman from Texas will take his seat in the seats provided for Members of Congress. [Applause.]

Mr. LEHLBACH. Mr. Speaker, I still insist that the gentleman take a proper seat.

The SPEAKER pro tempore. The Chair will take care of the situation. The gentleman will take his seat in the seats provided for Members of Congress.

Mr. BLANTON. Mr. Speaker, I rise to a question of privilege.

The SPEAKER pro tempore. The Sergeant at Arms will remove that chair.

Mr. BLANTON. Mr. Speaker, I rise to a question of privilege.

Mr. LEHLBACH. Mr. Speaker, the gentleman is out of order and may not be recognized.

The SPEAKER pro tempore. A point of order is pending.

Mr. BLANTON. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER pro tempore. The gentleman from Texas must take his seat. There are plenty of seats.

A MEMBER. Take this seat.

Mr. BLANTON. It was a Democrat, not a Republican, who gave me this seat.

The SPEAKER pro tempore. The Clerk will report the words objected to.

Mr. LEHLBACH. The words objected to are the words immediately preceding my request.

The SPEAKER. The Clerk will report the words objected to.

The Clerk read as follows:

He has been so used to cutting melons and has been associated with melon cutters so long that he imagines the President has looked up and found out there is $10,000,000 in the Treasury that could be split up and divided. That does not do you justice, Brother SNELL. You are not the SNELL I have always thought you were if you have such thoughts as that. That is beneath your dignity.

Mr. RANKIN. Mr. Speaker, I make the point of order that that does not violate the rules of the House.

The SPEAKER. The Chair is ready to rule.

Under the rules a Member may not refer to another Member by name.

Mr. RANKIN. Mr. Speaker, I make the further point of order that the gentleman did not refer to him except either as "Mr." or "Brother" SNELL, expressions that are frequently used on the floor of the House.

The SPEAKER. A Member may not do that, though, as the Chair understands the rules.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to substitute "Mr." for "Brother."

Mr. LEHLBACH. Mr. Speaker, I make the point of order the gentleman from Texas may not be heard.

Mr. BLANTON. Mr. Speaker, I withdraw the "Brother SNELL" part and put in place thereof "the gentleman from New York, the minority leader."

Mr. BRUMM. Mr. Speaker, I object.

Mr. BLANTON. I was inquiring what Mr. SNELL meant when he said he thought the President wanted to divide a $10,000,000 melon.

The SPEAKER. The Chair thinks the remainder of the remarks hold the gentleman from New York up to ridicule, and that is a violation of the rule.

Mr. LEHLBACH. Mr. Speaker, I make the request that there be added to the words taken down the words which the gentleman from Texas spoke when directed by the Speaker pro tempore to take his seat. The gentleman from Texas said:

I will sit where I damn please.

Mr. BLANTON. Mr. Speaker, I did not say that to the Chair. I said that to the gentleman from New Jersey [Mr. LEHLBACH], and I repeat it to him.

Mr. RANKIN. Mr. Speaker, I move that the gentleman from Texas be permitted to proceed in order.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 263, nays 92, answered "present" 3, not voting 72, as follows:

[Roll No. 57]

YEAS—263

Abernethy	Dies	Kennedy, N.Y.	Richardson
Adair	Dingell	Kenney	Robertson
Adams	Dobbins	Kerr	Robinson
Allgood	Dockweiler	Kloeb	Rogers, N.H.
Arnold	Doughton	Kniffin	Rogers, Okla.
Auf der Heide	Douglass	Kopplemann	Romjue
Ayres, Kans.	Doxey	Kramer	Rudd
Bailey	Drewry	Kvale	Sabath
Bankhead	Driver	Lambeth	Sanders
Beam	Duffey	Lamneck	Sandlin
Beiter	Duncan, Mo.	Lanham	Schaefer
Berlin	Durgan, Ind.	Lee, Mo.	Schuetz
Biermann	Eagle	Lemke	Schulte
Black	Eicher	Lesinski	Scrugham
Bland	Elizey, Miss.	Lindsay	Sears
Bloom	Faddis	Lloyd	Secrest
Boylan	Farley	Ludlow	Shallenberger
Brennan	Fernandez	McCarthy	Shannon
Brooks	Fiesinger	McClintic	Sinclair
Brown, Ky	Fitzgibbons	McCormack	Sirovich
Brown, Mich.	Fitzpatrick	McDuffie	Smith, Va.
Brunner	Flannagan	McFadden	Smith, Wash.
Buchanan	Fletcher	McFarlane	Snyder
Buck	Ford	McGrath	Somers, N.Y.
Bulwinkle	Fuller	McGugin	Spence
Burch	Fulmer	McKeown	Steagall
Burnham	Gambrill	McMillan	Strong, Tex.
Byrns	Gasque	McSwain	Stubbs
Cady	Gillespie	Major	Studley
Caldwell	Gillette	Maloney, Conn.	Sullivan
Cannon, Mo.	Glover	Maloney, La.	Sutphin
Cannon, Wis.	Goss	Mansfield	Swank
Carden	Granfield	Marland	Sweeney
Carley	Gray	Martin, Colo.	Tarver
Carpenter, Kans.	Green	May	Taylor, S.C.
Cartwright	Gregory	Mead	Terrell
Cary	Griffin	Miller	Thom
Castellow	Griswold	Mitchell	Thomason, Tex.
Celler	Hamilton	Monaghan	Thompson, Ill.
Chavez	Hancock, N.C.	Moran	Tinkham
Church	Harlan	Morehead	Tobey
Clark, N.C.	Hart	Murdock	Truax
Cochran, Mo.	Harter	Musselwhite	Turner
Coffin	Hastings	Nesbit	Umstead
Colden	Healey	O'Brien	Underwood
Cole	Henney	O'Connell	Utterback
Collins, Miss.	Hildebrandt	O'Connor	Vinson, Ga.
Colmer	Hill, Ala.	O'Malley	Wallgren
Condon	Hill, Knute	Oliver, Ala.	Walter
Connery	Hill, Samuel B.	Oliver, N.Y.	Wearin
Cooper, Tenn.	Hoeppel	Owen	Weaver
Cox	Hoidale	Palmisano	Weideman
Cravens	Howard	Parks	Werner
Crosby	Huddleston	Parsons	West, Ohio
Cross	Imhoff	Patman	West, Tex.
Crowe	Jacobsen	Pettengill	Whittington
Crump	Jeffers	Peyser	Wilcox
Cullen	Jenckes	Pierce	Williford
Cummings	Johnson, Okla.	Polk	Williams
Darden	Johnson, Tex.	Prall	Wilson
Dear	Johnson, W.Va.	Ragon	Wood, Ga.
Dean	Jones	Ramspeck	Wood, Mo.
Delaney	Keller	Randolph	Woodrum
DeRouen	Kelly, Ill.	Rankin	Young
Dickinson	Kemp	Rayburn	Zioncheck
Dickstein	Kennedy, Md.	Reilly	

NAYS—92

Allen	Darrow	James	Peavey
Andrew, Mass.	Dirksen	Jenkins	Perkins
Andrews, N.Y.	Ditter	Johnson, Minn.	Powers
Arens	Dondero	Kahn	Ransley
Bacharach	Doutrich	Kelly, Pa.	Reece
Bakewell	Dowell	Kinzer	Rogers, Mass.
Blanchard	Eaton	Knutson	Seger
Boileau	Edmonds	Lambertson	Snell
Bolton	Eltse, Calif.	Lehlbach	Stalker
Brumm	Englebright	Luce	Stokes
Burke, Nebr.	Evans	Lundeen	Strong, Pa.
Busby	Focht	McLean	Swick
Carter, Calif.	Foss	McLeod	Taylor, Tenn.
Carter, Wyo.	Gibson	Mapes	Traeger
Chase	Gilchrist	Martin, Mass.	Turpin
Christianson	Goodwin	Martin, Oreg.	Watson
Clarke, N.Y.	Hancock, N.Y.	Merritt	Welch
Cochran, Pa.	Hess	Millard	Whitley
Collins, Calif.	Higgins	Milligan	Wigglesworth
Connolly	Hollister	Montet	Withrow
Cooper, Ohio	Holmes	Mott	Wolcott
Crowther	Hooper	Parker, Ga.	Wolverton
Culkin	Hope	Parker, N.Y.	Woodruff

ANSWERED "PRESENT"—3

Beedy	Blanton	Dunn

NOT VOTING—72

Almon	Boland	Carpenter, Nebr.	Crosser
Ayers, Mont.	Britten	Cavicchia	De Priest
Bacon	Browning	Chapman	Disney
Beck	Buckbee	Claiborne	Fish
Boehne	Burke, Calif.	Corning	Foulkes

Frear	Kurtz	Muldowney	Sisson
Gavagan	Lanzetta	Norton	Smith, W.Va.
Gifford	Larrabee	Peterson	Sumners, Tex.
Goldsborough	Lea, Calif.	Pou	Taber
Greenwood	Lehr	Ramsay	Taylor, Colo.
Guyer	Lewis, Colo.	Reed, N.Y.	Thurston
Haines	Lewis, Md.	Reid, Ill.	Treadway
Hartley	Lozier	Rich	Vinson, Ky.
Hornor	McReynolds	Richards	Wadsworth
Hughes	Marshall	Ruffin	Waldron
Kee	Meeks	Sadowski	Warren
Kleberg	Montague	Shoemaker	White
Kocialkowski	Moynihan	Simpson	Wolfenden

So the motion was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Corning with Mr. Bacon.
Mr. Almon with Mr. Gifford.
Mr. Lozier with Mr. Fish.
Mr. Boehne with Mr. Kurtz.
Mr. McReynolds with Mr. Beck.
Mr. Disney with Mr. Frear.
Mr. Greenwood with Mr. Simpson.
Mr. Sumners of Texas with Mr. Wadsworth.
Mr. Warren with Mr. Rich.
Mr. Crosser with Mr. Treadway.
Mr. Gavagan with Mr. De Priest.
Mr. Vinson of Kentucky with Mr. Britten.
Mr. Kleberg with Mr. Guyer.
Mr. Taylor of Colorado with Mr. Moynihan.
Mr. Pou with Mr. Wolfenden.
Mrs. Norton with Mr. Buckbee.
Mr. Browning with Mr. Reed of New York.
Mr. Lewis of Maryland with Mr. Waldron.
Mr. Chapman with Mr. Taber.
Mr. Goldsborough with Mr. Cavicchia.
Mr. Larrabee with Mr. Marshall.
Mr. Montague with Mr. Thurston.
Mr. Boland with Mr. Hartley.
Mr. Claiborne with Mr. Reid of Illinois.
Mr. Peterson with Mr. Muldowney.
Mr. Meeks with Mr. Shoemaker.
Mr. Sisson with Mr. Foulkes.
Mr. Ayers of Montana with Mr. Ramsay.
Mr. Burke of California with Mr. Ruffin.
Mr. Haines with Mr. White.
Mr. Smith of West Virginia with Mr. Carpenter of Nebraska.
Mr. Hughes with Mr. Homer.
Mr. Richards with Mr. Kee.
Mr. Lehr with Mr. Sadowski.
Mr. Lewis of Colorado with Mr. Kocialkowski.

The result of the vote was announced as above recorded.

The SPEAKER. The gentleman from Texas will proceed in order. [Applause.]

Mr. LEHLBACH. Mr. Speaker, I make a privileged motion. I move that the words spoken by the gentleman from Texas in Committee of the Whole House on the state of the Union and reported to the House be expunged from the RECORD.

Mr. RANKIN. Mr. Speaker, I make the point of order the gentleman is too late.

Mr. BLANTON. Mr. Speaker, I have the floor. I have been recognized by the Chair.

Mr. RANKIN. I make the point of order that the gentleman from New Jersey is too late. That motion should have been made before the motion was made and carried to permit the gentleman from Texas to proceed in order.

Mr. O'CONNOR. If the gentleman will yield, we are not in Committee of the Whole; we are in the House.

Mr. RANKIN. We have not been in the Committee of the Whole House on the state of the Union. If the gentleman will watch the mace, he will know that.

Mr. LEHLBACH. I am perfectly aware of that.

The SPEAKER. The Chair thinks the motion is in order. There has been no intervening business.

The question is on the motion to expunge from the RECORD the remarks referred to by the gentleman from New Jersey [Mr. LEHLBACH].

Mr. BANKHEAD. Mr. Speaker, a good many Members were absent when the words were spoken by the gentleman. I ask unanimous consent that they may be again reported.

The SPEAKER. Without objection, the remarks referred to will be again reported to the House.

The Clerk again read the words referred to.

Mr. OLIVER of Alabama. Mr. Speaker, I move to amend the motion of the gentleman from New Jersey [Mr. LEHLBACH] by including in the language to be stricken out the language used by the gentleman from New York, which reflects on the President. [Applause.]

Mr. SNELL and Mr. LEHLBACH rose.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry. If the gentleman will refer to the language I used, that is unparliamentary——

Mr. OLIVER of Alabama. The gentleman from Texas has quoted it and by clear implication it reflects upon the President.

Mr. BLANTON. I will read it.

Mr. LEHLBACH. Oh, no; the gentleman will read nothing.

Mr. SNELL. If the gentleman will refer to any language I made reflecting on the President of the United States, I will gladly apologize for it and ask that it be stricken out, but I want the exact language and not what the gentleman from Texas states I said.

Mr. OLIVER of Alabama. Permit me to say that with that statement of the gentleman, if he will now have the language read and stricken out, I will not offer the amendment.

Mr. SNELL. But I want my exact language.

Mr. BLANTON. Mr. Speaker, I move that the following language of the gentleman from New York [Mr. SNELL] be stricken from this RECORD, which reads as follows, and I quote from the stenographic report——

Mr. LEHLBACH. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. There is pending before the House a motion in the form of an amendment to my motion. Therefore, anything that the gentleman from Texas [Mr. BLANTON] may now move is not presently in order.

Mr. OLIVER of Alabama. My motion covers it.

Mr. LEHLBACH. And, Mr. Speaker, this being the first opportunity I have had, I make a point of order against the amendment offered by the gentleman from Alabama on the ground that the amendment to my motion is not germane. We are dealing with language reported to the House and uttered by the gentleman from Texas, and language spoken in Committee by anybody else is not a germane amendment, to my motion.

Mr. BLANTON. Mr. Speaker, if the gentleman from New York will withdraw his language about the President, I will withdraw mine about him, but he ought to withdraw that first, and I want the gentleman from Alabama to read the language.

Mr. BANKHEAD. If the gentleman will yield, in order that this issue may be clarified I suggest the gentleman from Texas point out specifically the language of the gentleman from New York [Mr. SNELL] that he objects to.

Mr. BLANTON. Let me read it, and it was the language I took exception to.

Mr. BANKHEAD. Have it reported from the Clerk's desk.

Mr. SNELL. Mr. Speaker, there is a point of order pending.

Mr. LEHLBACH. Mr. Speaker, my point of order is that the amendment offered by the gentleman from Alabama [Mr. OLIVER] is not germane to my motion.

The SPEAKER. The Chair sustains that point of order.

Mr. LEHLBACH. Then I ask recognition on my motion, Mr. Speaker.

The SPEAKER. The gentleman from New Jersey is recognized.

Mr. LEHLBACH. Mr. Speaker, I think it is about time that we respected our dignity as a legislative body and showed, as a matter of self-respect, individually and collectively, that we have no sympathy with the clowning exhibited here on the floor.

Mr. Speaker, I move the previous question on the motion.

Mr. RANKIN. Mr. Speaker, I make a point of order, and demand that that language be taken down.

The previous question was ordered.

The SPEAKER. The question now is on the motion of the gentleman from New Jersey.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were 75 ayes and 141 noes.

Mr. LEHLBACH. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PARSONS. A parliamentary inquiry, Mr. Speaker. I should like to know whether or not this is a filibuster and what is the purpose of it?

The SPEAKER. That is not a parliamentary question.

Mr. DICKSTEIN. Mr. Speaker, may we have the remarks of the gentleman from Texas again reported?

There being no objection, the Clerk again reported the remarks.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the remarks of the gentleman from New York be read.

Mr. LEHLBACH. I object to that, Mr. Speaker. The gentleman cannot interrupt a roll call in that way.

The SPEAKER. Objection is heard. The Clerk will call the roll.

The question was taken; and there were—yeas 112, nays 238, answered "present" 4, not voting 76, as follows:

[Roll No. 58]

YEAS—112

Allen	Ditter	Jenkins	Pettengill
Andrew, Mass.	Dondero	Johnson, Minn.	Powers
Andrews, N.Y.	Doutrich	Kahn	Ransley
Arens	Dowell	Kelly, Pa.	Reece
Bacharach	Eaton	Kinzer	Rogers, Mass.
Bakewell	Edmonds	Knutson	Seger
Beck	Eltse, Calif.	Kurtz	Snell
Beedy	Englebright	Kvale	Stalker
Blanchard	Evans	Lambertson	Stokes
Boileau	Fish	Lehlbach	Strong, Pa.
Bolton	Focht	Lloyd	Swick
Brumm	Foss	Luce	Taylor, Tenn.
Burke, Nebr.	Frear	Lundeen	Tinkham
Burnham	Gibson	McFadden	Tobey
Busby	Gilchrist	McGugin	Traeger
Carter, Calif.	Gillespie	McLean	Treadway
Carter, Wyo.	Goodwin	McLeod	Turpin
Chase	Goss	Mapes	Wadsworth
Christianson	Guyer	Marshall	Watson
Clarke, N.Y.	Hancock, N.Y.	Martin, Mass.	Welch
Cochran, Pa.	Hancock, N.C.	Millard	Whitley
Collins, Calif.	Hess	Milligan	Wigglesworth
Connolly	Higgins	Montet	Withrow
Cooper, Ohio	Hollister	Mott	Wolcott
Crowther	Holmes	Parker, Ga.	Wolfenden
Culkin	Hooper	Parker, N.Y.	Wolverton
Darrow	Hope	Peavey	Woodruff
Dirksen	James	Perkins	Young

NAYS—238

Abernethy	Crosby	Griffin	Major
Adair	Cross	Griswold	Maloney, Conn.
Adams	Crosser	Hamilton	Maloney, La.
Arnold	Crowe	Harlan	Mansfield
Auf der Heide	Crump	Hart	Marland
Bailey	Cullen	Hastings	Martin, Colo.
Beam	Cummings	Healey	May
Beiter	Darden	Henney	Mead
Berlin	Dear	Hildebrandt	Miller
Biermann	Deen	Hill, Ala.	Mitchell
Black	Delaney	Hill, Knute	Monaghan
Bland	Dickinson	Hill, Samuel B.	Morehead
Bloom	Dickstein	Hoidale	Murdock
Boehne	Dies	Howard	Musselwhite
Boylan	Dingell	Huddleston	Nesbit
Brennan	Disney	Hughes	O'Brien
Brooks	Dobbins	Imhoff	O'Connell
Brown, Ky.	Dockweiler	Jacobsen	O'Connor
Brown, Mich.	Doughton	Jeffers	O'Malley
Browning	Douglass	Johnson, Okla.	Oliver, Ala.
Brunner	Doxey	Johnson, Tex.	Oliver, N.Y.
Buchanan	Drewry	Johnson, W.Va.	Owen
Buck	Driver	Jones	Palmisano
Bulwinkle	Duffey	Keller	Parks
Burch	Duncan, Mo.	Kelly, Ill.	Parsons
Byrns	Durgan, Ind.	Kemp	Patman
Cady	Eagle	Kennedy, Md.	Peyser
Caldwell	Eicher	Kennedy, N.Y.	Pierce
Cannon, Mo.	Ellzey, Miss.	Kenney	Polk
Cannon, Wis.	Faddis	Kerr	Pou
Carden	Farley	Kloeb	Prall
Carley	Fernandez	Kniffin	Ragon
Carpenter, Kans.	Fiesinger	Kopplemann	Ramspeck
Carpenter, Nebr.	Fitzgibbons	Kramer	Randolph
Cary	Fitzpatrick	Lamneck	Rankin
Castellow	Flannagan	Lanham	Reilly
Celler	Fletcher	Larrabee	Richards
Church	Ford	Lee, Mo.	Robertson
Clark, N.C.	Fuller	Lesinski	Robinson
Cochran, Mo.	Fulmer	Lindsay	Rogers, N.H.
Coffin	Gambrill	Lozier	Rogers, Okla.
Colden	Gasque	Ludlow	Romjue
Collins, Miss.	Gillette	McCarthy	Rudd
Colmer	Glover	McClintic	Sabath
Condon	Granfield	McFarlane	Sanders
Connery	Gray	McGrath	Sandlin
Cooper, Tenn.	Green	McKeown	Schaefer
Cravens	Gregory	McSwain	Schuetz
Schulte	Stubbs	Thompson, Ill.	West, Ohio
Scrugham	Studley	Truax	West, Tex.
Sears	Sullivan	Turner	Whittington
Secrest	Sutphin	Umstead	Wilcox
Shallenberger	Swank	Underwood	Williford
Sirovich	Sweeney	Vinson, Ga.	Williams
Smith, Va.	Tarver	Wallgren	Wood, Ga.
Smith, Wash.	Taylor, Colo.	Walter	Wood, Mo.
Snyder	Taylor, S.C.	Wearin	Woodrum
Somers, N.Y.	Terrell	Weaver	Zioncheck
Spence	Thom	Weideman	
Strong, Tex.	Thomason, Tex.	Werner	

ANSWERED "PRESENT"—4

Blanton	Dunn	Lambeth	Shoemaker

NOT VOTING—76

Allgood	DeRouen	Lewis, Colo.	Rich
Almon	Foulkes	Lewis, Md.	Richardson
Ayers, Mont.	Gavagan	McCormack	Ruffin
Ayres, Kans.	Gifford	McDuffie	Sadowski
Bacon	Goldsborough	McMillan	Shannon
Bankhead	Greenwood	McReynolds	Simpson
Boland	Haines	Martin, Oreg.	Sinclair
Britten	Harter	Meeks	Sisson
Buckbee	Hartley	Merritt	Smith, W.Va.
Burke, Calif.	Hoeppel	Montague	Steagall
Cartwright	Hornor	Moran	Sumners, Tex.
Cavicchia	Jenckes	Moynihan	Taber
Chapman	Kee	Muldowney	Thurston
Chavez	Kleberg	Norton	Utterback
Claiborne	Kocialkowski	Peterson	Vinson, Ky.
Cole	Lanzetta	Ramsay	Waldron
Corning	Lea, Calif.	Rayburn	Warren
Cox	Lehr	Reed, N.Y.	White
De Priest	Lemke	Reid, Ill.	Wilson

So the motion of Mr. LEHLBACH was rejected.

The following pairs were announced:

Until further notice:

Mr. McDuffie with Mr. Merritt.
Mr. Rayburn with Mr. Lemke.
Mr. Steagall with Mr. Sinclair.
Mr. McMillan with Mr. Moynihan.
Mr. McReynolds with Mr. Richardson.
Mr. Sumners of Texas with Mr. Utterback.
Mr. Kleberg with Mr. Weideman.
Mr. Lea of California with Mr. Smith of West Virginia.
Mr. Kee with Mr. Martin of Oregon.
Mr. Wilson with Mr. Hornor.

Mr. GREEN. Mr. Speaker, my colleague [Mr. PETERSON] was called away on account of the serious illness of his father.

The result of the vote was announced as above recorded.

Mr. RANKIN. Mr. Speaker, I withdraw my demand that the words of the gentleman from New Jersey be taken down.

Mr. BLANTON. Mr. Speaker, I am deeply grateful to my Democratic colleagues for protecting me in my rights here. In general debate, the minority leader, Mr. SNELL, used the following language:

> Mr. Speaker, the only reason given on the floor of the House for making this change is that the President requested it.

Then he later said:

> The only reason I can see why you want to change it is that you have found out that they have $10,000,000 in the Treasury and you want to divide it among deserving Democrats.

It was the gentleman from New York [Mr. SNELL] who made the above serious accusation. That brought forth my reference to it. I made a mistake in brothering the minority leader, and I will not do it any more. [Laughter and applause.] I advise you Democratic Members on the floor not to brother any Republican in the House on the floor.

What did the gentleman from New York [Mr. SNELL] mean when he said that all on earth the bill meant was to divide $10,000,000 among deserving Democrats? Does he mean that the Democrats want to steal from the Hawaiian people $10,000,000? If he did, and that is what the words mean, I had a right to tell him that it was beneath the dignity of the minority leader, and it is beneath the dignity of any leader of the great Republican Party on the floor to attribute such a purpose to our present Democratic organization. [Laughter.]

Oh, that laughter comes from the Republican side, too. If there had been no such assertion from the gentleman from New York, Mr. SNELL, there would have been no such remarks from me.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman from Texas is out of order in calling my name.

The SPEAKER. The point of order is sustained.

Mr. SNELL. Mr. Speaker, I ask that the gentleman from Texas take his seat.

Mr. BLANTON. Mr. Speaker, I put my language properly. I said if there had been no such aspersion from "the gentleman from New York, Mr. SNELL", which is in order. I had a right to use that language.

The SPEAKER. The Chair thinks it is improper to refer to any gentleman by name.

Mr. BLANTON. If there had been no aspersion from the gentleman from New York, the minority leader, I would not have made my remarks, but, Mr. Speaker, there is "a new deal" in this House now. You Republicans used to try to hamstring me every time I got on this floor. They have done me injustice after injustice under Republican rule, but, thank God, there is now a new deal in this House. The Democrats are in power, and you Republicans cannot do injustice any more.

Mr. Speaker, I ask unanimous consent that the improper remarks I read from the gentleman from New York, together with my reference to him, and also the very improper speech of the gentleman from New Jersey be stricken from the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MAPES. Mr. Speaker, I object.

Mr. BLANTON. Well, my remarks stay in then, in answer to the gentleman from New York, in defense of the President of the United States, and the Democratic administration. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 30 seconds to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Speaker, the gentleman from Texas has just made a very unfair reference to the expenses of the investigation trips made by Members of Congress to the Hawaiian Islands. When I went over there in 1917 with a group of Members from the House and Senate—21 in all—the Legislature of the Territory of Hawaii generously provided for the expense.

The unbounded good will and hospitality of the Hawaiian Islands is well known throughout the world, and no reflection against that good will and hospitality will be left unchallenged as long as I am a Member on this floor.

This trip did not cost Uncle Sam a dollar. Members paid their own way to St. Louis, and from there on we were taken care of by Territorial money. It is very important that members of the Committee on Territories—and I was then a member of that committee—should investigate at first hand the Hawaiian Islands and the Alaskan Territory. The boundless resources of these islands and the Alaskan Territory cannot be appreciated unless there is first-hand contact with the Territories and their people. Both of these Territories are veritable storehouses of wealth, and Members of Congress would do well to take of their time and their own money to visit these remote places where the American flag flies in the sky as it does on the mainland and where a pioneer people are still maintaining the pioneer spirit.

Mr. Speaker, I want the splendid people of the wonderful Hawaiian Territory to know that Members of Congress appreciate their hospitality and their good will, and that we will never forget them. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I think it has been rather unfortunate that the attention of the House has been distracted by what has taken place here during the last hour or so from the consideration of the resolution before the House, a resolution involving as it does the fundamental right of a people to self-government. It ought to be considered seriously. It ought not to be befogged or lost sight of by any bickerings here between the Members of the House or by the consideration of any questions of cheap partisan politics. It is an important matter. It relates to the right of a people to self-government. It is of vital importance to the people of Hawaii. The fact that this resolution is before the House today is a striking indication of the distance that the Democratic Party has traveled from its leadership of a few years ago under President Wilson. It is a far cry from his policy of self-determination and the right of self-government of the peoples of small nations to this resolution. That policy was perhaps the most important one of the 14 points announced by President Wilson as the basis for settling the World War. The passion for self-government is inherent in all people, and there is no reason why the people of the Hawaiian Islands should not continue to have this right, the same as they have had since they became a part of the United States.

What is the resolution before the House? What does it propose? I have before me the report of the committee reporting the resolution. It quotes section 66 of the Hawaiian Organic Act. There has been some dispute as to whether this right to be governed by one of their own number was ever assured to the people of the Hawaiian Islands. It was assured to them in the organic act according to the report of the committee. Section 66 provides, so the report says, that the executive power of the government of the Territory of Hawaii shall be vested in a Governor who shall be appointed by the President, and among other qualifications—

> He shall not be less than 35 years of age.

Then the pertinent language, so far as this resolution is concerned, is as follows:

> Shall be a citizen of the Territory of Hawaii, shall have resided therein for at least 3 years next preceding his appointment.

That language of existing law is to be stricken out, if the resolution before us is passed, and there is to be substituted in its stead the following:

> Shall be a citizen of the United States.

The gentleman from Texas [Mr. BLANTON] called attention to the fact that the Governor of the Philippine Islands and the Governor of Puerto Rico are usually natives of continental United States. The cases are not parallel at all. Alaska and Hawaii are Territorial possessions of the United States; they are a part of the United States. The Philippines and Puerto Rico are insular possessions, and the same rule does not apply to the Territorial possessions that applies to the insular possessions.

Reference has been made here to the Democratic platform of 1928. I call the attention of Republicans at least to the plank in the Republican platform of 1932 on this subject. It expressly declared:

> We believe that the existing status of self-government which for many years has been enjoyed by the citizens of the Territory of Hawaii should be maintained, and that officials appointed to administer the government should be bona-fide residents of the Territory.

Mr. Speaker, this is not a question of partisan politics. It is a question of the fundamental right of a people to self-government, and it ought to be settled upon that basis. [Applause.]

Mr. DRIVER. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, this "tempest in a teapot" which brought forth the unparliamentary language of my colleague from Texas was in part justified by the language used by the minority leader from New York. He talked about the Democrats, meaning, I suppose, the administration, "dividing $10,000,000 among deserving Democrats." Of course, if you take the number of Democrats who voted in the last election, that would be just about 50 cents a piece.

The Republicans were never such pikers. [Laughter.] They used to take about $500,000,000 a year under a high protective tariff and divide it among about 12 of their chief campaign contributors [applause], and in the course of 12 years they took between four and five billion dollars, and under the guise of "tax refunds" also divided that money among their chief campaign contributors [applause]; so that we Democrats are only "small fry" when it comes to putting our hands into the Public Treasury. The compliment is ours, that we do know "division", which the Republicans never knew. [Applause and laughter.]

Now, this proposition before us is a simple matter. On May 22, 1933, the President of the United States sent the following message to Congress requesting this authority:

To the Congress:

It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion. In making my choice, I should like to be free to pick either from the islands themselves or from the entire United States the best man for this post. I request, therefore, suitable legislation temporarily suspending that part of the law which requires the Governor of Hawaii to be an actual resident of the islands.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 22, 1933.*

The President has not said he is going to appoint any person other than a resident of Hawaii. All this talk about the "organic law" as if that legislation were a permanent, unrepealable instrument is not consonant with what we know about laws. All laws are temporary, and the Republicans themselves have amended this law in many respects; why they amended it in 1921 by increasing the term of the residence requirement. All this talk as to one particular individual being appointed is a lot of poppycock.

The other day, under suspension of the rules on this bill, some of the Democrats, ill-advised—and I say that respectfully—joined with the Republicans, and the solid Republican front, carrying out the deliberate plan and purpose of the minority in this session to block the President at every move, defeated this bill. Oh, the Republicans may say, "We voted for your bills", but they have never done other than present a united front against the consideration of any of the President's measures. They have stood more solidly against the President's program and the administration program in this session of Congress than at any time within the six Congresses of which I have been a Member. It is no alibi for them to say that on the "final vote" they voted for the bill, because then they were "put on the spot" and they were forced to show whether they were with the attempt to remedy conditions in this country, whether they were with the reconstruction program which our President has laid out to bring us out of this depression. But up to the point of voting for the passage of the bills, on every preliminary rule for the consideration of the measures, the Republicans have stood together to defeat the purposes of the President and the Democratic administration which the people of America have placed in power.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. O'CONNOR. That is the history of their help, and the country should know it. This talk of "cooperation", as I said earlier in the session, is just Republican bait to the people, who I am sure will not be deceived.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. O'CONNOR. I know when some Members on the Democratic side have fallen in line with the Republicans it is because they have been misguided. When a little measure like this bill comes before us—one which our President earnestly requests—in that same determined program to block him at every step, the united Republican Party stood here the other day and voted against this simple request. That is the history of this session of Congress when it shall have been written, and the final votes as to whether or not we should have the legislation is no index of any contribution by the Republican Party to cure the desperate situation in our country.

Mr. MOTT. Will the gentleman yield?

Mr. O'CONNOR. For a simple question.

Mr. MOTT. The gentleman just referred to this resolution as a simple thing. Does the gentleman really consider this proposal as a simple thing?

Mr. O'CONNOR. I certainly do. I do not believe it pertains at all to the "independence" of Hawaii. I believe that is just a partisan cloak to defeat the measure. With that beautiful island out there in the Far East being so important to us, and we being so important to it and its inhabitants, it must be true, as the President said in his message, that, due to "differences of local opinion" he might deem it necessary that someone, who has not yet taken sides, someone who has not stultified himself by reason of residence there, should be placed "temporarily", as the President said, to administer the affairs of that island. The Governor General does not interfere with local self-government. He is merely the head of a government which functions untrammelled.

Mr. MOTT. Will the gentleman yield for another short question?

Mr. O'CONNOR. I yield.

Mr. MOTT. Is there anything in this bill indicating that it is of a temporary nature?

Mr. O'CONNOR. All laws are temporary. The gentleman must know that, as an experienced legislator. We cannot pass permanent law. Any law that we do pass can be repealed tomorrow.

Mr. MOTT. And the gentleman thinks the President used the word "temporary" in that sense?

Mr. O'CONNOR. I do. I believe the President has a real purpose to serve. I do not know that he has made up his mind, but I do know that the concern of the United States and its interest in Hawaii and Hawaii's interest in the United States and the needed protection of the United States for Hawaii is important enough to give the President this power which he has so earnestly requested. [Applause.]

Mr. DRIVER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. RANKIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5767, with Mr. FULLER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. GIBSON. Mr. Chairman, may we have some agreement with reference to time?

The CHAIRMAN. That is provided for in the resolution. The Chairman of the Committee on the Territories has 30 minutes, and the ranking minority member has 30 minutes.

Mr. RANKIN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, the gentleman from New York [Mr. O'CONNOR] stated that there had been a tempest in a teapot. I agree with him insofar as the discussion has revolved about $10,000,000. The fact is there is no $10,000,000 in the treasury of Hawaii. It is not my purpose to question the word of the distinguished gentleman from New York, the minority leader, or the word of any other Member. I want to read from the report of the Governor of Hawaii for the fiscal year ended June 30, 1932. They once had $10,000,000, but today the balance in the treasury from all sources is $4,236,000. In 1931 the balance was $9,137,000. So I believe my colleague from Texas was positively right, in view of this rapid depletion of the funds in the treasury of Hawaii, when he said that the islands needed a Democratic Governor.

We have heard a great deal of discussion this afternoon about the rule of the people in the islands of Hawaii. Just who are the people we hear talked about? Let me say that the native Hawaiians constitute only 6 percent of the whole population of 380,000 people. There are 5 percent of Caucasian Hawaiians, 4 percent of Asiatic Hawaiians, 7 percent Chinese, 9 percent Portuguese, 20 percent Filipinos, and 38 percent Japanese. Are these Asiatics and continentals and orientals the people you are talking about that you want to rule these islands?

I wish I could dispel for a moment the idea of distance that seems to exist in the minds of Members of this House. Forget for a moment, if you please, the 2,100 miles between the Pacific coast and the Hawaiian Islands, and think of them as only a few miles away—and they are really a part of this great country of ours.

The total commerce of the Hawaiian Islands annually is $189,694,404. Of this they export $101,548,555 to the United States. They export only $1,189,280 to foreign countries. In turn, they import $79,092,387 from this country of ours, and only $7,864,381 from all foreign countries.

So these islands are just as much a part of the United States as any one of the 48 States, with the exception that they are out there in the crossroads of the Pacific 2,100 miles away.

Mr. Chairman, the islands of the Hawaiian group are agricultural-producing islands. I find their chief crops are pineapples and sugar. Also they produce coffee, molasses, rice, bananas, nuts, vegetables, wool, hides and skins, honey, and beeswax. I do not mean the hula-hula honeys. They produce some livestock; they produce fish products, and they export these to the United States.

The people of the Hawaiian Islands are a peaceful people. Way back as far as 1857 the then reigning king expressed the desire to have the islands annexed to the United States.

We have heard much about this being a partisan issue. Let me give you some further facts from the report of this Governor, Gov. Lawrence Judd, who was appointed 4 years ago by President Hoover.

We find that in the Legislature in Hawaii in 1931 there were 14 Republicans and 1 Democrat. We find in the house of representatives in 1931 there were 27 Republicans and 3 Democrats. So, of course, I do not censure or criticize my friends on the minority side for hanging on to this one remaining stronghold of Republicanism away out in the Pacific Ocean today. It matters not, Mr. Chairman, that the country was swept from the Gulf to the Lakes, from the eastern coast on the Atlantic to the last promontory on the Pacific by a great Democratic landslide. We should not censure our friends on the minority side for hanging on to this last of all Republican strongholds like a mother to her first-born or the dimpled stenog to the sugar daddy.

Mr. Chairman, we find that in the past 32 years we have only had three Democratic Delegates from the island of Hawaii, including our distinguished colleague, Mr. McCANDLESS. If it were possible that he were to be the new Governor I think I might favor his contention, but since this seems not to be in the picture I certainly want to give the President of the United States full authority and power to appoint whoever he deems is the man to fill this place, whether he comes from the island of Hawaii or any place in these United States of ours.

Do you mean to tell me that among all the 120,000,000 people there is not one qualified or fit to succeed this Republican Governor they boast about? I cannot speak for our friends on the minority side, but what about the 315 Democrats on this side of the House? I am sure every one of them is fully qualified to fill this position, and if in 1934 the people back in his district should vote for a new deal he would gladly offer himself as a sacrifice.

But, Mr. Chairman, there is something more to this bill. Today the agriculture of Hawaii, like the agriculture of our own country, has been going down. This has been going on year by year for the past 12 years. The average production and shipment of pineapples, their chief crop, up until 2 years ago was 12,500,000 cases. Last year the shipment was 6,000,000 cases, and they are still holding millions of cases in storage.

This has necessitated new taxes. So they are in the same position we are. They are wanting a new deal over there, and as the people of this country voted in November 1932, they voted not only for a new deal but they have a man in the White House today who is giving them a new deal; and I say to you on the Democratic side of this House that there is every reason why we should vote en masse for this bill which the President asked us to vote for, and there is no reason whatsoever for any Democrat voting "no" on this measure.

Now, what is it that the President asks? I want to quote you some of the words of this Republican Governor who, they tell us, ought not and should not be replaced. This is from his own report and here is what he says:

The President appoints the Governor, who is held responsible. There should be no divided authority. The one weakness in Hawaii's organic act proved in 30 years is the limitation placed on the Governor's power of removal. He now may remove only with the consent of the Territorial senate. Correction of present limited authority of the Chief Executive is found in the proposed bill to give the Governor the power of removal. He then is directly and completely responsible to the Secretary of the Interior and to the President. He can call his subordinates to account; and this is as it should be.

So the President of the United States is asking for nothing more than this Governor of Hawaii asks for himself. He merely asks to have the right and the power designated by Congress to not be confined to 146,000 Japanese residents, to not be confined to 65,000 Filipinos or 27,000 Chinese, but to be able to go back in the States and pick the best man possible for this job. [Applause.]

REPORT OF THE GOVERNOR OF HAWAII

The production of sugar in Hawaii for the sugar year ending September 30, 1931, was 993,787 short tons harvested from approximately 138,000 acres. The total acres planted in cane in Hawaii approximated 252,000 in 1931.

For a period of 5 years the production of canned pineapples averaged about eight and one half million cases. At this level of production and the then buying power of the consuming public the product moved into consumption at good prices and the industry was prosperous. In the calendar year 1930 the production jumped to 12,672,296 cases, and for the calendar year 1931 amounted to 12,726,291 cases. The output for 1932 will not exceed 6,000,000 cases.

Many thousands of tons of pineapples have been left in the fields and the planting of new areas has been restricted. This unfortunate condition of the pineapple industry has decreased the taxable assets of the Territory, lowered the buying power of many of our people, and thrown others out of employment.

To depart from this sound principle of concentrated executive control is to invite friction, divide responsibility, hamper accountability by promoting the gentle art of buck passing, sow the seeds of bureaucratic competition for political control and favor, * * *.

No one in the United States better understands or appreciates the value of Hawaii as a defensive outpost than the citizens residing in Hawaii. That it is continually on their minds is evidenced by the frequency with which it appears in conversation, the public utterances, and the written documents of old and young. Hawaii has been preaching that doctrine since 1854, when one of the most famous of the Kamehameha kings sought annexation of his domain to the United States. * * *

TAX SYSTEM IN HAWAII

An excise tax on public utilities measured against gross income on a sliding scale in ratio of net operating profit to gross operating income with a minimum rate of 5 percent.

An excise tax measured by net income against Federal and Territorial banks at a rate of 10 percent.

The redrafting of the income-tax law and increasing rate levied against corporation from 5 to 7½ percent.

Making it mandatory on employer to collect the poll tax from employees.

Increasing the tax rate on insurance companies from 2 to 2½ percent.

A motor-fuel sales tax of 3 cents per gallon, proceeds of which are used exclusively for highway purposes.

Ten-year comparison—Figures showing all tourist (cabin) arrivals since 1922

	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931
Mainland	8,043	9,082	9,365	11,702	12,517	13,612	16,655	18,050	15,089	14,393
Orient	490	558	476	433	423	480	433	675	565	757
Antipodes	693	764	681	1,071	1,162	1,278	1,272	1,474	1,090	621
Cruises, etc	450	1,617	1,946	1,987	2,660	2,081	1,620	1,991	1,906	9
Total	9,676	12,021	12,468	15,193	16,762	17,451	19,980	22,190	18,651	15,780

Tourist arrivals during 1930, 18,651; 1931, 15,780; loss, 2,871, or 15.3 percent.

POPULATION AND RACE STATISTICS

The population of Hawaii on June 30, 1932, as estimated by the bureau of sanitation of the board of health, was 380,507.

The first census of the Hawaiian Islands was taken in 1832 and was followed by censuses in 1836, 1850, 1853, and 1860. These were very simple and rudimentary in character. There was no provision for taking a census at regular periods until 1865, when the legislative assembly made it the duty of the board of education to make a complete census of the Kingdom every sixth year, counting from the year 1860. These were taken until 1896, and in 1900 the first Federal census was taken.

Population of Hawaii, 1832 to 1930

1832	130,313
1836	108,579
1850	84,165
1853	73,138
1860	69,800
1866	62,959

Population of Hawaii, 1832 to 1930—Continued

1872	56,897
1878	57,985
1884	80,578
1890	89,990
1896	109,020
1900	154,001
1910	191,909
1920	255,912
1930	368,336

Based upon the 1930 census of the United States, the distribution of the population on June 30, 1932, by race, was estimated by the board of health to be as follows:

Estimated population, Territory of Hawaii, by racial descent, June 30, 1932

Hawaiian	22,230
Caucasian-Hawaiian	17,056
Asiatic-Hawaiian	14,459
Portuguese	28,595
Puerto Rican	7,000
Spanish	1,253
Other Caucasian	43,517
Chinese	27,235
Japanese	146,189
Korean	6,653
Filipino	65,515
All others	805
	380,507

Senators and representatives, by parties and races, in each legislature

SENATORS

Biennial session	Republican	Democratic	Home Rule	Hawaiian [1]	Portuguese [2]	Other	Chinese	Japanese
1901	6		9	10		5		
1903	10	1	4	9		6		
1905	14	1		7		8		
1907	12	2	1	8		7		
1909	9	4	2	8		7		
1911	12	1	2	8		7		
1913	[3] 8	[3] 5	2	[3] 6		[3] 9		
1915	8	7		7		8		
1917	12	3		8	1	6		
1919	14	1		7	1	7		
1921	14	1		7	1	7		
1923	15			7	1	7		
1925	13	2		8	1	6		
1927	13	2		7	1	7		
1929	14	1		7		7	1	
1931	14	1		7	1	6	1	

REPRESENTATIVES

1901	9	4	17	23		7		
1903	20		10	23		7		
1905	28	1	1	21		9		
1907	24	6		24	2	4		
1909	22	7	1	21	3	6		
1911	23		2	20	3	7		
1913	18	11	1	20	2	8		
1915	29	1		19	4	7		
1917	24	6		20	5	5		
1919	24	6		21	5	4		
1921	26	4		21	3	6		
1923	29	1		16	5	9		
1925	27	3		18	6	6		
1927	28	2		15	6	8	1	
1929	27	3		14	6	9	1	
1931	27	3		13	6	9		2

[1] Includes part-Hawaiians.
[2] Includes part-Portuguese.
[3] At the beginning of the 1913 session there were 9 Republicans, 4 Democrats, 2 Home Rules, 5 Hawaiians, and 10 other senators, but during the session 1 other Republican senator died, and a Hawaiian Democrat was elected in his place at a special election.

Votes cast for Delegate to Congress at each general election

Parties	1900	1902	1904	1906	1908	1910	1912	1914	1916
Republican	3,856	6,628	6,833	7,364	5,698	8,049	7,023	8,590	7,702
Democratic	1,650		2,868	2,884	3,824	4,503	5,770	2,609	5,637
Home Rule	4,083	4,698	2,289	2,182	2,794	989	346		
Socialist							201		
Progressive								610	
Total	9,589	11,326	11,990	12,430	12,316	13,541	13,340	11,809	13,339
Votes not cast or not counted	1,627	1,286	1,263	1,148	958	901	1,845	5,890	5,642

Parties	1918	1920	1922, special	1922	1924	1926	1928	1930
Republican	7,343	13,626	14,937	11,667	12,689	18,160	27,908	22,223
Democratic	6,032	8,710	[1] 9,113	14,305	17,028	16,372	11,031	19,568
Non-Partisan			163					
Total	13,375	22,336	24,213	25,972	29,717	34,532	38,939	41,791
Votes not cast or not counted	6,749	3,999	4,593	6,519	5,022	6,037	7,119	10,358

[1] Jonah Kumalae, 2,239 votes; L. L. McCandless, 6,874 votes.

Registered voters, by races, at each general election

Racial classification	Population, 1930 census: Total	Population, 1930 census: Persons 21 years of age and over	Registered voters, 1930
Hawaiian	50,860	21,358	19,858
Portuguese	27,588	12,778	8,111
Chinese	27,179	14,123	4,402
Japanese	139,631	60,889	7,017
American	123,078	31,572	10,244
British		52,082	741
German			129
Others			1,647
Total	368,336	192,802	52,149
Increase			6,091
RECAPITULATION			
Hawaiian			19,858
Other			20,872
Oriental			11,419
Total			52,149
Increase or decrease:			
Hawaiian			+906
Other			+2,555
Oriental			+2,630
Total			+6,091

Mr. GIBSON. Mr. Chairman, I yield 10 minutes to the Delegate from Hawaii [Mr. McCANDLESS].

Mr. McCANDLESS. Mr. Chairman, the question before us today was settled by the rules of this House 2 days ago, but the powers that regulate things here have gone back to the committee and come back with a horseshoe covered up in a glove to give us a knock-out blow. I see no reason why this should be done. I see no reason why the Democratic Party should desert the Democrats in Hawaii. I was elected against a Republican who belittled the Democrats of the South and said they were going to take our Government away from us, and I pleaded with the people. I said, "Do not believe him. I know the Democrats of the South. I was brought up in West Virginia and I know the people of that country. The Democrats believe in home rule. They were carpetbagged pretty near to death after the Civil War, and I do not believe the Democrats will take the right of home rule away from us."

Now, it is up to you people. It is up to the Democrats to stand by one of your own kind, and I say this in the interest of the Democratic Party in Hawaii, in the interests of all the people of Hawaii, and in the interests of the entire United States.

The gentleman who spoke just prior to me enumerated how many Democratic senators there were in the Hawaiian Legislature. Two years ago we had only one. Now we have four Democrats in the senate. Two years ago we only had 3 representatives in the house of representatives out of 30. Today we have 10, through the last election; and I will guarantee, if you do not pass this bill or if you will leave us alone, the next Legislature of Hawaii will be Democratic.

There has been a great deal said here today about why there is this prejudice against Hawaii. I want to tell you this has been my difficulty since I have been here.

The forestry bill appropriations were denied to Hawaii. We were denied the benefit of the bill you passed here, and the leaders of the Democratic Party turned me down—a Democrat—and did not allow Hawaii to have any benefits under this appropriation.

I have here a cable from the Governor of Hawaii, saying that in the biennial period ending June 30, 1931, we spent in forestry work $290,697.08. For the biennial period ending June 30, 1933, we appropriated $223,708 to take care of the forests, and this year, for the period 1933 to 1935, we appropriated only $65,800, on account of the depression and on account of the condition of our finances in Hawaii. Why should we not participate? The forest lands of Hawaii belong to the United States. They do not belong to the Territory. You reserved the right in the organic act so that you could have all the land that belonged to the Territory that you wanted.

In 1876 a reciprocity treaty was made between our monarchical form of government and the United States.

It would be well if you Democrats would study that reciprocity treaty that was made in 1876 between the King of Hawaii and the United States. You then got Pearl Harbor, where you now put your men-of-war. After that, under that same organic act, all the land of Hawaii was given to the United States without a dollar payment on the part of the United States. And besides that you got the Schofield Barracks, which was government land at that time—consisting of about 4,000 acres—and not a dollar did you pay for it. All this for purposes of Army and Navy defense.

Mr. DUNN. Will the gentleman yield?

Mr. McCANDLESS. I yield.

Mr. DUNN. Will the gentleman state the area in miles of Hawaii.

Mr. McCANDLESS. It consists of about 7,000 square miles in the eight islands that are inhabited.

Now, Fort Shafter, just outside of the city of Honolulu consists of about a thousand acres of land, worth at that time three or four hundred thousand dollars, and today probably it is worth $10,000 an acre for home purposes.

All that was given to you for nothing, and you have the Schofield and Shafter Barracks there now. This shows we have cooperated in maintaining the national defense of Hawaii.

Why should we not participate in the appropriations? I want to show you what we have been doing.

We are an agricultural community. We are tillers of the soil. Do you people realize that Hawaii, ending June 30, 1932, paid more income tax than Alabama, Arizona, Arkansas, Idaho, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oregon, South Carolina, South Dakota, Utah, Vermont, Wyoming, and Alaska? All these 17 States and Alaska paid less income tax in 1932 than did Hawaii. And yet when it comes to appropriations you have denied to Hawaii a participation in those appropriations.

Mr. BLANTON. Will the gentleman yield?

Mr. McCANDLESS. I yield.

Mr. BLANTON. Has not the protection of the Stars and Stripes since 1900 been worth all that to Hawaii?

Mr. McCANDLESS. I do not deny that. But do not the Stars and Stripes protect those 17 States I named? And do they not, with their 32 Senators and many more Representatives, get all possible benefits from Federal appropriations, many of which are denied Hawaii?

Mr. BLANTON. And we have protected them without any financial return from the islands. And Hawaii would not lose our protection for 100 times the amount she has paid the Government.

Mr. McCANDLESS. Oh, no. Here is what a man from the Interior Department says about that. He was sent down there to investigate the conditions in Hawaii. He says:

> A balancing of the books as between Hawaii and the Federal Government showed that during the first 30 years that it was a part of the United States it had sent $171,000,000 to Washington, while the Federal Government had spent upon activities that might properly be charged up against the Territory about $32,000,000, leaving a net profit to the Federal Government of some $149,000,000 in taxes received from the islands.

And then you deny us the right to participate in appropriations that you make here.

Now, Mr. Chairman, we have been a victim of a certain feeling of antagonism here in this House—not caused by me, not caused by the people of Hawaii.

There was flaunted in my face today the statement that we were not capable of self-government.

You sent a man down there 1 year ago by the name of Seth Richardson, Assistant Attorney General of the United States, and here is what he says about Hawaii:

> We found in Hawaii no organized crime, no important criminal class, and no criminal rackets.
>
> We did not find substantial evidence that a crime wave, so called, was in existence in Honolulu, either disproportionate with the increase in the population or when viewed in comparison with crime records in cities of similar size on the mainland.

They quoted from a paper here this morning about some Army or Navy men who had been abused at Waikiki. Perhaps they were intoxicated. Who knows? They did not tell you that in the same paper this morning there was a report of where two robbers went into a man's home here in Washington and tied up his family and robbed them. They did not tell you that. You have crime here as well as we have it in Hawaii, and Congress is in direct control of the affairs of this city. In Hawaii we spent $25,000 to learn the truth of this Massie case that you have spoken of. We sent for a Pinkerton man from one of the greatest detective agencies in this land, and here is the Pinkerton report, covering all these cases that you have thrown in our face today. Let me read this paragraph from that report:

> An analysis of the reports of our representatives, together with the reports and statements of the Attorney General's office, the office of the public prosecutor, and the police department, also the testimony at the trial of the defendants, makes it impossible to escape the conviction that the kidnaping and assault were not caused by those accused.

Any gentleman here who would like to read this report I should be very glad to have do it. I plead with the Democrats to stand by your Democratic representatives, to stand by the principle of your Constitution and your country, and not deny the people of Hawaii these rights which you yourselves prize so highly. [Applause.]

The CHAIRMAN. The time of the Delegate from Hawaii has expired.

Mr. RANKIN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. STRONG].

Mr. STRONG of Texas. Mr. Chairman, as a member of the Committee on Territories, I want to make just a brief statement, and I think it fully explains why the President has asked for the passage of this law. The only question raised in the committee when this matter was before it was this: It was important for the factions in Hawaii to agree on who should be appointed governor. Therefore the President asked the passage of this bill, to use it only in case they do not agree upon whom they want out there as governor. If they will get together and agree on whom they want for governor, I doubt if the President uses this law at all. That is the reason that the Committee on Territories reported this bill.

Mr. BUSBY. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Texas. Yes.

Mr. BUSBY. It is my understanding that you did not have any hearings before your committee when this bill was under consideration. Is that right?

Mr. STRONG of Texas. We had hearings. We had the Delegate from Hawaii, and he is the man who made the statement that I have just mentioned. The question was asked of him why they did not get together and agree upon who should be appointed Governor, and he said it was impossible.

Mr. BUSBY. Then I shall put it this way: The only hearings had were opposed to the bill, were they not?

Mr. STRONG of Texas. No. The only hearings we had were in favor of the bill. The only hearing we had was from the Delegate from Hawaii.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Texas. Yes.

Mr. MOTT. Is it not a fact that as a member of the committee I asked that testimony be given before the committee to show the necessity for this bill, and I asked that some representative of the President or of the Department of State be brought before the committee to tell us why it was necessary and expedient to pass this bill, and also if the reply I received from the majority members of the committee was not simply the statement that the President wanted the bill, and that it was not necessary to subpena any testimony?

Mr. STRONG of Texas. We heard the testimony of the Delegate from Hawaii.

Mr. MOTT. If the gentleman will pardon me, he has not answered the question.

Mr. STRONG of Texas. I have only 5 minutes, and I do not care to yield further. I am making this statement to clear up why the President wants this bill. If the people of Hawaii will get together and agree as to whom they want as Governor, I do not believe the President will use the authority placed in his hands after this bill is passed.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. STRONG of Texas. I yield.

Mr. WEIDEMAN. I just want to place it in the RECORD that I, as a member of the committee, do not agree with the reasoning that the gentleman from Texas gives us, and I do not care to be bound by it.

Mr. STRONG of Texas. The gentleman is a member of the committee and must know that I state the exact facts that happened in the committee, and that is the reason the committee reported this bill, and that is all the explanation there is to it. If the people out there in Hawaii, as I say, will get together and agree, there will be no difficulty. The Delegate said there was another man here from Hawaii now fighting him bitterly, and it was impossible for them to get together. So on that account the President wants this law passed, so that if they will not get together and act as Democrats should, the President can send a man out there who will see to it that the people of Hawaii are protected, and that the people of the United States are protected.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GIBSON. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, if what the gentleman from Texas [Mr. STRONG] just said is an exact statement of fact, then I say to you that it is the most unusual request that has ever emanated from the Presidency of the United States. He does not go to Illinois and ask the people who is to be Assistant Secretary of the Treasury, and he does not go to Oklahoma and ask the people to agree upon a subordinate or an executive officer of the Government. How strange that it should come before this committee that the President is asking this authority because the people of Hawaii cannot agree! Whom is he going to consult down there, as a matter of fact? Who is to do the agreeing? Certainly the people of Hawaii are agreed on one thing, and that is they do not want this bill. The chamber of commerce does not want it. The business men of Hawaii do not want it. The people do not want it. They are agreed on another thing, and that is that they want a Governor in accordance with the residential requirements now in the organic act.

I am going to make only a brief statement, and I want to say you brethren of the Democracy——

Mr. RANKIN. The gentleman had better be careful about calling us "brethren." One Member got into trouble doing that. [Laughter.]

Mr. DIRKSEN. They had an election in Hawaii in November, and they sent a Democrat to the Congress of the United States, a member of your party, and he is here today sincerely and earnestly pleading for representation and trying to bring before this body the exact facts and conditions that exist there. He speaks for his people and asks you not to pass this bill. If you are to make the Delegate from Hawaii [Mr. MCCANDLESS] write to his people and say, "I am sorry, but my Democratic brethren in the Congress of the United States turned me down", you are going to make a veritable mockery of representative government. I say also that the element of home rule is involved here. Your blood tingles when you read of the struggle made by Ireland for home rule; of the struggle made by Palestine for home rule; of the struggle made by the Colonies in this country for home rule. By all the traditions of our country we should permit Hawaii the same thing. When you read the Declaration of Independence, you will find that Thomas Jefferson said that one of the reasons why they were at variance with King George III was because he was forcing his agents and officers upon the people of this country. Now, we are going to pick up somebody on the mainland and send him down there among the Asiatics of Hawaii, Filipinos, and Japanese, and say, "This man represents experience; he represents vision; he represents judgment." He has no knowledge whatsoever of all these racial antipathies and these cross currents that are constantly at work, and yet he is supposed, in a meritorious way, to administer the laws of this island.

There is one other element, and that is this: I say to the members of the committee this afternoon that when this change is made—and the steam roller will work—it will be exploited upon the streets of Tokyo and Yokohama, and the newspapers of Japan will be asking the question, "Why, after 33 years, does the Congress of the United States alter the Organic Act of Hawaii and send a Governor from the mainland?" The orientals will ponder on the reason for it and seek to reconcile it with the efforts being carried on in Europe at the present time to effect certain nonaggression pacts and to lay the foundation of peace and all that sort of thing. The Japanese people will put their own interpretation upon it. I need not put any on it in this body. So, while this may seem like an altogether simple and innocuous request from the President, it will have its ramifications and repercussions in the Orient, and it is going to have an unpleasant and disagreeable aftermath. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. RANKIN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the House ought not need any further argument in favor of the passage of this bill than the exhibitions on Monday and today by the Republicans across the aisle. Why has there been "clowning" exhibited here? Why are Republicans putting up such a solid front against this bill? They who have appointed, as I said, Horace Towner from this House to act as Governor General of islands such as these; they who have appointed George Butte, and they who have appointed Farrington, and they who have appointed Theodore Roosevelt, Jr., to govern the Philippines and also these islands?

Mr. RANKIN. And the gentleman should not overlook that horse jockey from Kansas whom they appointed Governor of Puerto Rico. [Laughter.]

Mr. BLANTON. Yes; and they who appointed the distinguished law professor from my home State, who happened to be a Republican, to preside over certain islands.

Mrs. KAHN. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I must use this time myself.

Why are the Republicans so disturbed? Why did they change the organic act in 1921?

Mr. ELTSE of California. Because of Pinckney.

Mr. DIRKSEN. Will the gentleman yield?

Mr. BLANTON. I cannot yield now. Yes, they wanted to put Farrington from Massachusetts in control. Why did they change it and fix it 3 years, hoping that it could not be changed, and that their Republican officer could not be put out and supplanted.

I want to say to you, colleagues, that if the Republicans would put up such a solid-front partisan exhibition against a President's bill that they have exhibited from across the aisle on Monday and today, if they would go to so much trouble in trying to hamstring the present Democratic President of the United States at home here in Washington, how can we expect a Republican Governor back in Hawaii to act differently? If Republicans here at home in this House of Representatives on the mainland will try to hamstring a Democratic President, by deliberately attempting twice to defeat a bill which they all acknowledge the President has asked us to pass as a part of his policies and program, why would not Republicans in Hawaii try to embarrass and hamstring him?

And keep in mind and do not forget that local affairs in Hawaii are still in absolute control of Republicans there. In the Senate of Hawaii there are only four Democrats. There are only 10 Democrats out of the 30 Representatives in the Legislature of Hawaii. And if we allow this weak

Republican Governor of Hawaii to remain in office there, why could not we expect some deliberate attempts there to embarass our Democratic President and his present Democratic administration.

The man who fills every important appointive post of this Government should not only be an outstanding loyal patriotic 100-percent Democrat, but he should be also a friend of the President, deeply concerned about making the President's administration a successful one, and he should be a Democrat in whom the President at all times and upon all occasions, and in all emergencies, has absolute confidence. The Governor of Hawaii must be an asset and not a liability to the Franklin D. Roosevelt administration.

Ought not we to have a man there who would have no disposition to hamstring the President? Ought not we to have a man in Hawaii as Governor who would not be guided by motives which brought about this exhibition we have had from across the aisle today? Ought we not have a man that the President himself put there to defend and back up his own administration?

This is a most important position. Why, a man of bad judgment, or a man who would try to hamstring somebody just because he was a Democrat, as sometimes the Republicans seem to want to do, and as they tried to do to me here today in this House, and as they have done before when they had the power to do it, is not such a man as we can afford to place in this responsible position.

Do you not think we need a Democrat in Hawaii? I should like to recommend to President Franklin D. Roosevelt that just as soon as we pass this bill he appoint the best Democrat we have got and send him over there so that he cannot involve us in serious difficulties in the Far East.

Talk about Tokyo! Why, Tokyo would like to see a weak-kneed Republican in Hawaii who would hamstring President Roosevelt every time he could. [Applause.] It would carry gladness to the hearts of the people of Tokyo.

We are not going to do that. We are going to protect this administration. We are going to protect the mainland. We are going to protect the people of the United States; and my good friend, LINCOLN MCCANDLESS, the distinguished Delegate from Hawaii, admitted today on this floor that the protection of these Stars and Stripes to Hawaii since 1898 has been worth every dollar that has been spent by the people of Hawaii in income taxes and everything else they have paid this Government. He admits it now and says it was worth it all. It is safe protection of a good and strong government, a humane government, to the people of Hawaii. They would not have been without it for anything. They would not do without it now.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Certainly, I yield to my friend.

Mr. BLANCHARD. What kind of government was that for these 30 years, Republican or Democratic?

Mr. BLANTON. Oh, it was a United States of America government that has protected and been of great benefit to Hawaii. We Democrats have not hamstrung the President on his Hawaiian policy during the 12 years of Republican regime, but there will be some hamstringing if we do not look out, over in Hawaii. We are not going to take any chances.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, unanimous consent having been granted me to extend my remarks, I was forcibly reminded today of the unjust attacks made upon me in 1921 by Frank W. Mondell, a former Republican leader of this House, when he tried to persecute me back in the Sixty-seventh Congress. He went out of public life after that Congress, and we who have continued to serve here have seen him a very few times since; yet, strange indeed to say, he turned up here today on the floor of this House; being a former Member, he has the privilege of coming into this Chamber.

Back in 1921 Frank Mondell was the Republican majority leader of this House. He had over 300 Republican Members under him here. Because I had made an exhaustive investigation of the Government Printing Office, and printed a report of my findings in the CONGRESSIONAL RECORD, and had quoted with all improper words deleted an affidavit which an employee of the Government Printing Office had filed with the Public Printer showing that he had been treated inhumanely, Leader Mondell tried to have me put out of Congress. He called the Republicans to his office and demanded that they follow him as their House leader and vote to put me out. But there were many Republicans he could not induce to do such an unjust act. Such Republicans as my colleagues here, Mr. LUCE, of Massachusetts; Mr. FISH, of New York; and Mr. MAPES, of Michigan, who still serve here with honor, refused to be thus influenced by Republican Leader Frank Mondell, and they voted against his motion, and with 300 Republicans in this House under his leadership Frank Mondell was able to muster only 204 votes against me. In discussing the Mondell motion on the floor the distinguished Republican, Mr. Graham, of Pennsylvania, chairman of the great Judiciary Committee, asked the question, "What was his intent in inserting this article in the RECORD?" And Mr. Graham further asked, "Was it to be blasphemous; was it to be obscene?" And, answering his own question, Mr. Graham added, "Not a man in this House can honestly and truthfully say that that is true." Concerning my investigation and report, Mr. Graham then said, "BLANTON was fighting an evil, an evil that he believed to exist honestly and fairly, and he was marshaling all the evidence that would prove that evil did exist." And for fighting an evil I was then persecuted.

And Mr. Graham, the then Republican Chairman of the great Judiciary Committee, added: "BLANTON was simply calling your attention, and my attention, and the attention of the Congress of the United States to the conduct of that Government office which he claimed deserved rebuke, censure, and perhaps punishment." And for doing my duty I was persecuted by Leader Frank W. Mondell. But he did not lead any more after that Congress. He had been the sole and only Congressman Wyoming had ever had for 20 years; yet he carried in the succeeding election for the Senate only one county in the State of Wyoming, notwithstanding that he was beaten by a Democrat, although Wyoming went Republican and elected a Republican Governor.

Since 1921 the complexion of this House of Representatives has changed. It is no longer Republican with 300 Republican Members. It is now Democratic. There is a new deal in this House. Members are not persecuted here for doing their duty. And I was awfully glad that former Republican leader Frank W. Mondell strolled in and paid the House a visit today and witnessed new-deal Democrats dispose of Republican attempts to persecute me. The mills of the gods grind slowly, but they do grind.

Mr. GIBSON. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, it is unfortunate, indeed, that the discussion in large part has degenerated into something resembling a partisan squabble. This bill certainly is not partisan.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield.

Mr. RANKIN. Did it not develop into a partisan matter 2 or 3 days ago?

Mr. MOTT. I do not doubt that, but I say it should not develop into a partisan squabble. I may say to the distinguished gentleman from Mississippi that I have never made a partisan appeal in my life, and I appeal to you gentlemen on the Democratic side now not to consider this proposition solely from a partisan viewpoint.

When I talked upon this bill the other day, I said that the adoption of this resolution, in my opinion, would be tantamount to the repudiation by the Congress of a solemn covenant entered into between the Government of the United States and the Republic of Hawaii 33 years ago; and I undertook to point out the reason why this was so.

My distinguished friend, the gentleman from Mississippi, questioned the statement that there was a covenant. I

should like to take just a minute or two to prove that there is a covenant and that in adopting this resolution we are repudiating it.

All the laws in connection with Hawaii, including the organic act, are based upon the treaty with Hawaii.

I shall read two articles from the treaty:

This is the preamble:

The United States and the Republic of Hawaii, in view of the natural dependence of the Hawaiian Islands upon the United States, of their geographical proximity thereto, of the preponderant share acquired by the United States and its citizens in the industries and trade of said islands, and of the expressed desire of the government of the Republic of Hawaii that those islands should be incorporated into the United States as an integral part thereof and under its sovereignty, have determined to accomplish by treaty an object so important to their mutual and permanent welfare.

I now read article VI of the treaty:

The President shall appoint five commissioners, at least two of whom shall be residents of the Hawaiian Islands, who shall, as soon as reasonable and practicable, recommend to Congress such legislation for the Territory of Hawaii as they shall deem necessary or proper.

That, Mr. Chairman, is the authority for the organic act. In compliance with this treaty provision and a resolution passed by the House and the Senate, President William McKinley appointed this Commission, consisting of three residents of the continental United States and two residents of the Territory of Hawaii, and in the course of a year, after thorough investigation and after the expenditure of $100,000, provided by Congress for that purpose, they made the report to the Congress of the United States as to what provisions the organic act should contain for the future government of Hawaii. In the report I have here you will find they recommended that the executive power of the island should be vested in a Governor who should be appointed by the President and that the Governor should be a resident of Hawaii.

This provision was incorporated in the organic act upon the recommendation of these commissioners. It was an agreement between the people of the two Republics expressed through their representatives on the Commission appointed by the President. By virtue of this agreement the Congress granted to the people of Hawaii the right to have their Governor chosen from among their own citizens; it made this right a part of the organic law of the Territory. And there, Mr. Chairman, if you please, is the covenant. How can gentlemen say there is no covenant? If this agreement is not a covenant, then what is it?

Now, after 33 years, if you take away from the citizens of Hawaii the most important right they have, the right to have their Governor selected from their own people, then I say again you violate the covenant; and I say furthermore that no reason has been given, either to the Congress or to the committee, why we should do this thing. [Applause.]

[Here the gavel fell.]

Mr. GIBSON. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Chairman, I should like to go along with this committee in any matter that affects party organization, and when one cannot go along and has the opportunity he ought to be willing to express the reasons he cannot go along with the majority.

Mr. Chairman, let me say that there is in the heart of every human being in this world a desire to have home rule and home government. This has been the foundation stone upon which democracy in this country has been built, and for the life of me I cannot see why it is that men in this House whose fathers have fought the battle for years in this Nation against anything but home rule can come now and foist alien rule upon the people of these islands.

Mr. RANKIN. Will the gentleman yield?

Mr. McKEOWN. I have only 5 minutes, if the gentleman will excuse me.

Let me say here and now that my acquaintance with the Hawaiian people dates from the time my former law partner, who was a denizen of that Territory, stood there and saw the Hawaiian flag come down and Old Glory raised in its place.

Some of the people in this country believe that Hawaii is not a part of the United States. They look upon it as some conquered territory or some conquered islands. Hawaii is as much a part of the United States as Oklahoma or as Texas. She came in upon the same kind of footing as the great Republic of Texas. The Republic of Hawaii came into this Nation as a republic, and she is as much a part of the Nation as Texas, and where is the man who would for a moment dare to vote in this House to appoint somebody from some other place to rule over the Republic of Texas?

Mr. Chairman, if you send an alien Governor to the Hawaiian Islands, what does it mean? It means sending a man not familiar with their traits of character, not familiar with their industries, and it means that designing, fawning politicians will whisper into the ear of the new Governor and will carry out schemes which are born and bred in a brain that would destroy the self-respecting citizens who are unwilling to bow their heads for favors. This is not the way to bring the factions of the Hawaiian Islands together.

Let me say further, that missionaries from this country went out to these islands and they have helped to build a civilization there and there are many men and women of fine character, many men of fine ability, many men who are geniuses in business that can carry on in the islands, and I say to you now that when the Navy came to the Judiciary Committee and wanted us to take away from them their right to have a Governor and proposed to establish a military officer as Governor out there, upon the reports that came to us about the outlawry they say existed, we met them and asked them to give us the proof, and when we brought down a man from the Department of Justice, all had to admit that there was more law enforcement in the Hawaiian Islands than there is in the United States, and yet you are going to set up a great example of law enforcement from a country that could not convict Al Capone of anything but evasion of his income taxes. You are going to set up your standards of morality when you allow the hootchy-kootchy and hula-hula dances on your stages when they cannot be shown in the Hawaiian Islands, and yet you are going to say that these people are not good enough for self-government.

I cannot understand why the sons of Erin, an island that grew out of the sea and looks like an emerald, on whose soil no coward was ever born, can force legislation of this kind on another island that grew out of the sea and looks like the blue of the sky, and upon whose soil no traitor can stay. [Applause.]

Mr. GIBSON. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. BUSBY].

THE HAWAIIAN GOVERNOR

Mr. BUSBY. Mr. Chairman, I should like very much to vote for every piece of legislation that is proposed by the administration. I should also like very much to have some reasons given us for proposals that are as important as this bill before us now. We have absolutely no hearings to guide us on this proposal, nothing to show the necessity for it, and we are absolutely in a state of darkness as to why we are proceeding as we are today, except a short letter from the President, and giving full credit to the letter from the President, it gives us absolutely no more information than we have had on other occasions when we made mistakes as bad as we will make today if we enact this proposal into law.

CARPETBAG DAYS OF THE SOUTH FORGOTTEN

I fear that we from the South have forgotten the days from 1865 to 1875, when carpetbaggers were sent there with all the evil influences that go with sending an outside governor to another people.

We have forgotten that. We are acting as if nobody but he who has the might shall rule and govern the people anywhere.

MIGHT DOES NOT MAKE RIGHT

The proposition is not right, it is not fair, and it is not keeping faith with the Hawaiian people as set out in the original compact with them under which they joined the United States.

Section 66 of the agreement proposed by the five commissioners appointed under the treaty with Hawaii, adopted

by our Government, provided that the Governor of these islands should be a resident for at least 1 year.

WE HAVE DEMOCRATIC DELEGATE FROM HAWAII

It is a ridiculous thing that we have a Delegate here from the Hawaiian Islands who promised those people that we were Democrats and the Democratic Congress and Democratic administration would see that Democratic rules and treatment would be accorded to the islands.

What are we doing? We are sending him back in disgrace, absolutely taking him out of the proposition, denying every promise that he made when his people elected him. We are not dealing with him in good faith by what we are doing today. [Applause.]

Mr. KELLER. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. KELLER. If Hawaii is entitled to home rule, why is it not a good thing for Alaska and Puerto Rico?

Mr. BUSBY. That is a very good question, but let me say in reply that Hawaii came in under a treaty, articles of agreement, drawn by the Commission that we appointed. That is not true of the other Territories. We bought Alaska. Hawaii came in under a treaty after deliberation with the Commission representing the two countries. That answers the gentleman's question. We bought Alaska and paid for it with our own money.

Mr. KELLER. That is only a partial answer.

THIS ACTION WILL BE A BREACH OF FAITH

Mr. BUSBY. We are making the Hawaiian people antagonistic to the United States. This is a time that we ought to be currying favor with them instead of antagonizing them. We ought to do everything to help and nothing that will interfere with our progress in a military way in those islands when we need them. If we want a Democratic Governor in Hawaii, the President under authority of the Meyer case can remove the present Governor and appoint a Democrat. It is not necessary to enact this monstrosity and break faith with a small and helpless people. Let us do it in a regular way and keep good faith with these people. Let us not follow what was said during the war to be Germany's action in regard to treaties and treat them as a "scrap of paper", tear them up because we have the power. Germany ran over Belgium. Will we run over Hawaii? [Applause.]

Mr. RANKIN. Mr. Chairman, I yield myself the balance of the time. I wish to say, Mr. Chairman, that the President of the United States has asked for this authority to appoint a Governor of Hawaii to enforce the law.

This bill does not provide that the Governor shall not come from Hawaii, but it gives the President the right to appoint one from outside if he so desires.

I want to answer the distinguished gentleman from New York [Mr. SNELL], when he said the thing to do is to reappoint the present Governor.

There are two elements in this matter. One of them is the safety of the people of Hawaii, and the other is the safety of the American people, and that means every man and woman who goes to Hawaii. The gentleman from New York [Mr. SNELL] says that we should appoint the same Governor who is there now. Let us show you some things that happened under this same Governor. The report of a recent investigation shows—

> That in the past there have been frequent occurrences of the crime of rape, resulting in the majority of cases in light sentences or acquittal. The committee further finds that the officials charged with the responsibility of enforcing the law having in the past nolle-prossed a case in which an enlisted man in the United States Navy was murdered.

A woman, as we know, and as everybody who reads the newspapers knows, was assaulted. The conditions became such as to almost bring about an outbreak against constituted authority, as it would have done if it had occurred in certain States of this Union. Let me read one more paragraph.

> We respectfully call attention to the case in which one Ahakeulo pleaded guilty to the crime of assault and attempt to ravish and was sentenced to an indeterminate term of 4 months to 15 years. Later he was given a pardon by the Governor of the islands upon the theory that his services were needed as an amateur boxer at Madison Square Garden in New York City, representing the Territory of Hawaii.

Yet the gentleman from New York wants us to reappoint a Governor who pardons the most outrageous brute in the world who raped a white woman, and then appointed him to represent Hawaii in a boxing contest in New York City.

Mr. MOTT. Mr. Chairman, will the gentleman yield? Will he tell us from what he is reading?

Mr. RANKIN. I am reading from the report to the Naval Affairs Committee. Yesterday our own representatives of the constituted authorities of the United States were attacked.

They have been reading telegrams from Hawaii. What did they receive from this Republican Governor as to that. The men who are running this Government, the men who are advising the President, know more about what is going on in Hawaii than any man in Congress. The President is not captious about this matter.

Oh, you spread the report around here the other day and got some votes through it that if this bill passed Judge Ben Lindsay would be appointed Governor. Ben Lindsay does not stand any more chance to be the next Governor of Hawaii than Hoover does to be the next President of the United States. [Laughter and applause.]

No, Mr. Chairman, this is no captious matter. If it were not necessary in order to maintain peace and order and the dignity of the people and the safety of the people of Hawaii, if it were not necessary to maintain our own authority and protect that outpost of our great western frontier, the President of the United States would not have sent a message asking us to pass this bill. I sincerely trust that every man in this House will vote for it.

The Delegate from Hawaii [Mr. MCCANDLESS] says that we were turned down the other day. We had a majority, and lacked only two of having a majority of 2 to 1. If the Membership of the House had known the truth about this Lindsay affair, we would have put it over by a two-thirds vote at that time.

This is not a question of home rule. The President under this bill can appoint a Governor living in the islands. Under the present law, the President of the United States appoints, but he appoints someone living in the islands, and the present President is here asking that he be given the right to appoint someone either from the islands or from continental United States in order that law and order may be properly carried out and the safety and welfare of the people preserved. [Applause.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That section 66 of the Hawaiian Organic Act, as amended (U.S.C., title 48, sec. 531), is amended to read as follows:

"SEC. 66. The executive power of the Government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age, shall be a citizen of the United States, shall be commander in chief of the militia of Hawaii, and may grant pardons or reprieves for offenses against the laws of the said Territory and reprieves for offenses against the laws of the United States until the decision of the President is made known thereon."

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause. I rise with no partisan thought in mind, but having in mind the obligation of a Member of the United States Congress to his country and to the traditions of his country. We can pass this bill; and when we pass it we make hypocrisy of the finest traditions of America. This country was born in a spirit of self-government. That was the spirit for which the Colonials fought. Throughout the history of this country we have professed that principle. Hawaii came to this country not by conquest nor by purchase. When Hawaii became a part of the United States, the Congress of the United States enacted its organic act. Certainly the very soul of that act was that the executive head of Hawaii should be a citizen of Hawaii. Oh, sure,

we have the power—not so much the constitutional power, but the power of might to strike that provision from the organic act.

We are a strong country. We can ride rough-shod over Hawaii if we want to. We can send an American citizen to govern Hawaii, but we cannot do it without breaking faith with the organic act which was enacted when Hawaii became a part of this Republic. We cannot pass this bill today without injuring the soul of America. I am not thinking so much of Hawaii as I am thinking of our own obligations, as I am thinking of our own national respect. That is the question involved. A few moments ago my good friend Mr. O'CONNOR, of New York, stood on this floor and advocated this bill. Here we have the spectacle of the Tammany delegation supporting this bill in the face of the fact that Tammany traditionally, in season and out, berates England because Ireland is not given sufficient home rule. Today a great leader of Tammany defends a bill which would take away from Hawaii home rule, which the Congress of the United States at a former date gave to it.

We cannot pass this bill without making hypocrisy of the splendid American traditions which we, one by one, have advocated. As a Congress we cannot pass it without making hypocrisy of the finest traditions of America. Pass this bill today, and it goes around the world that all America's professions of self-government and the right to self-government by small peoples become cheap hypocrisy.

I say to my Democratic friends, if you pass this bill today, you slander the memory of Woodrow Wilson and repudiate his great efforts at Versailles. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas [Mr. MCGUGIN] has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I rise in opposition to the motion of the gentleman from Kansas [Mr. MCGUGIN].

I rise not as a Democrat or as a partisan but, I hope, as a citizen whose vision on this particular question reaches far beyond the shores of the Hawaiian Islands.

Frankly, I have been somewhat disappointed in the plane upon which the argument on this bill has been pitched, not only on the comical side but on the serious side of the argument. I am only sorry that on the spur of the moment I am not able to summarize and properly present the sole and supreme consideration which moves me to support this bill. The issue involved in this bill, in my judgment, far transcends partisanship or political considerations. So much so, that had I the ability to do so, I would prefer to come over and address my argument to the Republican Membership, because the Republican Party has always stood foursquare for the national defense. It supported a Democratic President in the Great War in every measure necessary to win the war, and it never parted company with him until after victory perched upon our banner; and the Republican Party today stands behind the national defense and is in favor of every measure necessary to the national welfare and security. [Applause.]

I want to say furthermore that the issue in this bill, in my judgment, far transcends any local considerations or the wishes of the people of the Hawaiian Islands. I am not moved by any considerations growing out of the Massie case or of lawlessness in the Hawaiian Islands. I will grant, for the sake of the argument, that they are the most law-abiding people on the face of the earth. But since the acquisition of the Hawaiian Islands by the United States I want to remind gentlemen that the picture has wholly changed, until today there is not left a vestige of the original picture or the original conditions existing at the time they were acquired by the United States.

Since that time, Mr. Chairman, a great power has arisen on the far shores of the Pacific, a power which has arisen from absolute obscurity to the front rank among the nations of the world, a power which has as its outstanding ideals militarism and conquest, a power which today is a disturbance to the peace of the world and a threat and menace to the peace and security of this Nation above all nations, a situation which all international observers agree throws an ominous question mark over the Pacific; a question which some day must be answered, just as inevitably as tomorrow's rising sun; and when that question is answered, there will be no Republicans on this side of the aisle or Democrats on that side, but, as in the case of every great national emergency, there will be only Americans on both sides of the aisle. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. MARTIN of Colorado. I ask unanimous consent, Mr. Chairman, to proceed for 1 additional minute.

Mr. MOTT. Reserving the right to object, I will not object if the gentleman will answer a question.

Mr. MARTIN of Colorado. Let me finish my statement first and then I will answer the question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. I just want to say that since we acquired the Hawaiian Islands and this trans-Pacific situation has arisen they have become the American key position in the Pacific Ocean, and the Hawaiian Islands ought to be made the Gibraltar of American defense. If I had my way about it, every resident of the Hawaiian Islands who is not absolutely loyal to that proposition would be deported to the country from which he came or where he really belongs. [Applause.]

It is for that reason that I believe the President ought henceforth to be given the widest possible discretion in appointing a Governor of the Hawaiian Islands.

The CHAIRMAN. The time of the gentleman from Colorado has again expired.

The question is on the motion of the gentleman from Kansas to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BOILEAU) there were ayes 56 and noes 135.

So the motion was rejected.

Mr. MCCANDLESS. Mr. Chairman, I move to strike out the last two words.

Mr. RANKIN. Mr. Chairman, I move that debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. MCCANDLESS. Mr. Chairman, I ask the Chairman of the Committee on Territories to send a delegation from this Congress to visit Hawaii. The gentleman from Mississippi knows nothing about Hawaii. Members talk about Hawaii who know nothing about the conditions of Hawaii, who know nothing about the loyalty of the people there.

The gentleman spoke about Alaska the other day. Since 1910 but one nonresident of Alaska has been appointed Governor. Every other Governor has been a resident of that Territory. Yet he said just the opposite was true. He did not know the truth about Alaska, either.

I realize you are going to vote this bill through, but you will rue the day you passed it. I will tell you why. We are loyal Americans. We are behind the Army 100 percent. We build the roads for the Army and charge them nothing for their use. We do everything for the Army and the Navy, yet they accuse us of being disloyal and not enforcing law in Hawaii.

I hold in my hand a report that cost Hawaii $25,000, and which shows that Hawaii was greatly wronged in being blamed for that Massie case. I ask your indulgence while I read a few excerpts from it:

> Neither do we have any proof of the incidents related by Mrs. Massie from the time she claims to have left the inn until she was picked up on the road by the Ballingers and Clarks, excepting the bruises she bore. The fact that various articles belonging to Mrs. Massie were found near the cement slab in the animal quarantine grounds is of doubtful value as proof that Mrs. Massie was raped at that point. Other circumstances seem to warrant questioning the accuracy of her statements as to what occurred there.
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> It is quite evident that the public officers charged with the prosecution of the accused most energetically endeavored to convict them. Following the mistrial the case was exhaustively reviewed and investigated by the Attorney General's office with Deputy Attorney General Kay in charge. Still later Mr. John C. Kelley, newly appointed public prosecutor replacing the county attorney in the handling of criminal matters, conducted a further searching investigation, but all to no avail.
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> * * * * * * *

Our investigation did not disclose the cause and the identity of the person or persons responsible for the physical attack on Mrs. Thalia Massie. However, the presence of our investigator on the ground and opportunity to inquire into the collateral facts, as well as the main issues, enables us to point out some interesting and important factors having a very definite bearing upon the probability of the innocence of the accused.

These excerpts are taken from a report of the Pinkerton Detective Agency, one of the best in the United States. They show that Hawaii should not be blamed for that unpleasant incident, yet you here would accuse us of laxity in our laws because of wrong impressions of this case. You would take away our rights without knowing the truth about Hawaii, without even bothering to send a committee there to learn the truth about us.

[Here the gavel fell.]

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FULLER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, pursuant to House Resolution 176, he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the final passage of the bill.

Mr. SNELL. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 237, nays 119, answering "present" 3, not voting 71, as follows:

[Roll No. 59]

YEAS—237

Abernethy	Cullen	Hill, Samuel B.	O'Connor
Adair	Cummings	Hoidale	Oliver, Ala.
Adams	Darden	Huddleston	Oliver, N.Y.
Allgood	Dear	Imhoff	Owen
Arnold	Deen	Jacobsen	Parks
Auf der Heide	Delaney	James	Parsons
Ayers, Mont.	DeRouen	Jeffers	Patman
Ayres, Kans.	Dickinson	Jenckes	Peyser
Beam	Dickstein	Johnson, Okla.	Pierce
Beiter	Dies	Johnson, Tex.	Polk
Biermann	Dingell	Johnson, W.Va.	Prall
Black	Disney	Jones	Ragon
Bland	Dobbins	Kemp	Ramsay
Blanton	Dockweiler	Kennedy, N.Y.	Ramspeck
Bloom	Doughton	Kenney	Randolph
Boehne	Douglass	Kerr	Rankin
Boylan	Doxey	Kloeb	Rayburn
Brennan	Drewry	Kniffin	Reilly
Brooks	Driver	Kopplemann	Richards
Brown, Ky.	Duffey	Kramer	Robertson
Browning	Durgan, Ind.	Lambeth	Robinson
Brunner	Eagle	Lamneck	Rogers, N.H.
Buchanan	Eicher	Lanham	Rogers, Okla.
Bulwinkle	Ellzey, Miss.	Larrabee	Romjue
Burch	Faddis	Lee, Mo.	Rudd
Burke, Nebr.	Farley	Lewis, Colo.	Ruffin
Byrns	Fernandez	Lindsay	Sanders
Cady	Fiesinger	Lozier	Sandlin
Caldwell	Fitzpatrick	Ludlow	Schaefer
Cannon, Mo.	Flannagan	McCarthy	Schuetz
Carden	Fletcher	McClintic	Schulte
Carley	Ford	McCormack	Scrugham
Carpenter, Kans.	Fuller	McDuffie	Sears
Cartwright	Fulmer	McFarlane	Shallenberger
Cary	Gambrill	McGrath	Shannon
Castellow	Gasque	McSwain	Sirovich
Celler	Gillette	Major	Smith, Va.
Christianson	Glover	Maloney, Conn.	Snyder
Church	Goldsborough	Maloney, La.	Somers, N.Y.
Claiborne	Granfield	Mansfield	Spence
Clark, N.C.	Gray	Marland	Steagall
Cochran, Mo.	Green	Martin, Colo.	Strong, Tex.
Coffin	Greenwood	May	Stubbs
Colden	Gregory	Mead	Sullivan
Collins, Miss.	Griswold	Miller	Sutphin
Colmer	Hamilton	Milligan	Swank
Connery	Hancock, N.C.	Mitchell	Sweeney
Cooper, Tenn.	Hart	Monaghan	Tarver
Cox	Harter	Montet	Taylor, Colo.
Cravens	Hastings	Moran	Taylor, S.C.
Crosby	Healey	Morehead	Terrell
Cross	Henney	Murdock	Thomason, Tex.
Crosser	Hildebrandt	Nesbit	Thompson, Ill.
Crowe	Hill, Ala.	O'Brien	Truax
Crump	Hill, Knute	O'Connell	Turner
Umstead	Wearin	Wilcox	Wood, Mo.
Underwood	Weaver	Willford	Zioncheck
Utterback	Weideman	Williams	
Vinson, Ga.	Werner	Wilson	
Wallgren	West, Ohio	Wood, Ga.	

NAYS—119

Allen	Doutrich	Knutson	Secrest
Andrew, Mass.	Dowell	Kvale	Seger
Andrews, N.Y.	Eaton	Lambertson	Shoemaker
Arens	Edmonds	Lehlbach	Sinclair
Bacharach	Eltse, Calif.	Lemke	Smith, Wash.
Bakewell	Englebright	Lloyd	Snell
Beck	Evans	Luce	Stokes
Beedy	Fish	Lundeen	Strong, Pa.
Blanchard	Focht	McFadden	Swick
Boileau	Foss	McGugin	Taylor, Tenn.
Bolton	Frear	McKeown	Thom
Brown, Mich.	Gibson	McLean	Thurston
Brumm	Gilchrist	McLeod	Tinkham
Burnham	Gillespie	McMillan	Tobey
Busby	Goodwin	Mapes	Traeger
Cannon, Wis.	Goss	Marshall	Treadway
Carter, Calif.	Griffin	Martin, Mass.	Turpin
Chase	Guyer	Merritt	Wadsworth
Clarke, N.Y.	Hancock, N.Y.	Millard	Watson
Cochran, Pa.	Hess	Mott	Welch
Collins, Calif.	Hoeppel	Musselwhite	Whitley
Condon	Hollister	O'Malley	Whittington
Connolly	Holmes	Parker, N.Y.	Wigglesworth
Cooper, Ohio	Hooper	Peavey	Withrow
Crowther	Hope	Perkins	Wolcott
Culkin	Jenkins	Powers	Wolfenden
Darrow	Johnson, Minn.	Ransley	Wolverton
Dirksen	Kahn	Reece	Woodruff
Ditter	Kelly, Ill.	Rogers, Mass.	Young
Dondero	Kinzer	Sadowski	

ANSWERED "PRESENT"—3

Dunn	Parker, Ga.	Studley

NOT VOTING—71

Almon	Duncan, Mo.	Kurtz	Reid, Ill.
Bacon	Fitzgibbons	Lanzetta	Rich
Bailey	Foulkes	Lea, Calif.	Richardson
Bankhead	Gavagan	Lehr	Sabath
Berlin	Gifford	Lesinski	Simpson
Boland	Haines	Lewis, Md.	Sisson
Britten	Harlan	McReynolds	Smith, W.Va.
Buck	Hartley	Martin, Oreg.	Stalker
Buckbee	Higgins	Meeks	Sumners, Tex.
Burke, Calif.	Hornor	Montague	Taber
Carpenter, Nebr.	Howard	Moynihan	Vinson, Ky.
Carter, Wyo.	Hughes	Muldowney	Waldron
Cavicchia	Kee	Norton	Walter
Chapman	Keller	Palmisano	Warren
Chavez	Kelly, Pa.	Peterson	West, Tex.
Cole	Kennedy, Md.	Pettengill	White
Corning	Kleberg	Pou	Woodrum
De Priest	Kocialkowski	Reed, N.Y.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Bacon (against).
Mr. Lehr (for) with Mr. Higgins (against).
Mr. Boland (for) with Mr. Rich (against).
Mr. Burke of California (for) with Mr. Taber (against).
Mr. Kocialkowski (for) with Mr. Buckbee (against).
Mr. Chapman (for) with Mr. Kurtz (against).
Mr. Pou (for) with Mr. Carter of Wyoming (against).
Mr. Vinson of Kentucky (for) with Mr. Cavicchia (against).
Mr. Gavagan (for)with Mr. De Priest (against).
Mr. Haines (for) with Mr. Moynihan (against).
Mr. Peterson (for) with Mr. Muldowney (against).
Mr. Corning (for) with Mr. Simpson (against).
Mr. Sumners of Texas (for) with Mr. Reid of Illinois (against).
Mr. McReynolds (for) with Mr. Stalker (against).
Mr. Almon (for) with Mr. Waldron (against).
Mr. Bankhead (for) with Mr. Reed of New York (against).

Until further notice:

Mr. Hughes with Mr. Britten.
Mr. Howard with Mr. Gifford.
Mr. Martin of Oregon with Mr. Kelly of Pennsylvania.
Mr. Norton with Mr. Buck.
Mr. Woodrum with Mr. Fitzgibbons.
Mr. Lewis of Maryland with Mr. White.
Mr. Chavez with Mr. Kennedy of Maryland.
Mr. Meeks with Mr. Pettengill.
Mr. Bailey with Mr. Montague.
Mr. Harlan with Mr. Sisson.
Mr. Keller with Mr. Carpenter of Nebraska.
Mr. Walter with Mr. Berlin.
Mr. Hornor with Mr. West of Texas.
Mr. Richardson with Mr. Kee.
Mr. Kleberg with Mr. Smith of West Virginia.
Mr. Cole with Mr. Foulkes.
Mr. Duncan of Missouri with Mr. Lesinski.

Mr. GOSS. Mr. Speaker, the gentleman from New Jersey, Mr. HARTLEY, has requested me to announce that he has been detained on official business, and if present he would vote "no."

The result of the vote was announced as above recorded.

On motion of Mr. RANKIN, a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—THE PHILIPPINE ISLANDS

The Chair laid before the House the following message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 19 of the act of Congress approved August 29, 1916, entitled, "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands", I transmit herewith a set of the laws and resolutions passed by the Ninth Philippine Legislature during its second regular session, from July 16, 1932, to November 9, 1932, and its special session of 1932 from December 7 to 9, 1932.

With reference to Act No. 4053 (H. No. 2516) the following is quoted from an opinion of the Attorney General of the United States, rendered February 14, 1933, prior to the approval of this act by the President of the United States:

4. Sections 6 and 7 are separable from the rest of the measure. If you approve the bill, sections 6 and 7 will be void and inoperative, but the other provisions of the bill will not be affected and will stand as valid legislation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 7, 1933.*

VETERANS' RELIEF (H.DOC. NO. 62)

The Chair also laid before the House the following message from the President of the United States, which was read, and with the accompanying papers, referred to the Committee on Expenditures and ordered printed:

To the Congress:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith a photostat copy of Executive Orders No. 6156 (Veterans' Regulation 1 (a)), No. 6157 (Veterans' Regulation 3 (a)), No. 6158, (Veterans' Regulation 9 (a)), and No. 6159 (Veterans' Regulation 10 (a)), approved by me June 6, 1933, embodying amendments to veterans' regulations approved by me March 31, 1933, relating to veterans' relief. These veterans' regulations have been issued in accordance with the terms of title I of that law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 7, 1933.*

PERMISSION TO FILE REPORT

Mr. MILLER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file its report on the bill (H.R. 5950), the views of the minority to be included in the same document.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PROTECTION OF GOVERNMENT RECORDS

Mr. MCKEOWN submitted the following conference report on the bill (H.R. 4220) for the protection of Government records:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 4220 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same.

TOM D. MCKEOWN,
J. BANKS KURTZ,
Managers on the part of the House.

JOE. T. ROBINSON,
WM. E. BORAH,
TOM CONNALLY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4220) for the protection of Government records, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

This bill as it passed the House consisted of three sections. Section 1 provided that it shall be a crime for any person by virtue of his employment having custody of or access to any records of the Government, to remove, sell, or destroy them for any purpose prejudicial to the Government. This section is merely an extension of existing law (U.S.C., title 18, par. 234; Criminal Code, sec. 128). Section 2 made it a crime for any person without authorization of competent authority to publish or furnish to another any matter prepared in any official code, or for any purpose prejudicial to the safety or interest of the United States, willfully to publish or furnish to another any matter obtained without authorization of competent authority from the custody of any officer or employee of the United States, or anything purporting to be such matter. Section 3 provided that proof of the commission of any of the acts forbidden by sections 1 and 2 shall be prima facie evidence of a purpose prejudicial to the safety or interest of the United States.

The Senate amendment struck out the entire House bill after the enacting clause and substituted one paragraph making it a crime for anyone having or having had custody or access to any official diplomatic code, or any matter prepared in such code, willfully, without authorization, or competent authority to publish or furnish to another such code or matter, or what purports to be such, or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States.

The conferees recommend the acceptance of the Senate amendment.

TOM D. MCKEOWN,
EMANUEL CELLER,
J. BANKS KURTZ,
Managers on the part of the House.

DISTRICT OF COLUMBIA APPROPRIATION BILL—1934

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file conference report on the District of Columbia appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

CIVIL AVIATION

Mr. MCSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an article prepared by myself and recently published in Air Transportation.

The SPEAKER. Is there objection?

There was no objection.

Mr. MCSWAIN. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I print the following article prepared by me and published in the June 1933 issue of Air Transportation:

Every thinking person now realizes the paramount importance of air force in any future war. Throughout military history altitude has been one of the determining factors. A position upon high ground is always considered the best. When that position may reach altitudes of 5 miles or more, and when the altitude of the attacking or the defending air force may be changed at will, the supreme advantage of that nation having a superiority in air cannot be doubted for one moment.

If America had superiority in air, then she could readily grant equality to any other nation in fighting sea craft, and could even grant superiority to any other nation in the number of trained and effective land troops. The reason is that America's two best friends are the Atlantic Ocean and the Pacific Ocean. Her next two best friends are the good people of Canada on the north and of Mexico on the south. In view of this highly advantageous situation, America can safely pursue her traditional and deliberately chosen policy of mere defense. We do not covet the land or the riches or the commerce of any other nation. We would not

make aggressive warfare upon any people on earth. We want to be the friend of every other nation under the sun. If we cannot develop our own Nation and advance our own commerce by friendly relations with other peoples, then we ought not to expect to succeed. For that reason the unbroken and well-thought-out policy of this Nation, from colonial days to this hour, has been one of mere defense. We have never thought of prosecuting aggressive war upon any other nation.

That being so, our next step is to decide what weapon is more effective for mere defense. In any scheme of government the question of economy must be considered. We must not spend money merely to be spending it but must decide where our money can be best spent. Of course, if it were necessary, we could maintain the largest air force in the world, the largest navy in the world, the largest number and the best-equipped land troops in the world. We have the wealth and the resources to do that. But unless it were absolutely necessary, we would be foolish to burden our people with taxes in order to do such unnecessary things. In view of these obvious considerations, we must apportion and fix the relative defensive value of these different agencies. In doing so, we come to the fundamental proposition that, dollar for dollar, we can obtain more defense for our shores and for our people by a thoroughly trained and equipped air force than by any other. Since it is in the range of early attainment for airplanes to base upon our shores and to fly 1,000 miles out to sea and attack any approaching fleet and beat down the air force based upon the enemy fleet and return to our own shores, it is manifest that principal emphasis should be laid upon our air force. Of course, that does not mean that we must ignore or abandon our fleet. Furthermore, it does not mean that we must discontinue the training of land troops. It merely means that we must put the highest emphasis upon defense by air.

In considering the scheme of air defense, we must apprize both the personnel and the material equipment. In other words, we must have an abundance of trained pilots and adequate aircraft. In order to procure this abundant supply of personnel we should encourage civil aviation. Every young man who is able to pilot aircraft of any kind is a potential defender of his nation in war. It may be that he does not know all the maneuvers of military flying, but he has the basis for the quick apprehension of military aviation. Furthermore, our civilian pilots should all be encouraged to connect themselves with a reserve corps of pilots, whether for the Army, the Navy, or the Marine Corps, and these civilian pilots should be encouraged to take training for a period of approximately 30 days each year in military aviation. This training should not be given to any civil pilots more than 30 years of age. Thirty days a year for 5 or 6 consecutive years, with intervening correspondence studies, would put a civilian pilot in position to be quickly available for defense in time of war.

What is said about personnel applies with equal force to material. Civil aviation for every possible purpose should be encouraged. Not only for carrying mail and for carrying passengers but for carrying light freight, and especially perishable freights, aircraft should be employed on the widest possible scale. Work of this kind would keep our aircraft forces employed, would constantly develop the art, would bring about improvements in every form and kind of aircraft, and would undoubtedly develop designs of the greatest value in time of war.

No man need think that the art of aviation has attained its perfection. In fact, it is just in its infancy. Not 30 years ago was the first short mechanical hop through the air made at Kill Devil Hill, N.C. Hardly 20 years ago was it thought of as a military possibility. It seems but yesterday when the first transoceanic flights were made. Undoubtedly the genius of scientific students will bring yet more marvelous accomplishments to the record of flying machines.

Therefore, the greater the activity in the production of such machines, the greater the competition among the manufacturers of aircraft, the greater the number of young men devoting their thought and attention to aviation, the greater will be the progress in every particular in respect to aviation.

For these reasons I urge with every possible energy the employment of civil aircraft in every phase of transportation and communication. Disasters such as the *Akron* will neither discourage nor baffle nor deter mankind in its efforts to make conquest over the air. The brain of man is questioning every fact connected with his existence. Those who know most about this conquest over the forces of nature testify that we stand at the threshold of even greater achievements and discoveries. Undoubtedly we will go forward in all directions, and we must not, and will not, fail to connect the possibilities of civil aviation with national defense. So long as men are cool-headed and in right reason, war seems foolish and futile. But all history demonstrates, and our present world condition corroborates, the truth, that men become hotheaded and reason flies away, and then comes war, terrible, destructive war. We must not live in a dreamland. We must face the realities of history. We must be prepared. In such preparation air force and its intimately related fact of civil aviation must be fostered, encouraged, strengthened, and made ready at the shortest notice to function as the first line in our national defense.

J. MARTIN M'KEE

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker, the House of Representatives, in the death of J. Martin McKee, foreman of the folding room, has lost a faithful servant. With him passed a knowledge of and an experience with public documents which only years of devotion to duty could acquire. To my mind the House has suffered an irreparable loss. Forty-nine years ago Martin McKee, or "Mac" as he was familiarly called, entered the service of this House as a messenger at the east entrance to the floor of the House. He was a bright, alert, and courteous youth, and he soon endeared himself to the Members by his pleasing personality. He won a promotion to a better position in the folding room, where his industry and intelligence justly earned for him the foremanship of that important branch of our service, and until several weeks ago when Mr. McKee was stricken at his post of duty he continued to serve in that capacity with great fidelity.

Even after it was apparent to his associates that the hand of death had been laid upon him, he persisted in reporting for duty and would not relinquish his task until nature rebelled.

No better example could be furnished of conscientious discharge of duty than in the life and service of Martin McKee, covering nearly half a century of time. And the greater part of this service was performed in the subterranean depths of this great Capitol Building, out of the sight of the thousands of Members of Congress he was serving, with few to observe and approve, and without the stimulus of encouraging words.

Members who served here a long time, however, knew McKee and his worth, and were quick to appreciate his untiring efforts to render them service of a high order of intelligence. He was uniformly courteous, obliging, and painstaking, and went out of his way to meet the slightest request. He personified affability combined with a quiet, unassuming dignity. His knowledge of public documents and their contents was prodigious. Whatever the subject, however antique the document, Mac's unerring memory and developed sense of location would produce it promptly from the catacombs where millions of documents were stored. It is almost inconceivable that the mind of man could be the storehouse of information that was McKee's. He was a living index of the folding room's contents, and he cheerfully dispensed the knowledge he had acquired through years of hard study and application to the duties of his particular job. It would sound like an exaggeration to say that 100,000,000 documents came under his personal care and distribution, but I think this a conservative statement.

Mr. McKee, whether serving under a Democratic or Republican House, and he served under both from time to time, was impartial and impersonal, serving each and all alike, with characteristic friendliness, his only object being to serve. And while serving he was called away to higher service.

It is no wonder to his host of friends, who sincerely mourn his death, that "Mac" stayed on and on through the mutations of politics in the job for which he was so well suited and which suited him. It will take years adequately to fill his place.

I knew him for over 20 years, and I cherished his friendship.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my own remarks by publishing statistical information as to the population and registered voters of the Hawaiian Islands.

The SPEAKER. Without objection, it is so ordered.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks on the Hawaiian situation.

The SPEAKER. Without objection, it is so ordered.

THE "GOLD CLAUSE" IN UNITED STATES GOVERNMENT BONDS

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the veterans' compensation, and also on the gold standard.

The SPEAKER. Without objection, it is so ordered.

Mr. PETTENGILL. Mr. Speaker, if this bill excepted from its operations the outstanding obligations of this Government, I would vote for it. But it does not do so. Therefore it writes a question mark across the promissory notes of the Nation. I do not think that question mark should be permitted to stand.

Only 5 weeks ago, on April 23, the Secretary of the Treasury, in his invitation to our people to subscribe to a $500,000,000 bond issue, said:

> The principal and interest of the notes will be payable in United States gold coin of the present standard of value.

On the faith of that promise, the money was loaned. Today we break that promise and say that at no time and under no circumstances will we ever honor it.

We do not say that specie payment is suspended temporarily as an emergency measure during a grave crisis. That could be defended. That it has been temporarily suspended by the act of March 9 and by the later embargo on gold export is something that I thoroughly approve of. But it is one thing to say, "Under present circumstances I cannot perform my contract." It is another thing to say, "Under no circumstances will I ever perform my contract."

Not only the recent $500,000,000 issue but billions of dollars have been borrowed by Uncle Sam under a written promise to pay in gold, if demanded. I understand the soldiers' adjusted-service certificates, with a face value of $2,400,000,000, due in 1945, contain the gold clause. All these promises are now to be permanently broken.

I confine my opposition to this bill entirely to the fact that it repudiates a promise in the notes given by the Federal Government for money borrowed by it.

In my mind a far different case is presented by the gold clause in the bonds of railroads, industries, municipalities, or private individuals. With respect to them it can be argued with great force that the contracting parties loaned and borrowed the money in the light of the knowledge that Congress, in the exercise of its constitutional powers, might thereafter change the statutory value of the gold dollar or make some other medium a legal tender for the payment of such private obligations. The second *Legal Tender cases* seem to lead to this conclusion.

But here we are wiping out a promise of the Federal Government itself. This point, differing from the effect of private obligations, does not seem to have ever been decided by the United States Supreme Court. The cases relied upon dealt with private obligations alone. For example, in Juillard against Greenwood:

> The power of making the notes of the United States a legal tender in payment of "private" debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of "private" contracts.

But it has never been held, so far as I know, that the United States can directly repudiate its own contract entered into with one of its citizens. This point has not been covered by the debate. It is too important to go unmentioned.

The United States acts in two capacities, governmental and business. In the exercise of its governmental capacity, which includes the power "to coin money and regulate the value thereof" its power is as plenary as the Constitution. But when it acts in a business capacity, as it does when it borrows money, it is bound by its contract. It has been so held by the courts on many occasions.

Although the States are forbidden to do so, the Congress may impair the obligation of the private contracts of its citizens (*Legal Tender cases*). But can Congress impair its own contracts? Can or should Congress in the exercise of its governmental functions destroy rights given by it in its business capacity as a borrower of money? Can or should the sovereign exercise sovereign power to render void a sovereign's promise? I do not think so. "Contracts with the Government, like other contracts, must be performed according to their tenor both by the contractor and the United States" (39 Cyc. 743).

Although the clause against impairing the obligation of contracts applies only to the several States, nevertheless the fifth amendment to the Constitution providing that no person shall be "deprived of life, liberty, or property without due process of law" is binding upon the Federal Government, and in my judgment secures the individual against any action by the Government which divests a property right vested by it in its citizens (12 C.J. 957).

To make a plain case: A dollar is 25.8 grains of gold nine tenths fine. This is another way of saying that 25.8 grains of gold is a dollar. Suppose, as has happened in our history, the Government has to buy gold, and does so, giving for every 25.8 grains of gold it receives, its promise to pay $1 "payable in United States gold coin of the present standard of weight and fineness." Suppose this resolution is then passed by Congress, and shortly thereafter the Government, under the Thomas amendment of the agricultural relief bill changes the weight of the dollar to 12.9 grains of gold. When the Government's promise to pay falls due, it then gives its bondholders 12.9 grains of gold for every 25.8 grains it received, retaining in its Treasury the other 12.9 grains. Is this not a direct taking of property prohibited by the fifth amendment of the Constitution? The 12.9 grains of gold withheld by the Treasury has value; it is "property"; the Government received it from its citizen upon a solemn promise to repay it. It keeps it. It is possible that that may be held to be a constitutional taking by the Government of 12.9 grains of gold. But that it is a taking I think few will deny.

The Congress has the right to regulate weights and measures as well as to coin money and fix the value thereof. Suppose the United States borrowed a million bushels of wheat—each bushel weighing 56 pounds—from its citizens to feed its armies in time of war, the wheat to be returned after the war ended. Suppose then Congress changed the weight of a bushel of wheat from 56 to 28 pounds and tendered back to its citizens a 28-pound bushel for every 56-pound bushel, keeping the other 28 pounds.

Would the Supreme Court hold that the citizen is without remedy under the fifth amendment?

And if it should hold the citizen constitutionally without remedy, what would you think the effect of that transaction would be upon the faith that its citizens would then have in their Government?

And here let me again say that under the *Legal Tender cases* I raise no point as to the power of Congress to eliminate the "gold clause" in all private contracts. I am referring only to contracts to which the Federal Government is itself a party and I raise the question both of the constitutionality and the wisdom of this action as to the contracts of this Government under, first, the fifth amendment; second, the fourteenth amendment, which states that the "validity of the public debt of the United States authorized by law * * * shall not be questioned"; third, a statute now in force for 64 years, that "the 'faith' of the United States is 'solemnly pledged' to the payment in coin or its equivalent of all the obligations of the United States"; and fourth, waiving all law points, the wisdom of this action upon the future credit of this Government.

It may be well to point out that the "first line of defense" of this Government is not its Army or Navy. No. The very preservation of the Government has depended, and may well depend again, upon the credit of the Nation out of which alone come the sinews of war. And that credit is simply the belief of our people that, come what may, Uncle Sam is never going to welch on a single promise.

I believe that the Supreme Court will hold that this bill goes beyond the constitutional power of Congress; and believing that, I consider that my oath to support the Constitution prevents me from supporting this bill unless it excepts Uncle Sam's promissory notes from its operation.

But even though I guess wrong on what the Supreme Court may decide, there still remains the question of good faith, of confidence in the sanctity of contracts, a matter that is older than the Constitution of the United States.

Many Federal bonds containing the gold clause are held abroad. Can we expect our European debtors to live up to their promises with us when we break our promises—permanently—with them? It seems to me that this bill furnishes the excuse they may have been looking for, and

which they may be glad to seize upon to refuse to pay the billions we loaned them during and since the World War. If so, we shall pay a stiff price for a present benefit.

Many men, abler than I, differ with me as to the legality, the morality, and the expediency of this action. Only time and the Supreme Court can resolve these doubts. I respect the views of those who differ with me. Generally I would defer my judgment to theirs, especially in these critical times. But this question goes deeper than what is wise. It goes to the bedrock of what is right. And on that question I must vote my own convictions regardless of consequences.

Many arguments made for the bill seem to me to be exceedingly flimsy.

It is said that there is not gold enough in America to pay outstanding gold obligations. Well, there are not enough coffins in America to bury every American. But the coffin business gets along pretty well for the reason that we do not all die on the same day. In the same way, banks seldom have enough money to pay their demand obligations. Occasionally there is a run on a bank or a run on the Treasury, as there was the 1st of March, and payments have to be suspended temporarily in order to treat all alike. But that is far different from refusing to pay at any time.

I would suspend specie payment as long as the emergency lasts. But in normal times gold, if paid out to one creditor of the Government, does not go out of existence. It is shortly redeposited and finds its way back to the Treasury to be available when the next creditor demands gold—which is seldom the case.

The specious argument, "How can you pay $100,000,000,000 of gold obligations with only four billions of gold?" is scarcely less sensible than a like question with respect to all forms of money. We have—gold, silver, and currency—only about ten billions all told. Those who think a conclusive argument is made by asking this question never stop to state its correlative, "How can you pay one hundred billions of debts with ten billions of all forms of money?" As a matter of fact it is likely that the ratio of "gold" debts to total gold is less than the ratio of all debts to all money. But no one thinks that the volume of money should always equal the volume of debts.

It is said that when the Federal Government sold its bonds it did not receive gold, and, therefore, should not pay gold. Suppose that to be generally true. But what has it to do with the question? The obligation of a contract is found in its terms, over the signature of the borrower, and not in what the borrower receives. If for 100 bushels of potatoes I give my 90-day note for $100, am I later to refuse to pay dollars because I received potatoes?

It is said that the "gold clause" ought never to have been written in Government bonds. Grant that; but, again, what has it to do with the question? The fact is that the clause is in our bonds and Uncle Sam's name is signed below.

I believe that a change in our monetary system is necessary. I agree with those students of money and depressions, such as George F. Warren, of Cornell, that world gold production is not increasing as fast as the production of all other commodities; in other words, that the money work involved in the exchange of these commodities is increasing faster than gold, and that this is one of the deeper causes of the world-wide depression, if not the only one, which seems to fit into every picture. If this is so, it is manifest we must find large, new gold deposits as we did in the Klondike and South Africa in the nineties, or further reduce the gold metallic base pledged to the redemption of currency, or supplement that metallic base with silver or with a "managed currency."

The gold dollar has unquestionably become too dear in terms of all other commodities. The ruinous deflation of the past 3½ years must be checked and turned. Prices should be restored to the level where the average of debts was incurred in order to give debtors a chance to pay out—in order to save creditors as well as debtors. This, of course, should proceed only with a just regard to the ability of the people to pay the increased prices through increased employment and advancing wages.

But, believing all this, I yet believe this ruinous deflation can be corrected without repudiating the solemn obligations of this Government.

I am not wise enough to foresee the result of today's action. I cannot believe it will be good, but time—perhaps a far-distant time—alone will tell. There is an old maxim that "from a base action no good can arise." But, on the other hand, I know that life is inconceivably complex and good and evil almost inextricably interwoven. In Goethe's Faust, Mephistopheles says:

> I am a part of God not understood, who always wills the bad but sometimes works the good.

"God moves in a mysterious way His wonders to perform", and it may be that the supposed benefits of this action will overweigh its possible harm. I know that this is what its friends believe. I know they believe it sincerely and that it is justified to them. I trust they are right and that its faults will be absolved in the confessional of time.

But on this matter of breaking the faith of public contracts I "place my feet in the tracks of my forefathers, where I can neither wander nor fall." I go back to General Washington, who said:

> But let there be no change by usurpation; for though this in one instance may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

I go back to Andrew Jackson, who said in a veto message in 1830:

> When an honest observance of constitutional compacts cannot be obtained from communities like ours, it need not be anticipated elsewhere, and the cause in which there has been so much martyrdom and from which so much was expected by the friends of liberty may be abandoned, and the degrading truth that man is unfit for self-government admitted. And this will be the case if expediency be made a rule of construction in interpreting the Constitution. Power in no government could desire a better shield for the insidious advances which it is ever ready to make upon the checks that are designed to restrain its action.

And finally, I go back to the first inaugural of the founder of my party. Among the "essential principles of our Government" Jefferson placed "the honest payment of our debts and the sacred preservation of the public faith." This, he said, should be the "touchstone by which we try the services of those we trust."

Upon that rock I stand.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting two confidential documents on the American Vigilantes, which is an effort to start a secret Fascisti in the United States.

The SPEAKER. Is there objection?

Mr. KNUTSON. If they are secret documents, I think I will object.

Mr. ZIONCHECK. They are not exactly secret, but they are confidential; not for general publication.

Mr. KNUTSON. Until we know more about it, I object.

CASTE SYSTEMS IN AMERICA—THE UNTOUCHABLES AND UNTAXABLES

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the untouchables and untaxables in the United States.

The SPEAKER. Without objection, it is so ordered.

Mr. HOEPPEL. Mr. Speaker and Members, according to the press reports, we are told that justice to our disabled and indigent veterans cannot be granted unless additional taxes are placed upon the backs of our already overtaxed people. Without disputing the theory that additional taxes are required, I will show that the administration has thus far failed to recognize a prolific field for taxation.

It appears that we have a caste system in America in which not only the administration but Congress as well occupies the position of the rajahs of India, who are utterly oblivious to the plight of their own untouchables. We have in America an untouchable and untaxable group, headed by Morgan, Mellon, Baruch, and others, who represent a prolific field of taxation, but whom the administration and the Congress have thus far failed to encompass in that respect.

In India the patriotic Ghandi suffers and sacrifices himself for the untouchables, who comprise approximately one

fourth of the population of India. Here in America the untouchable and untaxable group thrive and continue to grow increasingly wealthy because of the exactions their policies inflict upon the unfortunate unemployed, upon the disabled veteran, and the Federal employee.

I suggest that this Congress initiate and enact legislation which will tax all the existing tax-exempt securities of every description and that all future issues shall also be so taxed. The gamblers in Wall Street should be required to contribute a just and fair tax by the taxation of all stock and bond transfers. Inheritance, estate, and gift taxes should be increased to bear their proper share of taxation in the conduct of government. It is preposterous, in my opinion, to speak of adding to the tax burden of the common citizen while we continue to permit unearned and ill-acquired wealth to continue tax-exempt.

In this Congress we have voted almost $9,000,000,000 of additional tax-exempt bonds, the benefit of which is to be extended to the private financial institutions of America, who, instead of passing down this profligacy of the Government to the common citizen, continue to hold and absorb every vestige of wealth which comes within their sphere of influence. It was believed that the farm and home loan provisions would bring relief to our distressed farm and home mortgagors, but we find that the banking and loan companies of America continue to exercise a heartless attitude toward our oppressed citizens and that they are continuing to foreclose mortgages on homes and farm properties wherever possible. This is so pronounced that in my own State of California the senate of the assembly has submitted a joint resolution to the Congress petitioning for a moratorium and relief from the oppressive methods of these federally subsidized private loan agencies, which continue to exact the pound of flesh from our unemployed and distressed citizens who are indebted to them.

The Congress should not adjourn until a national moratorium on home and farm mortgages is enacted. The interest of our distressed citizenry is of paramount importance to that of the loan companies which are using Government machinery to validate their defaulted loans and mortgages.

There are too many untouchables and untaxables in America today, and, in my opinion, they are represented too well in Congress for any relief to be extended to the people under the program thus far advanced.

According to the press reports the senatorial investigation now being conducted on the conduct of America's leading untouchables and untaxables is intended to be squelched or at least not intended to be given publicity. Is it possible that America's untouchables and untaxables are sacrosanct and that their wrongdoings should not and will not be publicized the same as is so freely done in the cases of other gangsters and racketeers?

In my opinion, the fault lies with the administration and the Congress which apparently are more interested in entrenched wealth than they are in the rights of our impoverished and unemployed citizenry. I vision that if Christ came to Congress, he would exercise the lash of scorn as freely with the present Membership as he did with the money changers in the temple. Personally, I am disillusioned, as a Representative of the people, to find such apathy on the part of my colleagues toward the best interest of the masses.

The restoration of purchasing power is of paramount importance. It is vitally essential and effaces entirely the plea of the large financial interests for a continuance of subsidies under the Reconstruction Finance Corporation and the continued issuance of tax-exempt securities in which the Government guarantees the interest payments.

We are soon to return to our constituents and render an account of our stewardship, and it amuses me to contemplate the alibi which Democratic Members will extend to their constituents on the measure of relief which they should have brought to them. The continued unemployment problem, with little or no visible amelioration through the acts of the special session of Congress, makes it incumbent upon the Representatives to exercise a bit of legerdemain in an effort to hypnotize their constituents into the belief that something effective has been accomplished. The magicians Keller and Houdini are now passed on, but their subtle art of mystification still lives and is born anew, apparently, in the administration efforts which have been blazoned forth with such éclat—far beyond their intrinsic merits. Even though a miracle may be accomplished and a measure of success crown the efforts of the administration in its sincere effort to bring relief to our distressed, there is absolutely no alibi which the administration or a Congressman can advance to his constituents for a continuance of the present unbalanced system of taxation wherein the 5 percent of untouchables in America will continue to be the arch untaxables, while at the same time the great mass of the population, with a small proportion of the wealth, will be called upon to carry the burden of the maintenance of government through an already onerous and too high system of taxation.

The Democratic Party stands upon the theory of equality under the law and equality to all men, but I challenge this theory since, in practice, it is not adhered to by those in national offices who have the power to rectify this disparity but who have failed to do so, and who apparently continue to eat subserviently from the troughs of the untouchables.

The recent disclosures in the Senate and the further disclosures in connection with the purchase of kits for the Civilian Conservation Corps would indicate that honesty as well as efficiency is a lost art in our democracy.

INTERSTATE LIQUIDATIONS—A NATIONAL PROBLEM

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech made by the superintendent of insurance of New York at a meeting of all the insurance experts of the United States in reference to liquidation being a national problem connected with the bill that permits the Reconstruction Finance Corporation to buy preferred stock of insurance companies.

The SPEAKER. Without objection, it is so ordered.

Mr. O'CONNOR. Mr. Speaker, under leave to extend my remarks I insert herewith the following address of George S. Van Schaick, superintendent of insurance of the State of New York, at the Sixty-fourth Annual Meeting of the National Convention of Insurance Commissioners, Edgewater Beach Hotel, Chicago, Ill., which should be of interest to the Nation:

All through the depression there has been noted commendable action by insurance companies to improve their condition by the elimination of wasteful and harmful practices. Companies which were most prompt in putting their houses in order generally have come through this long trying period best. The relationship between wasteful and improper practices and the public interest has been repeatedly recognized by this convention.

In the same manner that insurance companies have had occasion to study shortcomings, supervisory officials have noted certain defects in public administrative procedure. Attention has become focused on the liquidation of companies. The public is entitled to high efficiency in the liquidation of insolvent insurance companies. Company failures have been fewer in number than might reasonably have been expected. Those that have occurred clearly demonstrate that methods of liquidation need improvement. How this might be brought about is the subject of this discussion.

It is manifestly impossible to cover the entire subject adequately in one paper. This discussion will be limited to one phase of liquidation and reorganization, namely, the lack of unity in the proceedings taken at the present time upon the failure of an insurance company which has been doing a Nation-wide business, thus needlessly aggravating the tragedy of the failure. This aspect of the subject is chosen for two reasons: First, because the existing lack of coordination between the proceedings in the various States is coming to be a serious condition in and of itself, and second, because this condition may have a direct bearing upon the future of State supervision of insurance.

To provide a background for a better understanding of the defect in the present method of handling insolvent insurance companies it is worth while to classify roughly the outstanding phases in the course of events after a determination has been made to liquidate a company. In the beginning the machinery of liquidation must formally be set in motion. Then comes a preliminary period in which three objects are foremost. It is particularly necessary at this stage to prevent preferences to various individuals, to give information about what has happened and about the existing status of various matters, and to disentangle as far as possible the affairs of third persons. For example, assureds whom the company has been defending under liability policies, must be given opportunity to arrange for their own defenses.

Those having unexpired contracts of insurance should be given warning and opportunity to purchase new insurance.

The third major phase of liquidation is the administration of the assets of the company generally, which consists of ultimately reducing all of its resources to cash. Another important aspect is the determination of claims against the company and includes, among other things, giving of notices, receiving of proofs of claim, and adjudication of claims. Finally, it is necessary to deal with those things which have to do with the distribution of assets.

The setting in motion of the machinery of liquidation customarily consists of an order of receivership in the home State or of a granting of an application by the commissioner of the home State for a statutory proceeding akin to receivership. Regardless of any theory to the contrary, the primary receiver or liquidator has very little authority as such in any other State. The primary court has practically none.

Of late in some cases the primary liquidator has encouraged the prompt commencement of proceedings in other States either through the respective commissioners of such States or by trustworthy creditors. These proceedings, however, are legally distinct and independent from the primary proceeding. Independent reciversship proceedings occasionally are instituted in some of the other States under the auspices of commissioners of insurance. Generally they are sponsored by former employees or by creditors. Such receiverships vary in point of merit. Some deserve high commendation. At the other extreme is a form of receivership in some States in which the moving creditor receives a preference. In the case of the liquidation of one New York company such a receivership by a very large creditor threatens to absorb all of the assets in that particular State. Here, of course, receivership is no better than attachment.

In the balance of the States nothing is done and the affairs of a company are left to drift until the primary liquidator has time to attend to them. Most of those who owe money to the company in such States are able to avoid payment for a considerable length of time and sometimes they never pay. On the other hand, creditors are free to start attachment actions and to otherwise prefer themselves.

The lack of coordination between the various proceedings is clearly apparent in the preliminary stages of the liquidation. To begin with, the files relating to matters in many States may be concentrated in one place, which may or may not be the domicile of the company. It is expensive to segregate these files by States. Yet the various State receivers have no interest in files pertaining to other States. Another difficulty arises when several persons simultaneously seek possession of the same files. In such cases it is likely that no one is in position to answer the legitimate inquiries of those who have an interest in the files. At times the New York superintendent, as local conservator of a foreign company which has failed, has been in possession of files covering most of the eastern part of the country. His helplessness at such times even to make intelligent answers to inquiries has been appalling.

The notices of liquidation, if any, sent out by the various receivers vary markedly. Under the present uncertainty of the relationships between the various proceedings it is at times literally impossible to know what to notify claimants to do in the matter of filing claims.

Several additional difficulties are encountered. There is no uniformity of policy with regard to assisting assureds whom the company was defending under liability policies. The handling of collateral differs widely. At times depositors of collateral in one State find themselves in difficulty because the collateral has been moved to another State. The vagueness of the relationship between the two States makes the return of the collateral uncertain. The employees of a company in some States will have a preferred claim for wages. In other jurisdictions there is no such preference.

The administration of the assets of an insolvent company under the present system is particularly apt to produce conflict between the various receivers. In the case of a creditor receivership the size of the receivers' fees depends upon the amount of assets collected. In the case both of a creditor receivership and one by a commissioner of insurance, each receiver feels obligated to collect as much as possible in order to protect his creditors in the event it is determined that he shall make a local distribution of what he has collected.

In some States title is vested by statute in the liquidator of that State. This solves the asset problem in the home State. However, real estate in a foreign State is not affected. High courts have even indicated that they are not bound by such a statute with regard to personal property within the physical jurisdiction of their respective territories.

A few examples taken at random will show how troublesome this matter may be. A receiver in one State may hold a mortgage on property in another State, and the mortgagor may be in either State or in the third State. Who shall make the collection? One receiver may hold a note payable in another State by a resident of a third State who is temporarily living in a fourth State on a policy taken out and involving business in a fifth State. What receiver is entitled to collect on the note? The debtor of a company on an open account may have property and may be subject to suit in a half dozen or more States. If it involves a substantial amount, each of several receivers may feel himself entitled to it. It is not uncommon for another insurance company doing business all over the country to owe a company in liquidation a substantial amount upon reinsurance likewise scattered countrywide. What receiver may make this collection?

Another situation that comes up occasionally involves a suit by the company in one State which will be a substantial asset in that State, if won, against a defendant who has large claims against a company in other States. A compromise which will be beneficial to the company as a whole may be seriously prejudicial to the interests of the receiver of the first State. What shall the basis of settlement be?

That portion of liquidation which relates to the determination of claims is also productive of controversy between receivers under the present system. Claims against an insurance company, particularly a casualty or surety company, are for the most part unliquidated. Unless there is some general basis for the liquidation of these claims the allowances in the different States will differ considerably.

These variations make it difficult for the courts of one State to recognize without reservation the adjudication by the courts of other States. On the other hand, to require all claimants to come to one State is manifestly a discrimination against those living in distant States who cannot afford the expense involved and as a result are compelled to take whatever is offered to them.

The procedure for handling claims also varies in the different States. In some States the receivers are required to defend all lawsuits brought by claimants rather than to centralize litigation in the receivership proceeding. This offers some advantage to the individual creditors bringing such suits. It similarly penalizes the whole estate and all other creditors by the heavy cost of such defenses. The acceptance of claims filed after the last day set for the filing of claims is another matter in which local practices differ to the necessary disadvantage of the creditors in some States.

In the liquidation of an insurance company more than in any other type of insolvency the problem of contingent claims is present. The law on this subject even in a single jurisdiction is uncertain. That uncertainty is multiplied where the courts of many States are involved. Sometimes the policies of a company are treated as canceled by the order of liquidation in one State at the same time that the courts of another State hold them to be not so canceled.

In the distribution of assets the evils of the present system are also apparent. It is commonly maintained that the general assets collected in any given jurisdiction shall first be applied to claims of (1) those who reside in such jurisdiction, or (2) those whose claims arise in such jurisdiction, or (3) those who have filed their claims in such jurisdiction. The first proposition is plainly unsound. The second proposition is likewise unsound in the case of general assets. The third proposition is unsound where the domiciliary receiver is entitled to public confidence. In addition it always imposes a hardship on creditors. To receive a mathematically correct portion of the estate each general creditor would have to file and prove his claim in every State in which there was a receivership. This is clearly a foolish multiplication of effort.

The laws of some States establish a preference in general assets for claims of certain types, such as claims for wages and claims for compensation. In some jurisdictions claims of the State as a sovereign are preferred. The exact effect of these laws is not clear. The tendency is to deny them any effect outside of the State. It is obvious that the lack of any controlling authority upon this matter contributes measurably to the problem of distribution.

The distribution of special deposits which are trust funds likewise presents opportunity for confusion. Too often there is no coordination between the distribution of the trust funds and the general assets. On the other hand, an effort may be made to withhold dividends from the general funds to those who have shared in a trust deposit. This is of doubtful legality. It is apt to produce costly disputes and litigation.

The possible consequences which will result if this state of affairs remains unchanged are not pleasant to contemplate. It is obvious that public attention must sooner or later be drawn to such a condition. Criticism of insurance supervision seems inevitable, because the public is likely to attribute the evils of liquidation to a lack of adequate supervision in the first place.

It is clear that the basic cause for this defect in our system of liquidation lies in the fact that the State agencies to whom the matter is entrusted do not have sufficiently broad jurisdiction. There is no single system of legal principles, both substantive and procedural, broad enough to supply to every part of the winding up of a company's affairs. Further, there is no central administrative authority.

One word of caution, however, should be given on this score. It is not believed that an insurance liquidation can be efficiently handled entirely from one point without suffering the ill effects of remote control.

A possible solution to the problem may be Federal legislation under the bankruptcy provision of the Constitution of the United States. There is no other method of obtaining a statutory basis for complete uniformity throughout every State in the Union. It must be recognized that uniform State legislation is no more than a Utopian dream.

Insurance companies are presently excepted from the provisions of the National Bankruptcy Act for reasons which are not conclusive. One explanation is that the companies are subject to close State supervision. Another is that the rights of creditors of an insurance company are so complex that the existing machinery of the Bankruptcy Act is not suitable. Recent amendments to the law show a willingness upon the part of Congress to devise special provisions to meet extraordinary conditions. Hence it is not improbable that Congress may at some time in the future

consider the advisability of bringing insurance companies within the scope of the bankruptcy act.

Federal legislation under the bankruptcy clause of the Constitution, planned by the Congress in response to the demand of an aroused public, is not likely to be friendly to the interests of State supervision. Legislation proposed and supported by various insurance supervisory officials may well prove to be the solution to this vexing problem.

The broad outlines of such a statute may be rather readily sketched. It would be an amendment to the National Bankruptcy Act following after the recent amendments applying to individuals and railroads. One proposed draft has been worked out along the following lines:

The basic provision of this draft would permit the State supervisory officials at any time to apply to a Federal court within whose jurisdiction a company is domiciled for its liquidation or reorganization. The commissioner of the company's home State might make an individual petition or certain number of commissioners from other States might unite in such a petition.

The court to which such an application should be made would hold a hearing, and in the event of an adjudication would become the primary court fundamentally in charge of the proceeding through the entire United States. The law and practice of such court would prevail throughout the entire proceeding. It would be the court of distribution of all general funds of the company.

Each commissioner would have the right to apply to a Federal court in his State for appointment as ancillary liquidator for such State. If he did not choose to do so the primary liquidator would have authority in such State automatically by operation of law. The duties of the ancillary liquidator would be those of assisting the primary liquidator in a collection of assets and in a determination of local claims. He would also distribute local special deposits and assets in which there were valid local preferences. The expenses of each liquidator would be drawn exclusively from funds collected by him except in extraordinary cases when funds from proceedings in other courts might be available under special order of those courts.

Referees would be chosen from special panels appointed by the judges of the United States Circuit Court of Appeals. They should be men professionally fitted to direct an orderly and expeditious handling of the affairs of any proceeding. As under the present bankruptcy system the references would be general in character and would largely dispense with the necessity of appearing before the court.

The preferences in all general assets would be fixed by the statute. This is of great importance in a number of ways. An adequate and yet regulated preference for the wages of employees would apply universally in all States. A uniform preference to workmen's compensation claims would likewise apply throughout every State. Such preference would have a known superiority to claims of the Federal Government. Under the present system this matter is little short of chaotic. There are preferences for compensation claims by statute in half a dozen States. Qualifying bonds are required in others. How far such laws are valid against assets in other States no one knows.

Finally, the claims of the United States of America would receive a preference. It would be a regulated preference amenable to the rest of the law just like other claims. The present Federal preference statute overrides all State laws. In the case of a surety company which is always confronted with contingent claims on bonds to the United States Government amounting to many times the assets of the company, it is not an exaggeration to say that the Federal law literally paralyzes the liquidation of the company and prevents distribution to any claimants, even those holding compensation awards.

The reorganization provisions possible in a Federal law would be particularly useful. Uniformity in the treatment of creditors is particularly important in the case of reorganizations.

Careful study and analysis lead inevitably to the conclusion that such a statute will not constitute a first step toward general Federal supervision of insurance. It would seem to supplement and strengthen rather than encroach upon State supervision.

The chief objection to this proposed solution is that it might be considered to be so controversial that there would be no reasonable prospect of its early adoption.

A less perfect but immediately practical solution of the lack of unity in liquidation would be a positive voluntary program of cooperation under the auspices and guidance of this convention.

It must be frankly admitted that many of the difficulties which have been recited here are entirely beyond the control of the commissioner of insurance. The liquidation of insurance companies with one or two notable exceptions is within the control of the courts. In the case of the exceptions it is regulated by detailed State statutes. The requirements for special deposits and the matters of preference are likewise statutory. Nevertheless the reasons why an insurance company should be liquidated as one unit rather than as an indefinite number of such units are so clear and compelling that many courts will undoubtedly go a long way to surmount ordinary legalistic difficulties if there is a concerted effort upon the part of others similarly situated to conduct the proceeding in an enlightened manner.

The efforts of individual commissioners to tighten the relationships between the various proceedings are insignificant in comparison with what may be done in that direction by the National Convention of Insurance Commissioners. Perhaps brief mention of some of the ways in which it would seem that the convention might function would be appropriate.

The matter would appear to be of sufficient importance at the present time to merit the appointment of a standing committee. To those who have been intimately concerned with liquidation matters during the past year or two, there seems to be a pressing need for a standard form of agreement between domiciliary, or primary, and ancillary receivers. This might well be prepared by such a committee for consideration by this convention.

A written expression of the desirability of cooperation in such form as will be approved by the local court would enable a receiver at times to act in a manner which would otherwise be impossible. Similarly, a form of agreement which is standard and which has the approval of a body of recognized standing would be acceptable at times where an agreement containing the same provisions but enjoying no such prestige would not be entertained.

The convention could also consider with propriety adopting an official attitude upon certain general principles in addition to those embodied in any standard form of agreement. These matters need not be confined strictly to the particular phase of liquidation discussed in this paper. By way of illustration several such principles are suggested:

1. The liquidation of an insurance company should be conducted everywhere under one set of laws, both substantive and procedural.

2. All creditors of the same class, wherever they are, should be treated equally and should share to a proportionate extent in the distribution of assets of the company.

3. On the other hand, when creditors of apparently the same class are in different classes owing to some provision of State law the consequences of this difference should be followed through without any effort to retaliate or to compensate therefor in the liquidation proceeding.

4. The interpretation of any State statute should where possible be left for determination with the courts of the State in question. Unsatisfactory determinations should be appealed rather than nullified in some collateral way.

5. There should be one central distribution of all general assets to all general claimants.

6. Claimants whose claims are contested, however, should have some opportunity for a day in court in the State of their residence, particularly where the claims are small.

7. Claims made both against special trust deposits and generally against the assets of the company should be determined only once.

Much in this paper has been drawn from the experiences of the New York insurance department over the past 2 years in the liquidation and reorganization of companies which were doing business on a country-wide basis. The problems are serious and their solution is difficult. No delusion exists that there is any magic way in which the flood of evil consequences which follow in the wake of the failure of a large insurance company can be stemmed.

It has seemed to the New York department, however, that what is most lacking and what must be supplied is a national point of view to take the place of the prevailing State point of view. Those who handle the winding up of such a company should be able to think of the assets as a whole, of all of the creditors. Otherwise, assets are needlessly wasted and creditors fare unequally.

While the New York superintendent of insurance as liquidator has at times taken positions somewhat inconsistent with this argument, it was not because he approved of such position but because he felt bound to act in the interests of New York creditors as all other receivers were acting for their respective creditors.

No positive preference has been expressed with regard to the alternative methods whereby it is believed this missing essential can be supplied. The one represents perhaps less a break with the past. The other represents a more certain way of attaining the desired end. Perhaps to a certain extent the two are not mutually exclusive.

It is not the purpose of this address to analyze or discuss the merits of Federal versus State supervision of insurance. This much, however, is clear. From the standpoint of State supervision it is imperative that certain existing defects in present methods of liquidation be remedied with all reasonable speed. Unless State insurance supervisors are willing to take the responsibility for bringing about this needed improvement in the liquidation of large insurance companies, and in the reorganization of such companies insofar as it necessarily involves the processes of liquidation, others will probably do so. The problem is one which would seem to demand action by this convention and its individual members in the interest of efficiency, economy, good government, and the well-being of those unfortunately involved in the affairs of delinquent insurance companies.

LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted:

To Mr. WARREN, indefinitely, on account of illness.

To Mr. PETERSON, for the present, on account of illness of his father.

To Mr. RICHARDSON (at the request of Mr. WALTER), on account of illness in his family.

To Mr. MANSFIELD, indefinitely, on account of illness in his family.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1562. An act granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, Thursday, June 8, 1933, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON WAYS AND MEANS

(Thursday, June 8, 10 a.m.)

The Committee on Ways and Means will hold hearings on H.R. 5888, wine bill, Thursday, June 8, at 10 o'clock a.m. in the Ways and Means Committee room.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. S. 1129. An act to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof; with amendment (Rept. 204). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. S. 1513. An act to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; with amendment (Rept. No. 205). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5950. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 207). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 1101) granting a pension to Elijah Bolin; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 2133) granting a pension to Nannie M. Brock; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 5473) granting a pension to Cordie Brandenburg; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SUMNERS of Texas: A bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WILCOX: A bill (H.R. 5951) to authorize appropriations for construction at military posts, and for other purposes; to the Committee on Military Affairs.

By Mr. McSWAIN: A bill (H.R. 5952) to establish a national emergency commission, and to define its powers; to the Committee on Ways and Means.

By Mr. GRAY: A bill (H.R. 5953) to restore and stabilize commodity values and the price level; to the Committee on Banking and Currency.

By Mr. DUNN: A bill (H.R. 5954) to limit the incomes and wealth of American citizens; to the Committee on Ways and Means.

By Mr. KELLY of Pennsylvania: A bill (H.R. 5955) to exempt from taxation certain property of the National Society of the Sons of the American Revolution; to the Committee on the District of Columbia.

By Mr. YOUNG: A bill (H.R. 5956) to abolish payment of salaries to resigned or retired judges of courts of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. ADAMS: A bill (H.R. 5957) authorizing the Delaware & New Jersey Bridge Corporation, a corporation of the State of Delaware, domiciled at Wilmington, Del., its successors and assigns, George A. Casey, of Wilmington, Del., Clifford R. Powell, of Mount Holly, N.J., their heirs, executors, administrators, or assigns, to construct, maintain, and operate a vehicular tunnel or tunnels under the Delaware River between New Castle County, Del., and Salem County, N.J.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 5958) authorizing the Delaware & New Jersey Bridge Corporation, a corporation of the State of Delaware, domiciled at Wilmington, Del., its successors and assigns, George A. Casey, of Wilmington, Del.; Clifford R. Powell, of Mount Holly, N.J.; and Anthony J. Siracusa, of Atlantic City, N.J., their heirs, executors, administrators, or assigns, to construct, maintain, and operate a bridge across the Delaware River at or near Wilmington, Del.; to the Committee on Interstate and Foreign Commerce.

By Mr. GLOVER: A bill (H.R. 5959) for the control of floods on the Mississippi River and its tributaries, and for other purposes; to the Committee on Flood Control.

By Mrs. NORTON: A bill (H.R. 5960) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. LUDLOW: A bill (H.R. 5961) to authorize the Reconstruction Finance Corporation to make loans to aid in the operation and maintenance of institutions for religious instruction and worship, and for other purposes; to the Committee on Banking and Currency.

By Mr. KRAMER: A bill (H.R. 5962) to amend section 4 of the act approved March 2, 1929, entitled "An act to supplement the naturalization laws, and for other purposes" (45 Stat. 1512); to the Committee on Immigration and Naturalization.

By Mr. CARDEN: A bill (H.R. 5963) to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes"; to the Committee on the Public Lands.

By Mr. HOWARD (by departmental request): A bill (H.R. 5964) relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H.R. 5965) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; to the Committee on Indian Affairs.

By Mr. BURNHAM: A bill (H.R. 5966) amending an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933; to the Committee on Expenditures in the Executive Departments.

By Mr. LUDLOW (by request): A bill (H.R. 5967) to prohibit the counterfeiting of drugs, to provide penalties therefor, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WILLFORD: Resolution (H.Res. 177) to pay to Myrtle A. Strayer, wife of Boner M. Strayer, 6 months' compensation and not to exceed $250 funeral expenses; to the Committee on Accounts.

By Mr. MANSFIELD: Resolution (H.Res. 178) to authorize the printing of communications from the Secretary of War transmitting letters of the Chief of Engineers submit-

ting reports on the examination and survey of certain waterways in the United States; to the Committee on Printing.

By Mr. BLOOM; Joint resolution (H.J.Res. 199) to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5968) granting an increase of pension to Marion G. Webb; to the Committee on Invalid Pensions.

By Mr. GRAY: A bill (H.R. 5969) granting a pension to Margaret Thurman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5970) for the relief of Edward Ellis; to the Committee on Claims.

By Mr. KLOEB: A bill (H.R. 5971) granting an increase of pension to Caroline Risk; to the Committee on Invalid Pensions.

By Mr. LAMBERTSON: A bill (H.R. 5972) for the relief of Mike Prkovich; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H.R. 5973) to correct the enlistment records of certain veterans of the World War; to the Committee on Military Affairs.

Also, a bill (H.R. 5974) for the relief of Dormitond Lazurka; to the Committee on Claims.

By Mr. O'MALLEY: A bill (H.R. 5975) providing for the expunging from the service record of Henry De Turenne an executed courtmartial, and for granting to him an honorable discharge from the service; to the Committee on Naval Affairs.

By Mr. PARKER of Georgia: A bill (H.R. 5976) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon a claim by the Burke County Oil & Fertilizer Co. against the United States arising out of a contract to furnish linters to the United States; to the Committee on Claims.

By Mrs. ROGERS of Massachusetts: A bill (H.R. 5977) for the relief of Catherine Ward; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1324. By Mr. BOYLAN: Petition signed by Lilian Randall and 22 other residents of the Fifteenth New York Congressional District, favoring the passage of House bill 3673, a bill to provide equal rights in nationality; to the Committee on Immigration and Naturalization.

1325. By Mr. BUCK: Petition of 165 residents of the State of California, urging the United States Senate and the House of Representatives to take such action as is necessary to restore to all service-connected disabled veterans their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the so-called "Economy Act"; to the Committee on Economy.

1326. By Mr. ENGLEBRIGHT: Petition of the disabled American veterans of the World War, through C. Bert Allen, department adjutant-treasurer, Los Angeles, Calif., to restore all former benefits; to the Committee on Expenditures in the Executive Departments.

1327. By Mr. FORD: Petition of the California Legislature, memorializing the Congress of the United States to give relief to the distressed oil industry, and thereby to the Nation generally, by immediately levying an adequate tax or tariff upon imported petroleum and its refined products that will enable our domestic oil industry to meet importations of foreign oil and its refined products on a competitive basis as shown by the report of the Tariff Commission; to the Committee on Interstate and Foreign Commerce.

1328. Also, petition of the Legislature of the State of California, urging the Congress of the United States to immediately enact Senate bill no. 752, introduced by the Honorable HIRAM W. JOHNSON, designed to limit the jurisdiction of the district courts of the United States over suits wherein injunctions are sought by public-utility corporations to restrain the enforcement of orders issued by State administrative bodies fixing the rates of public utilities; to the Committee on Interstate and Foreign Commerce.

1329. By Mr. GRIFFIN: Resolution of Sound View Civic League of New York City, urging early enactment of the home-mortgage relief bill; to the Committee on Banking and Currency.

1330. By Mr. KELLER: Petition of the members of the Illinois State Senate, asking that the veterans' hospital at Dwight, Ill., be retained; to the Committee on World War Veterans' Legislation.

1331. By Mr. KOPPLEMANN: Petition of the Hardware City Chapter Post, No. 8, Disabled American Veterans of the World War, New Britain, Conn., advising that their organization and every other veterans' organization will give to Members of Congress their support and cooperation to the end that more fair treatment from the Government may be accorded all war veterans; to the Committee on Expenditures in the Executive Departments.

1332. By Mr. LINDSAY: Petition of the United States Gypsum Transportation Co., New York City, urging favorable consideration of House bill 4871; to the Committee on Ways and Means.

1333. By Mr. LUNDEEN: Petition of Rice County Post, No. 1562, Veterans of Foreign Wars, at Faribault, Minn., opposing any naval appropriation for the United States of America that includes cruisers with less armament than that of 8-inch guns on a parity with Great Britain, France, Italy, and Japan; to the Committee on Appropriations.

1334. By Mrs. ROGERS of Massachusetts: Petition of Post No. 62, the American Legion, Reading, Mass., requesting that the National Economy Act be so amended as to prevent unfair and unjust treatment of disabled war veterans; to the Committee on Expenditures in the Executive Departments.

1335. By Mr. RUDD: Petition of the United States Gypsum Transportation Co., New York City, favoring the passage of House bill 4871; to the Committee on Ways and Means.

1336. By Mr. WELCH: Senate Joint Resolution No. 24, memorializing Congress to provide relief for the oil industry; to the Committee on Interstate and Foreign Commerce.

1337. Also, resolution adopted by Nelson A. Miles Camp, No. 10, United Spanish War Veterans, in regard to Public Law No. 2, to maintain the credit of the United States Government as it affects Spanish-American War veterans; to the Committee on Expenditures in the Executive Departments.

1338. Also, Senate Joint Resolution No. 23, relative to memorializing Congress in regard to mining claims; to the Committee on Mines and Mining.

1339. Also, Senate Joint Resolution No. 26, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgage or deeds of trust; to the Committee on the Judiciary.

1340. Also, Senate Joint Resolution No. 16, relative to memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States, and providing for a loan to the reclamation fund to replace the income thereto thus suspended; to the Committee on Irrigation and Reclamation.